HALF YEAR REPORT 2017

ST. JAMES'S PLACE

ST. JAMES'S PLACE

MANAGES £83.0 BILLION OF CLIENT FUNDS

SUMMARY HALF YEAR RESULTS

ADVISERS

Total number of advisers

3,540 ↑9%

2016: 3,259

FUNDS

Funds under management

£83.04bn ↑27%

2016: £65.56bn

Gross inflow of funds under management

£6.87bn ↑30%

2016: £5.27bn

Net inflow of funds under management

£4.30bn ↑40%

2016: £3.07bn

FINANCIAL

Dividend (pence per share)

15.41p ↑25%

2016: 12.33p per share

Profit before shareholder tax

£79.6m ↑32%

2016: £60.5m

EEV operating profit

£397.3m ↑40%

2016: £284.0m

Our website and iPad app contain a full investor relations section with news, reports, webcasts, financial calendar and share price information.

www.sjp.co.uk
click on Shareholder Relations

ST. JAMES'S PLACE WEALTH MANAGEMENT GROSS INFLOWS FOR THE SIX MONTHS TO 30 JUNE 2017

	Unaudited 3 Months to 30 June			Unaudited 6 Months to 30 June		
	2017	**2016**		**2017**	**2016**	
	£'Billion	**£'Billion**		**£'Billion**	**£'Billion**	
Gross inflows						
Investment	0.66	0.58		1.24	1.04	
Pension	1.75	1.22		3.22	2.40	
Unit Trust, ISA & DFM	1.23	1.02		2.41	1.83	
	3.64	**2.82**	**+29%**	**6.87**	**5.27**	**+30%**

INTERIM MANAGEMENT STATEMENT

CONTENTS

CHIEF EXECUTIVE'S REPORT

I AM VERY PLEASED TO REPORT THAT THE MOMENTUM WE EXPERIENCED IN THE FIRST QUARTER HAS CONTINUED

I am very pleased to report that the momentum we experienced in the first quarter has continued, with new and existing clients entrusting St. James's Place with £6.9 billion of new investments in the first six months, some 30% higher than the same period last year. Importantly, through the excellent work our Partners and their staff do in building and maintaining close relationships with clients, we are also able to report strong retention levels, resulting in net inflows for the period of £4.3 billion, up 40%, taking Group funds under management to a new record high of £83.0 billion.

Setting aside the political and macro-economic backdrop, the challenges and responsibilities that individuals face, when considering how to manage their wealth, remain. The implications of sustained low interest rates, longer life expectancy, enhanced pension freedoms and greater emphasis on individual financial responsibility highlight the continued need for and importance of sound, personal and trusted advice.

The scale and quality of the Company's relationship based approach to wealth management, twinned with our distinct investment management proposition, continues to be well positioned to serve this market.

FINANCIAL PERFORMANCE & DIVIDEND

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 strong growth in most of our financial KPIs.

Given this strong performance for the six months, the Board has declared a 25% increase in the interim dividend to 15.41 pence per share. We anticipate increasing the full year ordinary dividend by a similar amount and, going forward, we will continue to grow the dividend in line with the underlying performance of the business.

The interim dividend for 2017 will be paid on 29 September to shareholders on the register at the close of business on 1 September 2017. A Dividend Reinvestment Plan (DRP) continues to be available for shareholders.

CLIENTS

At the core of the way we manage our business is our focus on ensuring that we do everything we can to build and maintain long-term, trusted relationships with our Partners and clients. In doing so, we are better placed to provide the support that clients need and want as they navigate the myriad choices in how to manage their wealth over time.

The advent of pensions freedoms in 2015 means that today, clients and potential clients have greater flexibility around how to manage their retirement income, but with that comes added responsibility and complexity. As such, the appetite for trusted, face-to-face advice has continued to grow.

In 2017, we have seen further interest from clients exploring the opportunity to transfer out of defined benefit pension schemes, driven by high transfer values being offered to them as low gilt yields inflate scheme liabilities. This is a market that is growing rapidly but it is not without risk given the complicated nature of assessing the benefits or otherwise of such transfers. We will continue to approach this market with a degree of caution.

We are also increasing and enhancing our client proposition with the launch of a cash management portal, a probate service as part of our intergenerational initiative, a panel of banks to serve our higher net worth clients and a further range of savings accounts. Finally, we have launched a new Retirement Account, providing additional flexibility for clients as they move between accumulation and drawdown. A timely development given the increasing desire by individuals to have greater flexibility in managing decision-making around retirement.

CHIEF EXECUTIVE'S REPORT continued

INVESTMENT MANAGEMENT

The first half of 2017 has seen strong returns across most major equity and fixed income markets.

Against this backdrop, our range of client portfolios have continued to perform strongly on an absolute, relative and risk-adjusted basis. Year to date all of the portfolios have outperformed their ARC peer groups and a similar picture emerges when measured over a five year period.

In the low-yield environment, clients are increasingly having to look for more diversified sources of income, and to ensure our clients continue to have an appropriate mix of investments at their disposal, we will be adding a new 'Strategic Growth Portfolio' later this year. At the same time, we will be launching a new Global Growth fund, which seeks to utilise the talent of four existing managers on our roster – Sands Capital, Edgepoint, Magellan and Select Equity Group. The fund will have a growth bias, exposure to cyclical sectors and be overweight in small and mid-cap holdings.

Changing demographics, pensions reform and the current market environment mean our clients are increasingly looking to us to provide them with solutions that meet their different investment objectives and evolving needs. As such, we are working hard to find ways to further broaden and deepen our proposition. We are also continuing to seek new ways to allow technology to enhance and complement client interactions.

THE ST. JAMES'S PLACE PARTNERSHIP

We have also seen good growth in the total number of advisers within the Partnership, with total adviser numbers increasing by 3.7% to 3,540 during the first six months. Our Academy initiative continues to be a success, with 40 individuals graduating as an adviser in the first six months of the year and we expect a similar number to graduate in the second half of the year. Alongside this, we continue to attract high calibre individuals who have chosen to build a new career with us. Already this year, 88 new students have joined the Academy compared to 75 in the first six months of 2016.

As our client base grows, so too does the scale of our Partner businesses as they develop from largely single adviser practices, into small and medium size businesses, adding value to the clients they attract and serving them well. We see this as a very positive development, which bodes well for the sustainability and succession of our Partner businesses, and continued growth.

We are constantly enhancing the support and back up to help our Partners not only advise and service their clients but also to grow their businesses. This includes investing in their continuing professional development and expanding our technical and specialist teams throughout the country.

OTHER INITIATIVES

In addition to our 'business as usual' activities, in the last couple of years we have been investing in the business for the future.

In the first half of 2016, we acquired Rowan Dartington to provide us with a discretionary wealth management offering for our clients. Since the acquisition the business has been expanding from its West Country base, establishing their services in all the major cities in the UK. It is encouraging to report that the business continues to grow very much in line with the business plan, with the number of investment executives and funds under management up 21% and 35% respectively over the last twelve months.

We are also encouraged by our investment in Asia, with considerable client engagement, increasing adviser numbers and lots of potential for the medium to long term. We've launched the required life company in Hong Kong and will be implementing new investment portfolios in the next few months, as well as expanding our DFM offering into these markets. These enhancements will provide the platform to grasp the opportunities those markets present to us.

Finally, by far our biggest ever technology initiative is our investment in the Bluedoor platform alongside our chosen outsource provider IFDS. Almost two thirds of our new business is now processed on the new platform. Given the strong growth in new business that we are achieving, our focus for the moment is on ensuring we refine and better optimise the platform, before we commence the next migration phase and complete the new business build for bonds next year.

OUR COMMUNITY

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.

Shareholders will know that 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. Earlier this year, to mark our anniversary year and in keeping with our strong desire to further support fund-raising efforts, we announced that the Board, on behalf of shareholders, had agreed to double the matching of funds raised, subject to an overall cap of £10 million. This initiative has caught the imagination of our community and so far this year we've raised over £3 million before matching, a record amount bringing the total raised for good causes to £60 million since we launched the Foundation in 1992. I would like to thank everyone, including our shareholders, for their continued support in helping to raise such impressive sums.

CHIEF EXECUTIVE'S REPORT continued

SUCCESSION

As shareholders will be aware, I will be stepping down as Chief Executive at the end of the year and therefore this is my last formal 'CEO Report.'

I have been fortunate to be part of an incredible journey over the last 26 years, since the Group started trading in January 1992. I am very proud of what we have achieved together over this period and it's been a great privilege to have led St. James's Place through a period of great transformation and success over the last eleven years.

I would also like to take this opportunity, to thank the Board, the executive team, Partners, and everyone in our community for making these achievements possible. And finally, I would like to thank shareholders, both large and small, for their support over this period.

The Group is in excellent shape and better placed than it has ever been for the opportunities that lie ahead and I know under Andrew Croft's leadership, St. James's Place will continue to go from strength to strength.

OUTLOOK

As we continue to grow our advisory presence, we look to build strong advocacy with and through our existing clients and advisers, in the strong belief that if we maintain our focus on doing this well, we will continue to attract advisers, acquire new clients and grow our client funds under management.

The continued momentum across all aspects of our business and growth in adviser numbers underpins why we remain confident in our ability to deliver sustained growth.

David Bellamy
Chief Executive
26 July 2017

CHIEF FINANCIAL OFFICER'S REPORT

THE STRONG BUSINESS PERFORMANCE WE HAVE EXPERIENCED IN RECENT YEARS HAS CONTINUED IN THE FIRST HALF OF 2017

As already covered in the Chief Executive's Report, the strong business performance we have experienced in recent years has continued in the first half of 2017. This continued strong growth in gross and net inflows, together with the investment return, has resulted in funds under management growing by some 26% over the twelve months to £83.0 billion.

We receive an annual management fee on funds under management and consequently, as our funds under management have grown, so too have the financial returns. This has enabled the Board to increase the interim dividend by 25%.

FINANCIAL RESULTS

As shareholders will be aware from previous periods, 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 the results on these measures is provided in the Financial Review on pages 9 to 29.

In addition to the strong underlying business performance, we continue to invest in the Academy, our new Asian and DFM operations as well as other strategic initiatives. Frustratingly, our required contribution to the Financial Services Compensation Scheme (FSCS) was again at an elevated level, negatively impacting the results by £19.8 million pre-tax (£16.0 million post-tax) compared with a pre-tax £17.0 million charge (£13.6 million post-tax) for the prior year. This charge is accounted for in full in the first half of the year.

IFRS Result

The IFRS **Profit before shareholder tax** of £79.6 million (2016: £60.5 million) was some 32% higher than the prior year period. This outcome included a negative impact from adjusting for intangible assets and liabilities (known as DAC/DIR/PVIF) of £26.7 million which, as expected, was higher than the prior year negative impact of £13.3 million.

Movement in these adjustments is basically unrelated to the underlying performance of the business and we therefore present an Underlying profit as a useful alternative measure (based upon IFRS) for assessing operating performance. This **Underlying profit before shareholder tax** was £106.3 million (2016: £73.8 million), growth of 44%. The prior result included a one off negative of £8.2 million and adjusting for this the growth would be 29%, more or less in line with the underlying cash result as commented upon below.

Cash Result

The **Operating cash result** for the six months was £139.0 million (2016: £103.1 million), growth of 35%, reflecting the higher funds under management and operating performance of the business.

The **Underlying cash result** for the period, which also takes into account those costs expensed in respect of the organic investment in the Academy, our Asian and DFM operations, as well as other strategic investment costs, was £123.1 million (2016: £94.4 million), some 30% higher.

The **Cash result** was £111.3 million (2016: £82.5 million), reflecting the Underlying cash result adjusted for the cost of the back office infrastructure investment and a number of one-off miscellaneous items.

Note that the Cash and Underlying cash results should not be confused with the IFRS condensed consolidated statement of cash flows, which is prepared in accordance with IAS 7 and disclosed on page 36.

CHIEF FINANCIAL OFFICER'S REPORT continued

EEV Result

The EEV new business contribution was up 50% during the period at £343.0 million (2016: £228.9 million) reflecting not only the growth in new business but also the expected long term economies of scale resulting from a new administration tariff.

The EEV operating profit for the period was £397.3 million (2016: £284.0 million), growth of some 40%.

The investment returns on our funds have considerably exceeded the assumed return, resulting in a positive investment variance of £214.1 million (2016: positive variance of £168.8 million).

Total profit before tax for the period was therefore £622.9 million compared with £442.7 million for the prior period. The net asset value per share on an EEV basis at the end of the period was 976.7 pence, growth of 8% since the start of the year and 23% over the twelve months.

DIVIDEND

Given the strong performance of the business during the period and importantly the continued growth in both the Operating and the Underlying cash results, the Board has declared an interim dividend of 15.41 pence per share, an increase of 25%, which will absorb £81.2 million. We anticipate increasing the full year ordinary dividend by a similar amount.

This continues our policy of progressively growing the dividend with compound growth of 25% per annum over the last eleven years.

Going forward we intend to continue to grow the dividend in line with the underlying performance of the business, as previously stated.

SOLVENCY

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.

We assess our solvency against a Management Solvency Buffer (see page 24) and, with solvency free assets in excess of this buffer, our solvency position remains strong. Following a reassessment of our unit liability at the end of 2016, we will be undertaking a comprehensive review of our capital management policy in the second half of this year. This review will inform the Board on the appropriate level of the Management Solvency Buffer going forward, which we expect will be reduced from the current level.

CONCLUDING REMARKS

The business, financials and lead indicators are in good shape. In particular, the cash emerging from the business continues to grow strongly, a trend that is expected to continue in future years, which has enabled the Board to increase the interim dividend by 25%.

As noted in the Chief Executive's Report, the continued momentum across all aspects of the business and growth in the adviser numbers underpins why we remain confident in our ability to deliver sustained growth.

Andrew Croft
Chief Financial Officer
26 July 2017

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 the clients remain invested. 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 FUM.

The level of income is dependent on the level of client funds and the level of asset values. In addition, since around half of our new business does not generate net income 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. More information about our fees on Funds under Management can be found in Section 1 on page 11.

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. The Group also invests in ensuring the quality of our proposition for clients and Partners through investment in new client services and existing IT systems. Finally, we are also looking to the future, with investment in strategic initiatives, including the Academy, Asia, DFM and our Back-office infrastructure programme. More information about our expenses can be found in Section 2 on pages 13 and 14.

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 12).

Given the importance of FUM to profit generation by the business, we provide an analysis of the FUM and development in Section 1. Section 2 covers expenses, which is the other significant driver of profits, with Sections 3 to 5 reporting on the performance of the business on the IFRS, cash and EEV result bases, and providing commentary on solvency and liquidity.

PERFORMANCE MEASUREMENT

In line with statutory reporting requirements we report profits assessed on an International Financial Reporting Standards (IFRS) basis. However, given the long-term nature of the business and the high level of investment in new business generation each year, we believe 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. Therefore, consistent with last year, we complement IFRS reporting with additional disclosure of various Alternative Performance Measures (APMs).

APMs are not defined by the relevant financial reporting framework (which for the Group is IFRS), but we use them to provide greater insight to the financial performance, financial position and cash flows of the Group and the way it is managed. A complete Glossary of Alternative Performance Measures is set out on pages 62 to 64, in which we define each APM and explain why it is used and, if applicable, how the measure can be reconciled to the IFRS condensed consolidated half year financial statements.

RELATED PARTY TRANSACTIONS

The related party transactions during the first six month period of 2017 are set out in Note 15 to the condensed consolidated half year financial statements.

FINANCIAL REVIEW continued

SECTION 1: FUNDS UNDER MANAGEMENT

This section starts with analysis of the movement in the funds under management of the Group. This is followed by information about the income the Group earns from managing these funds, together with the profile of these earnings, and finally a geographical and investment type analysis of the funds under management.

Movement in Funds Under Management

During the first half of 2017 we have seen gross new funds of £6.87 billion (2016: £5.27 billion), growth of 30% and a net inflow of funds under management of £4.30 billion (2016: £3.07 billion), growth of 40%. The investment return contributed £3.70 billion (2016: £2.62 billion contribution) to funds under management during the period reflecting the higher stock markets. Given the strong net inflow, and the positive investment performance, funds under management increased to £83.04 billion (2016: £65.56 billion).

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

Six Months Ended 30 June 2017	Note	Investment	Pension	UT/ISA & DFM	Total
		£'Billion	£'Billion	£'Billion	£'Billion
Opening funds under management		25.88	28.25	21.18	75.31
Gross inflows		1.24	3.22	2.41	6.87
Net investment return		1.08	1.50	1.12	3.70
Regular income withdrawals and maturities	1	(0.29)	(0.46)	–	(0.75)
Surrenders and part surrenders	2	(0.61)	(0.45)	(0.76)	(1.82)
Matching strategy disinvestment		(0.13)	(0.14)	–	(0.27)
Closing funds under management		27.17	31.92	23.95	83.04
Net inflows		0.34	2.31	1.65	4.30
Implied surrender rate as a percentage of average funds under management		4.6%	3.0%	6.7%	4.6%

Included within 'UT/ISA & DFM' are gross inflows of £0.23 billion and outflows from surrenders and part surrenders of £0.05 billion in relation to the Rowan Dartington Group funds under management.

In addition, there is a further £518 million of funds under management in third party funds within our Asia business.

Six Months Ended 30 June 2016	Note	Investment	Pension	UT/ISA & DFM	Total
		£'Billion	£'Billion	£'Billion	£'Billion
Opening funds under management		22.52	20.86	15.23	58.61
Rowan Dartington acquisition		–	–	1.26	1.26
Gross inflows		1.04	2.40	1.83	5.27
Net investment return		0.70	1.39	0.53	2.62
Regular income withdrawals and maturities	1	(0.26)	(0.40)	(0.04)	(0.70)
Surrenders and part surrenders	2	(0.41)	(0.46)	(0.63)	(1.50)
Closing funds under management		23.59	23.79	18.18	65.56
Net inflows		0.37	1.54	1.16	3.07
Implied surrender rate as a percentage of average funds under management		3.6%	3.9%	7.4%	4.7%

Included within 'UT/ISA & DFM' are gross inflows of £0.17 billion and outflows of £0.07 billion in relation to the Rowan Dartington Group funds under management, following the acquisition of the Rowan Dartington Group on 8 March 2016.

In addition, there is a further £434 million of funds under management in third party funds within our Asia business.

FINANCIAL REVIEW continued

Twelve Months Ended 31 December 2016	Note	Investment	Pension	UT/ISA & DFM	Total
		£'Billion	£'Billion	£'Billion	£'Billion
Opening funds under management		22.52	20.86	15.23	58.61
Rowan Dartington acquisition		–	–	1.26	1.26
Gross inflows		2.28	5.12	3.95	11.35
Net investment return		2.50	4.02	2.19	8.71
Regular income withdrawals and maturities	1	(0.52)	(0.84)	(0.11)	(1.47)
Surrenders and part surrenders	2	(0.90)	(0.91)	(1.29)	(3.10)
Rowan Dartington: Ardan International disposal		–	–	(0.05)	(0.05)
Closing funds under management		25.88	28.25	21.18	75.31
Net inflows		0.86	3.37	2.55	6.78
Implied surrender rate as a percentage of average funds under management		3.7%	3.7%	6.8%	4.6%

Included within 'UT/ISA & DFM' are gross inflows of £0.42 billion and outflows of £0.16 billion relating to Rowan Dartington. Also included is the £0.05 billion reduction in funds under management relating to the disposal of Rowan Dartington's non-core international platform business, Ardan International, in December 2016.

Net investment return, and thus closing funds under management, for Investment and Pension business include equal and opposite adjustments of £0.38 billion related to a reclassification of investment returns arising in the fourth quarter of 2016. There is no impact on total closing funds under management arising from this reclassification.

A further £466 million of investments is managed in third party funds within our Asia business.

Notes
1. Regular income withdrawals are those amounts, pre-selected by clients, which are paid out by way of periodic income. Maturities are those sums paid out where the plan has reached the intended, pre-selected, maturity event (e.g. retirement).
2. Surrenders and part surrenders are those amounts where clients have chosen to withdraw money from their plan which were not pre-selected regular income withdrawals or maturities.

Fees on Funds Under Management

As noted at the start of this Financial Review, our financial model is to attract and retain retail funds under management (FUM), on which we receive an annual management fee.

The net annual management fee retained by the Group is c.0.77% post tax. However, due to our product structure, investment and pension business does not generate net cash in the first six years. Consequently, the level of income we are receiving today is not fully representative of the expected earnings from the funds we are managing, and these earnings will increase as a result of the new business from six years ago becoming cash generative. This deferral of cash generation means there is always six years' worth of business in the 'gestation' period.

The table below provides an estimated current value of the funds under management in the gestation period.

Year	**30 June 2017 Total**	30 June 2016 Total	31 December 2016 Total
	£'Billion	£'Billion	£'Billion
2010	**–**	1.2	–
2011	**1.1**	2.4	2.4
2012	**2.9**	2.7	2.9
2013	**4.0**	3.8	4.0
2014	**4.3**	4.0	4.4
2015	**5.2**	4.8	5.3
2016	**6.1**	2.5	6.1
2017 Half year	**3.2**	–	–
Total	**26.8**	21.4	25.1

This £26.8 billion of funds under management in the gestation period represents approximately a third of the total funds under management which, if all the business reached the end of the gestation period, would contribute some £206 million to the annual post-tax cash result.

The Business Case for New Funds Under Management

The Group incurs costs associated with attracting new funds. We believe it is useful to provide details of the economic return we expect will be generated from the new business; in other words, the business case for the investment in attracting new clients and funds under management.

As detailed later in this review on page 22, a net cost of £33.3 million (2016: £59.0 million) has been incurred to attract the £6.87 billion of gross new funds (2016: £5.27 billion).

We regard this as an investment in new business which we expect to generate income in the future significantly exceeding this cost 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 2017	6 Months Ended 30 June 2016	12 Months Ended 31 December 2016
Gross inflows (£'Billion)	**6.87**	5.27	11.35
Post-tax investment in new business (£'Million)			
–Operating cash result	**(17.4)**	(50.3)	(80.2)
–Investment costs	**(15.9)**	(8.7)	(26.5)
–Total investment in new business	**(33.3)**	(59.0)	(106.7)
Post-tax present value of expected profit from investment (£'Million)	**282.3**	186.7	427.8
Cost of new business (% of gross inflows)*	**0.5%**	1.1%	1.0%
New business margin (% of new money invested)	**5.0%**	4.5%	4.6%
Cash payback period (years)	**3**	5	5

* The investment as a percentage of net inflow of funds under management was 0.8% compared with 1.9% for 30 June 2016. The full year cost is expected to be lower at 0.6% (2016: 1.5%), because the FSCS levy is fully expensed in the first half of the year.

Geographical and Investment Type Analysis of Funds Under Management

	30 June 2017		30 June 2016		31 December 2016	
	£'Billion	**%**	£'Billion	%	£'Billion	%
UK Equities	**18.6**	**22.4%**	15.8	24.1%	17.3	23.0%
North American Equities	**18.2**	**21.9%**	14.0	21.3%	17.5	23.2%
Fixed Interest	**14.5**	**17.5%**	10.7	16.3%	12.8	17.0%
European Equities	**9.7**	**11.7%**	7.0	10.7%	8.2	10.9%
Asia & Pacific Equities	**7.2**	**8.7%**	5.5	8.4%	6.2	8.2%
Cash	**6.5**	**7.8%**	5.4	8.2%	6.0	8.0%
Property	**2.7**	**3.3%**	2.3	3.5%	2.4	3.2%
Alternative Investments	**2.2**	**2.6%**	1.5	2.3%	1.9	2.5%
Other	**3.4**	**4.1%**	3.4	5.2%	3.0	4.0%
Total	**83.0**	**100%**	65.6	100%	75.3	100%

SECTION 2: EXPENSES

Management Expenses

The table below provides a breakdown of the management expenditure (before tax):

	Note	**6 Months Ended 30 June 2017**	6 Months Ended 30 June 2016	12 Months Ended 31 December 2016
		£'Million	£'Million	£'Million
Establishment costs	1	**92.4**	75.1	160.7
Other performance related costs	2	**56.9**	43.5	104.0
Operational development costs	3	**7.7**	7.0	17.0
Strategic development costs	4	**2.9**	1.9	6.6
Academy costs	5	**4.1**	3.5	7.2
Asia costs	6	**7.6**	3.6	13.8
DFM costs	7	**8.6**	3.7	12.9
Back-office infrastructure development	8	**10.1**	10.5	20.9
Regulatory fees	9	**3.9**	3.9	8.3
FSCS levy	9	**19.8**	17.0	17.2
		214.0	169.7	368.6

Notes

1. Establishment costs are the running costs of the Group's infrastructure, which are relatively fixed in nature. These costs will inevitably increase with inflation, but also as the infrastructure expands to manage higher numbers of clients, growing numbers of advisers and increasing business volumes. Some of these changes will inevitably be more significant step changes.
   One such change during 2016 and 2017 has been our expansion into additional property in Canary Wharf, central London and Cirencester. Our occupation of these additional properties has been managed on a phased basis and resulted in incremental costs of £2.1 million in the six months ended 30 June 2016 and £3.1 million in the six months ended 31 December 2016. The six months ended 30 June 2017 reflect the full cost of occupying these properties for six months, being a charge of £5.8 million. We expect to see this level of cost going forwards as a result of this expansion.
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. Operational development costs represent business as usual expenditure to support the business, such as the on-going development of our investment proposition and our technology, including focus on cyber security. We expect costs in 2017 will be at a similar level to 2016.
4. As a growth business we are constantly looking to new opportunities and expect to incur a small level of ongoing expense associated with pursuing other strategic developments. We will continue to explore opportunities and undertake appropriate initiatives.
5. The Academy is an important strategic investment for the future and we are continuing to grow our investment in this programme. Costs have increased in recent years as we have increased the number of students within the programme and launched more regional academies.
   Our investment in the academy will continue with full year expected costs of some £8.4 million.
6. Our expansion into Asia through operations in Singapore, Hong Kong and Shanghai is intended to provide diversification of our growth model through exporting our successful wealth management proposition to new markets, starting with the UK expat market. Costs reflect both the ongoing operational costs, but also the development costs associated with growing these businesses to achieve sustainable scale. We have also seen these costs increase compared to prior periods in part due to the depreciation of Sterling.
   Our investment will continue in 2017 and we expect this investment cost in the second half of the year to be a similar level to the first six months.
7. Completion of the purchase of Rowan Dartington in March 2016 facilitated a new DFM operation within the SJP proposition. We expect this business will grow quickly, requiring investment to support our ambition for the business. We expect this investment cost in the second half of the year to be a similar level to the first six months.
8. Our Back-office infrastructure programme is a multi-year initiative to upgrade our administration so it can support our future business goals. Having achieved the migration of our ISA and Unit Trust proposition to our new Bluedoor platform in 2015, the focus in 2016 and early 2017 was the launch of a new retirement account with the eventual aim being to migrate pension and drawdown business onto the new system. The costs in the second half of the year will be at a similar level to the first six months.
9. The costs of operating in a regulated sector include fees charged by the regulators and our contribution to the Financial Services Compensation Scheme (FSCS). Our position as a market-leading provider of advice, means we make a very substantial contribution to supporting the industry compensation scheme, the FSCS, thereby providing protection for clients of other businesses in the sector that fail. In the last couple of years, the levy has been at an elevated level and we remain hopeful that it will return to a more normalised level in future, albeit we are now experiencing a third year of elevated contribution. The FSCS levy is met by our various regulated companies and is split £17.5 million (six months to 30 June 2016: £16.5 million, year to 31 December 2016: £16.5 million) via the Distribution business and £2.3 million (six months to 30 June 2016: £0.5 million, year to 31 December 2016: £0.7 million) via the Life and Unit Trust regulated business.

FINANCIAL REVIEW continued

Group Expenses

The table below provides a reconciliation from the management expenses above to the total Group expenses included in the condensed consolidated statement of comprehensive income on page 33.

	Note	**6 Months Ended 30 June 2017**	6 Months Ended 30 June 2016	12 Months Ended 31 December 2016
		£'Million	£'Million	£'Million
Expenses per table above		**214.0**	169.7	368.6
Partner remuneration	1	**346.1**	276.6	599.7
Investment expenses	1	**36.9**	30.2	67.9
Third party administration	1	**50.3**	34.8	74.2
Acquired IFA operating costs		**1.7**	1.5	3.1
Amortisation and revaluation of DAC and PVIF		**33.5**	35.5	63.4
Share option costs		**14.0**	7.5	23.9
Share option NI		**1.9**	–	1.9
Interest expense and bank charges		**2.5**	3.9	6.2
Charitable donations		**5.0**	1.9	3.4
Other		**8.6**	6.7	12.8
		500.5	398.6	856.5
Total expenses		**714.5**	568.3	1,225.1

Note

1. These costs are met from corresponding 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.

SECTION 3: INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

As noted at the start of this review, 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). We believe Underlying profit provides a useful measure, based on IFRS, for assessing operating performance.

As noted in the Chief Financial Officer's Report, the results reflect the underlying strong business performance, but also a number of other drivers, most notably including the FSCS levy and the continued investment in our business (not least our Back-office infrastructure, the Academy and recent acquisitions).

	6 Months Ended 30 June 2017		6 Months Ended 30 June 2016		12 Months Ended 31 December 2016	
	Before shareholder tax	**After tax**	Before shareholder tax	After tax	Before shareholder tax	After tax
	£'Million	**£'Million**	£'Million	£'Million	£'Million	£'Million
Operating cash	**155.6**	**139.0**	115.5	103.1	251.4	226.0
Academy	**(4.1)**	**(3.3)**	(3.5)	(2.8)	(7.3)	(5.8)
Asia	**(7.5)**	**(7.5)**	(3.2)	(3.2)	(12.2)	(12.2)
DFM	**(3.5)**	**(2.8)**	(1.5)	(1.2)	(4.0)	(3.2)
Strategic development costs	**(2.9)**	**(2.3)**	(1.9)	(1.5)	(6.6)	(5.3)
Underlying cash	**137.6**	**123.1**	105.4	94.4	221.3	199.5
Share options	**(13.0)**	**(13.0)**	(7.5)	(7.5)	(23.9)	(23.9)
Deferred tax impacts	**–**	**(14.6)**	–	(12.4)	–	(21.1)
Insurance reserves	**0.2**	**0.2**	(1.3)	(1.0)	(1.6)	(1.6)
Back-office infrastructure	**(10.1)**	**(8.2)**	(10.5)	(8.4)	(20.9)	(16.7)
Variance	**(8.4)**	**(4.1)**	(12.3)	(6.0)	(11.4)	(7.7)
Underlying profit	**106.3**	**83.4**	73.8	59.1	163.5	128.5
DAC/DIR/PVIF	**(26.7)**	**(21.5)**	(13.3)	(10.7)	(22.9)	(16.8)
IFRS profit	**79.6**	**61.9**	60.5	48.4	140.6	111.7

	6 Months Ended 30 June 2017	6 Months Ended 30 June 2016	12 Months Ended 31 December 2016
	Pence	Pence	Pence
IFRS basic earnings per share	**11.8**	9.3	21.5
IFRS diluted earnings per share	**11.6**	9.2	21.3
Underlying cash basic earnings per share	**23.5**	18.1	38.2
Underlying cash diluted earnings per share	**23.2**	17.9	37.9

Underlying Profit before Shareholder Tax

The result for the six months was £106.3 million (30 June 2016: £73.8 million). A breakdown by business type is provided in the following table:

	6 Months Ended 30 June 2017	6 Months Ended 30 June 2016	12 Months Ended 31 December 2016
	£'Million	£'Million	£'Million
Life business	**118.8**	72.9	165.8
Unit Trust and DFM business	**57.1**	49.2	92.3
Funds Management business	**175.9**	122.1	258.1
Distribution business	**(27.1)**	(19.2)	(25.9)
Back-office infrastructure development	**(10.1)**	(10.5)	(20.9)
Other	**(32.4)**	(18.6)	(47.8)
Underlying profit before shareholder tax	**106.3**	73.8	163.5

Funds Management

The profit for the period to 30 June 2017 was £175.9 million (2016: £122.1 million), which was 44% higher than the prior year. Increased revenue from higher funds under management was the principal contributor to the increased profit of £8.2 million. The prior year's result also included a one-off cost associated with a review of charges on two small cohorts of legacy business.

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 distribution activity. The significant elements of this result are analysed in the following table:

	6 Months Ended 30 June 2017	6 Months Ended 30 June 2016	12 Months Ended 31 December 2016
	£'Million	£'Million	£'Million
Trading (loss)/profit	**(3.2)**	(1.0)	3.8
FSCS levy	**(17.5)**	(16.5)	(16.5)
Asia (distribution only)	**(6.4)**	(1.7)	(13.2)
Total	**(27.1)**	(19.2)	(25.9)

Back-Office Infrastructure Development

As noted on page 13, the investment during the period in the Back-office development project (known as Bluedoor) was £10.1 million (2016: £10.5 million).

Other

Other significant items in the Underlying profit result are analysed in the following table:

	6 Months Ended 30 June 2017	6 Months Ended 30 June 2016	12 Months Ended 31 December 2016
	£'Million	£'Million	£'Million
Academy	**(4.1)**	(3.5)	(7.2)
Other development expenditure	**(4.5)**	(5.2)	(8.5)
Charitable donations	**(5.0)**	(1.9)	(3.4)
Share options	**(13.0)**	(7.5)	(23.9)
Other share option costs including NI	**(2.9)**	–	(1.9)
Other	**(2.9)**	(0.5)	(2.9)
Total	**(32.4)**	(18.6)	(47.8)

DAC/DIR/PVIF

The net movement in the DAC, DIR and PVIF intangibles has a negative contribution to profit as summarised in the table below. A more detailed analysis is included in Note 8 on page 47.

	6 Months Ended 30 June 2017		6 Months Ended 30 June 2016		12 Months Ended 31 December 2016	
	Before shareholder tax	After tax	Before shareholder tax	After tax	Before shareholder tax	After tax
	£'Million	£'Million	£'Million	£'Million	£'Million	£'Million
Amortisation	**21.5**	**17.4**	(3.4)	(2.6)	(4.5)	(3.4)
Tax rate change	**–**	**–**	–	–	–	2.1
Arising on new business	**(48.2)**	**(38.9)**	(9.9)	(8.1)	(18.4)	(15.5)
Movement in year	**(26.7)**	**(21.5)**	(13.3)	(10.7)	(22.9)	(16.8)

In February we advised that there would be changes in the level of these adjustments as a result of the reassessment of the investment contract liability at year end, both due to the one-off increase in the DIR balance at year end, but also the ongoing increase in deferral of initial charge from new business. These impacts are evident in the table above, with a significant increase in the amortisation adjustment from a negative impact of £3.4 million in 2016 to a positive impact of £21.5 million in the current period, offset by an increase in the adjustment for new business from a negative £9.9 million in 2016 to a much larger negative impact of £48.2 million in 2017. The combined impact is an increased negative adjustment to the Underlying profit. However, it is worth noting that this negative effect offsets a positive effect of a similar size in the Underlying cash result.

Despite the change in amounts, the amortisation patterns remain consistent with past practice. The DAC balance amortises steadily over 14 years while a substantial proportion of the DIR balance will amortise over six years. When the DAC and DIR balances are of similar size (as they are now and as we expect them to continue to be) the faster recognition of deferred income results in a positive impact overall from amortisation, which is recognised consistently through the year and will grow with the business. The negative amortisation amount in recent years reflected the much lower level of DIR balance compared to DAC in those periods. The increased adjustment arising on new business will grow with new business. More information about these developing effects can also be seen in Note 8.

Tax rate changes impacted the post-tax movements in the latter half of 2016. There are no tax rate changes impacting 2017.

Finally, it is important to note the intangible and deferred nature of these items, meaning that they do not reflect the operating performance of the business. This is why we believe the Underlying profit measure, which is adjusted from IFRS to remove these impacts, provides a useful measure of operating performance.

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. The table below provides a high level analysis of shareholder tax, and a more detailed analysis is included in Note 6 to the condensed half year financial statements.

	6 Months Ended 30 June 2017	6 Months Ended 30 June 2016	12 Months Ended 31 December 2016
	£'Million	£'Million	£'Million
Expected shareholder tax	**(14.9)**	(11.7)	(27.2)
Recognition of capital losses	**–**	1.5	2.2
Other tax adjustments	**(2.8)**	(1.9)	(2.6)
Corporation tax rate change	**–**	–	(1.3)
Actual shareholder tax	**(17.7)**	(12.1)	(28.9)
Expected shareholder tax rate	**18.7%**	19.3%	19.3%
Actual shareholder tax rate	**22.2%**	20.0%	20.6%

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.

There has been no reassessment in the value of capital losses in the period (30 June 2016: £1.5 million) and the combined negative impact of a number of other small tax adjustments was £2.8 million (30 June 2016: £1.9 million).

The impact of the announced future corporation tax reduction effective from 1 April 2020 to 17% was fully reflected during 2016.

IFRS Profit

Analysis of the IFRS profit before tax, Profit before shareholder 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 2017	6 Months Ended 30 June 2016	12 Months Ended 31 December 2016
	£'Million	£'Million	£'Million
IFRS profit before tax	**194.4**	97.0	486.3
Policyholder tax	**(114.8)**	(36.5)	(345.7)
Profit before shareholder tax	**79.6**	60.5	140.6
Shareholder tax	**(17.7)**	(12.1)	(28.9)
IFRS profit after tax	**61.9**	48.4	111.7

The **Profit before shareholder tax** for the six months was £79.6 million (30 June 2016: £60.5 million). The positive impact of strong underlying business growth was partially offset by the increased negative contribution from the net movement in DAC/DIR/PVIF intangibles.

Both the **IFRS profit before tax** and the **IFRS profit after** tax results were higher than the prior period, reflecting underlying business growth. The particularly strong growth in IFRS profit before tax also reflected the increase in fund tax deductions which is offset by an increased liability for Policyholder tax. The level of Policyholder tax and Fund tax deductions is unrelated to the performance of the business and more related to investment performance (see policyholder and shareholder tax in the Glossary of Alternative Performance Measures on pages 62 to 64 for further details), so the difference between the two periods reflects different investment conditions.

FINANCIAL REVIEW continued

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 2017	6 Months Ended 30 June 2016	12 Months Ended 31 December 2016
	£'Million	£'Million	£'Million
Purchased value of in-force*	**23.7**	26.1	25.0
Deferred acquisition costs*	**561.9**	603.3	587.0
Deferred income*	**(602.6)**	(353.0)	(607.9)
Other IFRS net assets	**6.3**	11.8	1.5
Solvency II net assets	**1,046.9**	772.3	1,070.0
Total IFRS net assets	**1,036.2**	1,060.5	1,075.6

* Net of deferred tax

	6 Months Ended 30 June 2017	6 Months Ended 30 June 2016	12 Months Ended 31 December 2016
	Pence	Pence	Pence
IFRS net asset value per share	**196.0**	201.2	203.9

SECTION 4: CASH RESULT, SOLVENCY AND LIQUIDITY

This section brings together our reporting on the Solvency II net assets and liquidity, together with our reporting of the Cash results and solvency.

Solvency II Net Assets

In addition to presenting an IFRS condensed consolidated statement of financial position (on page 35), we believe it is beneficial to provide a balance sheet reflecting our approach to managing solvency. Solvency II net assets are based on the IFRS condensed consolidated statement of financial position, but with adjustments made to accounting assets and liabilities to reflect the Solvency II regulations. In addition, provision for insurance liabilities is set equal to the associated unit liabilities. The following table sets out the adjustments to move from IFRS to Solvency II net assets.

					Solvency II Net Assets Balance Sheet	
30 June 2017	**IFRS Balance Sheet**	**Adj 1**	**Adj 2**	**Solvency II Net Assets Balance Sheet**	30 June 2016	31 December 2016
	£'Million	**£'Million**	**£'Million**	**£'Million**	£'Million	£'Million
Assets						
Goodwill	15.6	–	(15.6)	–	–	–
Deferred acquisition costs	652.9	–	(652.9)	–	–	–
Acquired value of in-force business	28.8	–	(28.8)	–	–	–
Computer software	2.6	–	(2.6)	–	–	–
Property and equipment	24.5	–	–	24.5	8.9	23.1
Investment property	1,522.3	(1,522.3)	–	–	–	–
Equities	50,717.4	(50,717.4)	–	–	–	–
Fixed income securities	14,178.7	(14,131.5)	–	47.2	56.9	47.7
Investment in Collective Investment Schemes	5,358.6	(4,283.2)	–	1,075.4	523.3	867.4
Derivative financial instruments	879.1	(879.1)	–	–	–	–
Reinsurance assets	80.7	–	(80.7)	–	–	–
Cash and cash equivalents	7,384.1	(6,911.4)	–	472.7	262.0	345.9
Other receivables	1,903.8	(913.1)	(63.5)	927.2	601.2	1,222.8
Deferred tax assets	187.0	–	(39.8)	147.2	168.3	157.7
Total assets	**82,936.1**	**(79,358.0)**	**(883.9)**	**2,694.2**	1,620.6	2,664.6
Liabilities						
Insurance contract liabilities	538.4	(455.8)	(82.6)	–	–	–
Borrowings	181.0	–	–	181.0	181.8	281.4
Investment contract benefits	58,627.4	(58,627.4)	–	–	–	–
Derivative financial instruments	179.0	(179.0)	–	–	–	–
NAV attributable to unit holders	19,367.5	(19,367.5)	–	–	–	–
Other provisions	19.9	–	–	19.9	16.4	17.1
Other payables	1,621.0	(728.3)	(1.2)	891.5	386.9	789.0
Income tax liabilities	148.0	–	–	148.0	50.4	72.7
Deferred tax liabilities	576.2	–	(169.4)	406.8	212.7	434.3
Deferred income	641.4	–	(641.4)	–	–	–
Preference shares	0.1	–	–	0.1	0.1	0.1
Total liabilities	**81,899.9**	**(79,358.0)**	**(894.6)**	**1,647.3**	848.3	1,594.6
Net assets	**1,036.2**	**–**	**10.7**	**1,046.9**	772.3	1,070.0

Adjustments:

1. Nets out the policyholder interest in unit-linked assets and liabilities.
2. Adjustments to the IFRS balance sheet in line with Solvency II requirements, including removal of DAC, DIR, PVIF and their associated deferred tax balances, goodwill and other intangibles.

Liquidity

As noted above, our investment policy is always to hold assets to match unit-linked liabilities, and to hold any excess in assets that are liquid and high credit quality. An analysis of the liquid asset holdings as at 30 June 2017 is provided below:

	£'Million	£'Million
Fixed Interest Securities		
1% UK Treasury 07/09/2017	42.4	
1.375% Singapore Government Bonds 01/10/2017	4.8	47.2
Collective Investment Schemes (AAA rated money market funds)		
Aberdeen	21.5	
BlackRock	224.4	
Goldman Sachs	204.8	
HSBC	61.1	
Insight	204.2	
JP Morgan	163.1	
Legal & General	196.3	1,075.4
Cash and cash equivalents (bank balances)		
Bank of Scotland	30.2	
Barclays	266.6	
HSBC	71.1	
Lloyds TSB	19.5	
Metro	22.4	
NatWest	13.3	
Santander	32.3	
Others	17.3	472.7
Total		**1,595.3**

In the normal course of business, the Company is expected to generate regular, positive cash flow from annual management income exceeding expenses. As noted previously, future growth in cash flow is driven by new business, but in the short term growth will reflect the transition as new business from six years ago becomes cash generative.

The key calls on liquidity are payments of Group dividends and investment to support the business. As noted previously, our policy is to increase the dividend in line with the underlying performance of the business. We believe this will also enable us to continue to invest in the business to support our growth aspirations.

Solvency II Net Assets

The table below details the movement in the Solvency II net assets over the year which after adjusting for changes in non-cash items such as deferred tax assets, goodwill and intangibles, as well as changes in equity such as dividends paid in the year (see also page 34 – condensed consolidated statement of changes in equity) provides the net cash result for the period.

	6 Months Ended 30 June 2017	6 Months Ended 30 June 2016	12 Months Ended 31 December 2016
	£'Million	£'Million	£'Million
Opening Solvency II Net Assets	**1,070.0**	801.1	801.1
Dividend paid in period	**(108.8)**	(90.4)	(155.2)
Issue of share capital and exercise of options	**2.6**	5.4	6.6
Consideration paid for own shares	**(8.1)**	(5.5)	(5.5)
Movement in other reserves	**–**	–	0.2
Change in deferred tax	**(11.6)**	(10.9)	(17.2)
Change in goodwill and intangibles	**(1.4)**	(9.9)	(2.4)
Investment contract liability reassessment	**–**	–	267.0
Other non-cash movements	**(7.1)**	–	–
Cash result	**111.3**	82.5	175.4
Closing Solvency II Net Assets	**1,046.9**	772.3	1,070.0

FINANCIAL REVIEW continued

Cash Results

As noted above, the change in the Solvency II Net Assets, after adjusting for changes in non-cash items such as deferred tax assets, goodwill and intangibles, as well as changes in equity such as dividends paid in the year (see also page 34 – condensed consolidated statement of changes in equity) provides the Cash result for the period. The Cash result provides an alternative view of the cash generation of the Group during a reporting period and should not be confused with the IFRS condensed consolidated statement of cash flows which is prepared in accordance with IAS 7 and disclosed on page 36.

The following tables show: an Operating cash result, reflecting the regular emergence of cash from the business operations; and an Underlying cash result which additionally reflects the cash impact of our strategic investments. The reconciliation of the Operating cash result to the Underlying profit measure is presented on page 15.

There are also some cash items whose emergence is volatile, varying over time, and which are influenced by market movements. These impacts, together with the short term costs associated with the back office infrastructure project, are shown after the Underlying cash result.

The Cash results are presented after tax and can be analysed as 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. The following tables and commentary provide an indicative analysis of the Cash result into these two elements.

The Cash results are the principal measures the Board considers when determining the dividend payment to shareholders.

Six Months Ended 30 June 2017	Note	In-Force	New Business	Total
		£'Million	£'Million	£'Million
Operational				
Net annual management fee	1	**284.8**	**13.0**	**297.8**
Reduction in fees in gestation period	1	**(130.0)**	**–**	**(130.0)**
Net income from funds under management	1	**154.8**	**13.0**	**167.8**
Margin arising from new business	2	**–**	**59.4**	**59.4**
Establishment expenses	3	**(7.3)**	**(66.3)**	**(73.6)**
Operational development expenses	3	**–**	**(6.2)**	**(6.2)**
Regulatory fees	3	**(0.3)**	**(2.9)**	**(3.2)**
FSCS levy	3	**(1.6)**	**(14.4)**	**(16.0)**
Shareholder interest	4	**5.7**	**–**	**5.7**
Tax relief from capital losses	5	**9.3**	**–**	**9.3**
Miscellaneous	6	**(4.2)**	**–**	**(4.2)**
Operating cash result		**156.4**	**(17.4)**	**139.0**
Investment				
Academy	7	**–**	**(3.3)**	**(3.3)**
Asia	7	**–**	**(7.5)**	**(7.5)**
DFM	7	**–**	**(2.8)**	**(2.8)**
Strategic development costs	7	**–**	**(2.3)**	**(2.3)**
Underlying cash result		**156.4**	**(33.3)**	**123.1**
Back-office infrastructure development	7			**(8.2)**
Variance	8			**(3.6)**
Cash result				**111.3**

FINANCIAL REVIEW continued

Six Months Ended 30 June 2016	Note	In-Force	New Business	Total
		£'Million	£'Million	£'Million
Operational				
Net annual management fee	1	226.1	9.6	235.7
Reduction in fees in gestation period	1	(81.2)	(5.7)	(86.9)
Net income from funds under management	1	144.9	3.9	148.8
Margin arising from new business	2	–	20.5	20.5
Establishment expenses	3	(6.0)	(54.1)	(60.1)
Operational development expenses	3	–	(5.6)	(5.6)
Regulatory fees	3	(0.3)	(2.7)	(3.0)
FSCS levy	3	(1.3)	(12.3)	(13.6)
Shareholder interest	4	4.7	–	4.7
Tax relief from capital losses	5	7.0	–	7.0
Miscellaneous	6	4.4	–	4.4
Operating cash result		153.4	(50.3)	103.1
Investment				
Academy	7	–	(2.8)	(2.8)
Asia	7	–	(3.2)	(3.2)
DFM	7	–	(1.2)	(1.2)
Strategic development costs	7	–	(1.5)	(1.5)
Underlying cash result		153.4	(59.0)	94.4
Back-office infrastructure development	7			(8.4)
Variance	8			(3.5)
Cash result				82.5

Year Ended 31 December 2016	Note	In-Force	New Business	Total
		£'Million	£'Million	£'Million
Operational				
Net annual management fee	1	468.5	40.4	508.9
Reduction in fees in gestation period	1	(165.6)	(24.3)	(189.9)
Net income from funds under management	1	302.9	16.1	319.0
Margin arising from new business	2	–	49.0	49.0
Establishment expenses	3	(12.9)	(115.7)	(128.6)
Operational development expenses	3	–	(13.9)	(13.9)
Regulatory fees	3	(0.4)	(3.4)	(3.8)
FSCS levy	3	(1.4)	(12.3)	(13.7)
Shareholder interest	4	9.8	–	9.8
Tax relief from capital losses	5	12.6	–	12.6
Miscellaneous	6	(4.4)	–	(4.4)
Operating cash result		306.2	(80.2)	226.0
Investment				
Academy	7	–	(5.8)	(5.8)
Asia	7	–	(12.2)	(12.2)
DFM	7	–	(3.2)	(3.2)
Strategic development costs	7	–	(5.3)	(5.3)
Underlying cash result		306.2	(106.7)	199.5
Back-office infrastructure development	7			(16.7)
Variance	8			(7.4)
Cash result				175.4

Notes

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

1. The net annual management fee 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 net annual management fee rate of 0.77% (post tax) of funds under management (2016: 0.77% (post tax)). However, as noted in Section 1 on page 11, due to our product structure, investment and pension business does not generate cash in the first six years (known as the 'gestation' period). This is reflected in an adjustment which is the reduction in fees in gestation period.

   As a consequence of the reassessment of the investment contract liability at 31 December 2016, the Reduction in fees in gestation period has increased. Allowing for an appropriate adjustment for this effect, the net income from funds under management has increased in line with the higher average funds under management in the period, which was some 27% higher than the same period in 2016.

2. Margin arising from new business: This is the cash impact of new business in the year, reflecting growth in new business, production related expenses and mix of new business. The reassessment of the investment contact liability at 31 December 2016 resulted in an increase in the level of initial margin. The size of this adjustment varies with business mix but the increase in contribution from margin arising from new business between the periods reflects the increased margin, growth in new business and developments in the business mix.
3. Expenses: These reflect the expenses of running the Group and more detail is provided in the table on page 13. In line with the rest of this table they are presented after allowance for tax.
4. Shareholder interest: 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.
5. Tax relief from 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.
   Utilisation in the period was ahead of our expected level of £4-5 million for a six month period, but is subject to market conditions and the out-performance from the period could reverse in the remainder of the year.
6. Miscellaneous: This represents the cash flow of the business not covered in any of the other categories, including ongoing administration expenses and the associated policy charges, together with 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).
7. Strategic investments, including back office infrastructure: These reflect significant investments in developing our business for the future. Further analysis of the expenses associated with these initiatives is presented in Section 2 on page 13, but all are expected to result in either additional funds (Academy, Asia and DFM) or future expense savings (Back-office infrastructure). Advice margin generated in Asia and all fees generated by DFM are reflected in the relevant line.
8. Variance: This reflects variances in the settlement of tax related liabilities between the policyholders (unit-linked funds), the shareholder and HMRC and a number of other small positive and negative one-off items.

Solvency

St. James's Place is a simple wealth management group offering mainly investment products. Our strategy is to attract and administer retail funds under management, from which we receive an annual management fee; we are a fee-based business. Our clients can access their investments on demand but, because we match the encashment value on the unit-linked business, movements in equity markets, interest rates, mortality, morbidity, longevity and currency rates have little impact on our ability to meet liabilities (although they can impact emergence of profit). We also have a prudent capital management approach and invest surplus assets in cash, AAA rated money-market funds and UK government securities. The overall effect is assurance that we can meet liabilities, and a resilient solvency position that is dependable even through adverse market conditions.

We manage solvency of our business on the basis of holding assets in excess of the client unit-linked liabilities plus a Management Solvency Buffer (MSB). This ensures we are able not only to meet client liabilities at all times, but the prudence of the MSB acts as protection against other risks.

During the period the MSB for our Life businesses has been maintained at £437.0 million, having taking into account a wide range of factors and information, not least the results from stress and scenario testing carried out as part of our annual ORSA (Own Risk and Solvency Assessment). This includes £267.0 million in respect of the reassessment of the investment contract liability at 31 December 2016. Further work to review this prudent assessment of the capital required will be completed by the end of the year.

We will also continue to hold capital within the Group in respect of the other regulated (but non-insurance) companies, based on holding excess capital significantly above the regulatory requirement.

30 June 2017	Life	Other Regulated	Other	Total	30 June 2016 Total	31 December 2016 Total
	£'Million	£'Million	£'Million	£'Million	£'Million	£'Million
Solvency II net assets*	622.6	150.8	273.5	1,046.9	772.3	1,070.0
Management Solvency Buffer (MSB)	437.0	106.3		543.3	214.6	527.0
Management solvency ratio	142%	142%				

*Before Group interim dividend

Solvency II net assets reflects the assets of the Group in excess of those assets matching the client's (unit-linked) liabilities. It includes a £147.2 million (30 June 2016: £168.3 million, 31 December £157.7 million) deferred tax asset which is not immediately fungible, although we expect it will be utilised over the next ten years. The actual rate of utilisation will depend on business growth and external factors, particularly investment market conditions.

Solvency II Balance Sheet

Whilst we focus on Solvency II net assets and the MSB to manage solvency, we provide additional information about the Solvency II free asset position for information. The presentation starts from the same Solvency II net assets, but includes recognition of an asset in respect of the expected Value of In-Force cash flows (VIF) and a Risk Margin (RM) reflecting the potential cost to secure the transfer of the business to a third party. The Solvency II net assets, VIF and RM comprise the 'Own Funds', which is assessed against a Solvency Capital Requirement (SCR), reflecting the capital required to protect against a range of '1 in '200' stresses. The SCR is calculated on the Standard Formula approach. No allowance has been made for transitional provisions in the calculation of technical provisions or SCR.

An analysis of the Solvency II position for our Group, split by regulated and non-regulated entities at the period end is presented in the table below:

30 June 2017	Life	Other Regulated	Other	Total	30 June 2016 Total	31 December 2016 Total
	£'Million	£'Million	£'Million	£'Million	£'Million	£'Million
Solvency II net assets*	622.6	150.8	273.5	1,046.9	772.3	1,070.0
Value of in-force (VIF) (estimated)	2,996.6			2,996.6	2,499.3	2,707.9
Risk Margin (estimated)	(855.2)			(855.2)	(679.2)	(779.2)
Own Funds (A) (estimated)	2,764.0	150.8	273.5	3,188.3	2,592.4	2,998.7
Solvency capital requirement (B) (estimated)	(2,157.3)	(63.1)		(2,220.4)	(1,676.1)	(2,046.5)
Solvency II free assets (estimated)	**606.7**	**87.7**	**273.5**	**967.9**	916.3	952.2
Solvency ratio (A/B) (estimated)				144%	155%	147%

*After payment of interim intragroup dividend but before Group interim dividend.

The solvency ratio is 144% at 30 June 2017 (30 June 2016: 155%, 31 December 2016, 147%).

The nature of our business is that much of the Own Funds value reflects future profits, but the SCR similarly reflects loss of future profits. As a result, the solvency ratio is not very sensitive to changes in experience or assumptions, and can move counter-intuitively depending on circumstances. This is illustrated by the change in the solvency ratio between the periods where the ratio at 30 June 2017 is lower than either 30 June 2016 or 31 December 2016, despite the fact that the solvency free assets are higher.

More generally, since our business profile has not changed significantly, the sensitivity analysis presented in the 2015 year end results remains relevant.

FINANCIAL REVIEW continued

SECTION 5: EUROPEAN EMBEDDED VALUE (EEV)

Wealth management business differs 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 and cash results by providing additional disclosure on an EEV basis, which brings into account the net present value of the expected future cash flows. We believe that a measure of total economic value of the Group's operating performance is useful to investors.

As in previous reporting, our EEV continues to be calculated on a basis determined in accordance with the EEV principles originally issued in May 2004 by the Chief Financial Officers' Forum (CFO Forum) and supplemented in October 2005. Following the introduction of Solvency II, the CFO Forum published an amended set of principles in April 2016.

The table below and accompanying notes summarise the profit before tax of the combined business:

	6 Months Ended 30 June 2017	6 Months Ended 30 June 2016	12 Months Ended 31 December 2016
	£'Million	£'Million	£'Million
Life business	**298.6**	208.5	501.4
Unit Trust and DFM business	**168.3**	123.8	266.8
Funds Management business	**466.9**	332.3	768.2
Distribution business	**(27.1)**	(19.2)	(25.9)
Back office infrastructure development	**(10.1)**	(10.5)	(20.9)
Other	**(32.4)**	(18.6)	(47.8)
EEV operating profit	**397.3**	284.0	673.6
Investment return variance	**214.1**	168.8	537.2
Economic assumption changes	**11.5**	(10.1)	(12.4)
EEV profit before tax	**622.9**	442.7	1,198.4
Tax	**(110.0)**	(82.5)	(212.9)
Corporation tax rate change	**–**	28.8	28.6
EEV profit after tax	**512.9**	389.0	1,014.1

	6 Months Ended 30 June 2017	6 Months Ended 30 June 2016	12 Months Ended 31 December 2016
	Pence	Pence	Pence
EEV operating profit basic earnings per share	**62.4**	44.3	105.9
EEV operating profit diluted earnings per share	**61.5**	43.9	105.2

Funds Management Business

The funds management business operating profit has increased to £466.9 million at 30 June 2017 (30 June 2016: £332.3 million) and a full analysis of the result is shown below:

	6 Months Ended 30 June 2017	6 Months Ended 30 June 2016	12 Months Ended 31 December 2016
	£'Million	£'Million	£'Million
New business contribution	**343.0**	228.9	520.2
Profit from existing business			
–unwind of the discount rate	**102.8**	98.8	199.6
–experience variance	**17.8**	1.7	1.4
–operating assumption change	**–**	–	18.6
Addition of Rowan Dartington	**–**	–	21.0
Investment income	**3.3**	2.9	7.4
Fund management business EEV operating profit	**466.9**	332.3	768.2

The **new business contribution** for the six months at £343.0 million (30 June 2016: £228.9 million) was some 50% higher than the prior year, reflecting both the increase in new business and also positive operational gearing effects as fixed expenses are spread across more new business.

Further detail on the new business margin is provided on page 28.

The **unwind of the discount rate** for the six months was £102.8 million (30 June 2016: £98.8 million), reflecting the higher opening value of in-force business but a lower risk discount rate of 4.5% (2016: 5.2%).

The **experience variance** in the six month period was £17.8 million (30 June 2016: £1.7 million), reflecting positive retention experience and other net positive variances.

In line with our usual approach, no change was made to **operating assumptions** in the first half of the year (30 June 2016: £nil).

The **investment income** for the six months was marginally higher at £3.3 million, reflecting higher cash balances (30 June 2016: £2.9 million).

Distribution Business, Back-office Infrastructure Development and Other

The results for Distribution, the Back-office infrastructure development and Other operations have already been commented on in the IFRS section.

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 average investment return on our funds during the period was some 4% higher than the assumed investment return during the period, resulting in a positive investment return variance of £214.1 million (30 June 2016: £168.8 million).

Economic Assumption Changes

There was a small positive variance of £11.5 million arising from changes in the economic basis adopted at the period end reversing some of the small negative impacts arising in prior periods (30 June 2016: £10.1 million negative).

EEV Profit before Tax

The total profit before tax for the six months at £622.9 million was considerably higher than the 30 June 2016 figure of £442.7 million, principally due to growth in the business between the two periods arising from both strong gross inflows and positive investment performance over the last twelve months.

Tax

The increase in the tax charge to £110.0 million (30 June 2016: £82.5 million) reflected the higher profit before tax.

All future changes in corporation tax have been incorporated in the EEV calculation in previous reporting periods.

EEV Profit after Tax

The EEV profit after tax was £512.9 million (30 June 2016: £389.0 million) reflecting the movement in EEV profit before tax.

FINANCIAL REVIEW continued

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 flows:

	6 Months Ended 30 June 2017	6 Months Ended 30 June 2016	12 Months Ended 31 December 2016
Life business			
Investment			
New business contribution (£'Million)	**64.6**	49.3	108.3
New money invested (£'Billion)	**1.24**	1.04	2.28
Margin (%)	**5.2**	4.7	4.8
Pension			
New business contribution (£'Million)	**138.8**	85.4	207.9
New money invested (£'Billion)	**3.22**	2.40	5.12
Margin (%)	**4.3**	3.5	4.1
Unit Trust and DFM business			
New business contribution (£'Million)	**139.6**	94.2	204.0
New money invested (£'Billion)	**2.41**	1.83	3.95
Margin (%)	**5.8**	5.7	5.2
Total business			
New business contribution (£'Million)	**343.0**	228.9	520.2
New money invested (£'Billion)	**6.87**	5.27	11.35
Margin (%)	**5.0**	4.5	4.6
Post tax new business contribution (£'Million)	***282.3***	*186.7*	*427.8*
Post tax margin (%)	***4.1***	*3.7*	*3.8*

The overall margin for the period was higher at 5.0% (30 June 2016: 4.5%), reflecting increases in margin across all categories of business. These positive impacts arise from both the higher level of business together with the operational gearing impact arising from the new administration tariff. This new tariff better reflects the actual fixed and variable nature of the administration expenses than the previous tariff. Therefore, as the fixed proportion of the expenses are spread over a higher volume of business the contribution to new business will be higher.

EEV 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.

		Change in new business contribution		**Change in European Embedded Value**
	Note	**Pre-tax**	**Post-tax**	**Post-tax**
		£'Million	**£'Million**	**£'Million**
Value at 30 June 2017		**343.0**	**282.3**	**5,162.7**
100bp reduction in risk free rates, with corresponding change in fixed interest asset values	1	(7.3)	(6.0)	(56.2)
10% reduction in withdrawal rates	2	29.6	24.4	303.9
10% reduction in market value of equity assets	3	–	–	(502.9)
10% reduction in expenses		8.4	7.0	51.6
100bp increase in assumed inflation		(8.2)	(6.8)	(70.7)

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%.

FINANCIAL REVIEW continued

	Change in new business contribution		Change in European Embedded Value
	Pre-tax	Post-tax	Post-tax
	£'Million	£'Million	£'Million
100bp reduction in risk discount rate	38.5	31.7	383.9

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.

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 2017	6 Months Ended 30 June 2016	12 Months Ended 31 December 2016
	£'Million	£'Million	£'Million
Value of in-force			
–Life	**2,915.1**	2,531.2	2,636.2
–Unit Trust and DFM	**1,200.7**	870.7	1,044.9
Solvency II net assets	**1,046.9**	772.3	1,070.0
Total embedded value	**5,162.7**	4,174.2	4,751.1

	6 Months Ended 30 June 2017	6 Months Ended 30 June 2016	12 Months Ended 31 December 2016
	Pence	Pence	Pence
Net asset value per share	**976.7**	791.9	900.7

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, including the high level controls and processes which we aim to mitigate them, are outlined on pages 51 to 53 of the 2016 Annual Report and Accounts under the Risk and Risk Management section. We are comfortable that there has been no change in the nature of the principal risks and uncertainties facing the Group since the 2016 Annual Report and Accounts, although the UK's general election result has increased political uncertainty in the short term. A summary of those principal key risks and uncertainties which could impact the Group for the remainder of the current financial year has been provided in the table below.

NON-FINANCIAL RISKS

Risk/uncertainty	Description
Client proposition	Clients rely on members of the St. James's Place 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.
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. In particular, a significant cyber attack could cause very substantial reputational damage.
Investment Management Approach	Our approach to investment management may fail to deliver expected returns to clients of the Group or the range of products and services offered may become inappropriate for client needs.
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 Partner proposition, range of products, technology or services offered to the Partnership may result in inefficiencies and frustration, with consequent loss of Partners and client impact, or inability to recruit sufficient, high quality new Partners or field management.
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. The results are two-fold: • Wholesale changes to regulations or to the political environment may result in implementation costs and disruption to business. • Failure to comply with applicable regulations could result in a fine or regulatory censure, with increased supervisory intrusion and disruption to business.
Competition and charge pressure	Competitor activity in the adviser-based wealth management market may result in a reduction in new business volumes, reduced retention of existing business, pressure on margins for both new and existing business and the potential loss of Partners and key employees. The low yield environment places additional pressure on client charges and advice fees.
Availability of credit	Lack of availability of credit may limit the Group's ability to provide Partner loans and make strategic investments.
Investor relations	Failure to communicate effectively with new and existing shareholders may lead to falls in the share price and reputational damage.
Accumulation of reputational issues	The success of the Group is closely linked with the strength of the St. James's Place brand. An accumulation of reputational issues, for example, advice failures, fraud, service issues, low client investment returns, has the potential to damage the brand, leading to reduced retention and lower levels of new business.
People and culture	People and the distinctive culture of the Group play an important part in its success. Poorly managed expansion, succession, culture and resourcing may lead to loss of valued individuals, increased risk of errors, and failure to deliver on the business plan.

PRINCIPAL RISKS AND UNCERTAINTIES continued

FINANCIAL RISKS

Risk/uncertainty	Description
Market Risk – Loss of Annual Management Charge (AMC) income	A reduction in funds owing to market shocks, poor market performance or currency and exchange rate movements would reduce future AMC income, and hence future profits.
Insurance risk	A reduction in funds under management owing to poor retention would reduce future AMC income. This may arise from factors such as changes in the economic climate, poor investment performance, competitor activity or reputational damage to the Group. Adverse mortality or disability experience, in particular higher death claims following an incident or widespread illness, or longer-term increases in mortality rates, would reduce future profits.
Expense risk	Increased expenses, in particular higher than expected administration costs, would reduce future profits.
Interest rate and credit risks	Changes in interest rates or the failure of a counterparty may reduce the value of fixed interest assets held to match future fixed liabilities and shareholder assets. Key counterparties include reassurers, banks, money market funds, issuers of fixed interest securities, Partners to whom loans have been granted and other debtors.
Liquidity risk	Liquidity issues may arise from client requests to switch or withdraw money from unit-linked funds and through events that may require immediate recourse to shareholder funds.

FINANCIAL STATEMENTS ON INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) BASIS

CONTENTS

Registered No. 03183415

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**6 Months Ended 30 June 2017**	6 Months Ended 30 June 2016	12 Months Ended 31 December 2016
		£'Million	£'Million	£'Million
Insurance premium income		**23.7**	24.7	52.2
Less premiums ceded to reinsurers		**(14.2)**	(15.3)	(31.5)
Net insurance premium income		**9.5**	9.4	20.7
Fee and commission income	4	**896.8**	693.8	1,703.9
Investment return	5	**4,325.4**	2,599.5	9,630.1
Other operating income		**–**	0.7	–
Net income		**5,231.7**	3,303.4	11,354.7
Policy claims and benefits				
– Gross amount		**(29.9)**	(23.4)	(62.7)
– Reinsurers' share		**13.3**	11.9	21.7
Net policyholder claims and benefits incurred		**(16.6)**	(11.5)	(41.0)
Change in insurance contract liabilities				
– Gross amount		**(20.3)**	(24.6)	(64.6)
– Reinsurers' share		**0.2**	8.6	4.1
Net change in insurance contract liabilities		**(20.1)**	(16.0)	(60.5)
Investment contract benefits		**(4,286.1)**	(2,610.6)	(9,541.8)
Expenses		**(714.5)**	(568.3)	(1,225.1)
Profit before tax	3	**194.4**	97.0	486.3
Tax attributable to policyholders' returns	6	**(114.8)**	(36.5)	(345.7)
Profit before tax attributable to shareholders' returns		**79.6**	60.5	140.6
Total tax expense		**(132.5)**	(48.6)	(374.6)
Less: tax attributable to policyholders' returns	6	**114.8**	36.5	345.7
Tax attributable to shareholders' returns	6	**(17.7)**	(12.1)	(28.9)
Profit and total comprehensive income for the period	3	**61.9**	48.4	111.7
Profit/(loss) attributable to non-controlling interests		**–**	0.2	(0.5)
Profit attributable to equity shareholders		**61.9**	48.2	112.2
Profit and total comprehensive income for the period	3	**61.9**	48.4	111.7
		Pence	Pence	Pence
Basic earnings per share	14	**11.8**	9.3	21.5
Diluted earnings per share	14	**11.6**	9.2	21.3

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to Equity Shareholders							
		Share Capital	Share Premium	Shares in Trust Reserve	Retained Earnings	Misc Reserves	Total	Non-controlling Interests	Total
		£'Million	£'Million	£'Million	£'Million	£'Million	£'Million	£'Million	£'Million
At 1 January 2016		78.7	158.3	(18.5)	874.6	2.3	1,095.4	(0.3)	1,095.1
Profit and total comprehensive income for the period					48.2		48.2	0.2	48.4
Dividends	14				(90.4)		(90.4)		(90.4)
Issue of share capital			0.9				0.9		0.9
Exercise of options		0.4	4.0				4.4		4.4
Consideration paid for own shares				(5.5)			(5.5)		(5.5)
Shares sold during the period				3.0	(3.0)		–		–
Miscellaneous reserves on acquisition						0.1	0.1		0.1
Retained earnings credit in respect of share option charges					7.5		7.5		7.5
At 30 June 2016		79.1	163.2	(21.0)	836.9	2.4	1,060.6	(0.1)	1,060.5
At 1 January 2017		79.1	164.5	(20.9)	851.2	2.5	1,076.4	(0.8)	1,075.6
Profit and total comprehensive income for the period					61.9		61.9		61.9
Dividends	14				(108.8)		(108.8)		(108.8)
Exercise of options		0.2	2.4				2.6		2.6
Consideration paid for own shares				(8.1)			(8.1)		(8.1)
Shares sold during the period				4.3	(4.3)		–		–
Retained earnings credit in respect of share option charges					13.0		13.0		13.0
At 30 June 2017		**79.3**	**166.9**	**(24.7)**	**813.0**	**2.5**	**1,037.0**	**(0.8)**	**1,036.2**

Miscellaneous reserves represent other non-distributable reserves.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2017	30 June 2016	31 December 2016
		£'Million	£'Million	£'Million
Assets				
Goodwill	8	**15.6**	21.2	13.8
Intangible assets	8			
– Deferred acquisition costs		**652.9**	713.2	684.8
– Acquired value of in-force business		**28.8**	32.0	30.4
– Computer software		**2.6**	3.1	3.0
		699.9	769.5	732.0
Property and equipment		**24.5**	8.9	23.1
Deferred tax assets	6	**187.0**	212.7	199.9
Reinsurance assets		**80.7**	84.8	80.5
Other receivables	9	**1,903.8**	1,537.1*	1,473.0
Investments	7			
– Investment property		**1,522.3**	1,345.9	1,462.4
– Equities		**50,717.4**	40,747.1	46,598.7
– Fixed income securities		**14,178.7**	10,558.1	12,445.5
– Investment in Collective Investment Schemes		**5,358.6**	3,520.9	3,864.8
– Derivative financial instruments	7	**879.1**	706.1	729.1
Cash and cash equivalents		**7,384.1**	6,412.1	7,413.1
Total assets	3	**82,936.1**	65,903.2	75,022.1
Liabilities				
Borrowings	12	**181.0**	181.8	281.4
Deferred tax liabilities	6	**576.2**	407.5	614.8
Insurance contract liabilities		**538.4**	488.1	518.2
Deferred income	8	**641.4**	396.1	647.6
Other provisions	11	**19.9**	16.4	17.1
Other payables	10	**1,621.0**	1,105.9*	1,173.6
Investment contract benefits		**58,627.4**	46,605.2	53,307.1
Derivative financial instruments	7	**179.0**	847.7	281.9
Net asset value attributable to unit holders	7	**19,367.5**	14,743.5	17,032.0
Income tax liabilities		**148.0**	50.4	72.7
Preference shares		**0.1**	0.1	0.1
Total liabilities		**81,899.9**	64,842.7	73,946.5
Net assets		**1,036.2**	1,060.5	1,075.6
Equity				
Share capital	14	**79.3**	79.1	79.1
Share premium		**166.9**	163.2	164.5
Shares in trust reserve		**(24.7)**	(21.0)	(20.9)
Miscellaneous reserves		**2.5**	2.4	2.5
Retained earnings		**813.0**	836.9	851.2
Equity attributable to owners of the parent		**1,037.0**	1,060.6	1,076.4
Non-controlling interests		**(0.8)**	(0.1)	(0.8)
Total equity		**1,036.2**	1,060.5	1,075.6
		Pence	Pence	Pence
Net assets per share		**196.0**	201.2	203.9

* Some lines have been aggregated in the comparative to simplify the presentation.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 Months Ended 30 June 2017	6 Months Ended 30 June 2016	12 Months Ended 31 December 2016
	£'Million	£'Million	£'Million
Cash flows from operating activities			
Profit before tax for the period	**194.4**	97.0	486.3
Adjustments for:			
Depreciation	**2.6**	1.5	4.4
Amortisation of acquired value of in-force business	**1.6**	1.6	3.2
Amortisation of computer software	**0.5**	1.7	3.4
Share-based payment charge	**14.0**	7.5	23.9
Interest income	**(11.4)**	(12.5)	(26.6)
Interest paid	**2.2**	2.2	4.9
Increase in provisions	**2.8**	1.0	1.7
Amortisation of bank charges	**–**	0.1	–
Exchange rate losses/(gains)	**2.3**	(1.5)	(3.3)
Changes in operating assets and liabilities			
Decrease in deferred acquisition costs	**31.9**	31.8	60.2
Increase in investment property	**(59.9)**	(1.0)	(117.5)
Increase in other investments	**(7,495.7)**	(5,003.7)	(13,109.6)
(Increase)/decrease in reinsurance assets	**(0.2)**	(8.5)	4.5
Increase in other receivables	**(420.0)**	(548.0)	(464.4)
Increase in insurance contract liabilities	**20.2**	22.2	54.6
Increase in financial liabilities (excluding borrowings)	**5,217.9**	4,061.3	10,207.8
(Decrease)/increase in deferred income	**(6.2)**	(17.4)	234.1
Increase in other payables	**428.5**	395.4*	407.8
Increase in net assets attributable to unit holders	**2,335.5**	2,187.1	4,475.6
Cash generated from operations	**261.0**	1,217.8	2,251.0
Interest received	**11.4**	12.5	26.6
Interest paid	**(2.2)**	(2.2)	(4.9)
Income taxes paid	**(72.9)**	(29.0)	(87.7)
Net cash generated from operating activities	**197.3**	1,199.1	2,185.0
Cash flows from investing activities			
Acquisition of property and equipment	**(5.5)**	(1.9)	(19.6)
Acquisition of intangible assets	**–**	–	(2.1)
Acquisition of subsidiaries and other business combinations, net of cash acquired	**(4.9)**	(20.4)	(23.1)
Net cash used in investing activities	**(10.4)**	(22.3)	(44.8)
Cash flows from financing activities			
Proceeds from the issue of share capital	**2.6**	4.3	5.7
Consideration paid for own shares	**(8.1)**	(5.5)	(5.5)
Acquisition of non-controlling interests	**–**	0.1	–
Additional borrowings	**–**	–	100.0
Repayment of borrowings	**(100.4)**	(0.4)	(0.9)
Dividends paid	**(108.8)**	(90.4)	(155.2)
Net cash used in financing activities	**(214.7)**	(91.9)	(55.9)
Net increase in cash and cash equivalents	**(27.8)**	1,084.9	2,084.3
Cash and cash equivalents at beginning of period	**7,413.1**	5,325.1	5,325.1
Exchange gains on cash and cash equivalents	**(1.2)**	2.1	3.7
Cash and cash equivalents at end of period	**7,384.1**	6,412.1	7,413.1

* Some lines have been aggregated in the 30 June 2016 comparative to simplify the presentation. See Note 9 Other Receivables and Note 10 Other Payables for further information.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

This condensed set of consolidated half year financial statements for the six months ended 30 June 2017, 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 Guidance and Transparency Rules sourcebook of the Financial Conduct Authority and with IAS 34 'Interim Financial Reporting', an International Financial Reporting Standard (IFRS) 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 2016, 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 4 to 8. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 9 to 29.

As shown on page 24 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 Guidance and Transparency Rules sourcebook 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 2016.

These condensed consolidated 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 IFRS Interpretations Committee.

In preparing these condensed consolidated 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 2016.

The amendments to IFRS effective for periods beginning on 1 January 2017 are as follows:

Annual Improvements 2014 – 2016 Cycle: Amendments to IFRS 12
IAS 12 Amendment – Recognition of Deferred Tax Assets for Unrealised Losses
IAS 7 Amendment – Disclosure Initiative

The amendments have not been applied in these condensed consolidated financial statements as they had not been endorsed by the EU as at 30 June 2017. The amendments are not expected to have a significant impact on the financial statements.

As at 30 June 2017, 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 40 Amendment – Transfers of Investment Property
IFRS 2 Amendment – Classification and Measurement of Share-based Payment Transactions
IFRS 4 Amendment – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
IFRS 9 Financial Instruments (and associated amendments to various other standards)
IFRS 10 and IAS 28 Amendments – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 15 Revenue from Contracts with Customers (including subsequent IFRS 15 clarification and associated amendments to various other standards)
IFRS 16 Leases
IFRS 17 Insurance Contracts
Interpretation 22 Foreign Currency Transactions and Advance Consideration
Annual Improvements 2014-2016 Cycle

The Group is currently assessing the impact that the adoption of the above standards, amendments and clarifications will have on the Group's results reported within the financial statements. Further detail regarding the standards that are expected to have the most significant impact on the financial statements is given below:

2. SIGNIFICANT ACCOUNTING POLICIES continued

IFRS 9 Financial Instruments

IFRS 9 incorporates new classification and measurements requirements for financial assets and liabilities, the introduction of an expected credit loss impairment model which will replace the incurred loss model of IAS 39, new hedge accounting requirements and enhanced disclosures in the financial statements. On adoption of this standard, which is mandatory for financial years commencing on or after 1 January 2018 following endorsement by the EU on 22 November 2016, certain financial assets will be reclassified but there will be no material impact on the statement of financial position or the statement of comprehensive income. The Group does not use hedge accounting and so this element of the new standard is not applicable.

IFRS 15 Revenue from Contracts with Customers

The new standard establishes a principle based five-step model to be applied to all contracts with customers, except for insurance contracts, financial instruments and lease contracts. The Group is assessing the impact that IFRS 15 will have on the financial statements, which is likely to be limited. IFRS 15 is mandatory for financial years commencing on or after 1 January 2018, following endorsement by the EU on 22 September 2016.

IFRS 16 Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are for short-term or low-value leases. The accounting for lessors will not significantly change.

The standard will affect the accounting for the Group's operating leases. On adoption of the standard, the right-of-use asset and liability for future payments are expected to be material to the statement of financial position, and there is expected to be a negative impact on the statement of comprehensive income initially which will reverse over time. The negative impact arises as the lease liability is accounted for using the effective interest method, which means that the interest expense on the lease liability reduces year on year, whereas under the current lease accounting standard the operating lease rentals are constant throughout the lease term.

The Group is assessing the quantum of the adjustments that will be required upon transition to IFRS 16, which is mandatory for financial years commencing on or after 1 January 2019, subject to EU endorsement.

IFRS 17 Insurance Contracts

IFRS 17 incorporates revised principles for the recognition, measurement, presentation and disclosure of insurance contracts.

The Group closed to new insurance business in 2009 and it now has less than £0.1 billion of gross insurance liabilities remaining (net of associated client unit holdings). These liabilities are substantially reassured, and therefore the Group's net exposure on this business is not material.

Management are currently assessing the impacts of adopting the new standard, which is mandatory for financial years commencing on or after 1 January 2021.

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 each segment and assess its performance.

The composition of the segments has changed and comparatives have been restated on the new basis. The Group's only reportable segment under IFRS 8 is a 'wealth management' business – which is a vertically-integrated business providing support to our clients through the provision of financial advice and assistance through our Partner network, and financial solutions including (but not limited to) wealth management products manufactured in the Group, such as insurance bonds, pensions, unit trust and ISA investments, and a DFM service.

Separate geographical segmental information is not presented since the Group does not segment its business geographically. Most of its customers are based in the United Kingdom, as is management of the assets. In particular, the operation based in south-east Asia is not yet sufficiently material for separate consideration.

Segment Revenue

Revenue received from fee and commission income is set out in Note 4 which sets out the different types of revenue received from our wealth management business.

Segment Profit

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

Underlying cash result

The measure of cash profit monitored on a monthly basis by the Board is the post-tax underlying cash result. This reflects emergence of cash available for paying a dividend during the year. Underlying cash is based on the cash flows within the IFRS results, but with no allowance for intangibles, principally DAC, DIR, PVIF, goodwill and deferred tax. As the cost associated with share options is reflected in changes in shareholder equity, they are also not included in the underlying cash result.

More detail is provided in the Financial Review section of this announcement.

The cash result should not be confused with the IFRS condensed consolidated statement of cash flows which is prepared in accordance with IAS 7.

	6 Months Ended 30 June 2017	6 Months Ended 30 June 2016	12 Months Ended 31 December 2016
	£'Million	£'Million	£'Million
Underlying cash result after tax	**123.1**	94.4	199.5
Share option expense	**(13.0)**	(7.5)	(23.9)
IFRS deferred tax adjustments	**(14.6)**	(12.4)	(21.1)
Insurance reserves	**0.2**	(1.0)	(1.6)
Back office infrastructure	**(8.2)**	(8.4)	(16.7)
Variance	**(4.1)**	(6.0)	(7.7)
DAC/DIR/PVIF	**(21.5)**	(10.7)	(16.8)
IFRS profit after tax	**61.9**	48.4	111.7
Shareholder tax	**17.7**	12.1	28.9
Profit before tax attributable to shareholders' returns	**79.6**	60.5	140.6
Policyholder tax	**114.8**	36.5	345.7
IFRS profit before tax	**194.4**	97.0	486.3

3. SEGMENT REPORTING continued

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 Financial Review section of this announcement.

	6 Months Ended 30 June 2017	6 Months Ended 30 June 2016	12 Months Ended 31 December 2016
	£'Million	£'Million	£'Million
EEV operating profit before tax	**397.3**	284.0	673.6
Investment return variance	**214.1**	168.8	537.2
Economic assumption changes	**11.5**	(10.1)	(12.4)
EEV profit before tax	**622.9**	442.7	1,198.4
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)	**(293.9)**	(256.2)	(642.7)
Movement in unit trust value of in-force (net of tax)	**(155.8)**	(83.1)	(257.6)
Tax of movement in value of in-force	**(92.0)**	(41.3)	(154.3)
Profit before tax attributable to shareholders' returns	**79.6**	60.5	140.6
Tax attributable to policyholder returns	**114.8**	36.5	345.7
IFRS profit before tax	**194.4**	97.0	486.3

Segment Assets

Funds under Management (FUM)

FUM, as reported in Section 1 of the Financial Review on page 10 is the measure of Segment Assets which is monitored on a monthly basis by the Board.

	30 June 2017	30 June 2016	31 December 2016
	£'Million	£'Million	£'Million
Investment	**27,170.0**	23,590.0	25,880.0
Pension	**31,920.0**	23,790.0	28,250.0
UT/ISA and DFM	**23,950.0**	18,180.0	21,180.0
Total FUM	**83,040.0**	65,560.0	75,310.0
Exclude client and third party external holdings in non-consolidated unit trusts and DFM	**(4,591.3)**	(2,497.1)	(4,153.9)
Other	**909.3**	320.2	283.7
Gross assets held to cover unit liabilities	**79,358.0**	63,383.1	71,439.8
IFRS intangible assets (see page 20 adjustment 2) including goodwill, DAC, PVIF, reinsurance and deferred tax	**883.9**	899.5	917.7
Shareholder gross assets (see page 20)	**2,694.2**	1,620.6	2,664.6
Total assets	**82,936.1**	65,903.2	75,022.1

NOTES TO THE FINANCIAL STATEMENTS continued

4. FEE AND COMMISSION INCOME

	6 Months Ended 30 June 2017	6 Months Ended 30 June 2016	12 Months Ended 31 December 2016
	£'Million	£'Million	£'Million
Advice charges	**315.8**	236.2	510.7
Third party fee and commission income	**55.4**	46.1	103.5
Wealth management fees	**306.4**	298.8	590.7
Investment management fees	**27.2**	23.5	52.6
Fund tax deductions	**116.5**	43.4	352.2
Discretionary fund management (DFM) fees	**4.1**	1.3	5.3
Fee and commission income before DIR amortisation	**825.4**	649.3	1,615.0
Amortisation of DIR	**71.4**	44.5	88.9
Total fee and commission income	**896.8**	693.8	1,703.9

5. INVESTMENT RETURN

	6 Months Ended 30 June 2017	6 Months Ended 30 June 2016	12 Months Ended 31 December 2016
	£'Million	£'Million	£'Million
Investment return on net assets held to cover unit liabilities:			
Rental income	**40.2**	35.7	72.4
Gain/(loss) on revaluation of investment properties	**30.7**	(1.3)	(23.4)
Net investment return on financial instruments classified as fair value through profit and loss	**3,323.8**	1,953.8	7,456.8
	3,394.7	1,988.2	7,505.8
Net investment return attributable to third party holdings in unit trusts	**919.7**	601.9	2,094.5
	4,314.4	2,590.1	9,600.3
Investment return on shareholder assets:			
Net investment return on financial instruments classified as fair value through profit and loss	**7.1**	6.1	22.9
Interest income on financial instruments held at amortised cost	**3.9**	3.3	6.9
Total investment return	**4,325.4**	2,599.5	9,630.1

Included in the net investment return on financial instruments classified as fair value through profit and loss within investment return on net assets held to cover unit liabilities is dividend income of £378.0 million (six months ended 30 June 2016: £320.8 million, year ended 31 December 2016: £756.2 million).

NOTES TO THE FINANCIAL STATEMENTS continued

6. INCOME TAXES

	6 Months Ended 30 June 2017	6 Months Ended 30 June 2016	12 Months Ended 31 December 2016
	£'Million	£'Million	£'Million
Current tax			
UK corporation tax			
– Current year charge	**159.7**	67.7	171.8
– Adjustment in respect of prior year	**(2.8)**	(0.5)	(0.6)
Overseas taxes			
– Current year charge	**4.2**	1.3	4.2
– Adjustment in respect of prior year	**–**	–	(0.1)
	161.1	68.5	175.3
Deferred tax			
Unrealised capital gains and losses in unit linked funds	**(34.0)**	(24.8)	196.3
Unrelieved expenses			
– Additional expenses recognised in the period	**(5.6)**	(6.0)	(12.5)
– Utilisation in the period	**8.4**	9.4	18.7
Capital losses			
– Additional capital losses recognised in the period	**–**	–	(2.2)
– Utilisation in the period	**9.3**	7.0	12.6
– Adjustment in respect of prior year	**0.9**	(1.5)	0.1
DAC, DIR and PVIF	**(6.2)**	(5.9)	(11.6)
Other items	**(1.4)**	1.6	(4.4)
Change in tax rate	**–**	–	1.3
Overseas taxes on losses	**–**	0.3	0.3
Adjustments in respect of prior periods	**–**	–	0.7
	(28.6)	(19.9)	199.3
Total tax charge for the period	**132.5**	48.6	374.6
Attributable to:			
– Policyholders	**114.8**	36.5	345.7
– Shareholders	**17.7**	12.1	28.9
	132.5	48.6	374.6

The prior period adjustment in current tax above includes a credit of £4.1 million in respect of policyholder tax (year to 31 December 2016: credit of £1.4 million, six months to 30 June 2016: credit of £0.5 million).

Included within the deferred tax on 'other items' is a charge of £0.6 million (year to 31 December 2016: £0.2 million charge, six months to 30 June 2016: credit of £2.4 million) relating to share-based payments.

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 on the profits attributable to shareholders. This is calculated by applying the appropriate effective corporate tax rates to the shareholder profits. The remainder of the tax charge represents tax on policyholders' investment returns. This calculation method is consistent with the legislation relating to the calculation of tax on shareholder profits.

NOTES TO THE FINANCIAL STATEMENTS continued

6. **INCOME TAXES** continued

Tax paid in the year

	6 Months Ended 30 June 2017	6 Months Ended 30 June 2016	12 Months Ended 31 December 2016
	£'Million	£'Million	£'Million
Current tax charge for the year	**161.1**	68.5	175.3
Payments to be made in future years in respect of current year	**(148.5)**	(50.1)	(72.6)
Payments made in current year in respect of prior years	**72.1**	29.0	30.6
Other	**0.8**	0.3	0.1
Tax paid	**85.5**	47.7	133.4
Tax paid can be analysed as:			
– Taxes paid in UK	**81.7**	46.6	129.0
– Taxes paid in overseas jurisdictions	**0.6**	0.4	1.9
– Withholding taxes suffered on investment income received	**3.2**	0.7	2.5
Tax paid	**85.5**	47.7	133.4

Movement in net deferred tax balance

	6 Months Ended 30 June 2017	6 Months Ended 30 June 2016	12 Months Ended 31 December 2016
	£'Million	£'Million	£'Million
Deferred tax asset	***199.9***	*225.9*	*225.9*
Deferred tax liability	***(614.8)***	*(434.6)*	*(434.6)*
Net deferred tax balance at period open	**(414.9)**	(208.7)	(208.7)
Credit/(charge) through the consolidated statement of comprehensive income	**28.6**	19.9	(199.3)
Arising on acquisitions during the period	**(2.9)**	(6.0)	(6.9)
Deferred tax asset	***187.0***	*212.7*	*199.9*
Deferred tax liability	***(576.2)***	*(407.5)*	*(614.8)*
Balance at period close	**(389.2)**	(194.8)	(414.9)

6. INCOME TAXES continued

Reconciliation of tax charge	6 Months Ended 30 June 2017		6 Months Ended 30 June 2016		12 Months Ended 31 December 2016	
	£'Million		£'Million		£'Million	
Profit before tax	**194.4**		97.0		486.3	
Tax attributable to policyholders' returns*	**(114.8)**		(36.5)		(345.7)	
Profit before tax attributable to shareholders' returns	**79.6**		60.5		140.6	
Shareholder tax charge at corporate tax rate of 19.25% (2016: 20.0%)	**15.3**	19.25%	12.1	20.0%	28.1	20.0%
Adjustments:						
Tax regime differences						
Lower rate of corporation tax in overseas subsidiaries	**(0.4)**		(0.4)		(0.9)	
Expected shareholder tax	**14.9**	18.7%	11.7	19.3%	27.2	19.3%
Other						
Non-taxable income	**(0.6)**		–		(1.0)	
Recognition and usage of capital losses arising in the Group	**–**		(1.5)		(2.2)	
Adjustment in respect of prior period	**1.9**		0.1		(0.1)	
Differences in accounting and tax bases in relation to employee share schemes	**–**		–		0.7	
Disallowable expenses	**0.9**		0.8		1.2	
Tax losses not recognised or past losses now recognised	**1.5**		–		2.0	
Other	**(0.9)**		1.0		(0.2)	
	2.8	3.5%	0.4	0.66%	0.4	0.3%
Change in tax rate	**–**		–		1.3	
Shareholder tax charge	**17.7**	22.2%	12.1	20.0%	28.9	20.6%
Policyholder tax charge	**114.8**		36.5		345.7	
Total tax charge for the period	**132.5**		48.6		374.6	

Tax calculated on profit before tax at 19.25% (2016: 20%) would amount to £37.4 million (2016: £19.4 million). The difference of £94.2 million (2016: £29.2 million) between this number and the total tax of £132.5 million (2016: £48.6 million) is made up of the reconciling items above which total £2.4 million, being the total other adjustment charge of £2.8 million offset by the tax regime difference credit of £0.4 million (2016: £nil, being the total other adjustment charge of £0.4 million offset by the tax regime difference credit of £0.4 million) and the effect of the apportionment methodology on tax applicable to policyholder returns of £91.8 million (2016: £28.8 million).

Deferred tax assets

	Expected utilisation	30 June 2017	30 June 2016	31 December 2016
	Years	**£'Million**	£'Million	£'Million
Unrelieved expenses (life insurance business)	6	**48.1**	53.8	50.9
Deferred income (DIR)	14	**38.8**	43.1	39.7
Capital losses available for future relief	9	**88.8**	107.6	99.0
Employee share scheme costs	3	**6.1**	3.2	5.5
Future capital allowances	6	**4.6**	3.4	4.1
Other		**0.6**	1.6	0.7
Total deferred tax assets		**187.0**	212.7	199.9

Appropriate investment income, gains or profits are expected to arise against which the tax assets can be utilised. Whilst the actual rates of utilisation will depend on business growth and external factors, particularly investment market conditions, they have been tested for sensitivity to experience and are resilient to a range of reasonably foreseeable scenarios.

At the reporting date there were unrecognised deferred tax assets of £3.8 million (31 December 2016: £4.1 million, 30 June 2016: £2.8 million) in respect of losses in companies where appropriate profits are not considered probable in the forecast period. These losses primarily relate to our Asia based businesses and can be carried forward indefinitely.

6. INCOME TAXES continued
Deferred tax liabilities

	Expected utilisation	**30 June 2017**	30 June 2016	31 December 2016
	Years	**£'Million**	£'Million	£'Million
Unrealised capital gains (and losses) on life insurance (BLAGAB) assets backing unit liabilities	6	**467.1**	280.0	501.1
Deferred acquisition costs (DAC)	14	**91.0**	109.9	97.8
Acquired value of in-force business (PVIF)	10	**5.1**	5.9	5.4
Renewal income assets	20	**11.3**	9.3	8.6
Other		**1.7**	2.4	1.9
Total deferred tax liabilities		**576.2**	407.5	614.8

Future tax rate changes
Tax rate changes, including the reduction in the corporation tax rate to 17% effective from 1 April 2020 which was enacted in the Finance Act 2016, have been incorporated into the deferred tax balances.

Other tax matters
We have considered the OECD Base Erosion and Profit Shifting (BEPS) actions relevant to the St. James's Place Group and believe that they will not have a material impact on the financial results of the Group. We have developed our processes and procedures to enable completion of any required reporting by the relevant deadlines.

7. INVESTMENTS

Included within the condensed consolidated statement of financial position are the following assets and liabilities comprising the net assets held to cover unit liabilities.

	30 June 2017	30 June 2016	31 December 2016
	£'Million	£'Million	£'Million
Assets			
Investment property	**1,522.3**	1,345.9	1,462.4
Equities	**50,717.4**	40,747.1	46,598.7
Fixed income securities	**14,131.5**	10,501.1	12,397.8
Investment in Collective Investment Schemes	**4,283.2**	2,996.0	2,997.4
Derivative financial instruments			
– Currency forwards	**124.4**	151.4	86.5
– Interest rate swaps	**30.6**	47.0	40.0
– Collaterised mortgage obligations	**637.3**	402.9	510.2
– Index options	**22.0**	28.8	17.7
– Contract for differences	**6.0**	21.1	8.2
– Equity rate swaps	**17.7**	26.0	26.2
– Foreign currency options	**19.3**	17.7	18.7
– Total return swaps	**19.7**	6.7	18.7
– Credit default swaps	**2.0**	4.5	–
– Other derivatives	**0.1**	–	2.9
Other receivables	**913.1**	1,072.4	187.2
Cash and cash equivalents	**6,911.4**	6,150.1	7,067.2
Total assets	**79,358.0**	63,518.7	71,439.8
Liabilities			
Derivative financial instruments			
– Currency forwards	**95.3**	631.1	176.4
– Interest rate swaps	**30.9**	134.8	38.3
– Fixed income options	**–**	5.5	–
– Index options	**1.8**	5.2	5.9
– Contract for differences	**7.4**	19.1	2.9
– Equity rate swaps	**22.2**	21.2	30.2
– Foreign currency options	**14.0**	11.2	10.1
– Total return swaps	**1.0**	3.7	8.1
– Credit default swaps	**6.4**	15.9	–
– Other derivatives	**–**	0.1	10.0
Other payables	**728.3**	911.6	383.5
Total liabilities	**907.3**	1,759.4	665.4
Net assets held to cover linked liabilities	**78,450.7**	61,759.3	70,774.4
Investment contract benefits	**58,627.4**	46,547.8	53,307.1
Net asset value attributable to unit holders	**19,367.5**	14,743.5	17,032.0
Unit linked insurance contract liabilities	**455.8**	384.3	435.3
Consolidation adjustments	**–**	83.7	–
Net unit linked liabilities	**78,450.7**	61,759.3	70,774.4

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.

8. GOODWILL, INTANGIBLE ASSETS, DEFERRED ACQUISITION COSTS AND DEFERRED INCOME

	Goodwill	Acquired Value of In-force Business	Computer Software & Other Specific Software Developments	DAC	DIR
	£'Million	£'Million	£'Million	£'Million	£'Million
Cost					
At 1 January 2016	10.1	73.4	13.6	1,611.2	(1,205.0)
Additions	11.1	–	0.5	17.6	(27.1)
At 30 June 2016	21.2	73.4	14.1	1,628.8	(1,232.1)
Additions	–	–	1.6	21.0	(28.9)
Addition due to reassessment of unit liability	–	–	–	–	(267.0)
Measurement period adjustment	(7.4)	–	–	–	–
At 31 December 2016	**13.8**	**73.4**	**15.7**	**1,649.8**	**(1,528.0)**
Additions	**1.8**	**–**	**0.1**	**17.5**	**(65.2)**
At 30 June 2017	**15.6**	**73.4**	**15.8**	**1,667.3**	**(1,593.2)**
Accumulated amortisation					
At 1 January 2016	–	39.8	9.3	866.2	(791.5)
Charge for the period	–	1.6	1.7	49.4	(44.5)
At 30 June 2016	–	41.4	11.0	915.6	(836.0)
Charge for the period	–	1.6	1.7	49.4	(44.4)
At 31 December 2016	–	**43.0**	**12.7**	**965.0**	**(880.4)**
Charge for the period	–	**1.6**	**0.5**	**49.4**	**(71.4)**
At 30 June 2017	–	**44.6**	**13.2**	**1,014.4**	**(951.8)**
Carrying value					
At 30 June 2016	21.2	32.0	3.1	713.2	(396.1)
At 31 December 2016	13.8	30.4	3.0	684.8	(647.6)
At 30 June 2017	**15.6**	**28.8**	**2.6**	**652.9**	**(641.4)**
Outstanding amortisation period					
At 30 June 2016	n/a	9.5 years	4 years	14 years	6–14 years
At 31 December 2016	n/a	9 years	4 years	14 years	6–14 years
At 30 June 2017	**n/a**	**8.5 years**	**3 years**	**14 years**	**6–14 years**

Acquired value of in-force business/deferred acquisition costs/computer software

Amortisation is charged to expenses in the condensed consolidated statement of comprehensive income. Amortisation profiles are reassessed annually.

Deferred income

Amortisation is credited within fee and commission income in the condensed consolidated statement of comprehensive income. Amortisation profiles are reassessed annually.

9. OTHER RECEIVABLES

	30 June 2017 £'Million	30 June 2016 £'Million	31 December 2016 £'Million
Receivables in relation to unit liabilities	**1,180.7**	947.0	834.1
Other receivables in relation to insurance and unit trust business	**150.3**	127.5*	147.3
Operational readiness prepayment	**143.3**	92.3	121.1
Advanced payments to Partners	**35.7**	29.4	31.2
Other prepayments	**38.8**	56.4	45.1
St. James's Place Partnership loans	**249.8**	198.8	212.2
Renewal income assets	**71.9**	57.7	58.9
Miscellaneous	**33.3**	28.0	23.1
Total other receivables	**1,903.8**	1,537.1	1,473.0

* Balance includes £74.9 million of insurance and investment contract receivables previously disclosed as separate line items on the face of the condensed consolidated statement of financial position at 30 June 2016. This reclassification has been made in order to simplify the presentation of the condensed consolidated statement of financial position.

All items within Other receivables meet the definition of financial assets with the exception of Prepayments and Advanced payments to Partners.

Receivables in net assets held to cover unit liabilities and in relation to insurance and unit trust business are short-term settlement receivables, typically settled within three days.

The operational readiness prepayment relates to the new administration platform, Bluedoor, being developed by our key outsourced back-office administration provider. Management has assessed the recoverability of this prepayment against the expected cost saving benefit of lower future tariff costs arising from the new platform. It is believed that any reasonably possible change in the assumptions applied within this assessment, such as levels of future business, the anticipated future service tariffs and the discount rate, would have no impact on the carrying value of the asset.

St. James's Place Partnership loans are interest bearing (linked to Bank of England base rate plus a margin), repayable on demand and secured against the future renewal income streams of the Partner. The St. James's Place Partnership loans are shown net of a £4.4 million provision for impairment (30 June 2016: £3.2 million, 31 December 2016: £3.3 million). During the period £0.1 million of the provision was utilised (period to 30 June 2016: £0.3 million utilised, year to 31 December 2016: £0.4 million utilised) whilst new provisions and adjustments to existing provisions increased the total by £1.2 million (period to 30 June 2016: £0.5 million increase, year to 31 December 2016: £0.7 million increase).

The fair value of loans and receivables included in other receivables is not materially different from amortised cost.

10. OTHER PAYABLES

	30 June 2017 £'Million	30 June 2016 £'Million	31 December 2016 £'Million
Payables in relation to unit liabilities	**818.0**	665.2	558.7
Other payables in relation to insurance and unit trust business	**446.8**	76.8*	300.0
Accruals	**153.7**	109.3	146.9
Accruals for future payments to Partners	**77.4**	155.2	74.2
Miscellaneous	**125.1**	99.4	93.8
Total other payables	**1,621.0**	1,105.9	1,173.6

* Balance includes £65.5 million of insurance and investment contract payables previously disclosed as a separate line item on the face of the condensed consolidated statement of financial position at 30 June 2016. This reclassification has been made in order to simplify the presentation of the condensed consolidated statement of financial position.

Included within miscellaneous is a Contract Payment of £71.1 million (30 June 2016: £49.0 million, 31 December 2016: £49.8 million) which is non-interest bearing and repayable on a straight-line basis over the life of a twelve-year service agreement. The repayment period commenced on 1 January 2017.

The fair value of financial instruments held at amortised cost within other payables is not materially different from amortised cost.

NOTES TO THE FINANCIAL STATEMENTS continued

11. OTHER PROVISIONS AND CONTINGENT LIABILITIES

	30 June 2017	30 June 2016	31 December 2016
	£'Million	£'Million	£'Million
Total provisions at beginning of period	17.1	15.4	15.4
Utilised during the period	(7.0)	(5.3)	(8.8)
Additional provisions	9.8	6.3	10.5
Total provisions at end of period	19.9	16.4	17.1

Total provisions relate to the cost of redress for complaints and clawback of indemnity commission. The provision for the cost of redress for complaints 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. The clawback provision is based on estimates of the indemnity commission that may be repaid.

As more fully set out in the summary of principal risks and uncertainties on pages 30 and 31, 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 will not 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 2016: £nil).

12. BORROWINGS

	30 June 2017	30 June 2016	31 December 2016
	£'Million	£'Million	£'Million
Bank borrowings	131.0	131.8	231.3
Loan notes	50.0	50.0	50.1
Total borrowings	181.0	181.8	281.4

In 2015 a £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 initially drew down £125 million under the fully-committed facility, with an additional £100 million being drawn in the second half of 2016. The Group repaid £100 million in the period to 30 June 2017.

In addition, during 2015 the Group entered into a US Dollar $160 million private shelf facility. The Group authorised the issue of £50 million of loan notes during 2015 in relation to the aforementioned facility. The notes were issued in Sterling, eliminating any Group currency risk. The notes are repayable over ten years with a variable interest rate.

The Group also guarantees loans provided by third parties to Partners. In the event of default of any individual Partner loan, the Group guarantees to repay the full amount of the loan, with the exception of Metro Bank plc, where 50% of the loan is guaranteed. These loans are secured against the future renewal income streams of the Partner. The value of the loans guaranteed, and the guaranteed amount of the total facility, are as follows:

	Loans Drawn			Facility		
	30 June 2017	30 June 2016	31 December 2016	30 June 2017	30 June 2016	31 December 2016
	£'Million	£'Million	£'Million	£'Million	£'Million	£'Million
Bank of Scotland	50.1	64.1	54.0	80.0	90.0	80.0
Metro Bank plc	38.6	30.4	35.6	61.0	47.5	47.5*
Santander plc	49.8	22.7	47.2	50.0	25.0	50.0
Total loans	138.5	117.2	136.8	191.0	162.5	177.5

* The Metro Bank plc facility at 31 December 2016 has been amended to show the amount of the facility that is guaranteed, as opposed to the total facility of £95.0 million available to Partners which was previously disclosed.

The fair value of the outstanding borrowings and guarantees is not materially different from amortised cost.

Interest expense on borrowings is recognised within expenses in the condensed consolidated statement of comprehensive income.

13. FAIR VALUE MEASUREMENT

Fair value estimation

Financial assets and liabilities, which are held at fair value in the financial statements, 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).

The following sections present the Group's assets and liabilities measured at fair value.

Shareholder assets

30 June 2017	Level 1	Level 2	Level 3	Total Balance
	£'Million	£'Million	£'Million	£'Million
Financial assets:				
Fixed income securities		47.2		47.2
Investment in Collective Investment Schemes(1)	1,075.4			1,075.4
Renewal income assets			71.9	71.9
Total financial assets	1,075.4	47.2	71.9	1,194.5

30 June 2016	Level 1	Level 2	Level 3	Total Balance
	£'Million	£'Million	£'Million	£'Million
Financial assets:				
Fixed income securities		56.9		56.9
Investment in Collective Investment Schemes(1)	523.3			523.3
Renewal income assets			57.7	57.7
Total financial assets	523.3	56.9	57.7	637.9

31 December 2016	Level 1	Level 2	Level 3	Total Balance
	£'Million	£'Million	£'Million	£'Million
Financial assets:				
Fixed income securities		47.7		47.7
Investment in Collective Investment Schemes(1)	867.4			867.4
Renewal income assets			58.9	58.9
Total financial assets	867.4	47.7	58.9	974.0

(1) All assets included as shareholder Investment in Collective Investment Schemes are holdings of high quality, highly liquid unitised money market funds, containing assets which are cash and cash equivalents.

There are no shareholder financial liabilities which are measured at fair value.

The fair value of financial instruments traded in active markets is based on quoted bid prices at the reporting date. These instruments are included in Level 1.

Level 2 financial assets are valued using observable prices for identical current arm's length transactions.

The Renewal income assets are Level 3 and are valued using a discounted cash flow technique. 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 £5.6 million (30 June 2016: £5.0 million, 31 December 2016: £5.4 million) and a favourable change in valuation of £5.0 million (30 June 2016: £5.6 million, 31 December 2016: £7.0 million), respectively.

There were no transfers between Level 1 and Level 2 during the year, nor into or out of Level 3.

13. FAIR VALUE MEASUREMENT continued

Movement in Level 3 portfolios

Renewal income assets	30 June 2017	30 June 2016	31 December 2016
	£'Million	£'Million	£'Million
Opening balance	58.9	26.8	26.8
Additions during the period	14.0	33.0	38.2
Losses recognised in the consolidated statement of comprehensive income	(1.0)	(2.1)	(6.1)
Closing balance	71.9	57.7	58.9
Unrealised losses	(1.0)	(2.1)	(6.1)
Losses recognised in the consolidated statement of comprehensive income	(1.0)	(2.1)	(6.1)

Unit liabilities and associated assets

30 June 2017	Level 1	Level 2	Level 3	Total Balance
	£'Million	£'Million	£'Million	£'Million
Financial assets and investment property:				
Investment property			1,522.3	1,522.3
Equities	50,717.4			50,717.4
Fixed income securities		14,131.5		14,131.5
Investment in Collective Investment Schemes	4,281.6		1.6	4,283.2
Derivative financial instruments		879.1		879.1
Cash & cash equivalents	6,911.4			6,911.4
Total financial assets and investment property	61,910.4	15,010.6	1,523.9	78,444.9
Financial liabilities:				
Investment contract benefits		58,627.4		58,627.4
Derivative financial instruments		179.0		179.0
Net asset value attributable to unit holders	19,367.5			19,367.5
Total financial liabilities	19,367.5	58,806.4		78,173.9

30 June 2016	Level 1	Level 2	Level 3	Total Balance
	£'Million	£'Million	£'Million	£'Million
Financial assets and investment property:				
Investment property			1,345.9	1,345.9
Equities	40,747.1			40,747.1
Fixed income securities		10,501.2		10,501.2
Investment in Collective Investment Schemes	2,995.2		2.4	2,997.6
Derivative financial instruments		706.1		706.1
Cash & cash equivalents	6,150.1			6,150.1
Total financial assets and investment property	49,892.4	11,207.3	1,348.3	62,448.0
Financial liabilities:				
Investment contract benefits		46,591.2		46,591.2
Derivative financial instruments		847.7		847.7
Net asset value attributable to unit holders	14,743.5			14,743.5
Total financial liabilities	14,743.5	47,438.9	–	62,182.4

13. FAIR VALUE MEASUREMENT continued

31 December 2016	Level 1	Level 2	Level 3	Total Balance
	£'Million	£'Million	£'Million	£'Million
Financial assets and investment property:				
Investment property			1,462.4	1,462.4
Equities	46,598.7			46,598.7
Fixed income securities		12,397.8		12,397.8
Investment in Collective Investment Schemes	2,996.0		1.4	2,997.4
Derivative financial instruments		729.1		729.1
Cash & cash equivalents	7,067.2			7,067.2
Total financial assets and investment property	56,661.9	13,126.9	1,463.8	71,252.6
Financial liabilities:				
Investment contract benefits		53,307.1		53,307.1
Derivative financial instruments		281.9		281.9
Net asset value attributable to unit holders	17,032.0			17,032.0
Total financial liabilities	17,032.0	53,589.0	–	70,621.0

In respect of the derivative financial liabilities, £164.3 million of collateral has been posted at 30 June 2017, comprising cash and treasury bills (30 June 2016: £219.2 million, 31 December 2016: £171.1 million), in accordance with the terms and conditions of the derivative contracts.

The fair value of financial instruments traded in active markets is based on quoted bid prices at the reporting date. These instruments are included in Level 1.

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, specifically:
  - The fair value of unit linked liabilities is assessed by reference to the value of the underlying net asset value of the Group's unitised investment funds, determined on a bid value, at the reporting date.
  - The Group's derivative financial instruments are valued using valuation techniques commonly used by market participants. These consist of discounted cash flow and options pricing models, which typically incorporate observable market data, principally interest rates, basis spreads, foreign exchange rates, equity prices and counterparty credit.

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

- The use of unobservable inputs, such as expected rental values and equivalent yields.
- 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.

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.

13. FAIR VALUE MEASUREMENT continued

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

Six Months Ended 30 June 2017	**Investment Property**	**CIS**
	£'Million	**£'Million**
Opening balance	**1,462.4**	**1.4**
Transfer into Level 3	**–**	**0.3**
Additions during the period	**35.4**	**–**
Disposals during the period	**(6.2)**	**–**
Gains/(losses) recognised in the consolidated statement of comprehensive income	**30.7**	**(0.1)**
Closing balance	**1,522.3**	**1.6**
Realised losses	**(1.2)**	**–**
Unrealised gains/(losses)	**31.9**	**(0.1)**
Gains/(losses) recognised in the consolidated statement of comprehensive income	**30.7**	**(0.1)**

Six Months Ended 30 June 2016	Investment Property	CIS
	£'Million	£'Million
Opening balance	1,344.9	2.7
Transfer out of Level 3	–	(0.3)
Additions during the year	2.3	–
Disposals during the year	–	–
Losses recognised in the consolidated statement of comprehensive income	(1.3)	–
Closing balance	1,345.9	2.4
Realised losses	(0.1)	–
Unrealised losses	(1.2)	–
Losses recognised in the consolidated statement of comprehensive income	(1.3)	–

12 Months ended 31 December 2016	Investment Property	CIS
	£'Million	£'Million
Opening balance	1,344.9	2.7
Transfer into Level 3	–	0.4
Additions during the year	140.9	–
Disposals during the year	–	–
Losses recognised in the consolidated statement of comprehensive income	(23.4)	(1.7)
Closing balance	1,462.4	1.4
Unrealised losses	(23.4)	(1.7)
Losses recognised in the consolidated statement of comprehensive income	(23.4)	(1.7)

Gains/(losses) recognised in the condensed consolidated statement of comprehensive income are included within investment return for certain equities and investments in Collective Investment Schemes and investment property.

NOTES TO THE FINANCIAL STATEMENTS continued

13. FAIR VALUE MEASUREMENT continued

Level 3 valuations

The principal assets classified as Level 3 are investment properties amounting to £1,522.3 million (30 June 2016: £1,345.9 million, 31 December 2016: £1,462.4 million). Investment property is initially measured at cost, including related acquisition costs, and subsequently valued monthly by professional external valuers at their respective fair values at each reporting date. The fair values derived are based on anticipated market values for the properties in accordance with the guidance issued by The Royal Institution of Chartered Surveyors, being the estimated amount that would be received from a sale of the assets in an orderly transaction between market participants. The valuation of investment property is inherently subjective as it requires, among other factors, assumptions to be made regarding the ability of existing tenants to meet their rental obligations over the entire life of their leases, the estimation of the expected rental income in to the future, an assessment of a property's ability to remain as an attractive technical configuration to existing and prospective tenants in a changing market and a judgement to be reached on the attractiveness of a building, its location and the surrounding environment.

	Investment Property Classification			
30 June 2017	**Office**	**Industrial**	**Retail & Leisure**	**All**
Gross ERV (per sq ft)*				
Range	**£14.66 – £96.50**	**£3.50 – £15.75**	**£4.50 – £427.84**	**£3.50 – £427.84**
Weighted average	**£32.20**	**£7.11**	**£15.41**	**£14.10**
True equivalent yield				
Range	**3.9% – 8.6%**	**4.9% – 7.1%**	**4.6% – 13.7%**	**3.9% – 13.7%**
Weighted average	**5.4%**	**5.8%**	**6.0%**	**5.7%**
30 June 2016				
Gross ERV (per sq ft)*				
Range	£14.75 – £91.50	£3.00 – £15.75	£4.64 – £384.77	£3.00 – £384.77
Weighted average	£30.44	£6.72	£14.80	£12.22
True equivalent yield				
Range	3.8% – 8.1%	5.4% – 7.3%	4.2% – 13.1%	3.8% – 13.1%
Weighted average	5.4%	6.1%	5.9%	5.7%
31 December 2016				
Gross ERV (per sq ft)*				
Range	£14.66 – £96.50	£3.50 – £15.75	£4.50 – £427.84	£3.50 – £427.84
Weighted average	£31.63	£6.94	£15.05	£13.74
True equivalent yield				
Range	3.9% – 8.4%	5.3% – 7.3%	4.8% – 13.6%	3.9% – 13.6%
Weighted average	5.4%	6.1%	5.9%	5.8%

* Equivalent rental value (per square foot).

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.

Investment property is initially measured at cost, including related acquisition costs, and subsequently valued monthly by professional external valuers at their respective fair values at each reporting date. The fair values derived are based on anticipated market values for the properties in accordance with the guidance issued by The Royal Institution of Chartered Surveyors, being the estimated amount that would be received from a sale of the assets in an orderly transaction between market participants. The following table sets out the effect of applying reasonably possible alternative assumptions to the valuation of the investment properties. 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.

			Effect of Reasonable Possible Alternative Assumptions	
	Investment Property Significant Unobservable Inputs	**Carrying Value**	**Favourable Changes**	**Unfavourable Changes**
		£'Million	**£'Million**	**£'Million**
30 June 2017	Expected rental value/Relative yield	**1,522.3**	**1,663.2**	**1,398.4**
30 June 2016	Expected rental value/Relative yield	1,345.9	1,470.7	1,235.8
31 December 2016	Expected rental value/Relative yield	1,462.4	1,598.3	1,341.9

14. SHARE CAPITAL, EARNINGS PER SHARE AND DIVIDENDS

Share capital

	Number of Ordinary Shares	Called Up Share Capital
		£'Million
At 1 January 2016	524,665,212	78.7
– Exercise of options	2,474,131	0.4
At 30 June 2016	527,139,343	79.1
– Issue of share capital	108,819	–
– Exercise of options	234,186	–
At 31 December 2016	527,482,348	79.1
– Exercise of options	1,130,252	0.2
At 30 June 2017	**528,612,600**	**79.3**

The total authorised number of ordinary shares is 605 million (30 June 2016 and 31 December 2016: 605 million), with a par value of 15 pence per share (30 June 2016 and 31 December 2016: 15 pence per share). All issued shares are fully paid.

Included in the issued share capital are 4,409,329 (30 June 2016: 4,258,005, 31 December 2016: 3,954,525) shares held in the Shares in Trust Reserve with a nominal value of £0.7 million (30 June 2016: £0.6 million, 31 December 2016: £0.6 million). The shares are held by the SJPC Employee Share Trust and the St. James's Place 2010 SIP Trust to satisfy certain share-based payment schemes. The trustees of the SJPC Employee Share Trust retain the right to dividends on the shares held by the Trust but have chosen to waive their entitlement to the dividends on 1,772,760 shares at 30 June 2017 (30 June 2016: 1,772,242 shares, 31 December 2016: 1,330,156 shares). No dividends have been waived on shares held in the St. James's Place 2010 SIP Trust in 2017 or 2016.

Earnings per share

	6 Months Ended 30 June 2017	6 Months Ended 30 June 2016	12 Months Ended 31 December 2016
	£'Million	£'Million	£'Million
Earnings			
Profit after tax attributable to equity shareholders *(for both basic and diluted EPS)*	**61.9**	48.4	112.2
	Million	Million	Million
Weighted average number of shares			
Weighted average number of ordinary shares in issue (*for basic EPS*)	**523.9**	521.6	522.6
Adjustments for outstanding share options	**7.6**	4.6	3.3
Weighted average number of ordinary shares (*for diluted EPS*)	**531.5**	526.2	525.9
	Pence	Pence	Pence
Basic earnings per share	**11.8**	9.3	21.5
Diluted earnings per share	**11.6**	9.2	21.3

NOTES TO THE FINANCIAL STATEMENTS continued

14. SHARE CAPITAL, EARNINGS PER SHARE AND DIVIDENDS continued

The following dividends have been paid by the Company:

	6 Months Ended 30 June 2017	6 Months Ended 30 June 2016	12 Months Ended 31 December 2016
	£'Million	£'Million	£'Million
2015 final dividend – 17.24 pence per ordinary share	**–**	90.4	90.4
2016 interim dividend – 12.33 pence per ordinary share	**–**	–	64.8
2016 final dividend – 20.67 pence per ordinary share	**108.8**	–	–
Total dividends paid	**108.8**	90.4	155.2

The Directors have resolved to pay an interim dividend of 15.41 pence per share (30 June 2016: 12.33 pence). This amounts to £81.2 million (30 June 2016: £64.8 million) and will be paid on 29 September 2017 to shareholders on the register at 1 September 2017.

15. RELATED PARTY TRANSACTIONS

For the half year to 30 June 2017 the nature of the related party transactions are similar to those for the year ended 31 December 2016.

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 £14.2 million (30 June 2016: £7.4 million charge and 31 December 2016: £0.3 million charge) and the total value of transactions with those non-consolidated unit trusts was £17.0 million (30 June 2016: £18.9 million and 31 December 2016: £53.0 million). Net management fees receivable from these unit trusts amounted to £8.1 million (30 June 2016: £11.0 million and 31 December 2016: £17.0 million). The value of the investment into the non-consolidated unit trusts at 30 June 2017 was £210.1 million (30 June 2016: £179.5 million and 31 December 2016: £198.6 million).

16. 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 2016 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.

17. APPROVAL OF HALF YEAR REPORT

These condensed consolidated half year financial statements were approved by the Board of Directors on 26 July 2017.

18. NATIONAL STORAGE MECHANISM

A copy of the Half Year Report will be submitted shortly to the National Storage Mechanism (MSM) and will be available for inspection at the NSM, which is situated at www.morningstar.co.uk/NSM.

INDEPENDENT REVIEW REPORT TO ST. JAMES'S PLACE PLC

REPORT ON THE CONDENSED CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS

Our conclusion

We have reviewed St. James's Place plc's condensed consolidated half year financial statements (the 'interim financial statements') in the Half Year Report of St. James's Place plc for the 6 month period ended 30 June 2017. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated statement of financial position as at 30 June 2017;
- 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 explanatory notes to the interim financial statements.

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

As disclosed in note 1 to the interim financial statements, 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.

RESPONSIBILITIES FOR THE INTERIM FINANCIAL STATEMENTS AND THE REVIEW

Our responsibilities and those of the directors

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

Our responsibility is to express a conclusion on the interim financial statements in the Half Year Report 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 Guidance and Transparency Rules sourcebook of the United Kingdom's 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.

What a review of 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, 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 Half Year Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
26 July 2017

(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 financial 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 consolidated 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 2016. 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
26 July 2017

A Croft
Chief Financial Officer
26 July 2017

OTHER INFORMATION

CONTENTS

CONTACTS AND ADVISERS

HOW TO CONTACT US

Registered Office
St. James's Place House
1 Tetbury Road
Cirencester
Gloucestershire
GL7 1FP

Tel: 01285 640302
www.sjp.co.uk

Chair
Sarah Bates
email c/o: liz.kelly@sjp.co.uk

Chief Executive
David Bellamy
email: david.bellamy@sjp.co.uk

Chief Financial Officer
Andrew Croft
email: andrew.croft@sjp.co.uk

Company Secretary
Elizabeth Kelly
email: liz.kelly@sjp.co.uk

Customer Service
Caroline Hallat
Tel: 01285 878140
email: caroline.hallat@sjp.co.uk

Analyst Enquiries
Tony Dunk
Tel: 020 7514 1963
email: tony.dunk@sjp.co.uk

Media Enquiries
Bell Pottinger
Tel: 020 3772 2566
email: SJP@BellPottinger.com

ADVISERS

Bankers

Bank of Scotland
150 Fountainbridge
Edinburgh
EH3 9PE

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

Metro Bank plc
One Southampton Row
London
WC1B 5HA

Santander UK plc
2 Triton Square
Regents Place
London

The Royal Bank of Scotland
135 Bishopsgate
London
EC2M 3UR

Brokers

JPMorgan Cazenove Limited
25 Bank Street
London
E14 5JP

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

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

Registrars & Transfer Office

Computershare Investor Services PLC
The Pavilions
Bristol
Bridgwater Road
BS13 8AE
email: webqueries@computershare.co.uk
Tel: 0370 702 0197
www.investorcentre.co.uk/contactus

FINANCIAL CALENDAR

EX-DIVIDEND DATE FOR INTERIM DIVIDEND	31 August 2017
RECORD DATE FOR INTERIM DIVIDEND	1 September 2017
PAYMENT DATE FOR INTERIM DIVIDEND	29 September 2017
ANNOUNCEMENT OF THIRD QUARTER NEW BUSINESS	24 October 2017
ANNOUNCEMENT OF FOURTH QUARTER NEW BUSINESS	25 January 2018

GLOSSARY OF ALTERNATIVE PERFORMANCE MEASURES

Within the Half Year Report various alternative performance measures (APMs) are disclosed. An APM is a measure of financial performance, financial position or cash flows which is not defined by the relevant financial reporting framework, which for the Group is International Financial Reporting Standards (IFRS) as adopted by the European Union. APMs are used to provide greater insight into the performance of the Group and the way it is managed by the Directors. The table below defines each APM, explains why it is used and, if applicable, where the APM has been reconciled to IFRS:

APM	Definition	Why is this measure used?	Reconciliation to the financial statements
Solvency II net assets	Based on IFRS Net Assets, but with the following adjustments: 1. Reflection of the recognition requirements of the Solvency II regulations for assets and liabilities. In particular this removes, DAC, DIR, PVIF and their associated deferred tax balances, other intangibles and some other small items which are treated as inadmissible from a regulatory perspective; and 2. Adjustment to remove the matching client assets and the liabilities as these do not represent shareholder assets. No adjustment is made to deferred tax, except deferred tax on DAC, DIR and PVIF, as this is treated as an allowable asset in the Solvency II regulation.	Our ability to satisfy our liabilities to clients, and consequently our solvency, is central to our business. By removing the liabilities which are fully matched by assets, this presentation allows the reader to focus on the business operation. It also provides a simpler comparison with other wealth management companies.	Refer to page 20.
Cash result, operating cash result and underlying cash result	The Cash result is defined as the movement between the opening and closing Solvency II net assets adjusted for the following items: 1. The movement in deferred tax is removed to reflect just the cash realisation from the deferred tax position; 2. The movements in goodwill and other intangibles are included; and 3. Other changes in equity, such as dividends paid in the year and share option costs, are excluded. The Operating cash result reflects the regular emergence of cash from the business operations. The Underlying cash results additionally reflects the cash impact of the strategic investments we are making. Finally, the Cash result reflects all other cash items, including those whose emergence is volatile, varying over time and often influenced by markets, together with the short term costs associated with the back-office infrastructure project. Neither the cash result nor the underlying cash result should be confused with the IFRS condensed consolidated statement of cash flows which is prepared in accordance with IAS 7.	IFRS methodology requires recognition of non-cash items such as deferred tax and share options. By contrast, dividends can only be paid to shareholders from appropriately fungible assets. The Board therefore uses the cash results to monitor the level of cash generated by the business. While the Cash result gives an absolute measure of the cash generated in the year, the Underlying and Operating cash results are particularly useful for monitoring the expected long term rate of cash emergence, which is particularly useful in considering the supportability of dividends and sustainable dividend growth.	Refer to page 15. Also see Note 3 – Segment Reporting on page 39.
Underlying cash basic and diluted earnings per share (EPS)	These EPS measures are calculated as Underlying cash divided by the number of ordinary shares used in the calculation of IFRS basic and diluted EPS.	As Underlying cash is the best reflection of the cash generated by the business, Underlying cash EPS measures allow analysis of the shareholder cash generated by the business by share.	Not applicable.
Total embedded value	A discounted cashflow valuation methodology, assessing the long-term economic value of the business. Our embedded value is determined in line with the EEV principles, originally set out by the Chief Financial Officers (CFO) Forum in 2004, and amended for subsequent changes to the principles, including those published in April 2016, following the implementation of Solvency II.	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 and cash results by providing additional disclosure on an Embedded Value basis, which brings into account the net present value of expected future cash flows, as we believe that a measure of total economic value of the Group is useful to investors.	Not applicable.

GLOSSARY OF ALTERNATIVE PERFORMANCE MEASURES continued

APM	Definition	Why is this measure used?	Reconciliation to the financial statements
EEV profit	Derived as the movement in the Total EEV during the year.	Both the IFRS and Cash results reflect only the cashflows in the year. However our business is long-term, and activity in the year can generate business with a long-term value. We therefore believe it is helpful to understand the full economic impact of activity in the year, which is the aim of the EEV methodology.	See Note 3 – Segment Reporting on page 40.
EEV operating profit	A discounted cashflow valuation methodology, assessing the long-term economic value of the business. Our embedded value is determined in line with the EEV principles, originally set out by the Chief Financial Officers (CFO) Forum in 2004, and amended for subsequent changes to the principles, including those published in April 2016, following the implementation of Solvency II. The EEV operating profit reflects the total EEV result with an adjustment to strip out the impact of stock market and other economic effects during the year.	Both the IFRS and cash results reflect only the cashflows in the year. However, our business is long-term, and activity in the year can generate business with a long-term value. We therefore believe it is helpful to understand the full economic impact of activity in the year, which is the aim of the EEV methodology. Within the EEV, many of the future cash flows derive from fund charges, which change with movements in stock markets. Since the impact of these changes is typically unrelated to the performance of the business, we believe that the EEV operating profit (reflecting the EEV profit, adjusted to reflect only the expected investment performance and no change in economic basis) provides the most useful measure of embedded value performance in the year.	See Note 3 – Segment Reporting on page 40.
EEV operating profit basic and diluted earnings per share (EPS)	These EPS measures are calculated as EEV operating profit after tax divided by the number of ordinary shares used in the calculation of IFRS basic and diluted EPS.	As EEV operating profit is the best reflection of the EEV generated by the business, EEV operating profit EPS measures allow analysis of the long-term value generated by the business by share.	Not applicable.
Net asset value per share (EEV)	EEV net asset value per share is calculated as the EEV net assets divided by the year end number of ordinary shares.	Total embedded value provides a measure of total economic value of the Group, and assessing the NAV per share allows analysis of the overall value of the group by share.	Not applicable.
Policyholder and Shareholder tax	Shareholder tax is estimated by making an assessment of the effective rate of tax that is applicable to the shareholders on the profits attributable to the shareholders. This is calculated by applying the appropriate effective corporate tax rates to the shareholder profits. In effect the shareholder tax is assessed by calculating the expected level of tax implied by the post-tax result, but with explicit adjustment in the calculation for any significant one-off tax adjustments. The remainder of the tax charge represents tax on policyholder's investment returns. This calculation method is consistent with the legislation relating to the calculation of the tax on shareholder's profits.	The UK tax regime facilitates the collection of tax from life insurance policyholders by making an equivalent charge within the corporate tax of the Company. The total tax charge for the insurance companies therefore comprises both this element and an element more closely related to normal corporation tax. Life insurance business impacted by this tax typically includes policy charges which align with the tax liability, to mitigate the impact on the corporate. As a result when policyholder tax increases, the charges also increase. Given these offsetting items can be large, and typically don't perform in line with the business, it is beneficial to be able to identify the two elements separately. We therefore refer to that part of the overall tax charge, which is deemed attributable to policyholders, as policyholder tax, and the rest as shareholder tax.	Disclosed as separate line items in the condensed consolidated statement of comprehensive income on page 33.

GLOSSARY OF ALTERNATIVE PERFORMANCE MEASURES continued

APM	Definition	Why is this measure used?	Reconciliation to the financial statements
Profit before shareholder tax	A profit measure which reflects the IFRS result adjusted for policyholder tax, but before deduction of shareholder tax. Within the consolidated statement of comprehensive income the full title of this measure is 'Profit before tax attributable to shareholders' returns'.	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, we believe it is useful to separately identify the profit before shareholder tax, which reflects the IFRS profit before tax, adjusted for tax paid on behalf of policyholders.	Disclosed as a separate line item in the condensed consolidated statement of comprehensive income on page 33.
Underlying profit	A profit measure which reflects the IFRS result adjusted to remove the DAC, DIR and PVIF adjustments.	The IFRS methodology promotes 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). Due to the retail distribution review (RDR) regulation change in 2013, there was a step change in the progression of these items in our accounts, which resulted in significant accounting presentation changes despite the fundamentals of our vertically-integrated business remaining unchanged. We therefore believe it is useful to consider the IFRS result having removed the impact of movements in these intangibles as it better reflects the underlying performance of the business.	Refer to page 15.
Net asset value per share (IFRS)	IFRS net asset value per share is calculated as the IFRS net assets divided by the year end number of ordinary shares.	Total IFRS net assets provides a measure of value of the Group, and assessing the NAV per share allows analysis of the overall value of the Group by share.	Not applicable.

Designed and produced by emperor
Visit us at emperor.works