ST. JAMES'S PLACE PLC
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29 July 2015

INTERIM STATEMENT
FOR THE SIX MONTHS TO 30 JUNE 2015

CONTINUED GROWTH IN FUND FLOWS
AND A 20% DIVIDEND INCREASE

New Investment and Funds under Management

- Gross inflow of funds under management of £4.4 billion (2014: £3.8 billion)
- Continued strong retention of client funds
- Net inflow of funds under management of £2.7 billion (2014: £2.4 billion)
- Funds under management of £55.5 billion (2014: £47.6 billion)

St. James's Place Partnership

- Partnership numbers at 2,194 - up 2.9% since the start of the year
- Total number of advisers at 2,968 - up 4.7% since start of the year

Profit

- EEV basis:
  - New business profits of £205.9 million (2014: £181.3 million)
  - Operating profit at £265.3 million (2014: £260.7 million)
  - Net asset value per share 683.7 pence (2014: 604.9 pence)

- IFRS basis:
  - Underlying profit before shareholder tax of £72.9 million (2014: £78.3 million)
  - Profit before shareholder tax of £67.0 million (2014: £82.4 million)
  - Net asset value per share 189.3 pence (2014: 178.8 pence)

- Cash result:
  - Underlying post tax cash result of £84.9 million (2014: £78.5 million)

Interim Dividend

- Interim dividend 10.72 pence per share

Broadening Client Services

- Agreement to acquire Rowan Dartington Holdings Ltd (a provider of discretionary investment and stockbroking services) with in excess of £1 billion funds under management

David Bellamy, Chief Executive, commented:

"I am pleased to once again be reporting a strong first half performance and continued momentum in all aspects of our business. Against a backdrop of a volatile market, new investments grew to £4.4 billion. Retention of our existing client funds remained consistent with previous years such that net inflows increased to £2.7 billion taking total funds under management at the half year to £55.5 billion, up 6.7% since the beginning of the year.

As our business grows, we continue to seek opportunities to broaden our investment and related services for clients. That was the rationale behind our new banking service, the St. James's Place Money Management account, we introduced in association with Metro Bank earlier this year.

As part of that strategy, today we're pleased to announce that we have entered into an agreement to acquire Rowan Dartington Holdings Ltd, a specialist stockbroking and discretionary investment service. The supplementary services, which include advisory portfolio management, direct equity, trust and charity portfolio management, will broaden the range of investment options we can offer to existing clients and enable us to access new clients who value such services.

Disappointingly, our profits have been impacted by the Financial Services Compensation Scheme levy, which has almost trebled from £6.9 million to £20 million. Despite this significant cost, the sustained growth and maturity of our funds under management continues to provide growth in the underlying post tax cash result and the Board has declared a 20% increase in the interim dividend to 10.72 pence per share.

I am also pleased to report that through the combination of our recruitment efforts in the UK, expansion in Asia and the continued success of our Academy, qualified adviser numbers are up 4.7% since the start of the year, to 2,968.

Our success has been and continues to be built on our fundamental belief in the value of a human relationship and the highly personal interaction, putting the client and adviser at the core of everything we do. If we continue to focus on achieving the best possible outcomes for our clients through the provision of sound advice, a reliable ongoing service and our distinctive approach to the management of their wealth, I am confident we will continue to grow our business in line with our objectives, in 2015 and beyond."

The details of the announcement are attached.

Enquiries:

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Notes to editors:-

St. James's Place has been looking at providing a Discretionary Fund Management (DFM) service for some time and the acquisition of Rowan Dartington Holdings Ltd provides an excellent platform from which to build this additional service for our clients.

The addition of a discretionary and advisory portfolio service, including advisory services, direct equity, trust and charity portfolio management is complementary to our own distinctive investment approach and broadens the range of investment options we can offer clients.

Rowan Dartington Holdings Ltd is a Bristol-based independent wealth manager, established in 1990, which specialises in advisory and discretionary investment management, as well as providing a broad range of stockbroking services. The firm employs around 100 people, including 31 investment executives across 10 regional offices and has in excess of £1 billion funds under management.

The acquisition is subject to regulatory approval.

An interview with David Bellamy, discussing today's results, will be available later today on www.sjp.co.uk

Analyst presentation 10.45am (GMT)

Bank of America Merrill Lynch Financial Centre
2 King Edward Street
London EC1A 1HQ

Alternatively, if you are unable to attend but would like to watch a livestream of the presentation on the day, please click on the link below or via our website

(Live and On-demand):

http://www.investis-live.com/st-jamess-place/559e97b827d29508001fc4f9/hy15

There will also be a Dial in:

Conference call dial in details:
United Kingdom (Local) 020 3059 8125
All other locations + 44 20 3059 8125
Participant Password: St James's Place

Replay Dial-in details (available for 7 days)

United Kingdom 0121 260 4861
United States 1 866 268 1947
All other locations + 44 121 260 4861
Passcode: 1283311#

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ST. JAMES'S PLACE WEALTH MANAGEMENT
GROSS INFLOWS
FOR THE SIX MONTHS TO 30 JUNE 2015

	Unaudited 3 Months to 30 June			Unaudited 6 Months to 30 June		
	2015	**2014**		**2015**	**2014**	
	£'Billion	**£'Billion**		**£'Billion**	**£'Billion**	
Gross inflows						
Investment	0.64	0.66		1.23	1.34	
Pension	0.85	0.62		1.58	1.18	
Unit Trust and ISA	0.80	0.68		1.59	1.32	
	2.29	**1.96**	**+17%**	**4.40**	**3.84**	**+15%**

We have historically reported our new business using both the wealth management measure of fund flows and the life assurance measure of Annual Premium Equivalent (APE). As the APE measure no longer reflects the nature of our wealth management business nor accurately reflects the shareholder value added, we have decided to simplify our new business reporting going forwards (as notified in our press release of 2 July 2015). The reported new business therefore now reflects the gross and net inflows into the Group's funds under management. This measure has been further analysed between investment, pension and unit trust/ISA business. This approach will more closely align reported figures with our business model and with that reported by other wealth management companies.

Historic data for the past five years on this new basis of reporting can be found on our Investor Relations website at http://www1.sjp.co.uk/investor-relations/results-archive/2015.

INTERIM MANAGEMENT STATEMENT

CHIEF EXECUTIVE'S REPORT

I am pleased to once again be reporting a strong first half performance and continuing growth momentum in all aspects of our business.

Our strategy of building long-term relationships with our clients and providing them with face-to-face advice they can rely on and managing their investments well, is serving our stakeholders well. We are continuing to attract more clients and ultimately growing our funds under management.

As part of that strategy, we continue to seek opportunities to broaden our investment and related services for our clients. Such was the rationale behind our new banking service, the St. James's Place Money Management account, introduced in association with Metro Bank earlier this year.

Similarly, alongside our results we have announced the acquisition of Rowan Dartington Holdings Ltd, a group that specialises in discretionary investment management as well as a range of stockbroking services. The group has a strong management team, led by Graham Coxell, and employs around 100 people, including 31 investment executives, across 10 regional offices and funds under management in excess of £1.1 billion.

Whilst the Discretionary Fund Management (DFM) market is different from our traditional markets, there are a number of parallels, with client relationships managed by an Investment Executive and a focus on building long term relationships, albeit the DFM service is essentially investment-led rather than financial planning-led, with different investment strategies.

In addition to establishing a direct presence in the DFM market this acquisition will provide our Partners with the ability to meet a wider set of clients' investment needs including the management of existing portfolios and direct equity ownership. It also opens opportunities to meet the specific investment requirements of the growing trust and charity sector.

New investment and Funds under Management

Against a backdrop of a volatile market, the momentum continued across all aspects of our business. New investments in the second quarter were up 17% allowing us to report gross inflows of £4.4 billion in the first six months, a 15% increase over the same period last year.

Once again our Partners did an excellent job of looking after clients and this is demonstrated by the continued strong retention of existing funds. Consequently net inflows remained strong at £2.7 billion, which is 5% of the opening funds under management and up 9% on the same period last year, taking our funds under management to £55.5 billion.

Financial Performance

As reported by our Chief Financial Officer, the strong business performance in the first half of the year is reflected in the financial performance for the period, with growth in all the business fundamentals, and in most of the key profit and net asset value measures.

The strength of the financial performance was only marred by the levy charged by the Financial Services Compensation Scheme (FSCS levy) and in particular the very significant increase year on year. We expect the cost for the current period to be some £20 million (£15.9 million post tax), an increase of £13.1 million compared to last year's charge of £6.9 million (£5.3 million post tax), and this significant expense impacts all profit measures.

We are naturally concerned about the scale of this year's levy and the burden on shareholders and will be actively engaging in the FCA's review of the allocation and application of the future levy.

Dividend

The scale, growth and maturity of our funds under management continues to provide growth in the underlying post tax cash result and this trend is expected to continue.

The interim underlying cash result has, as indicated above, been impacted by a significant increase in the FSCS levy that was both unpredictable and disappointing. Despite this increased cost, the Underlying Cash Result for the six months was up 8% at £84.9 million (30 June 2014: £78.5 million). By way of comparison, if we were to strip out the increase in the FSCS levy the Underlying Cash Result would have been some 22% higher.

Given the business performance, the Board has declared a 20% increase in the interim dividend to 10.72 pence per share and it is our intention, subject to no unforeseen circumstances, to increase the full year dividend by a similar amount.

The interim dividend for 2015 will be paid on 2 October to shareholders on the register at the close of business on 4 September. A Dividend Reinvestment Plan ("DRP") continues to be available for shareholders.

Clients

At the heart of our sustained growth is the importance we place on building and maintaining long lasting relationships with our Partners and clients and serving them well.

We firmly believe that this highly personalised approach has a very strong place in UK financial services both today and in the future. Indeed, the radical and somewhat complex pension changes introduced earlier this year serve as a timely reminder of the increasingly important role that our advisers play in helping clients to understand the options that are available to them so that they can make the right decisions and plan accordingly.

Investment Management

After a positive start to the year, which saw the FTSE 100 index break through the 7,000 threshold for the first time and the S&P 500 index hit a 15 year high, global markets were more volatile in the period from April to June as a number of long running macroeconomic issues came to the fore, including the future of Greece within the Eurozone, the timing of an increase in US interest rates and political uncertainty in advance of the General Election in May.

Despite these more challenging market conditions, I'm pleased to report that our Investment Funds and Portfolios have reassuringly performed in line with our expectations.

Central to our approach is the work our investment committee do in identifying and finding the most talented investment managers globally and making available investment options and portfolios that meet our clients current and future needs. With this in mind, later this year we plan to add two new funds to our range, a Diversified Bond fund and a Strategic Income fund.

As the name suggests, the Diversified Bond fund will be a global bond fund focused on seeking opportunities in the credit markets through the complimentary expertise of specialist investment managers.

The Strategic Income fund will aim to be a genuinely high income fund with a yield of circa 5% after charges, earned by accessing parts of the fixed income and equity markets that are not widely utilised in a typical portfolio. We are in the process of selecting managers who the Committee feel are best placed to access opportunities, whilst placing a great deal of emphasis on risk management.

We believe that the new funds will work well for clients seeking alternative sources of income in retirement and will provide additional capacity and flexibility in bond markets.

The St. James's Place Partnership

Increasing the number of Partners and providing them with the tools and support to deliver high quality outcomes for clients is one of the key drivers to achieving our long-term growth objectives so I am therefore pleased to report that through the combination of our normal recruitment efforts in the UK, expansion in Asia and the continued success of our Academy, qualified adviser numbers increased to 2,968, up 4.7%.

Our Business Acquisition Managers continue to do an excellent job in attracting high quality businesses to the Partnership, often with more than one qualified adviser. In addition, we're seeing more evidence of our existing Partners investing in their own practices by recruiting advisers to work for them and increasing their support team. Hence the stronger growth in total adviser numbers than Partners and I believe that this bodes well for our continued growth and succession in our Partner businesses.

The qualified adviser growth and practice succession is also being supported through our "next generation" Academy, where we have seen over 40 advisers become fully qualified advisers in their respective businesses, and our now established mainstream Academy through which 25 have already graduated this year. We anticipate a similar number to do so in the second half of the year.

It will take time for our overseas operations to make a material contribution to the Group, given our scale, but in time it will. In the short term, our focus is on building the qualified advisers team. So far this year, albeit from a small base, we've already increased the adviser numbers by 35%, to 70. We've also attracted £27 million of new investments.

In summary, we are confident growth in the number of Partners and qualified advisers is being well served by normal recruitment activity and our initiatives in the Far East, the Academy, next generation Academy and the development of existing Partner practices. As we look ahead, we see additional opportunities for growth in the DFM market.

'Back-office' Administration

The roll out of our new back office system continues following the unification of our admin teams last year under the single management of IFDS. Having successfully transferred the administration of some of the pensions business, we have also begun processing certain other classes of business on the new platform. We will continue this transition in the coming months and expect to see the financial as well as the business benefits of this important investment begin to crystallise in 2016.

Partners, Employees and the St. James's Place Foundation

I'd like to once again thank the entire St. James's Place community for these results. There is no doubt in my mind that the strength and continued growth of the business is due to their hard work, dedication and commitment to clients and each other.

The St. James's Place Foundation has always been an important part of the Group's culture and we aim to make a significant difference to the lives of those less fortunate than us.

Already this year we have raised in excess of £4 million through the collective efforts of the whole of our community, including employees, Partners, advisers, suppliers and others connected to SJP.

I would like to thank everyone, including our shareholders, for their continued support in helping to raise such impressive sums.

Outlook

Our success has been and continues to be built on our fundamental belief in the value of a human relationship and the highly personal interaction, putting the client and adviser at the core of everything we do. If we continue to focus on achieving the best possible outcomes for our clients through the provision of sound advice, a reliable ongoing service and our distinctive approach to the management of their wealth, I am confident we will continue to grow our business in line with our objectives, in 2015 and beyond.

David Bellamy
Chief Executive
28 July 2015

INTERIM MANAGEMENT STATEMENT

CHIEF FINANCIAL OFFICER'S REPORT

The strong business performance in the first half of the year is reflected in the financial performance for the period, with growth in all the business fundamentals, and in most of the key profit and net asset value measures.

The strength of the financial performance was, however, adversely impacted by a very significant increase in the levy charged by the Financial Services Compensation Scheme (FSCS levy). We expect the cost for the current period to be some £20 million (£15.9 million post tax), an increase of £13.1 million compared to the prior year charge of £6.9 million (£5.3 million post tax). This significant expense negatively impacts all profit measures.

Despite the impact of the FSCS levy most profit measures continued to grow and in particular the Underlying Cash Result, which has enabled the Board to propose a 20% increase in the dividend.

Financial results

Shareholders will be aware that we report our results on both IFRS and EEV bases, as well as providing further detail on the cash emergence from the business. Detailed explanation and analysis of these measures is provided on pages 11 and 12.

IFRS Result

To aid investors in understanding the IFRS result we present both the **Profit before shareholder tax**, which removes the impact of policyholder tax, and an **Underlying profit before shareholder tax measure**, which adjusts the profit before shareholder tax for movements in intangible assets and liabilities (DAC/DIR/PVIF see page 18).

We regard the Underlying profit measure as the most appropriate measure, based upon IFRS, for assessing operating performance.

The performance on these measures is noted in the table below:

	6 Months Ended 30 June 2015 £'Million	6 Months Ended 30 June 2014 £'Million	12 Months Ended 31 December 2014 £'Million
Profit before shareholder tax	67.0	82.4	182.9
Underlying profit before shareholder tax	72.9	78.3	173.6

Both measures have been impacted by the £13.1 million increase in the FSCS levy and, as anticipated when we last reported, the Profit before shareholder tax result has also been adversely effected by a reduction of £10.0 million in the DAC/DIR/PVIF adjustments.

Cash Result

At £84.9 million (30 June 2014: £78.5 million), the Underlying Cash Result for the six months was up 8%, reflecting the strong underlying growth in income from Funds under Management (up 19%), partially offset by the additional FSCS levy (£10.6 million post-tax). For comparison, if we were to adjust for the increase in the FSCS levy, the Underlying Cash Result would have been some 22% higher.

Taking into account the cost of our investment into the back office infrastructure and other timing variances, the Cash Result was £81.8 million (30 June 2014: £60.1 million).

EEV Result

The EEV New Business Profit was up 14% during the period at £205.9 million (30 June 2014: £181.3 million), reflecting the strong gross inflows.

We were also pleased to note the continuing positive experience variance from better than assumed retention of client funds, and as a result the EEV Operating Profit for the period was £265.3 million (30 June 2014: £260.7 million). This increase reflects the increase in EEV New Business Profit (above), and is despite the impact of the FSCS levy. The 2015 result is also negatively impacted by a lower opening risk discount rate (5.0% in 2015 v 6.2% in 2014), resulting in a lower contribution from the unwind of discount rate of some £20.7 million.

The net asset value per share on an EEV basis at the end of the period is 683.7 pence, up 4% since the start of the year.

Dividend

At the time of the 2014 final results we increased the final dividend by 50% giving a full year dividend of 23.3p per share, growth of 46%. This represented an underlying cash pay-out ratio of 69% and we indicated our intention to increase this pay-out ratio to 75% in the coming years.

Given the continued strong performance of the business and the growth in the underlying cash result in the six months, the Board has declared an interim dividend of 10.72p per share, up 20%. It is our intention, subject to no unforeseen circumstances, to increase the final dividend at a similar rate.

Capital

We continue to manage the balance sheet prudently to ensure the Group's solvency is maintained safely through the economic cycle. This is important not only for the safeguarding of our clients' assets, but also to ensure we can maintain returns to shareholders.

Following the period end we have refinanced and extended our borrowing arrangements, providing us with funding for the acquisition announced this morning and committed facilities for the future should they be required.

Concluding remarks

2015 has started with another strong financial performance, albeit negatively impacted by the significant increase in the FSCS levy. In particular the Cash Result has continued to grow during the period and we are positive about the future, giving us confidence to increase the interim dividend by 20% and declare our intention to increase the full year dividend at a similar rate.

In summary, our core business and its financials are in good shape and well set for further growth. Taking advantage of this strong position we are now laying the foundations for future growth in the business, not only in our core business but also in Asia and with the acquisition of Rowan Dartington announced this morning.

Andrew Croft
Chief Financial Officer
28 July 2015

INTERIM MANAGEMENT STATEMENT

FINANCIAL REVIEW

The Financial Model

The Group's strategy is to attract and retain retail Funds under Management (FUM) on which we receive an annual management fee for as long as we retain the funds. This is the principal source of income for the Group out of which we meet the overheads of the business, invest in growing the Partnership and invest in acquiring new funds under management.

The level of income is dependent on the level of client funds and the level of asset values. In addition, since much of our business does not generate net cash in the first six years, the level of income will increase as a result of new business from six years ago becoming cash generative. This deferral of cash generation means the business always has six years' worth of funds in the 'gestation' period.

Group expenditure is carefully managed with clear targets set for growth in establishment expenses in the year. Many other expenses increase with business levels and are met from margins in the products (see page 34). However, the Group also invests in new client services, computer systems and other corporate initiatives, all of which are reported as development expenditure.

A small proportion of Group expenditure is required to support management of existing funds, but the majority of expenditure is investment in growing the Partnership and acquiring new funds. The resulting new business is expected to generate income for an average of 14 years, and is expected to provide a good return on the investment (see page 26).

As the business matures, the proportion of the cash emergence from the existing business required to support the acquisition of new business is reducing. This has resulted in strong growth in underlying cash emergence in recent years which has ultimately fed through to growth in the dividend.

Profit Measurement

In line with statutory reporting requirements we report profits assessed on an IFRS basis. However given the long-term nature of the business and the high level of investment in new business generation each year, management believes the IFRS result does not provide an easy guide to the cash likely to emerge in future years, nor does it reflect the total economic value of the business. We therefore complement our statutory IFRS reporting with additional analysis.

Firstly, we provide additional analysis in relation to the tax reported under IFRS. The IFRS methodology requires that the tax recognised in the financial statements should include the tax incurred on behalf of policyholders in our UK life assurance company. Since the policyholder tax charge is unrelated to the performance of the business, management believes it is useful to separately identify the **profit before shareholder tax**. This measure reflects the profit before tax adjusted for tax paid on behalf of policyholders.

Secondly, the IFRS standards promote recognition of profits in line with the provision of services and so, for long-term business, some of the initial cash flows are spread over the life of the contract through the use of intangible assets and liabilities (known as DAC – Deferred Acquisition Costs and DIR – Deferred Income). Our products are typically well matched in relation to initial charges to meet initial costs, and this treatment results in the establishment of largely offsetting DAC and DIR balances. However, the implementation of the changes to adviser charging rules in 2013 resulted in changes to the nature of some of those cashflows, moving them from long-term manufacturing margins to short-term advice margins, which resulted in significant accounting presentation changes despite the fundamentals of our vertically-integrated business remaining unchanged. Management has therefore developed a new 'non-GAAP' **Underlying profit** measure which doesn't have the complexity associated with these adjustments since it is derived from the IFRS profit by adjusting for these intangibles. This measure was reported for the first time in the 2014 Annual Report and Accounts. Management regards the Underlying profit measure as the most appropriate measure, based upon IFRS, for assessing operating performance.

The **cash result** measure was developed with the aim of assisting investors seeking to understand the sources of cash emergence and to create a measure which more reflected the underlying cash generated by the business.

It is similar to the underlying profit measure in that it is based upon the IFRS result adjusted for the DAC, DIR and PVIF intangibles, but also for deferred tax and share-option costs. In addition it also includes adjustments to reflect solvency constraints on profits emerging from regulated companies such as our insurance businesses.

Since the cash result can be impacted by one off items, timing variances and changes in insurance reserves, management believes it is also useful to present an **underlying cash result,** which excludes these effects. Neither of the cash result measures should be confused with the IFRS cash flow statement which is prepared in accordance with IAS 7 and disclosed on page 54.

It is the underlying cash result that the Board considers when determining the dividend payment to shareholders.

As noted previously, the reported results reflect strong investment in new business each year. Management believes it is useful to understand the contribution to profits from the in-force business separately, as this reflects the value being generated by the underlying business. We therefore provide breakdown of the cash result, identifying the new business impact and making clear the ongoing contribution from the established business.

Finally, we also present an **embedded value result.** Management believes this is particularly useful for investors seeking to assess the full value of the long-term emergence of shareholder cash returns, since it includes an asset in the valuation reflecting the net present value of the expected future cash flows from the business. This type of presentation is also commonly referred to as a ‘discounted cash flow’ valuation. Our embedded value is based on the EEV principles, which were set out as an industry standard by the Chief Financial Officers (CFO) Forum in 2004.

Many of the future cash flows derive from fund charges, which change with movements in stock markets. Since the impact of these changes is unrelated to the performance of the business, management believes that the **EEV operating profit** (reflecting the EEV profit before tax, adjusted to reflect only the expected investment performance and no change in economic basis) provides the most useful measure of performance in the year.

Given the importance of Funds under Management (FUM) to profit generation by the business we have provided an analysis of the FUM development and make-up in Section 1. Sections 2-4 provide commentary on the performance of the business on the IFRS, Cash and EEV result bases; whilst Section 5 covers expenses and other matters of interest to shareholders.

SECTION 1: FUNDS UNDER MANAGEMENT

During 2015 we have seen gross inflows of funds under management of £4.40 billion (30 June 2014: £3.84 billion), up 15% and a net inflow of £2.67 billion (30 June 2014: £2.44 billion) growth of 9%. This result combined with a positive investment performance, provided for total funds under management of £55.5 billion.

Analysis of the development of the funds under management is provided in the following tables.

Six Months Ended 30 June 2015	Note	**Investment £'Billion**	**Pension £'Billion**	**UT/ISA £'Billion**	**Total £'Billion**
Opening funds under management		21.14	18.08	12.79	52.01
Gross inflows		1.23	1.58	1.59	4.40
Net investment return		0.23	0.32	0.23	0.78
Regular income withdrawals and maturities	1,2	(0.24)	(0.29)	-	(0.53)
Surrenders and part surrenders	3	(0.43)	(0.30)	(0.47)	(1.20)
Closing funds under management		21.93	19.39	14.14	55.46
Net inflows		0.56	0.99	1.12	2.67
Implied surrender rate as a percentage of average funds under management		4.0%	3.2%	6.9%	4.4%

Six Months Ended 30 June 2014	Note	**Investment** £'Billion	**Pension** £'Billion	**UT/ISA** £'Billion	**Total** £'Billion
Opening funds under management		18.74	15.36	10.20	44.30
Gross inflows		1.34	1.18	1.32	3.84
Net investment return		0.27	0.34	0.24	0.85
Regular income withdrawals and maturities	1,2	(0.22)	(0.20)	-	(0.42)
Surrenders and part surrenders	3	(0.36)	(0.26)	(0.36)	(0.98)
Closing funds under management		19.77	16.42	11.40	47.59
Net inflows		0.76	0.72	0.96	2.44
Implied surrender rate as a percentage of average funds under management		3.7%	3.2%	6.7%	4.3%

Twelve Months Ended 31 December 2014	Note	**Investment** £'Billion	**Pension** £'Billion	**UT/ISA** £'Billion	**Total** £'Billion
Opening funds under management		18.74	15.36	10.20	44.30
Gross inflows		2.70	2.43	2.75	7.88
Net investment return		0.87	1.17	0.58	2.62
Regular income withdrawals and maturities	1,2	(0.43)	(0.42)	-	(0.85)
Surrenders and part surrenders	3	(0.74)	(0.46)	(0.74)	(1.94)
Closing funds under management		21.14	18.08	12.79	52.01
Net inflows		1.53	1.55	2.01	5.09
Implied surrender rate as a percentage of average funds under management		3.7%	2.8%	6.4%	4.0%

Notes:

1. Regular income withdrawals represent those amounts selected by clients which are paid out by way of periodic income. The withdrawals are anticipated in the calculation of EEV New Business Profit.

2. Maturities are those sums paid out where the plan has reached the selected maturity date (e.g. retirement date). The expected maturity date is anticipated in the calculation of EEV New Business Profit.

3. Surrenders and part surrenders are those amounts where clients have chosen to withdraw money from their plan. Surrenders are assumed in the calculation of the EEV New Business Profit and the level is based on analysis of actual experience taking into account plan duration and the age of the client. The implied surrender rate shown in the table above is very much a simple average and reflects only recent experience. Whilst it could be compared with the long-term assumptions underlying the calculation of the embedded value, it should not be assumed that small movements in this rate will result in a change to the long term EEV assumptions.

Geographical and segmental analysis

	30 June 2015	30 June 2014	31 December 2014
	£'Billion	£'Billion	£'Billion
UK Equities	15.7	14.2	14.9
North American Equities	11.2	9.2	10.4
Fixed Interest	8.1	6.1	7.1
European Equities	6.1	5.3	6.0
Asia & Pacific Equities	5.1	4.2	4.8
Cash	4.5	4.3	4.4
Property	1.9	1.4	1.5
Alternative Investments	1.1	1.4	0.9
Other	1.8	1.5	2.0
Total	55.5	47.6	52.0

SECTION 2: INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

As noted at the start of this review, the two key measures based on IFRS are **Profit before shareholder tax**, which removes the impact of policyholder tax, and **Underlying profit**, which removes the impact of changes in certain intangibles (DAC/DIR/PVIF). Management regards the Underlying profit measure as the most appropriate measure, based on IFRS, for assessing operating performance.

All the measures have been adversely impacted by a significant increase in the FSCS levy year on year. We expect the cost for the current period to be some £20.0 million (£15.9 million post tax), an increase of £13.1 million (10.6 million post tax). In addition, the costs associated with our strategic back office infrastructure programme of £9.1 million (30 June 2014: £4.1 million) were £5.0 million higher than the prior period.

	6 Months Ended 30 June 2015		6 Months Ended 30 June 2014		12 Months Ended 31 December 2014	
	Before shareholder tax	**After tax**	Before shareholder tax	After tax	Before shareholder tax	After tax
	£'Million	**£'Million**	£'Million	£'Million	£'Million	£'Million
Underlying profit	72.9	59.2	78.3	63.1	173.6	180.9
DAC	(35.4)	(29.1)	(38.9)	(31.0)	(75.8)	(60.2)
DIR	31.1	25.3	44.6	35.3	88.3	69.8
PVIF	(1.6)	(1.3)	(1.6)	(1.3)	(3.2)	(2.6)
IFRS profit	67.0	54.1	82.4	66.1	182.9	187.9

	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	£'Million	£'Million	£'Million
IFRS Basic earnings per share	10.4	12.9	36.6
IFRS Diluted earnings per share	10.3	12.7	35.9
Underlying basic earnings per share	11.5	12.3	35.2
Underlying diluted earnings per share	11.3	12.1	34.6

Underlying Profit before shareholder tax

The result for the six months was £72.9 million (30 June 2014: £78.3 million). The decrease reflects the underlying increase in income from funds under management but more than offset by the increase in the FSCS levy. A breakdown by segment of the Underlying profit is provided in the following table:

	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	£'Million	£'Million	£'Million
Life business	87.3	71.8	160.7
Unit Trust business	30.9	31.1	61.2
Funds Management business	118.2	102.9	221.9
Distribution business	(23.5)	(8.8)	(10.9)
Other	(21.8)	(15.8)	(37.4)
Underlying profit before shareholder tax	72.9	78.3	173.6

Funds Management business

The increase in profit in the period by nearly 15% to £118.2 million (30 June 2014: £102.9 million) principally reflects higher income from funds under management. The change in split of the profit between Life and Unit Trust business reflects an internal reallocation of overhead expenses.

Distribution business

St. James's Place is a vertically integrated firm, allowing it to benefit from the synergies of combining funds management with distribution. Therefore, as well as the income generated on the funds under management, there is a further margin from the distribution activity, which depends principally upon the levels of new business and expenses.

Despite the increase in new business, the result in the period was negatively impacted by the £13.1 million increase in the FSCS levy to £20.0 million (30 June 2014: £6.9 million). This amount reflects the full year FSCS levy and is not expected to increase.

Other

Other operations made a negative contribution of £21.8 million (30 June 2014: loss of £15.8 million). This reflects the costs of the strategic back-office infrastructure programme of £9.1 million (30 June 2014: £4.1 million), Academy costs of £2.5 million (30 June 2014: £1.8 million) and £2.8 million (30 June 2014: £2.4 million) of other development costs.

It also includes the cost of expensing share options of £5.6 million (30 June 2014: £5.3 million). In the second half of 2015 we will be launching a new Partner share scheme and anticipate this will increase costs by some £4.0 million in the second half year.

DAC/DIR/PVIF before shareholder tax

The net movement in the DAC, DIR and PVIF intangibles resulted in a negative contribution to profit of £5.9 million for the period, compared with a positive contribution to profit of £4.1 million for the same period in 2014.

	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	£'Million	£'Million	£'Million
Amortisation	6.2	13.9	28.3
New business addition	(12.1)	(9.8)	(19.0)
Movement in year	(5.9)	4.1	9.3

The reduction, year on year, in the amortisation stems from the changes in adviser charging rules in 2013, which changed the nature of certain cash flows in the Group, moving them from long term manufacturing margins to short term advice margins.

The positive contribution from the amortisation of accumulated DAC, DIR and PVIF balances from prior years has, as anticipated and reported previously, reduced at 30 June 2015 and is expected to do so again at a similar rate for the next few years. By contrast, the new business addition amount is expected to move in line with new business growth.

It is important to note the intangible and deferred nature of these items, meaning that they don't reflect the operating performance of the business. This is why management regards the Underlying profit measure as the most appropriate measure, based upon IFRS, for assessing operating performance.

Profit before shareholder tax

The Profit before shareholder tax for the six months was £67.0 million (30 June 2014: £82.4 million). Whilst the Underlying profit before shareholder tax has reduced year on year due to the impact of the FSCS levy, the impact of the negative contribution from the net movement in DAC/DIR/PVIF intangibles, noted above, is the other major contributor to the lower Profit before shareholder tax result in the current period.

Shareholder Tax

The actual tax rate in each of the periods may be impacted by significant one-off items and events such as a change in corporation tax rate. Therefore, to assist shareholders, the table below provides a high level analysis of shareholder tax, and a more detailed analysis is included in Note 5 to the condensed half year financial statements.

	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	£'Million	£'Million	£'Million
Expected shareholder tax	(12.7)	(17.1)	(35.7)
Recognition of capital losses	-	0.8	39.5
Other tax adjustments	(0.2)	-	1.2
Actual shareholder tax	(12.9)	(16.3)	5.0
Expected shareholder tax rate	19.0%	20.8%	19.5%
Actual shareholder tax rate	19.3%	19.8%	(2.7%)

The **expected shareholder tax** principally reflects the current UK corporation tax and overseas rates applicable and will vary from year to year depending upon the emergence of profit between the different tax regimes which apply to the St. James's Place Group companies. More detail is included in Note 5 to the condensed half year financial statements.

There has been no recognition of value from capital losses in the period (30 June 2014: £0.8 million) and the combined negative impact of a number of other small tax adjustments was £0.2 million (30 June 2014: £nil).

The overall impact of these effects is to decrease the tax charge on an IFRS basis to £12.9 million at 30 June 2015 (30 June 2014: £16.3 million charge).

In the summer Budget of 8 July 2015, the Chancellor announced future tax reductions of 1% from 1 April 2017 and another 1% from 1 April 2020. We estimate that these changes will reduce our net deferred tax liability by around £5 million. This will be recognised when the changes in rates are substantively enacted.

IFRS profit before tax

Analysis of the IFRS profit before tax and IFRS profit after tax is presented in the table below, which also shows the impact of the tax incurred on behalf of policyholders:

	6 Months Ended 30 June 2015 £'Million	6 Months Ended 30 June 2014 £'Million	12 Months Ended 31 December 2014 £'Million
IFRS profit before tax	103.7	110.4	294.4
Policyholder tax	(36.7)	(28.0)	(111.5)
Profit before shareholder tax	67.0	82.4	182.9
Shareholder tax	(12.9)	(16.3)	5.0
IFRS profit after tax	54.1	66.1	187.9

The reduction in **IFRS profit before tax** to £103.7 million (30 June 2014: £110.4 million) reflected the underlying reduction in Profit before shareholder tax (as described above), which was not offset by the increase in policyholder tax charges to £36.7 million in 2015 (30 June 2014: £28.0 million). The increase in **policyholder tax** charge was as a result of higher fund growth in 2015 compared to 2014.

IFRS profit after tax

The IFRS profit after tax reduced from £66.1 million in 2014 to £54.1 million in 2015 in line with the movement in the Profit before shareholder tax, which has been analysed above.

Analysis of IFRS Assets and Net Assets per Share

The table below provides a summarised breakdown of the IFRS position at the reporting dates:

	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	£'Million	£'Million	£'Million
Purchased value of in-force*	28.2	30.7	29.4
Deferred acquisition costs*	643.4	690.8	662.2
Deferred income*	(383.6)	(432.2)	(398.7)
Other IFRS net assets	131.0	122.5	145.2
Solvency net assets	571.8	515.4	572.0
Total IFRS net assets	990.8	927.2	1,010.1

* net of deferred tax

	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	Pence	Pence	Pence
Net asset value per share	189.3	178.8	194.5

SECTION 3: CASH RESULT AND CAPITAL

The **Cash Result** is based on the **Underlying profit after tax,** adjusted for deferred tax and to reflect the level of regulatory solvency constraint on profits emerging from regulated companies, such as our insurance businesses, in line with that required by regulators. It is also adjusted for the share option cost in the year.

Since the cash result can be impacted by timing variances and capitalised impacts in the solvency requirements, management believes it is also useful to present an **Underlying Cash Result** excluding these effects, which the Board reviews, in conjunction with Group solvency, when determining the proposed dividend to shareholders.

The table below shows the movement from the Underlying profit on page 16 to the Underlying Cash Result:

	6 Months Ended 30 June 2015 £'Million	6 Months Ended 30 June 2014 £'Million	12 Months Ended 31 December 2014 £'Million
Underlying profit after tax	59.2	63.1	180.9
Share options	5.6	5.3	11.4
IFRS deferred tax impacts			
- new capital losses	-	-	(39.5)
- utilisation of existing capital losses	8.3	4.0	16.7
- new deferred E	(6.0)	(6.0)	(11.8)
- utilisation of existing deferred E	9.9	10.2	20.2
- other	6.3	(15.0)	(20.2)
	18.5	(6.8)	(34.6)
Solvency reserves	(1.5)	(1.5)	7.4
Cash Result	81.8	60.1	165.1
Back office infrastructure	7.3	3.7	9.3
Variance	(4.2)	14.7	(0.6)
Underlying Cash Result	84.9	78.5	173.8

	6 Months Ended 30 June 2015 Pence	6 Months Ended 30 June 2014 Pence	12 Months Ended 31 December 2014 Pence
Underlying cash basic earnings per share	16.5	15.3	33.8
Underlying cash diluted earnings per share	16.3	15.0	33.2

The underlying cash result for the half year at £84.9 million increased by 8% over the same period last year principally reflecting the higher income from funds under management. The result has however been adversely impacted by the additional £10.6 million (post tax) FSCS levy in 2015.

The Cash Result is a combination of the cash emerging from the business in force at the start of the year less the investment made to acquire new business during the year, and the tables and commentary below provide an indicative analysis into these two elements.

Six Months Ended 30 June 2015

	Note	In-Force £'Million	New Business £'Million	Total £'Million
Net annual management fee	1	206.6	8.6	215.2
Unwind of early withdrawal charge	2	(75.4)	(4.8)	(80.2)
Net income from funds under management		131.2	3.8	135.0
Margin arising from new business	3	-	20.5	20.5
Establishment expenses	4	(5.4)	(49.3)	(54.7)
Development and academy expenses	5	-	(8.7)	(8.7)
Regulatory fees	6	(0.2)	(2.4)	(2.6)
FSCS levy	7	(1.6)	(14.3)	(15.9)
Shareholder interest	8	3.7	-	3.7
Utilisation of capital losses	9	8.3	-	8.3
Asia	10	(2.3)	-	(2.3)
Miscellaneous	11	1.6	-	1.6
Underlying cash result		135.3	(50.4)	84.9
Back office infrastructure	12			(7.3)
Variance	13			4.2
Cash result				81.8

Six Months Ended 30 June 2014

	Note	In-Force £'Million	New Business £'Million	Total £'Million
Net annual management fee	1	172.7	7.6	180.3
Unwind of early withdrawal charge	2	(62.5)	(4.3)	(66.8)
Net income from funds under management		110.2	3.3	113.5
Margin arising from new business	3	-	18.1	18.1
Establishment expenses	4	(5.0)	(44.5)	(49.5)
Development and academy expenses	5	-	(6.4)	(6.4)
Regulatory fees	6	(0.8)	(1.6)	(2.4)
FSCS levy	7	-	(5.3)	(5.3)
Shareholder interest	8	3.9	-	3.9
Utilisation of capital losses	9	4.0	-	4.0
Miscellaneous	11	2.6	-	2.6
Underlying cash result		114.9	(36.4)	78.5
Back office infrastructure	12			(3.7)
Variance	13			(14.7)
Cash result				60.1

Twelve Months Ended 31 December 2014

	Note	In-Force £'Million	New Business £'Million	Total £'Million
Net annual management fee	1	344.1	29.3	373.4
Unwind of early withdrawal charge	2	(121.0)	(16.1)	(137.1)
Net income from funds under management		223.1	13.2	236.3
Margin arising from new business	3	-	36.6	36.6
Establishment expenses	4	(9.9)	(88.5)	(98.4)
Development and academy expenses	5	-	(15.6)	(15.6)
Regulatory fees	6	(0.5)	(4.2)	(4.7)
FSCS levy	7	(0.5)	(4.2)	(4.7)
Shareholder interest	8	7.7	-	7.7
Utilisation of capital losses	9	16.7	-	16.7
Asia	10	(1.7)	-	(1.7)
Miscellaneous	11	1.6	-	1.6
Underlying cash result		236.5	(62.7)	173.8
Back office infrastructure	12			(9.3)
Variance	13			0.6
Cash result				165.1

Notes

All numbers are expressed after tax at the prevailing tax rate for each year.

1. The net annual management fee: This is the manufacturing margin the Group retains from the funds under management after payment of the associated costs (e.g. investment advisory fees and Partner remuneration). Broadly speaking the Group receives an average rate of 0.77% (post tax) of funds under management (2014: 0.77% (post tax)).

   The level of net annual management fee was some 19% higher than the same period in 2014, reflecting the higher average funds under management in the first six months of 2015.

2. Unwind of early withdrawal charge: This relates to the reserving methodology applied to the withdrawal charge within the structure of the single premium life and pensions business. At the outset of the product we establish a liability net of the outstanding withdrawal charge which would apply if the policy were to be encashed.

   As the withdrawal charge reduces to zero, so the liability to the policyholder is enhanced by increasing their funds by 1% per annum over the first six years of the product life. In other words there is a cost which offsets the annual management fee above. This is known as the 'unwind' of the withdrawal charge.

   Like the net annual management fee, the unwind of the withdrawal charge has increased due to growth in funds under management. However, the increase is adjusted by the fact that the funds under management added six years ago have completed the withdrawal charge period.

3. Margin arising from new business: This is the cash impact of new business in the year reflecting growth in new business and also production related expenses.

4. Establishment expenses: These are the expenses of running the Group's infrastructure as shown in the table on page 34. In line with the rest of this table they are presented after allowance for tax.

5. Development and academy expense: These represent the sum of the other expenditure noted in the table on page 34 for developments and the academy.

6. Regulatory fees: This reflects the fees payable to the regulatory bodies.

7. FSCS levy: This reflects the expected full year FSCS levy.

8. Shareholder interest arising from regulated and non-regulated business: This is the assumed income accruing on the investments and cash held for regulatory purposes together with the interest received on the surplus capital held by the Group.

9. Utilisation of capital losses: In recent years, a deferred tax asset has been established for historic capital losses which are now regarded as being capable of utilisation over the medium term.

   The utilisation in the first half of 2015 was higher than our expected £2-3 million for a six month period.

10. Asia: This reflects the net profit impact of the Asian operations.

11. Miscellaneous: This represents the cash flow of the business not covered in any of the other categories, including utilisation of the deferred tax asset in respect of prior year's unrelieved expenses (due to structural timing differences in the life company tax computation).

12. Back office infrastructure: These costs relate to a major project seeking to combine our back offices under one management team and to put in place one unified, client centric administration system, enabling them to deliver improved service and improved efficiency for the business.

13. Variance: This reflects variances in the cash result in a year due to the impact of actual experience (including economic assumptions changes and investment performance) on insurance reserves, as well as variances in the settlement of tax related liabilities between the policyholders (unit-linked funds), the shareholder and HMRC.

Return on In-force Business

As shown in the tables above, the return on the in-force business is mainly driven by the level of the annual management fees, the unwind of the early withdrawal charge, and the level of expenses.

The vast majority of the return relates to the net income from funds under management (annual management fees less the unwind of the early withdrawal charge). Funds under management have been increasing and, as they continue to develop, the future net income should also increase correspondingly.

In addition, a proportion of the new business has an early withdrawal charge which unwinds during the first six years and, consequently, this business does not make a meaningful contribution to the cash result until year seven. The table below provides an estimated current value of the funds under management where the early withdrawal charge applies. These funds under management are not yet generating income within the cash result.

Year	**With early withdrawal charge**
	£'Billion
2009	1.1
2010	2.2
2011	2.4
2012	2.8
2013	3.4
2014	3.5
2015 Half Year	1.7
Total	17.1

This £17.1 billion represents some 31% of the total funds under management which, if all the business reached the end of the early withdrawal charge period, would contribute an additional £131.3 million to the annual post-tax cash result (based on 0.77% post-tax earnings from funds under management).

The Board therefore expects the cash earnings from the in-force business to increase as funds under management grows and the business matures.

The Business Case for Investment in New Business

As noted in the table on page 22, £50.4 million (30 June 2014: £36.4 million) of the cash arising from the in-force business has been re-invested in acquiring the new business during the year. The increase in the current period is principally due to the additional £13.1 million FSCS levy in 2015.

This investment in new business will generate income in the future that should significantly exceed the cost of investment and therefore provide positive returns for shareholders. The table below provides details of the new business added during the reporting periods and different measures of valuing the investment:

	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
Post-tax investment in new business (£'Million)	(50.4)	(36.4)	(62.7)
Post-tax present value of expected profit from investment (£'Million)	165.0	145.0	298.4
Gross inflows (£'Billion)	4.4	3.8	7.9
Cost of new business (% of gross inflows)	1.1%	1.0%	0.8%
New business margin (% of gross inflow)	4.7%	4.7%	4.7%
Cash payback period (years)	5	4	4
Internal rate of return (net of tax)	23.8%	28.3%	26.1%

The level of investment to acquire new business (excluding variations due to the FSCS levy) is not expected to increase significantly in future years, and therefore the proportion of the cash generated from the in-force business that will be available to pay dividends to shareholders is expected to continue expanding.

Capital Position

In addition to presenting an IFRS balance sheet (on page 53) and an EEV balance sheet (on page 41), we believe it is beneficial to provide a balance sheet using the approach underlying our cash result. This is because the cash result is adjusted for non-cash items such as DAC, DIR and deferred tax. The Board therefore considers this cash result balance sheet provides the best indication of the net asset position of the Group.

The following table analyses the differences between the IFRS balance sheet and the cash result balance sheet. These adjustments include netting out assets and liabilities of the policyholder interest in unit-linked funds, and removal of a number of significant 'non-cash' adjustments (in particular DAC, DIR and deferred tax).

30 June 2015	IFRS Balance Sheet	Adjustment[1]	Adjustment[2]	Cash Balance Sheet	30 June 2014	31 December 2014
	£'Million	£'Million	£'Million	£'Million	£'Million	£'Million
Assets						
Goodwill	10.1	-	-	10.1	10.1	10.1
Deferred acquisition costs	777.7	-	(777.7)	-	-	-
Acquired value of in-force business	35.2	-	(35.2)	-	-	-
Developments	6.0	-		6.0	7.3	7.7
Property and equipment	6.4	-		6.4	6.6	7.9
Deferred tax assets	165.3	-	(165.3)	-	-	-
Investment property	1,190.7	(1,190.7)	-	-	-	-
Equities	35,873.2	(35,873.2)	-	-	-	-
Fixed income securities	7,923.1	(7,840.6)	-	82.5	69.3	83.3
Investment in Collective Investment Schemes	3,232.7	(2,629.4)	-	603.3	500.6	517.3
Derivative financial instruments	337.4	(337.4)	-	-	-	-
Reinsurance assets	84.6	-	-	84.6	75.6	85.5
Insurance & investment contract receivables	92.9	-	-	92.9	53.3	63.5
Other receivables	823.9	(443.4)	(5.0)	375.5	280.2	292.6
Cash & cash equivalents	5,489.3	(5,174.2)	-	315.1	271.5	274.3
Total assets	56,048.5	(53,488.9)	(983.2)	1,576.4	1,274.5	1,342.2
Liabilities						
Insurance contract liabilities	489.5	(396.6)	0.5	93.4	91.6	89.2
Other provisions	11.9	-	-	11.9	9.7	11.4
Investment contracts	41,159.8	(41,102.5)	-	57.3	35.0	18.7
Borrowings	82.1	-	-	82.1	96.6	84.3
Derivative financial instruments	87.9	(87.9)	-	-	-	-
Deferred tax liabilities	455.7	(73.5)	(161.7)	220.5	204.7	263.6
Insurance & investment contract payables	50.3	-	-	50.3	34.7	50.4
Deferred income	436.7	-	(436.7)	-	-	-
Income tax liabilities	69.5	-	-	69.5	53.8	32.8
Other payables	708.6	(322.8)	(0.9)	384.9	206.9	188.6
NAV attributable to unit holders	11,505.6	(11,505.6)	-	-	-	-
Preference shares	0.1	-	-	0.1	0.1	0.1
Total liabilities	55,057.7	(53,488.9)	(598.8)	970.0	733.1	739.1
Net assets	990.8	-	(384.4)	606.4	541.4	603.1

Adjustments

1. Nets out the policyholder interest in unit-linked assets and liabilities
2. Removal of IFRS non-cash adjustments

The movement in the cash result net assets is equal to the cash result adjusted for dividends paid in the year and other changes in equity excluding the cost of share options (see page 52 – Condensed Consolidated Statement of Changes in Equity).

The table above provides an analysis of the differences between the IFRS balance sheet and the Cash Result balance sheet. As in previous years, we also provide an analysis of the Solvency position. The key difference between the Cash Result net assets (above) and the Solvency net assets is an amount of additional reserves arising from the Irish solvency regulations. These reserves include additional prudential reserves over that required by the UK regulator. As a result, the Solvency position is £571.8 million, which is £34.6 million lower than the Cash Result net assets of £606.4 million (30 June 2014: £515.4 million and £541.4 million, respectively).

The table below provides an analysis of the Solvency position between regulated and non-regulated entities, together with an assessment of the solvency position against both the required minimum regulatory capital and the internal capital requirement set by the Board (referred to as the management solvency requirement).

	Life	**Other Regulated**	**Other**	**Total**
	£'Million	**£'Million**	**£'Million**	**£'Million**
Solvency net assets	258.3	82.4	231.1	571.8
Interim 2015 dividend			(56.1)	(56.1)
Net assets after dividends	258.3	82.4	175.0	515.7
Required minimum regulatory capital	52.0	25.4		
Solvency ratio	497%	324%		
Management solvency requirement	163.6	50.8		
Management solvency ratio	158%	162%		

Comparison with previous valuations will show that the Group solvency position remains resilient, reflecting the Group's low appetite for market, credit and liquidity risk in relation to solvency.

A further measure of solvency for an insurance group is the Insurance Groups Directive (IGD) surplus. This is calculated by considering the level of net assets in the Group (outside of the insurance companies) that could be available to support the solvency of the insurance company (and other regulated companies). It therefore represents additional solvency cover over the £258.3 million Life company solvency assets identified in the table above. At 31 December 2014 the IGD resources were calculated as £267 million.

The balance of other assets is £175.0 million which, together with the excess assets over the management solvency requirement in the regulated entities, represents the free Group resources. This includes an amount of £90 million held as a buffer to maintain future dividends in the event of stock market volatility impacting the cash result in a particular year. In addition, the Group has undrawn committed bank facilities.

The Group continues to be capitalised well in excess of regulatory solvency requirements, with over 60% of cash result balance sheet assets (and solvency assets) invested prudently in cash, AAA rated money market funds and UK government securities. Other assets (principally other receivables) are less liquid. An analysis of the liquid asset holdings is provided below.

Analysis of liquid assets

Holding Name	**£'Million**	**£'Million**
UK government gilts		
4.75% UK Treasury 07/09/2015	11.8	
8.0% UK Treasury 07/12/2015	13.1	
5.8% UK Treasury 26/07/2016	11.5	
2.5% UK Treasury Index Linked 17/07/2024	18.3	
2% UK Treasury Index Linked 26/01/2035	25.4	
		80.1
Other government bonds		
0.25% Singapore Government Bonds 01/07/2015		2.4
AAA rated money market funds		
BlackRock	155.2	
HSBC	75.7	
Insight	101.0	
Legal & General	112.6	
Scottish Widows	54.0	
JP Morgan	104.8	
		603.3
Bank balances		
UK banks*	310.6	
Others	4.5	
		315.1
Total		1,000.9

* HSBC, Barclays, Lloyds, Bank of Scotland, RBS, Santander, NatWest and Metro Bank

SECTION 4: EUROPEAN EMBEDDED VALUE (EEV)

Life business and wealth management business differ from most other businesses, in that the expected shareholder income from the sale of a product emerges over a long period in the future. We therefore complement the IFRS result by providing additional disclosure on an EEV basis. The EEV result brings into account the net present value of the expected future cash flows and we believe this measure is useful to investors when assessing the total economic value of the Group's operating performance.

The table below and accompanying notes summarise the profit before tax of the combined business. The detailed result is shown on pages 39 to 48.

The result for the current period has also been negatively impacted by the additional £13.1 million FSCS levy in the period.

	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	£'Million	£'Million	£'Million
Life business	210.4	191.7	467.0
Unit Trust business	100.2	93.6	177.7
Funds Management business	310.6	285.3	644.7
Distribution business	(23.5)	(8.8)	(10.9)
Other	(21.8)	(15.8)	(37.4)
EEV operating profit	265.3	260.7	596.4
Investment return variance	24.1	13.0	80.2
Economic assumption changes	(0.3)	(3.1)	(7.0)
EEV profit before tax	289.1	270.6	669.6
Tax	(55.2)	(53.1)	(132.6)
EEV profit after tax	233.9	217.5	537.0

	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	Pence	Pence	Pence
EEV operating profit basic earnings per share	41.5	40.9	93.1
EEV operating profit diluted earnings per share	41.0	40.2	91.5

Funds Management business

An analysis of the combined Life and Unit Trust business result is shown below with a more detailed breakdown provided on pages 44 and 45:

	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	£'Million	£'Million	£'Million
New business contribution	205.9	181.3	373.1
Profit from existing business			
- unwind of the discount rate	85.9	91.6	182.0
- experience variance	16.4	9.0	78.5
- operating assumption change	-	-	3.0
Investment income	2.4	3.4	8.1
	310.6	285.3	644.7

The **new business contribution** for the six months at £205.9 million (30 June 2014: £181.3 million) was some 14% higher than the prior year reflecting the increase in new business. Further detail on the new business margin is provided on page 33.

The **unwind of the discount rate** for the six months was £85.9 million (30 June 2014: £91.6 million), reflecting the lower opening risk discount rate.

The discount rate is based on the risk free rate, which is set by reference to the yield on a UK 10 year gilt at the start of each year. As a result the unwind rate applied for the current year is 5% compared with 6.2% for the prior year. This 1.2% reduction in unwind rate has impacted the result negatively for the period by some £20.7 million.

The **experience variance** in the six month period was a positive £16.4 million (30 June 2014: £9.0 million positive variance) largely as a result of the continued strong retention of client funds, particularly pension business.

There was no change made to the **operating assumptions** (30 June 2014: £nil).

The **investment income** for the six months was lower at £2.4 million (30 June 2014: £3.4 million), due to a lower assumed interest rate also reflecting the lower gilt yield in the current period.

Distribution business and Other

The results for Distribution and Other operations have already been commented on in the IFRS section.

EEV Operating Profit

Total EEV operating profit in the period, at £265.3 million, was 2% higher than the 2014 result of £260.7 million.

Investment Return Variance

The investment return variance reflects the capitalised impact on the future annual management fees resulting from the difference between the actual and assumed investment returns. Given the size of our funds under management, a small difference between the actual and assumed investment return can result in a large positive or negative variance.

The investment return on our funds exceeded the assumed investment return during the period, resulting in a positive investment return variance of £24.1 million (30 June 2014: £13.0 million).

Economic Assumption Changes

There was a small negative variance of £0.3 million arising from changes in the economic basis adopted at the period end (30 June 2014: £3.1 million negative).

EEV Profit before Tax

The total profit before tax for the six months at £289.1 million was 7% higher than the 30 June 2014 figure of £270.6 million, principally reflecting growth in new business contribution and investment return variance but offset by the increase in the FSCS levy, discussed previously.

Tax

The tax charge at £55.2 million (30 June 2014: £53.1 million) was 4% higher than 2014 reflecting the higher profit before tax.

The Chancellor announced in the July budget a future reduction in the corporation tax rate to 19% in 2017 and then 18% in 2020. These reductions will be reflected in the EEV calculation at the year end and are expected to increase the embedded value by some £40-45 million.

EEV Profit after Tax

The EEV profit after tax was £233.9 million (30 June 2014: £217.5 million) reflecting the movement in EEV profit before tax.

New Business Margin

The largest single element of the EEV operating profit (analysed in the previous section) is the new business contribution. The level of new business contribution generally moves in line with new business levels. To demonstrate this link, and aid understanding of the results, we provide additional analysis of the new business margin ('Margin'). This is calculated as the new business contribution divided by the gross inflow, and is expressed as a percentage.

The table below presents the margin from our manufactured business based on gross fund inflows:

	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
Life business			
Investment			
New business contribution (£'Millions)	65.7	68.9	146.2
Gross inflows (£'Millions)	1,226.5	1,341.8	2,702.0
Margin (%)	5.4	5.1	5.4
Pension			
New business contribution (£'Millions)	57.9	39.7	87.5
Gross inflows (£'Millions)	1,582.9	1,178.0	2,428.5
Margin (%)	3.7	3.4	3.6
Unit Trust business			
New business contribution (£'Millions)	82.3	72.7	139.4
Gross inflows (£'Millions)	1,590.6	1,323.7	2,750.7
Margin (%)	5.2	5.5	5.1
Total business			
New business contribution (£'Millions)	205.9	181.3	373.1
Gross inflows (£'Millions)	4,400.0	3,843.5	7,881.2
Margin (%)	4.7	4.7	4.7

Overall the margin for the period was unchanged at 4.7% (2014: 4.7%). The changes in margin between the different business lines principally reflects the allocation of expenses in the respective proportions of the business mix.

Analysis of the European Embedded Value and Net Assets per Share

The table below provides a summarised breakdown of the embedded value position at the reporting dates:

	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	£'Million	£'Million	£'Million
Value of in-force			
- Life	2,333.0	2,063.8	2,234.0
- Unit Trust	672.9	557.4	611.2
Solvency net assets	571.8	515.4	572.0
Total embedded value	3,577.7	3,136.6	3,417.2

	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	Pence	Pence	Pence
Net asset value per share	683.7	604.9	657.9

SECTION 5: OTHER MATTERS

The final section covers a number of additional areas that will be of interest to shareholders.

Management Expenses

The table below provides the usual breakdown of the management expenditure (before tax) for the combined financial services activities.

	Note	**6 Months Ended 30 June 2015**	6 Months Ended 30 June 2014*	12 Months Ended 31 December 2014*
		£'Million	£'Million	£'Million
Paid from policy margins and advice charges				
Partner remuneration	1	250.5	215.9	455.4
Investment expenses	1	67.8	58.7	124.6
Third party administration	1	25.9	21.5	44.3
		344.2	296.1	624.3
Direct expenses				
Other performance related costs	2	45.3	40.9	86.8
Establishment costs	3	68.6	60.9	125.1
Academy costs	4	2.5	1.8	4.1
Other development costs	5	8.4	9.3	15.6
Back office infrastructure costs	6	9.1	4.1	11.9
Regulatory fees	7	3.4	3.1	6.1
FSCS levy	7	20.0	6.9	5.9
Contribution from third party new business	8	(12.5)	(11.0)	(22.4)
		144.8	116.0	233.1
		489.0	412.1	857.4

* The presentation of this analysis of Group expenses has been amended to provide further information on performance related costs and 'business as usual' other developments. The 30 June 2014 and 31 December 2014 comparatives have been re-presented to be in a consistent format.

Notes

1. These costs are met from corresponding policy margins and any variation in them from changes in the volumes of new business or the level of the stock markets does not directly impact the profitability of the Group.

2. Other performance related costs, for both Partners and employees, vary with the level of new business and operating profit performance of the business.

3. Establishment costs are the running costs of the Group's infrastructure and are relatively fixed in nature in the short term, although they are subject to inflationary increases. These costs will increase as the infrastructure expands to manage the higher number of existing clients, the growing number of advisers and increasing business volumes.

   The growth in establishment expenses during the year was higher than our original expectations as a consequence of an increase in expenditure associated with the high level of adviser recruitment in the year together with the costs relating to the higher business volumes.

4. The Academy is an important strategic investment for the future and the increase in the costs during first six months of 2015 reflects the increased number of students within the programme and the launch of our regional academies.

   Full year costs are expected to be some £6.1 million.

5. Other development costs represent the expenditure associated with the on-going development in our investment proposition, corporate initiatives, technology improvements and other system developments, including focus on cyber security. In the first six months the development costs were £8.4 million and we anticipate full year costs of some £15-16 million.

6. The costs of the back office investment programme were £9.1 million (30 June 2014: £4.1 million).

   The change programme continues to progress well and we are now live for new ISA and unit trust clients with full migration of existing clients expected in the second half of the year, at which point benefits will start to accrue.

   As we continue to develop the system and migrate the existing business we will incur further investment expenditure and anticipate the costs for 2015 to be some £18.0 million.

7. The regulatory costs represent the fees payable to the regulatory bodies of £3.4 million (30 June 2014: £3.1 million), together with our required contribution to the Financial Services Compensation Scheme of £20.0 million (30 June 2014: £6.9 million).

   The £20 million cost in the current year includes an additional £2.5 million FSCS levy for the prior year.

8. Contribution from third party product new business reflects the net income received from wealth management business of £5.3 million (30 June 2014: £4.7 million), from group pension business of £0.3 million (30 June 2014: £0.3 million) and from Protection business of £6.9 million (30 June 2014: £6.0 million).

The table below provides a reconciliation from these management expenses to the total Group expenses included in the Consolidated Statement of Comprehensive Income on page 50.

	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	£'Million	£'Million	£'Million
Expenses per table above	489.0	412.1	857.4
Reversal of contribution to third party product sales	12.5	11.0	22.4
Other expenses			
DAC movement	35.3	38.9	75.8
Amortisation of PVIF	1.6	1.6	3.2
Investment transaction costs	8.7	7.4	20.6
Share option costs	5.6	5.3	11.4
Share option NI	2.0	1.3	2.7
Acquired IFA operating costs	1.5	1.5	6.0
SJP Asia operating costs	4.7	-	3.6
Interest expense	1.8	1.9	3.8
Charitable donations	1.2	2.0	3.6
Other	4.2	2.9	12.4
	66.6	62.8	143.1
Total expenses	**568.1**	**485.9**	**1,022.9**

Solvency II

National regulators are required to implement the Solvency II regulations on 1 January 2016. As noted previously, we do not believe the Group will be adversely impacted by the new requirements and expect to see a reduction in the total capital we are required to hold for regulatory purposes.

Share Options Maturity

At 30 June 2015, there were 3.3 million share options outstanding under the various share option schemes which, if exercised, will provide up to £12.4 million (30 June 2014: £17.2 million), of future capital for the Company.

The table below provides a breakdown by date and exercise price.

Earliest date of exercise	Average exercise price	Number of Share options outstanding	Potential Proceeds
	£	Million	£'Million
Prior to Jun 2015	3.12	1.9	6.0
2015	2.75	0.7	1.9
2016	3.88	0.2	0.8
2017	6.77	0.2	1.7
2018	7.38	0.3	2.0
		3.3	12.4

Related Party Transactions

The related party transactions during the first six month period are set out in Note 16 to the condensed half year statements.

INTERIM MANAGEMENT REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

A comprehensive review of the principal risks and uncertainties facing the business, and the Group's approach to managing these risks and uncertainties, are outlined on pages 34 to 39 of the 2014 Annual Report and Accounts under the Risk and Risk Management section. These principal risks and uncertainties have not changed materially since the 2014 Annual Report and Accounts. A summary of those principal key risks and uncertainties which could impact the Group for the remainder of the current financial year are outlined below.

Risk/uncertainty	**Description**
Client proposition	Clients invariably rely on members of our Partnership for the provision of initial and ongoing advice. Failures in the quality of service provided, and in particular any advice failings, could lead to redress costs, reputational damage and regulatory intervention.
Competition	Competitor activity in the adviser-based wealth management market may result in a reduction in new business volumes, reduced retention of existing business, and the potential loss of Partners and key employees.
Regulatory, legislative and tax environment	The nature of the Group is such that it falls under the influence of regulators and legislators in multiple jurisdictions, a growing number given the Group's expansion into Asia. New regulatory, legislative or tax requirements may result in implementation costs and disruption to business. The Group could face a fine or regulatory censure from failure to comply with applicable regulations.
People and culture	People and the distinctive culture of the Group play an important part in its success. Over-stretch, the loss of key personnel or unwanted changes to culture may therefore impact on this success.
Partner proposition, recruitment and retention	Group products are distributed, and ongoing advice is provided, exclusively through the St. James's Place Partnership. Inadequacies in the range of products, technology or processes offered by the Partnership may result in inefficiencies and frustration, with consequent loss of Partners and client impact, or inability to recruit new Partners.
Investment Management Approach	Our approach to investment management may fail to deliver expected returns to clients of the Group.
Operations and IT	The Group's business model involves the outsourcing of administration to third parties. Poor service from, or failure of, one of these third parties, the failure of an IT system, or a significant cyber-attack or fraud, could lead to disruption of services to clients, reputational damage and profit impacts. There is also a risk that clients or Partners may experience disruption of service during the implementation of our new third party administration platform.
Political	Changes in the political landscape could lead to substantial changes in policy, resulting in significant development costs and disruption to the Group's business. Failure to deliver changes in the required timescales may lead to reputational damage and loss of new business.
Investor relations	Failure to communicate effectively with new and existing shareholders may lead to falls in the share price and reputational damage.

OTHER KEY RISKS AND UNCERTAINTIES

In addition to the principal risks and uncertainties already mentioned there are other key risks and uncertainties that are inherent within the businesses and markets in which we operate. These risks together with the high level controls and processes through which we aim to mitigate them are detailed the 2014 Annual Report and Accounts under the Risk and Risk Management section. These risks have not changed materially since the 2014 Annual Report and Accounts and are summarised in the following table under the relevant risk categories.

Financial risk	**Description**
Credit	The risk of loss due to a debtor's non-payment of a loan or other line of credit, including holdings of cash and cash equivalents, deposits and formal loans with banks and financial institutions.
Liquidity	The risk that the Group, although solvent, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure such resources only at excessive cost.
Market	The risk of loss due to the impact of movement in the value of equity or other asset markets.
Insurance	The risk that arises from inherent uncertainties as to the occurrence, amount and timing of insurance liabilities. The Group assumes insurance risk by issuing insurance contracts under which it agrees to compensate the client if a specified future event occurs.

EUROPEAN EMBEDDED VALUE (EEV) BASIS

The following information shows the result for the Group adopting a European Embedded Value (EEV) basis for reporting the results of its wholly owned life and unit trust businesses.

CONSOLIDATED STATEMENT OF INCOME

	Note	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
		£'Million	£'Million	£'Million
Life business		210.4	191.7	467.0
Unit Trust business		100.2	93.6	177.7
Distribution business		(23.5)	(8.8)	(10.9)
Other		(21.8)	(15.8)	(37.4)
EEV operating profit		265.3	260.7	596.4
Investment return variances		24.1	13.0	80.2
Economic assumption changes		(0.3)	(3.1)	(7.0)
EEV profit before tax		289.1	270.6	669.6
Tax				
Life business		(44.4)	(39.6)	(104.1)
Unit Trust business		(21.6)	(19.5)	(39.4)
Distribution business		4.3	1.8	2.1
Other		6.5	4.2	8.8
		(55.2)	(53.1)	(132.6)
EEV profit after tax		233.9	217.5	537.0
EEV profit attributable to non-controlling interests		(0.1)	-	(0.1)
EEV profit attributable to equity share holders		234.0	217.5	537.1
EEV profit on ordinary activities after tax		233.9	217.5	537.0
		Pence	Pence	Pence
Basic earnings per share	V	45.2	42.4	104.5
Diluted earnings per share	V	44.6	41.7	102.7
Operating profit basic earnings per share	V	41.5	40.9	93.1
Operating profit diluted earnings per share	V	41.0	40.2	91.5

EUROPEAN EMBEDDED VALUE (EEV) BASIS
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	£'Million	£'Million	£'Million
Opening equity on an EEV basis	3,417.2	2,964.1	2,964.1
Post-tax profit for the period	233.9	217.5	537.0
Issue of share capital	6.3	4.2	5.8
Retained earnings credit in respect of share option charges	5.0	5.3	11.0
Retained earnings credit in respect of proceeds from exercise of share options of shares held in trust	0.1	-	-
Dividends paid	(74.8)	(49.4)	(95.5)
Consideration paid for own shares	(10.0)	(5.1)	(5.2)
Closing equity on an EEV basis	3,577.7	3,136.6	3,417.2

EUROPEAN EMBEDDED VALUE (EEV) BASIS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2015	30 June 2014	31 December 2014
	£'Million	£'Million	£'Million
Assets			
Goodwill	10.1	10.1	10.1
Intangible assets			
- Deferred acquisition costs	777.7	849.9	813.0
- Value of long-term business in-force			
- long-term insurance	1,942.2	1,682.7	1,825.3
- unit trusts	672.9	557.4	611.2
- Computer software	6.0	7.3	7.7
	3,408.9	3,107.4	3,267.3
Property and equipment	6.4	6.6	7.9
Deferred tax assets	165.3	170.5	192.8
Investment property	1,190.7	848.5	1,031.4
Investments	47,366.4	41,159.2	44,701.8
Reinsurance assets	84.6	75.6	85.5
Insurance and investment contract receivables	92.9	53.3	63.5
Other receivables	823.9	706.8	604.6
Cash and cash equivalents	5,489.3	4,799.4	5,139.4
Total assets	58,628.4	50,927.3	55,094.2
Liabilities			
Insurance contract liability provisions	489.5	485.0	474.4
Other provisions	11.9	9.7	11.4
Financial liabilities	41,329.8	35,978.7	39,014.8
Deferred tax liabilities	448.7	454.6	512.4
Insurance and investment contract payables	50.3	34.7	50.4
Deferred income	436.7	500.4	463.2
Income tax liabilities	69.5	53.8	32.8
Other payables	708.6	675.7	499.7
Net asset value attributable to unit holders	11,505.6	9,598.0	10,617.8
Preference shares	0.1	0.1	0.1
Total liabilities	55,050.7	47,790.7	51,677.0
Net assets	3,577.7	3,136.6	3,417.2
Shareholders' equity			
Share capital	78.5	77.8	77.9
Share premium	153.1	145.9	147.4
Treasury shares reserve	(15.8)	(10.5)	(10.5)
Miscellaneous reserves	2.3	2.3	2.3
Retained earnings	3,359.6	2,921.1	3,200.1
Total shareholders' equity on an EEV basis	3,577.7	3,136.6	3,417.2
	Pence	Pence	Pence
Net assets per share	683.7	604.9	657.9

NOTES TO THE EEV BASIS RESULTS

I. BASIS OF PREPARATION

The interim supplementary information on pages 39 to 48 shows the Group's results for the six months ended 30 June 2015 as measured on a European Embedded Value (EEV) basis. For interim reporting purposes, the disclosure has been reduced from that which would be required under the EEV Principles. The results of the life, pension and investment business, including unit trust business, undertaken by the Group are measured on a basis determined in accordance with the EEV Principles issued in May 2004 by the Chief Financial Officers Forum, a group of chief financial officers from 19 major European insurers, as supplemented by the Additional Guidance on EEV disclosures issued in October 2005 (together 'the EEV Principles'), with the exception of:

- **New Business**
  Consistent with prior reporting periods, the value of contractual incremental premiums to existing business is treated as new business in the year of the increment, rather than at the outset of the policy. This approach better reflects the way the Group manages its business.

- **Future Expenses**
  During the period a new contract for administration services has been completed with our third party administrator which, after a period of development, will reduce future expenses. The impact is expected to be a modest increase in EEV but due to uncertainty in the size of the benefit this change has not been reflected in the mid-year valuation.

The treatment of all other transactions and balances is unchanged from the primary financial statements on an IFRS basis.

Under the EEV Methodology, profit is recognised as it is earned over the life of the products within the covered business. The embedded value of the covered business is the sum of the shareholders' net worth in respect of the covered business and the present value of the projected profit stream.

NOTES TO THE EEV BASIS RESULTS (continued)

II. METHODOLOGY AND ASSUMPTIONS

The methodology used to derive the European Embedded Values at 30 June 2015 is unchanged from that used at the end of 2014 (and also from that used at 30 June 2014) and is set out in detail on pages 166 and 167 of the 2014 Annual Report and Accounts, except for the additional allowance for non-market risk which has reduced to 0.75% (31 December 2014: 0.76%).

Apart from the assumptions set out below, there have been no changes to assumptions from those used at the end of 2014 and set out in detail on pages 167 and 168 of the 2014 Annual Report and Accounts.

Economic Assumptions

The principal economic assumptions used within the cash flows at 30 June 2015 are set out below.

	30 June 2015	30 June 2014	31 December 2014
Risk free rate	2.2%	2.9%	1.9%
Inflation rate	3.0%	3.1%	2.9%
Risk discount rate (net of tax)	5.3%	6.0%	5.0%
Future investment returns:			
- Gilts	2.2%	2.9%	1.9%
- Equities	5.2%	5.9%	4.9%
- Unit-linked funds:			
- Capital growth	1.5%	2.3%	1.5%
- Dividend income	3.0%	2.9%	2.7%
- Total	4.5%	5.2%	4.2%
Expense inflation	3.8%	3.9%	3.7%

The risk free rate is set by reference to the yield on 10 year gilts. Other investment returns are set by reference to the risk free rate.

The inflation rate is derived from the implicit inflation in the valuation of 10 year index-linked gilts. This rate is increased to reflect higher increases in earnings related expenses.

Corporation Tax

Although reductions in the corporation tax rate to 19% in 2017 and 18% in 2020 were announced by the Chancellor in early July, these have not been reflected in the valuation. The impact is expected to be positive and of the order of £40-45 million.

NOTES TO THE EEV BASIS RESULTS (continued)

III. COMPONENTS OF EEV PROFIT

Life business	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	£'Million	£'Million	£'Million
New business contribution	123.6	108.6	233.7
Profit from existing business			
- Unwind of discount rate	67.5	72.6	144.9
- Experience variances	17.3	7.4	78.1
- Operating assumption changes	-	-	3.0
Investment income	2.0	3.1	7.3
Operating profit before tax	210.4	191.7	467.0
Investment return variances	15.9	11.1	61.8
Economic assumption changes	-	(3.0)	(3.3)
Profit before tax	226.3	199.8	525.5
Attributed tax	(44.4)	(39.6)	(104.1)
Profit after tax	181.9	160.2	421.4

New business contribution after tax is £99.5 million (30 June 2014: £87.2 million and 31 December 2014: £187.6 million).

Unit Trust business	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	£'Million	£'Million	£'Million
New business contribution	82.3	72.7	139.4
Profit from existing business			
- Unwind of discount rate	18.4	19.0	37.1
- Experience variances	(0.9)	1.6	0.4
- Operating assumption changes	-	-	-
Investment income	0.4	0.3	0.8
Operating profit before tax	100.2	93.6	177.7
Investment return variances	8.2	1.9	18.4
Economic assumption changes	(0.3)	(0.1)	(3.7)
Profit before tax	108.1	95.4	192.4
Attributed tax	(21.6)	(19.5)	(39.4)
Profit after tax	86.5	75.9	153.0

New business contribution after tax is £65.8 million (30 June 2014: £57.8 million and 31 December 2014: £110.8 million).

NOTES TO THE EEV BASIS RESULTS (continued)

III. COMPONENTS OF EEV PROFIT (continued)

Combined Life and Unit Trust business	6 Months Ended 30 June 2015 £'Million	6 Months Ended 30 June 2014 £'Million	12 Months Ended 31 December 2014 £'Million
New business contribution	205.9	181.3	373.1
Profit from existing business			
- Unwind of discount rate	85.9	91.6	182.0
- Experience variances	16.4	9.0	78.5
- Operating assumption changes	-	-	3.0
Investment income	2.4	3.4	8.1
Operating profit before tax	310.6	285.3	644.7
Investment return variances	24.1	13.0	80.2
Economic assumption changes	(0.3)	(3.1)	(7.0)
Profit before tax	334.4	295.2	717.9
Attributed tax	(66.0)	(59.1)	(143.5)
Profit after tax	268.4	236.1	574.4

New business contribution after tax is £165.3 million (30 June 2014: £145.0 million and 31 December 2014: £298.4 million).

NOTES TO THE EEV BASIS RESULTS (continued)

IV. SENSITIVITIES

The table below shows the estimated impact on the combined life and unit trust reported value of new business and EEV to changes in various EEV calculated assumptions. The sensitivities are specified by the EEV principles and reflect reasonably possible levels of change. In each case, only the indicated item is varied relative to the restated values.

	Note	Change in new business contribution Pre-tax £'Million	Change in new business contribution Post-tax £'Million	Change in European Embedded Value Post-tax £'Million
Value at 30 June 2015		205.9	165.3	3,577.7
100bp reduction in risk free rates, with corresponding change in fixed interest asset values	1	(3.2)	(2.6)	(16.8)
10% reduction in withdrawal rates	2			
Pensions		7.0	5.6	64.1
Other		11.1	8.9	128.3
Total		18.1	14.5	192.4
10% reduction in expenses		4.0	3.3	37.1
10% reduction in market value of equity assets	3	-	-	(341.7)
5% reduction in mortality and morbidity	4	-	-	-
100bp increase in equity expected returns	5	-	-	-
100bp increase in assumed inflation	6	(3.9)	(3.1)	(29.5)

Note 1: This is the key economic basis change sensitivity. The business model is relatively insensitive to change in economic basis. Note that the sensitivity assumes a corresponding change in all investment returns but no change in inflation.
Note 2: The 10% reduction is applied to the lapse rate. For instance, if the lapse rate is 8% then a 10% sensitivity reduction would reflect a change to 7.2%.
Note 3: For the purposes of this required sensitivity all unit linked funds are assumed to be invested in equities. The actual mix of assets varies and in recent years the proportion invested directly in UK and overseas equities has exceeded 70%.
Note 4: Assumes the benefit of lower experience is passed on to clients and reassurers at the earliest opportunity.
Note 5: As a market consistent approach is used, equity expected returns only affect the derived discount rates and not the embedded value or contribution to profit from new business.
Note 6: Assumed inflation is set by reference to 10 year index linked gilt yields.

	Change in new business contribution Pre-tax £'Million	Change in new business contribution Post-tax £'Million	Change in European Embedded Value Post-tax £'Million
100bp reduction in risk discount rate	25.3	20.3	253.3

Although not directly relevant under a market-consistent valuation, this sensitivity shows the level of adjustment which would be required to reflect differing investor views of risk.

NOTES TO THE EEV BASIS RESULTS (continued)

V. EARNINGS PER SHARE

	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	Pence	Pence	Pence
Basic earnings per share	45.2	42.4	104.5
Diluted earnings per share	44.6	41.7	102.7
Operating profit basic earnings per share	41.5	40.9	93.1
Operating profit diluted earnings per share	41.0	40.2	91.5

The earnings per share calculations are based on the following figures:

	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	£'Million	£'Million	£'Million
Earnings			
Profit after tax *(for both basic and diluted EPS)*	233.9	217.5	537.0
Operating profit after tax *(for both basic and diluted EPS)*	214.8	209.6	478.4
	Million	Million	Million
Weighted average number of shares			
Weighted average number of ordinary shares in issue *(for basic EPS)*	517.8	513.0	514.0
Adjustments for outstanding share options	6.3	8.9	9.0
Weighted average number of ordinary shares *(for diluted EPS)*	524.1	521.9	523.0

NOTES TO THE EEV BASIS RESULTS (continued)

VI. RECONCILIATION OF IFRS AND EEV PROFIT BEFORE TAX AND NET ASSETS

	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	£'Million	£'Million	£'Million
IFRS profit before tax	**103.7**	**110.4**	**294.4**
Tax attributable to policyholder returns	(36.7)	(28.0)	(111.5)
Profit before tax attributable to shareholders' returns	67.0	82.4	182.9
Add back: amortisation of acquired value of in-force business	1.6	1.6	3.2
Movement in life value of in-force (net of tax)	116.9	99.0	241.7
Movement in unit trust value of in-force (net of tax)	61.7	51.1	104.9
Tax gross up of movement in value of in-force	41.9	36.5	136.9
EEV profit before tax	**289.1**	**270.6**	**669.6**

	30 June 2015	30 June 2014	31 December 2014
	£'Million	£'Million	£'Million
IFRS net assets	**990.8**	**927.2**	**1,010.1**
Less: acquired value of in-force	(35.2)	(38.4)	(36.8)
Add: deferred tax on acquired value of in-force	7.0	7.7	7.4
Add: life value of in-force	1,942.2	1,682.7	1,825.3
Add: unit trust value of in-force	672.9	557.4	611.2
EEV net assets	**3,577.7**	**3,136.6**	**3,417.2**

Independent review report to St. James's Place plc

Report on the interim supplementary information – European Embedded Value ("EEV") Basis

Our conclusion

We have reviewed the interim supplementary information, defined below, in the interim statement of St. James's Place plc for the six months ended 30 June 2015. Based on our review, nothing has come to our attention that causes us to believe that the interim supplementary information is not prepared, in all material respects, in accordance with the European Embedded Value ("EEV") basis set out in note I.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The interim supplementary information, which is prepared by St. James's Place plc, comprises:

- the EEV basis consolidated statement of financial position as at 30 June 2015;
- the EEV basis consolidated statement of income for the period then ended;
- the EEV basis consolidated statement of changes in equity for the period then ended; and
- the notes to the EEV basis results.

As disclosed in note I, the interim supplementary information has been prepared on the EEV basis.

What a review of interim supplementary information involves

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 United Kingdom. A review of interim supplementary 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.

We have read the other information contained in the interim statement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim supplementary information.

Responsibilities for the interim supplementary information and the review

Our responsibilities and those of the directors

The interim statement, including the interim supplementary information, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim supplementary information in accordance with the EEV basis set out in note I.

Our responsibility is to express to the company a conclusion on the interim supplementary information in the interim statement based on our review. This report, including the conclusion, has been prepared for and only for the company and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
28 July 2015
London

Notes:

(a) The maintenance and integrity of the St. James's Place plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) BASIS
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
		£'Million	£'Million	£'Million
Insurance premium income		25.9	27.4	57.4
Less premiums ceded to reinsurers		(15.6)	(16.3)	(33.5)
Net insurance premium income		10.3	11.1	23.9
Fee and commission income	4	672.8	593.5	1,201.0
Investment return		1,355.5	1,150.5	3,347.1
Other operating income		0.6	0.6	1.2
Net income	3	2,039.2	1,755.7	4,573.2
Policy claims and benefits				
- Gross amount		(23.9)	(27.6)	(58.8)
- Reinsurers' share		13.8	9.8	24.1
Net policyholder claims and benefits incurred		(10.1)	(17.8)	(34.7)
Change in insurance contract liabilities				
- Gross amount		(15.2)	(18.7)	(8.0)
- Reinsurers' share		(0.9)	11.3	21.2
Net change in insurance contract liabilities		(16.1)	(7.4)	13.2
Investment contract benefits		(1,341.2)	(1,134.2)	(3,234.4)
Fees, commission and other acquisition costs		(415.4)	(393.3)	(824.0)
Administration expenses		(151.1)	(91.0)	(195.7)
Other operating expenses		(1.6)	(1.6)	(3.2)
		(568.1)	(485.9)	(1,022.9)
Profit before tax	3	103.7	110.4	294.4
Tax attributable to policyholders' returns	5	(36.7)	(28.0)	(111.5)
Profit before tax attributable to shareholders' returns		67.0	82.4	182.9

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) BASIS
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

	Note	6 Months Ended 30 June 2015 £'Million	6 Months Ended 30 June 2014 £'Million	12 Months Ended 31 December 2014 £'Million
Profit before tax attributable to shareholders' returns		67.0	82.4	182.9
Total tax (expense)		(49.6)	(44.3)	(106.5)
Less: tax attributable to policyholders' returns	5	36.7	28.0	111.5
Tax attributable to shareholders' returns	5	(12.9)	(16.3)	5.0
Profit and total comprehensive income for the period	3	54.1	66.1	187.9
Profit/(Loss) attributable to non-controlling interests		(0.1)	-	(0.1)
Profit attributable to equity shareholders		54.2	66.1	188.0
Profit and total comprehensive income for the period	3	54.1	66.1	187.9
		Pence	Pence	Pence
Basic earnings per share	6	10.4	12.9	36.6
Diluted earnings per share	6	10.3	12.7	35.9

Underlying profit measure:

	Note	6 Months Ended 30 June 2015 £'Million	6 Months Ended 30 June 2014 £'Million	12 Months Ended 31 December 2014 £'Million
Profit before tax attributable to shareholders' returns		**67.0**	**82.4**	**182.9**
Adjustments:				
DAC/DIR/PVIF		5.9	(4.1)	(9.3)
Underlying profit before tax attributable to shareholders' returns	3	**72.9**	**78.3**	**173.6**
Profit and total comprehensive income for the year		**54.1**	**66.1**	**187.9**
Adjustments:				
DAC/DIR/PVIF		5.1	(3.0)	(7.0)
Underlying profit and total comprehensive income for the year		**59.2**	**63.1**	**180.9**
		Pence	Pence	Pence
Underlying basic earnings per share	6	11.5	12.3	35.2
Underlying diluted earnings per share	6	11.3	12.1	34.6

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) BASIS
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to equity shareholders							
	Note	Share Capital	Share Premium	Treasury Shares Reserve	Misc. Reserves	Retained Earnings	Total	Non-controlling Interests	Total
		£'Million	£' Million	£' Million	£' Million	£' Million	£' Million	£' Million	£' Million
At 1 January 2014		77.3	142.2	(10.2)	2.3	694.5	906.1	-	906.1
Profit and total comprehensive income for the year						66.1	66.1		66.1
- Dividends	7					(49.4)	(49.4)		(49.4)
- Issue of share capital		0.2					0.2		0.2
- Exercise of options		0.3	3.7				4.0		4.0
Consideration paid for own shares				(5.1)			(5.1)		(5.1)
Own shares vesting charge				4.8		(4.8)	-		-
Retained earnings credit in respect of share option charges						5.3	5.3		5.3
At 30 June 2014		77.8	145.9	(10.5)	2.3	711.7	927.2	-	927.2
At 1 January 2015		77.9	147.4	(10.5)	2.3	793.1	1,010.2	(0.1)	1,010.1
Profit and total comprehensive income for the year						54.2	54.2	(0.1)	54.1
- Dividends	7					(74.8)	(74.8)		(74.8)
- Issue of share capital									
- Exercise of options		0.6	5.7				6.3		6.3
Consideration paid for own shares				(10.0)			(10.0)		(10.0)
Own shares vesting charge				4.7		(4.7)	-		-
Retained earnings credit in respect of proceeds from exercise of share options held in trust						0.1	0.1		0.1
Retained earnings credit in respect of share option charges						5.0	5.0		5.0
At 30 June 2015		78.5	153.1	(15.8)	2.3	772.9	991.0	(0.2)	990.8

Miscellaneous reserves represent other non-distributable reserves.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) BASIS
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2015 £'Million	30 June 2014 £'Million	31 December 2014 £'Million
Assets				
Goodwill		10.1	10.1	10.1
Intangible assets				
- Deferred acquisition costs	9	777.7	849.9	813.0
- Acquired value of in-force business		35.2	38.4	36.8
- Computer software		6.0	7.3	7.7
		829.0	905.7	867.6
Property and equipment		6.4	6.6	7.9
Deferred tax assets	10	165.3	170.5	192.8
Investment property		1,190.7	848.5	1,031.4
Investments				
- Equities		35,873.2	31,671.9	34,734.9
- Fixed income securities		7,923.1	6,066.7	6,838.8
- Investment in Collective Investment Schemes		3,232.7	3,295.0	2,961.7
- Derivative financial instruments		337.4	125.6	166.4
Reinsurance assets		84.6	75.6	85.5
Insurance and investment contract receivables		92.9	53.3	63.5
Other receivables		823.9	706.8	604.6
Cash and cash equivalents		5,489.3	4,799.4	5,139.4
Total assets	3	56,048.5	48,725.6	52,694.5
Liabilities				
Insurance contract liabilities		489.5	485.0	474.4
Other provisions	11	11.9	9.7	11.4
Financial liabilities				
- Investment contracts		41,159.8	35,812.9	38,851.2
- Borrowings		82.1	96.6	84.3
- Derivative financial instruments		87.9	69.2	79.3
Deferred tax liabilities	12	455.7	462.3	519.8
Insurance and investment contract payables		50.3	34.7	50.4
Deferred income	13	436.7	500.4	463.2
Income tax liabilities		69.5	53.8	32.8
Other payables		708.6	675.7	499.7
Net asset value attributable to unit holders		11,505.6	9,598.0	10,617.8
Preference shares		0.1	0.1	0.1
Total liabilities		55,057.7	47,798.4	51,684.4
Net assets		990.8	927.2	1,010.1
Equity				
Share capital	15	78.5	77.8	77.9
Share premium		153.1	145.9	147.4
Treasury shares reserves		(15.8)	(10.5)	(10.5)
Miscellaneous reserves		2.3	2.3	2.3
Retained earnings		772.9	711.7	793.1
Shareholders' equity		991.0	927.2	1,010.2
Non-controlling interests		(0.2)	-	(0.1)
Total equity		990.8	927.2	1,010.1
		Pence	Pence	Pence
Net assets per share		189.3	178.8	194.5

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) BASIS
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	£'Million	£'Million	£'Million
Cash flows from operating activities			
Profit before tax for the period	103.7	110.4	294.4
Adjustments for:			
Depreciation	1.1	0.7	1.9
Revaluation	-	(0.1)	-
Amortisation of acquired value of in-force business	1.6	1.6	3.2
Amortisation of computer software	1.7	1.4	2.8
Share based payment charge	5.6	5.3	11.4
Interest income	(11.4)	(9.5)	(21.9)
Interest paid	1.8	1.9	3.8
Changes in operating assets and liabilities			
Decrease in deferred acquisition costs (net)	35.3	38.9	75.8
Increase in investment property	(159.3)	(115.8)	(298.7)
Increase in investments	(2,664.6)	(2,191.5)	(5,734.1)
Decrease/(increase) in reinsurance assets	0.9	(11.4)	(21.3)
Increase in insurance and investment contract receivables	(29.4)	(3.4)	(13.6)
Increase in other receivables	(234.3)	(167.3)	(84.9)
Increase in insurance contract liabilities	15.1	18.6	8.0
Increase in provisions	0.5	-	1.7
Increase in financial liabilities (excluding borrowings)	2,317.2	2,076.8	5,125.2
(Decrease)/increase in insurance and investment contract payables	(0.1)	(3.4)	12.3
Decrease in deferred income	(26.5)	(38.2)	(75.4)
Increase in other payables	208.3	236.3	60.3
Increase in net assets attributable to unit holders	887.8	1,062.6	2,082.4
Cash generated from operations	455.0	1,013.9	1,433.3
Interest received	11.4	9.5	21.9
Interest paid	(1.8)	(1.9)	(3.8)
Income taxes paid	(32.2)	(4.0)	(35.5)
Net cash generated from operating activities	432.4	1,017.5	1,415.9
Cash flows from investing activities			
Acquisition of property and equipment	(1.0)	(2.1)	(4.0)
(Acquisition)/disposal of intangible assets	-	(10.1)	(1.8)
Acquisition of subsidiaries and other business combinations, net of cash acquired	(0.8)	0.8	(7.2)
Net cash used in investing activities	(1.8)	(11.4)	(13.0)
Cash flows from financing activities			
Proceeds from the issue of share capital	6.3	4.3	5.9
Consideration paid for own shares	(10.0)	(5.1)	(5.2)
Proceeds from exercise of options over shares held in trust	0.1	-	-
Repayment of borrowings	(2.3)	(2.2)	(14.4)
Dividends paid	(74.8)	(49.4)	(95.5)
Net cash used in financing activities	(80.7)	(52.4)	(109.2)
Net increase in cash and cash equivalents	349.9	953.7	1,293.7
Cash and cash equivalents at beginning of period	5,139.4	3,845.7	3,845.7
Cash and cash equivalents at end of period	5,489.3	4,799.4	5,139.4

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

This condensed set of consolidated half year financial statements for the six months ended 30 June 2015, which comprise the half year financial statements of St. James's Place plc (the "Company") and its subsidiaries (together referred to as the "Group"), has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority (previously the Financial Services Authority) and with IAS 34 'Interim Financial Reporting' as adopted by the European Union. The condensed consolidated half year financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with IFRSs as adopted by the European Union.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Interim Statement on pages 6 to 8. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 11 to 36.

As shown on page 28 of the Financial Review, the Group's capital position is strong and well in excess of regulatory requirements. The long-term nature of the business results in considerable positive cash flows, arising from existing business. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully.

Having assessed the principal risks, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

As required by the Disclosure and Transparency Rules of the Financial Conduct Authority, this condensed set of financial statements has been prepared applying the accounting policies and standards that were applied in the preparation of the Group's published consolidated financial statements for the year ended 31 December 2014.

These condensed half year financial statements were prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU and interpretations issued by the International Financial Reporting Interpretations Committee.

In preparing these condensed half year financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2014.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

As at 30 June 2015, the following new and amended standards, which are relevant to the Group but have not been applied in the financial statements, were in issue but not yet effective:

IAS 1 Amendment – Disclosure Initiative
IAS 16 and IAS 38 Amendments – Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 27 Amendment – Equity Method in Separate Financial Statements
IFRS 9 Financial Instruments
IFRS 10 and IAS 28 Amendments – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 10, IFRS 12 and IAS 28 Amendments – Investment Entities: Applying the Consolidation Exception
IFRS 15 Revenue from Contracts with Customers
Annual Improvements to IFRSs 2012 – 2014 Cycle

The adoption of the above amendments and improvements is not expected to have any material impact on the Group's results reported within the financial statements other than requiring additional disclosure or alternative presentation. The adoption of the new IFRS 9 and IFRS 15 standards may have an effect on the Group's financial statements but are not applicable for the period ending 30 June 2015 and have not been applied in preparing these financial statements. The Group will continue to monitor the impact of these standards.

3. SEGMENT REPORTING

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board in order to allocate resources to the segment and to assess its performance. The Group's reportable segments under IFRS 8 are therefore as follows:

1. Life business – offering pensions, protection and investment products through the Group's life assurance subsidiaries;

2. Unit Trust business – offering unit trust investment products, including ISAs, through the St. James's Place Unit Trust Group;

3. Distribution business – the distribution network for the St. James's Place life and unit trust products as well as financial products, such as annuities, mortgages and stakeholder pensions, from third party providers.

The figures for segment income provided to the Board in respect of the distribution business relate to the distribution of the products of third party providers only. The figures for segment profit provided to the Board take account of fees and commissions payable by the life business and unit trust business to the distribution business.

4. Other – all other Group activities.

Separate geographical segmental information is not presented since the Group does not yet segment its business geographically, its customers being based and its assets managed predominantly in the United Kingdom.

The income, profit and assets of these segments are set out over the next few pages.

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS (continued)

3. SEGMENT REPORTING (continued)

Segment Income

Gross inflows to funds under management

Gross inflows to funds under management is the income measure that is monitored on a monthly basis by the chief operating decision maker.

	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	£'Million	£'Million	£'Million
Life and pension business	2,810.0	2,520.0	5,130.0
Unit Trust business	1,590.0	1,320.0	2,750.0
Total gross inflows	**4,400.0**	**3,840.0**	**7,880.0**
Adjustments to IFRS basis			
Life business			
Exclude life and pension gross inflows	(2,810.0)	(2,520.0)	(5,130.0)
Insurance premiums receivable	25.9	27.4	57.4
Less: insurance premium income ceded to reinsurers	(15.6)	(16.3)	(33.5)
Fee income (management fees)	304.9	270.1	520.8
Net movement on deferred income	21.5	33.4	64.7
Investment income (primarily in unit linked funds)	1,158.6	966.2	2,914.6
Unit Trust business			
Exclude unit trust gross inflows	(1,590.0)	(1,320.0)	(2,750.0)
Fee income (dealing profit and management fees)	95.9	82.2	170.0
Net movement on deferred income	4.9	4.8	10.7
Investment income	0.2	0.1	0.4
Distribution business			
Fee and commission income receivable	242.9	200.3	429.3
Other investment income	0.6	0.1	0.3
Other business			
Fee income receivable	2.7	2.7	5.5
Investment income on third party holdings in consolidated unit trusts	193.0	181.2	425.9
Other investment income	3.1	2.9	5.9
Other operating income	0.6	0.6	1.2
Total adjustments	**(2,360.8)**	**(2,084.3)**	**(3,306.8)**
Net income	**2,039.2**	**1,755.7**	**4,573.2**

All segment income is generated by external customers and there are no segment income transactions between operating segments as measured by gross inflows.

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS (continued)

3. SEGMENT REPORTING (continued)

Segment Profit

Four separate measures of profit are monitored on a monthly basis by the Board. These are European Embedded Value ("EEV") and IFRS (both pre-tax), underlying profit before tax and post-tax cash result.

EEV Operating Profit

EEV operating profit is monitored on a monthly basis by the Board. The components of the EEV operating profit are included in more detail in the Supplementary Information on EEV basis within this announcement. A reconciliation of EEV operating profit to IFRS profit before tax is shown below.

	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	£'Million	£'Million	£'Million
Life business	210.4	191.7	467.0
Unit Trust business	100.2	93.6	177.7
Distribution business	(23.5)	(8.8)	(10.9)
Other business	(21.8)	(15.8)	(37.4)
EEV operating profit before tax	**265.3**	**260.7**	**596.4**
Investment return variance	24.1	13.0	80.2
Economic assumption changes	(0.3)	(3.1)	(7.0)
EEV profit before tax	**289.1**	**270.6**	**669.6**
Adjustments to IFRS basis			
Deduct: amortisation of acquired value of in-force	(1.6)	(1.6)	(3.2)
Movement in life value of in-force (net of tax)	(116.9)	(99.0)	(241.7)
Movement in unit trust value of in-force (net of tax)	(61.7)	(51.1)	(104.9)
Tax of movement in value of in-force	(41.9)	(36.5)	(136.9)
Profit before tax attributable to shareholders' returns	67.0	82.4	182.9
Tax attributable to policyholder returns	36.7	28.0	111.5
IFRS profit before tax	**103.7**	**110.4**	**294.4**

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS (continued)

3. SEGMENT REPORTING (continued)

Cash result	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	£'Million	£'Million	£'Million
Life business	84.0	49.2	146.2
Unit Trust business	24.6	24.5	48.1
Distribution business	(18.7)	(7.0)	(8.5)
Other business	(8.1)	(6.6)	(20.7)
Cash result after tax	**81.8**	**60.1**	**165.1**
IFRS adjustments (after tax)			
Share option expense	(5.6)	(5.3)	(11.4)
Deferred acquisition costs (DAC)	(27.7)	(30.2)	(58.6)
Deferred income (DIR)	23.7	34.5	68.0
Acquired value of in-force (PVIF)	(1.3)	(1.3)	(2.6)
Sterling reserves	1.5	1.5	(7.4)
IFRS deferred tax adjustments	(18.3)	6.8	34.8
IFRS profit after tax	**54.1**	**66.1**	**187.9**
Shareholder tax	12.9	16.3	(5.0)
Profit before tax attributable to shareholders' returns	**67.0**	**82.4**	**182.9**
Policyholder tax	36.7	28.0	111.5
IFRS profit before tax	**103.7**	**110.4**	**294.4**

IFRS result	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	£'Million	£'Million	£'Million
Life business			
- shareholder	82.8	77.6	171.7
- policyholder tax gross up	36.8	28.0	111.5
Unit Trust business	29.4	29.4	59.5
Distribution business	(23.5)	(8.8)	(10.9)
Other business	(21.8)	(15.8)	(37.4)
IFRS profit before tax	**103.7**	**110.4**	**294.4**

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS (continued)

3. SEGMENT REPORTING (continued)

Underlying profit	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	£'Million	£'Million	£'Million
Life business	87.3	71.8	160.7
Unit Trust business	30.9	31.1	61.2
Distribution business	(23.5)	(8.8)	(10.9)
Other business	(21.8)	(15.8)	(37.4)
Underlying profit before tax attributable to shareholders' returns	**72.9**	**78.3**	**173.6**
Adjustments			
DAC/DIR/PVIF	(5.9)	4.1	9.3
Profit before tax attributable to shareholders' returns	**67.0**	**82.4**	**182.9**

Included within both the EEV and IFRS profit before tax are the following:

	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	£'Million	£'Million	£'Million
Shareholder interest income	4.8	4.3	8.8
Depreciation	1.1	0.7	1.9

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS (continued)

3. SEGMENT REPORTING (continued)

Segment Assets
Funds under Management ("FUM")

FUM within the St. James's Place Group, rounded to the nearest £0.1 billion, are monitored on a monthly basis by the Board.

	30 June 2015	30 June 2014	31 December 2014
	£'Million	£'Million	£'Million
Life business	41,320.0	36,200.0	39,200.0
Unit Trust business	14,140.0	11,400.0	12,800.0
Total FUM	**55,460.0**	**47,600.0**	**52,000.0**
Exclude external holdings in non-consolidated unit trusts	(2,255.8)	(1,854.6)	(2,086.4)
Add balance sheet liabilities in unit linked funds	508.5	653.6	480.9
Adjustments for other balance sheet assets excluded from FUM			
DAC	777.7	849.9	813.0
PVIF	35.2	38.4	36.8
Computer software	6.0	7.3	7.7
Goodwill	10.1	10.1	10.1
Property & equipment	6.4	6.6	7.9
Deferred tax assets	165.3	170.5	192.8
Fixed income securities	82.5	69.3	83.3
Collective investment schemes	606.7	504.5	521.7
Reinsurance assets	84.6	75.6	85.5
Insurance and investment contract receivables	92.9	53.3	63.5
Other receivables	375.5	280.3	292.6
Other receivables eliminated on consolidation	(101.9)	(118.2)	(94.9)
Cash and cash equivalents	315.1	271.5	274.3
Other adjustments	(120.3)	107.5	5.7
Total adjustments	**588.5**	**1,125.6**	**694.5**
Total assets	**56,048.5**	**48,725.6**	**52,694.5**

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS (continued)

4. FEE AND COMMISSION INCOME

	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	£'Million	£'Million	£'Million
Advice charges	199.1	161.4	340.4
Third party fee and commission income	46.5	41.6	94.4
Life company initial margin	13.9	14.5	26.3
Life company management fees	291.0	255.6	494.5
Unit Trust dealing profit	8.4	8.6	16.0
Unit Trust management fees	69.7	58.1	122.4
Unit Trust other income	17.8	15.5	31.6
Movement in deferred income	26.4	38.2	75.4
Total fee and commission income	**672.8**	**593.5**	**1,201.0**

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS (continued)

5. INCOME TAXES

	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	£'Million	£'Million	£'Million
UK corporation tax			
- Current year charge	82.3	67.2	96.2
- Adjustment in respect of prior year	(0.3)	(1.5)	(7.6)
Overseas taxes			
- Current year charge	4.2	2.8	6.9
	86.2	68.5	95.5
Deferred tax on unrealised capital gains and losses in unit linked funds	(46.8)	(26.2)	40.6
Deferred tax on unrelieved expenses	3.9	4.1	8.4
Deferred tax on group company capital losses			
- Current year	8.3	3.5	(29.6)
- Adjustment in respect of prior year	-	-	6.8
Deferred tax charge on other items	(3.6)	(5.6)	(13.3)
Overseas taxes	1.6	-	(1.9)
Total tax charge for the period	49.6	44.3	106.5
Attributable to:			
- policyholders	36.7	28.0	111.5
- shareholders	12.9	16.3	(5.0)
	49.6	44.3	106.5

In arriving at the profit before tax attributable to shareholders' return, it is necessary to estimate the analysis of the total tax charge between that payable in respect of policyholders and that payable by shareholders. Shareholder tax is estimated by making an assessment of the effective rate of tax that is applicable to the shareholders, with the balance being treated as tax in respect of policyholders.

	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	£'Million	£'Million	£'Million
Deferred tax			
Balance at 1 January	327.0	314.8	314.8
Charge through the consolidated statement of comprehensive income	(36.6)	(24.2)	11.0
Arising on acquisitions during the year	-	1.2	1.2
Balance at 31 December	290.4	291.8	327.0

The deferred tax components to which movements above relate to are disclosed in Note 10 Deferred Tax Assets and Note 12 Deferred Tax Liabilities.

Included within the deferred tax current year is a charge of £2.7 million (30 June 2014: £nil and 31 December 2014: £1.5 million credit) relating to share based payments.

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS (continued)

5. INCOME TAXES (continued)

The change in the corporation tax rate from 21% to 20% effective from 1 April 2015 had already been incorporated into the deferred tax balances in 2013.

Reconciliation of tax charge	6 Months Ended 30 June 2015 £'Million		6 Months Ended 30 June 2014 £'Million		12 Months Ended 31 December 2014 £'Million	
Profit before tax	103.7		110.4		294.4	
Tax attributable to policyholders' returns*	(36.7)		(28.0)		(111.5)	
Profit before tax attributable to shareholders' returns	67.0		82.4		182.9	
Shareholder tax charge at corporate tax rate of 20.25% (2014: 21.5%)	13.6	20.3%	17.7	21.5%	39.3	21.5%
Adjustments:						
Tax regime differences						
Difference due to overseas subsidiaries	(0.9)		(0.6)		(3.6)	
	(0.9)	(1.3%)	(0.6)	(0.7%)	(3.6)	(2.0%)
Other						
Creation of deferred tax asset in group company capital losses	-		(0.8)		(39.5)	
Disallowed expenses	2.2		0.6		(0.2)	
Share options	(4.5)		(1.5)		(2.1)	
Adjustment in respect of prior year	-		0.8		0.9	
Other	2.5		0.1		0.2	
	0.2	0.3%	(0.8)	(1.0%)	(40.7)	(22.3%)
Change in tax rate	-	-%	-	-%	-	-%
Shareholder tax charge/(credit)	12.9	19.3%	16.3	19.8%	(5.0)	(2.7%)
Policyholder tax charge	36.7		28.0		111.5	
Total tax charge for the period	49.6		44.3		106.5	

* Profit before tax attributable to policyholder returns is equal to the policyholder tax charge

Corporation tax rate changes

In the summer Budget of 8 July 2015, the Chancellor announced future tax reductions of 1% from 1 April 2017 and another 1% from 1 April 2020. We estimate that these changes will reduce our net deferred tax liability by around £5 million. This will be recognised when the changes in rate are substantively enacted.

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS (continued)

6. EARNINGS PER SHARE

	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	Pence	Pence	Pence
Basic earnings per share	10.4	12.9	36.6
Diluted earnings per share	10.3	12.7	35.9
Underlying basic earnings per share	11.5	12.3	35.2
Underlying diluted earnings per share	11.3	12.1	34.6

The calculation of diluted earnings per share is based on the following figures:

	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	£'Million	£'Million	£'Million
Earnings			
Profit after tax *(for both basic and diluted EPS)*	54.1	66.1	187.9
	Million	Million	Million
Weighted average number of shares			
Weighted average number of ordinary shares in issue *(for basic EPS)*	517.8	513.0	514.0
Adjustments for outstanding share options	6.3	8.9	9.0
Weighted average number of ordinary shares *(for diluted EPS)*	524.1	521.9	523.0

7. DIVIDENDS

The following dividends have been paid by the Company:

	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014	12 Months Ended 31 December 2014
	£'Million	£'Million	£'Million
2013 final dividend – 9.58 pence per ordinary share	-	49.4	49.4
2014 interim dividend – 8.93 pence per ordinary share	-	-	46.1
2014 final dividend – 14.37 pence per ordinary share	74.8	-	-
Total dividends paid	74.8	49.4	95.5

The Directors have resolved to pay an interim dividend of 10.72 pence per share (30 June 2014: 8.93 pence). This amounts to £56.1 million (30 June 2014: £46.1 million) and will be paid on 2 October 2015 to shareholders on the register at 4 September 2015.

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS (continued)

8. ASSETS HELD TO COVER LINKED LIABILITIES AND THIRD PARTY HOLDINGS IN UNIT TRUSTS

Included within the balance sheet are the following assets and liabilities which represent the net assets held to cover linked liabilities and those attributable to third party holdings in unit trusts (UTMI). The difference between these assets and liabilities and those shown in the consolidated balance sheet represents assets and liabilities held outside the unit-linked funds and the UTMI.

	30 June 2015	30 June 2014	31 December 2014
	£'Million	£'Million	£'Million
Assets			
Investment property	1,190.7	848.5	1,031.4
Investments			
- Equities	35,873.2	31,671.9	34,734.9
- Fixed income securities	7,840.6	5,997.4	6,755.5
- Investment in Collective Investment Schemes	2,626.0	2,790.6	2,440.1
- Currency forwards	129.3	65.4	38.3
- Interest rate swaps	4.7	7.6	10.3
- Collaterised mortgage obligations	161.0	-	53.4
- Fixed Income options	2.2	-	12.4
- Index options	16.9	-	18.2
- Total return swaps	1.2	16.5	-
- Contract for differences	5.2	28.2	27.7
- Other derivatives	16.9	7.9	6.1
Other receivables	448.4	426.4	312.0
Other receivables eliminated on consolidation	101.9	118.2	94.8
Cash and cash equivalents	5,174.2	4,527.9	4,865.1
Total assets	53,592.4	46,506.5	50,400.2
Liabilities			
Financial liabilities			
- Currency forwards	25.4	20.8	28.3
- Interest rate swaps	10.4	9.9	5.1
- Fixed Income options	7.4	-	9.7
- Index options	13.7	-	8.1
- Total return swaps	7.8	16.5	-
- Contract for differences	5.5	19.9	18.9
- Other derivatives	17.7	2.1	9.2
Other payables	408.0	439.8	183.7
Other payables eliminated on consolidation	12.6	144.5	217.9
Total liabilities	508.5	653.5	480.9
Net assets held to cover linked liabilities	**53,083.9**	**45,853.0**	**49,919.3**

Net assets held to cover linked liabilities and third party holdings in unit trusts are considered to have a maturity of up to one year since the corresponding unit liabilities are repayable and transferable on demand.

9. DEFERRED ACQUISITION COSTS

	30 June 2015	30 June 2014	31 December 2014
	£'Million	£'Million	£'Million
Life business - insurance DAC	1.1	1.3	1.2
Life business - investment DAC	603.9	663.8	632.7
Unit Trust business - investment DAC	172.7	184.8	179.1
Total deferred acquisition costs	777.7	849.9	813.0

Amortisation of deferred acquisition costs is charged within the fees, commission and other acquisition costs line in the statement of comprehensive income.

10. DEFERRED TAX ASSETS

	30 June 2015	30 June 2014	31 December 2014
	£'Million	£'Million	£'Million
Life business - unrelieved expenses	61.4	69.5	65.3
Life business - deferred income	8.0	20.9	18.4
Unit Trust business - deferred income	45.1	47.3	46.1
Capital losses on liquidations	42.4	24.4	50.7
Other	8.4	8.4	12.3
Total deferred tax assets	165.3	170.5	192.8

The Group has not recognised potential deferred tax assets of £0.5 million in respect of losses arising in Asia due to uncertainly of appropriate future profit at this point in time.

The Group, from time to time, reviews the possibility of removing companies from its Group structure that are no longer necessary for its business operations. Depending on the history of the companies involved, it is possible that a capital loss may arise in the future. Should such a loss crystallise, the Group will create a tax asset as appropriate, the impact of which could be material in future periods.

11. OTHER PROVISIONS

	30 June 2015	30 June 2014	31 December 2014
	£'Million	£'Million	£'Million
At beginning of period	11.4	9.7	9.7
Movement in the period	0.5	-	1.7
At end of period	11.9	9.7	11.4

Total provisions relate to the cost of redress for mortgage endowment and other complaints. The provision is based on estimates of the total number of complaints expected to be upheld, the estimated cost of redress and the expected timing of settlement.

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS (continued)

11. OTHER PROVISIONS (continued)

As more fully set out in the summary of principal risks and uncertainties on page 37, the Group could in the course of its business be subject to legal proceedings and/or regulatory activity. Should such an event arise, the Board would consider their best estimate of the amount required to settle the obligation and, where appropriate and material, establish a provision. While there can be no assurances that circumstances won't change, based upon information currently available to them, the Directors do not believe there is any possible activity or event that could have a material adverse effect on the Group's financial position.

During the normal course of business, the Group may from time to time provide guarantees to Partners, clients or other third parties. However, based upon the information currently available to them, the Directors do not believe there are any guarantees which would have a material adverse effect on the Group's financial position, and so the fair value of any guarantees has been assessed as £nil (30 June 2014: £nil and 31 December 2014: £nil).

12. DEFERRED TAX LIABILITIES

	30 June 2015	30 June 2014	31 December 2014
	£'Million	£'Million	£'Million
On deferred acquisition costs	134.3	159.1	150.8
On acquired value of in-force business	7.0	7.7	7.4
In respect of unit linked funds	307.9	287.9	354.7
On renewal income	4.0	4.5	4.2
Other	2.5	3.1	2.7
Total deferred tax liabilities	455.7	462.3	519.8

The Group, from time to time, reviews the possibility of removing companies from its Group structure that are no longer necessary for its business operations. Depending on the history of the companies involved, it is possible that a capital loss may arise in the future. Should such a loss crystallise, the Group will create a tax asset as appropriate, the impact of which could be material in future periods.

13. DEFERRED INCOME

	30 June 2015	30 June 2014	31 December 2014
	£'Million	£'Million	£'Million
Life business	211.1	263.9	232.6
Unit Trust business	225.6	236.5	230.6
Total deferred income	436.7	500.4	463.2

14. FAIR VALUE MEASUREMENT

Fair value estimation

Financial instruments, which are held at fair value in the balance sheet, are required to have disclosed their fair value measurements by level of the following fair value measurement hierarchy:

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

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS (continued)

14. FAIR VALUE MEASUREMENT (continued)

The following table presents the Group's assets and liabilities measured at fair value:

30 June 2015

	Level 1	Level 2	Level 3	Total balance
	£'Million	£'Million	£'Million	£'Million
Financial assets and investment property:				
Investment property			1,190.7	1,190.7
Equities	35,873.2			35,873.2
Fixed income securities		7,923.1		7,923.1
Investment in Collective Investment Schemes	3,227.4		5.3	3,232.7
Derivative financial instruments		337.4		337.4
Other receivables			27.6	27.6
Cash & cash equivalents	5,174.2			5,174.2
Total financial assets and investment property	44,274.8	8,260.5	1,223.6	53,758.9
Financial liabilities:				
Investment contract benefits		489.5		489.5
Derivative financial instruments		87.9		87.9
Net asset value attributable to unit holders	11,505.6			11,505.6
Total financial liabilities	11,505.6	577.4	-	12,083.0

30 June 2014

	Level 1	Level 2	Level 3	Total balance
	£'Million	£'Million	£'Million	£'Million
Financial assets:				
Investment property			848.5	848.5
Equities	31,671.9			31,671.9
Fixed income securities		6,066.7		6,066.7
Investment in Collective Investment Schemes	3,293.8		1.2	3,295.0
Derivative financial instruments		125.6		125.6
Other receivables			23.1	23.1
Cash & cash equivalents	4,527.9			4,527.9
Total financial assets and investment property	39,493.6	6,192.3	872.8	46,558.7
Financial liabilities:				
Investment contract benefits		35,812.9		35,812.9
Derivative financial instruments		69.2		69.2
Net asset value attributable to unit holders	9,598.0			9,598.0
Total financial liabilities	9,598.0	35,882.1	-	45,480.1

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS (continued)

14. FAIR VALUE MEASUREMENT (continued)

31 December 2014

	Level 1	Level 2	Level 3	Total balance
	£'Million	£'Million	£'Million	£'Million
Financial assets and investment property:				
Investment property			1,031.4	1,031.4
Equities	34,734.9			34,734.9
Fixed income securities		6,838.8		6,838.8
Investment in Collective Investment Schemes	2,931.8		29.9	2,961.7
Derivative financial instruments		166.4		166.4
Other receivables			29.1	29.1
Cash & cash equivalents	4,865.1			4,865.1
Total financial assets and investment property	42,531.8	7,005.2	1,090.4	50,627.4
Financial liabilities:				
Investment contract benefits		38,851.2		38,851.2
Derivative financial instruments		79.3		79.3
Net asset value attributable to unit holders	10,617.8			10,617.8
Total financial liabilities	10,617.8	38,930.5	-	49,548.3

The fair value of financial instruments traded in active markets is based on quoted bid prices at the balance sheet date. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily listed equity instruments.

The Group closely monitors the valuation of assets in markets that have become less liquid. Determining whether a market is active, requires the exercise of judgement and is determined based upon the facts and circumstances of the market for the instrument being measured. Where it is determined that there is no active market, fair value is established using a valuation technique. The techniques applied incorporate relevant information available and reflect appropriate adjustments for credit and liquidity risks. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The relative weightings given to differing sources of information and the determination of non-observable inputs to valuation models can require the exercise of significant judgement.

If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Note that all of the resulting fair value estimates are included in Level 2, except for certain equities and investments in Collective Investment Schemes (CIS) and investment properties as detailed below.

Specific valuation techniques used to value Level 2 financial assets and liabilities include:

- The use of observable prices for identical current arm's length transactions.

Specific valuation techniques used to value Level 3 financial assets and liabilities include:

- The use of observable prices for recent arm's length transactions.
- Other techniques, such as discounted cash flow and historic lapse rates, are used to determine fair value for the remaining financial instruments.

There were no transfers between Level 1 and Level 2 during the year.

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS (continued)

14. FAIR VALUE MEASUREMENT (continued)

Transfers into and out of level 3 portfolios
Transfers out of level 3 portfolios arise when inputs that could have a significant impact on the instrument's valuation become market observable; conversely, transfers into the portfolios arise when consistent sources of data cease to be available.

Transfers in of certain equities and investments in Collective Investment Schemes (CIS) occur when asset valuations can no longer be obtained from an observable market price, i.e. become illiquid, in liquidation, suspended etc. The converse is true if an observable market price becomes available.

During 2015, £2.8 million relating to CIS was transferred into the Level 3 portfolio.

The following table presents the changes in Level 3 financial assets at fair value through the profit and loss:

	30 June 2015 £'Million	30 June 2014 £'Million	31 December 2014 £'Million
Opening balance	1,090.4	750.6	750.6
Transfer into Level 3	2.8	-	34.6
Additions during the year	124.5	93.2	268.5
Disposed during the year	(34.1)	(17.6)	(46.3)
Gains recognised in the income statement	40.0	46.6	83.0
Closing balance	**1,223.6**	**872.8**	**1,090.4**
Total gains for the year included in profit or loss for assets held at the end of the reporting period	40.0	47.1	83.0

Additions include £123.5 million of investment properties and £1.0 million of renewal income. Realised and unrealised gains/(losses) recognised in the statement of comprehensive income are included within investment return for certain equities and investments in Collective Investment Schemes and investment property, and within administration expenses for the renewal income.

Sensitivity of Level 3 valuations
The valuation of certain equities and investments in Collective Investment Schemes (CIS) are based on the latest observable price available. Whilst such valuations are sensitive to estimates, it is believed that changing the price applied to a reasonably possible alternative would not change the fair value significantly.

The renewal income valuation of £27.6 million (included within other receivables on the balance sheet) is based on discounted cash flows and historic lapse rates. The effect of applying reasonably possible alternative assumptions of a movement of 100bps on the discount rate and a 10% movement in the lapse rate would result in an unfavourable change in valuation of £3.1 million and a favourable change in valuation of £3.9 million, respectively.

The investment property valuation has been prepared using the 'market approach' valuation technique – using prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, as such it is again believed that changing the price applied to a reasonably possible alternative would not change the fair value significantly. Moreover, any change in the value of investment property is matched by the associated movement in the policyholder liability and therefore would not impact on the shareholder net assets.

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS (continued)

15. SHARE CAPITAL

	Number of Ordinary Shares	Share Capital
		£'Million
At 30 June 2014	518,526,773	77.8
- Exercise of options	920,618	0.1
At 31 December 2014	519,447,391	77.9
- Exercise of options	3,818,870	0.6
At 30 June 2015	523,266,261	78.5

The total authorised number of ordinary shares is 605 million (2014: 605 million), with a par value of 15 pence per share (2014: 15 pence per share). All issued shares are fully paid.

16. RELATED PARTY TRANSACTIONS

For the half year to 30 June 2015 the nature of the related party transactions are similar to those for the year ended 31 December 2014.

Transactions with St. James's Place unit trusts

In respect of the non-consolidated St. James's Place managed unit trusts that are held as investments in the St. James's Place life and pension funds, there was income recognised of £3.4 million (30 June 2014: £4.9 million and 31 December 2014: £8.0 million) and the total value of transactions with those non-consolidated unit trusts was £26.4 million (30 June 2014: £21.0 million and 31 December 2014: £47.4 million). Net management fees receivable from these unit trusts amounted to £11.4 million (30 June 2014: £10.0 million and 31 December 2014: £20.7 million). The value of the investment into the non-consolidated unit trusts at 30 June 2015 was £152.1 million (30 June 2014: £107.9 million and 31 December 2014: £130.7 million).

17. POST BALANCE SHEET EVENTS

Business combinations

On 28 July 2015 the Group entered into an agreement to acquire (subject to regulatory approval) 100% of the share capital of Rowan Dartington Holdings Ltd, a group specialising in discretionary fund management, for an initial consideration of £19.0 million, with a further maximum potential future consideration of £15.2 million.

Borrowings

On 24 July 2015 a new £250 million revolving credit facility (repayable over five years with a variable interest rate) was entered into with a group of UK banks. The Group has initially drawn £125 million under the fully committed facility, which will be utilised to refinance existing bank facilities and to finance the acquisition of Rowan Dartington Holdings Ltd.

There have been no other material events subsequent to the end of the half year period that have not been reflected in the half year financial statements.

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS (continued)

18. STATUTORY ACCOUNTS

The financial information shown in this publication is unaudited and does not constitute statutory accounts. The comparative figures for the financial year ended 31 December 2014 are not the Company's statutory accounts for the financial year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies.

The report of the auditors was unqualified and did not include a reference to any matter to which the auditors drew attention to, by way of emphasis without qualifying their report, and did not contain a statement under section 498 of the Companies Act 2006.

19. APPROVAL OF HALF YEAR REPORT

These condensed consolidated half year financial statements were approved by the Board of Directors on 28 July 2015.

Independent review report to St. James's Place plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed the condensed consolidated interim financial statements, defined below, in the interim statement of St. James's Place plc for the six months ended 30 June 2015. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The condensed consolidated interim financial statements, which are prepared by St. James's Place plc, comprise:

- the condensed consolidated statement of financial position as at 30 June 2015;
- the condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated statement of cash flows for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the notes to the condensed consolidated interim financial statements.

As disclosed in note 1, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The condensed consolidated interim financial statements included in the interim statement have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of condensed consolidated interim financial statements involves

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 United Kingdom. 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.

We have read the other information contained in the interim statement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

Responsibilities for the condensed consolidated interim financial statements and the review

Our responsibilities and those of the directors

The interim statement, including the condensed consolidated interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim statement in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the company a conclusion on the condensed consolidated interim financial statements in the interim statement based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
28 July 2015
London

Notes:

(a) The maintenance and integrity of the St. James's Place plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE HALF YEAR FINANCIAL REPORT

The Directors confirm that this consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- 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 financial year; and

- material related-party transactions in the first six months and any material changes in the related party transactions described in the last Annual Report.

The Directors of St. James's Place plc are listed in the St. James's Place plc Annual Report for 31 December 2014. A list of current Directors is maintained on the St. James's Place plc website: www.sjp.co.uk

By order of the Board:

D Bellamy
Chief Executive
28 July 2015

A Croft
Chief Financial Officer
28 July 2015