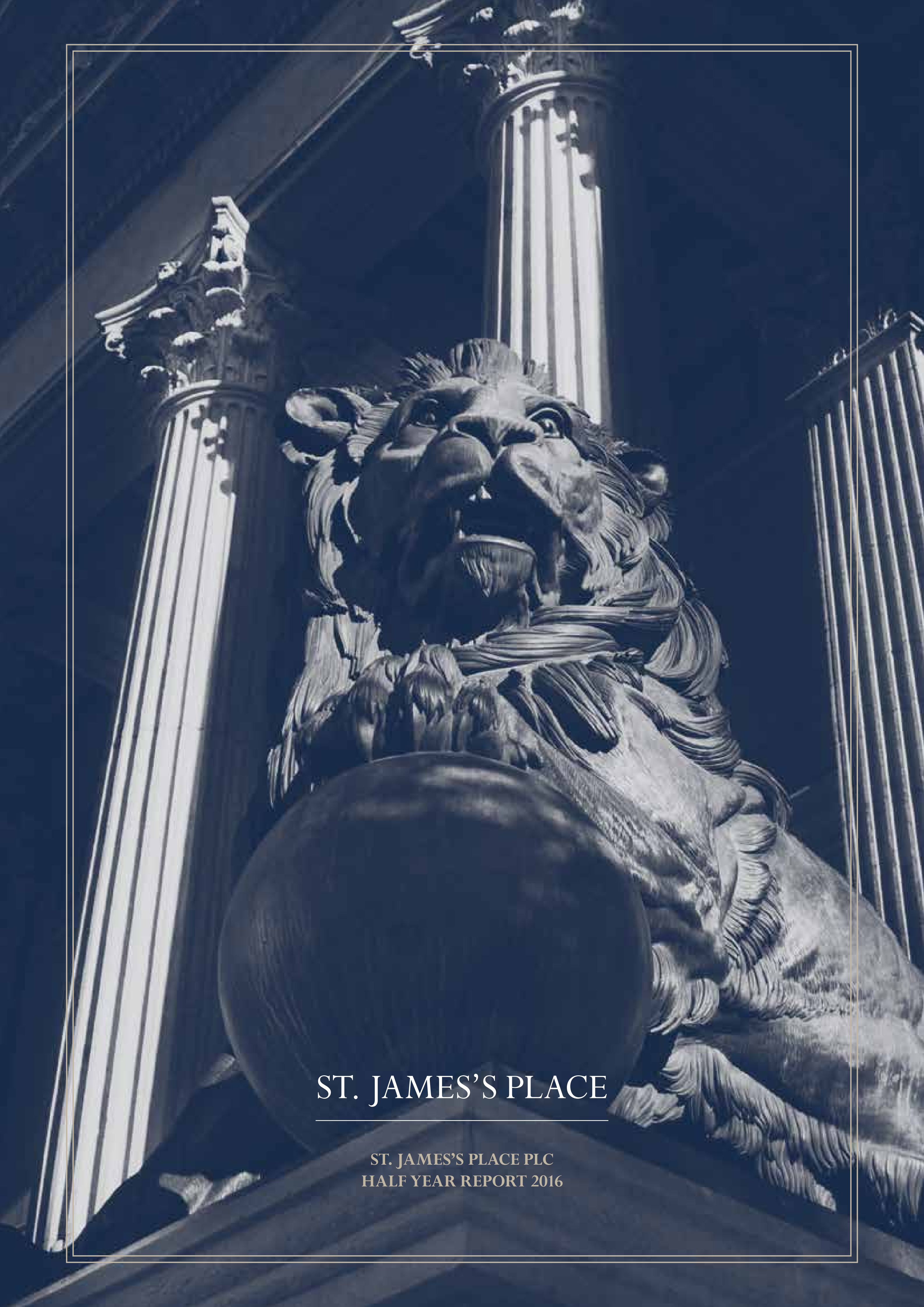


ST. JAMES'S PLACE

ST. JAMES'S PLACE PLC
HALF YEAR REPORT 2016

CONTENTS

Registered No. 03183415

SUMMARY HALF YEAR RESULTS

FUNDS UNDER MANAGEMENT

+18%

2016: £65.6 bn
2015: £55.5 bn

DIVIDEND

+15%

2016: 12.33p per share
2015: 10.72p per share

GROSS INFLOW OF FUNDS UNDER MANAGEMENT

+20%

2016: £5.27 bn
2015: £4.40 bn

PROFIT BEFORE SHAREHOLDER TAX

-10%

2016: £60.5 m
2015: £67.0 m

NET INFLOW OF FUNDS UNDER MANAGEMENT

+15%

2016: £3.07 bn
2015: £2.67 bn

EEV OPERATING PROFIT

+7%

2016: £284.0 m
2015: £265.3 m

PARTNERSHIP NUMBERS

+5.7%

2016: 2,320
2015: 2,194

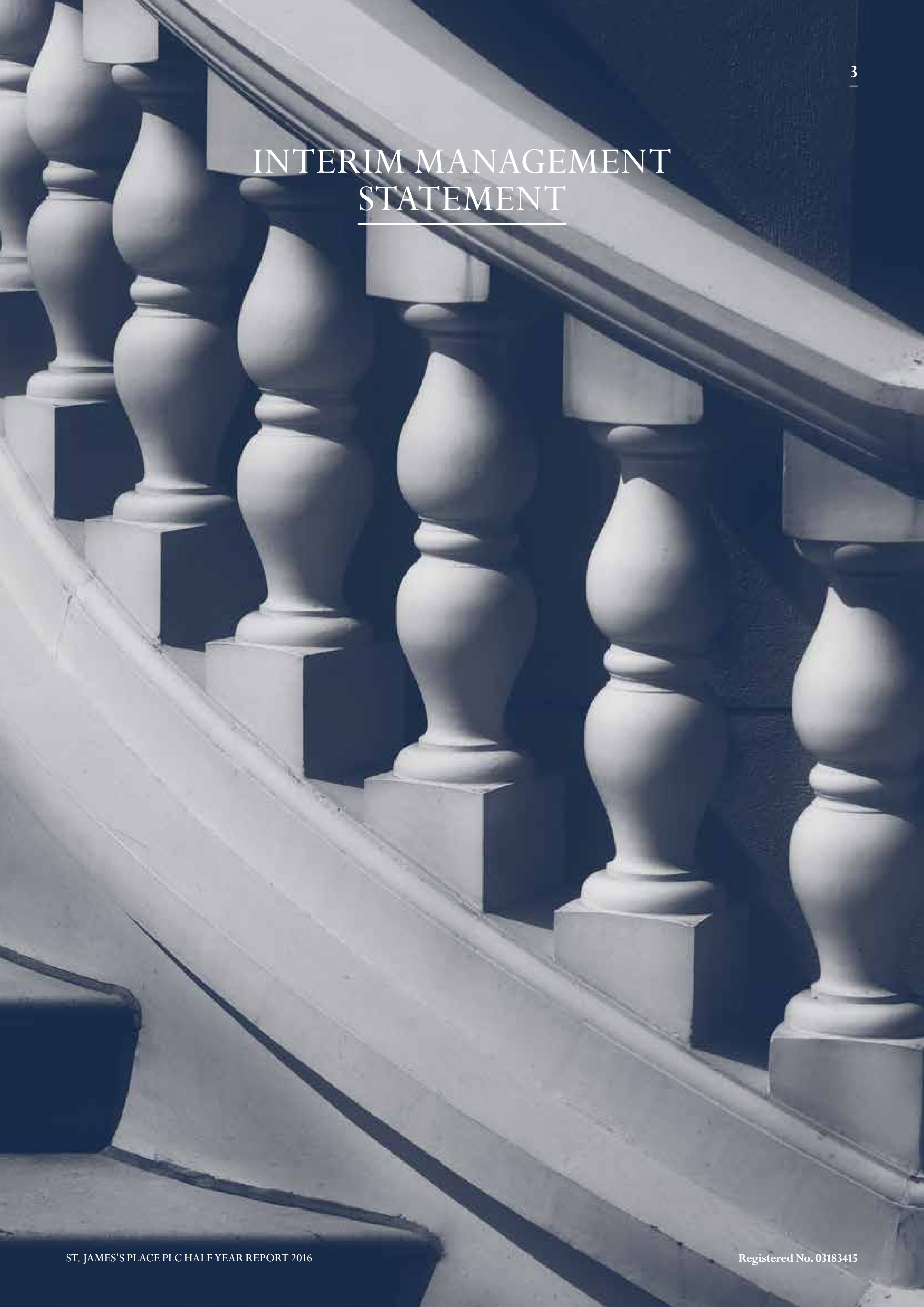
Registered No. 03183415

ST. JAMES'S PLACE WEALTH MANAGEMENT GROSS INFLOWS

FOR THE SIX MONTHS TO 30 JUNE 2016

	Unaudited 3 Months to 30 June			Unaudited 6 Months to 30 June		
	2016	2015		**2016**	2015	
	£'Billion	£'Billion		**£'Billion**	£'Billion	
Gross inflows						
Investment	**0.58**	0.64		**1.04**	1.23	
Pension	**1.22**	0.85		**2.40**	1.58	
Unit Trust, ISA & DFM	**1.02**	0.80		**1.83**	1.59	
	2.82	2.29	**+23%**	**5.27**	4.40	**+20%**

INTERIM MANAGEMENT STATEMENT



Registered No. 03183415

CHIEF EXECUTIVE'S REPORT

I am pleased to be reporting once again a strong first half performance and, importantly, continued positive momentum in our business. Bearing testament to the reassuring consistency and resilience that is a feature of our relationship based, advice led model, gross inflows grew by 20% in the first half to £5.3 billion, while the retention of our existing client funds remained consistent with previous years such that net inflows increased by 15% to £3.1 billion. As a result, our client funds under management now stand at £65.6 billion, up 12% since the beginning of the year and £10 billion higher than at the end of June last year.

Whilst we are mindful that the UK's decision to leave the EU will have created economic uncertainty in the UK, the challenges and responsibilities that many people face when considering how to manage their wealth and their ever changing tax considerations, remain. Through our strategy of building long-term relationships with our clients, providing them with reliable face-to-face advice and successfully managing their investments across well-diversified portfolios with significant exposure to non-UK assets and different sources of return, we continue to be very well placed to meet this increasing need for advice and support.

Financial Performance

As reported by our Chief Financial Officer, the strong business performance in the first half of the year is reflected in the financial performance for the period.

The underlying strength of the financial performance is once again impacted by a heightened levy charged by the Financial Services Compensation Scheme (FSCS levy) of £17 million. This expense impacts all profit measures, but we remain hopeful that the elevated levy imposed over the last two years will return to a more normalised level in future years.

Dividend

Given the continued strong business performance, the Board has declared a 15% increase in the interim dividend to 12.33 pence per share and we intend to continue to grow the dividend in line with the underlying performance of the business, as previously stated.

The interim dividend for 2016 will be paid on 30 September to shareholders on the register at the close of business on 2 September 2016. A Dividend Reinvestment Plan (DRP) continues to be available for shareholders.

Clients

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

The financial demands on our core clients, those aged 45 and above, are changing quite quickly. They or their parents are living longer or expect to do so and that is changing the nature of their financial planning for, at and in retirement. At the same time, they increasingly want to support their children or grandchildren in education or in purchasing a property.

Our business is about supporting our Partners in helping clients with these challenges. Earlier this year, alongside the launch of a Lasting Power of Attorney service, we introduced an intergenerational mortgage range in association with Metro Bank, allowing clients to use their St. James's Place investments as the collateral for a relative's mortgage application and helping them to access lower rates. Later this year we have further initiatives planned including an intergenerational gifting service, family and general insurance protection products to complete our existing family health insurance and the development of later life planning services including a long term care proposition and probate support services.

We firmly believe that our highly personalised approach has a strong place in UK financial services both today and in the future. Indeed, at a historically significant point of economic and political change for the UK, our advisers will play an important role in helping clients to understand the impact of such changes and the options that are available to them, so that clients can make the right decisions and plan accordingly.

Investment Management

Despite the challenging market conditions, I'm pleased to report that our investment funds and range of client portfolios have performed in line with our expectations, benefitting from our longer term strategy of building broadly diversified portfolios with significant exposure to non-UK assets and different sources of return. Less than 25% of our clients' money is invested in UK equities and, of that, 75% is in FTSE 100 companies who generally have global businesses.

Central to our approach to investment management is the work of our Investment Committee. They are tasked with identifying the most talented investment managers from across the world and making available to clients a range of investment solutions that meet their current and future needs.

CHIEF EXECUTIVE'S REPORT

CONTINUED

Investment Management continued
Equity income is a proven investment strategy and one which, in an environment of low interest rates and low growth rates, remains of great importance to clients. Whilst the UK has long been an important market for income investors, today there is a much broader universe of companies with a strong dividend culture. With this in mind, alongside some changes we are making to our existing investment strategies later this year, we are introducing a new Worldwide Income Fund managed by Clyde Rossouw of Investec Asset Management, based in Cape Town, South Africa. The new fund will provide additional flexibility for clients seeking alternative sources of income in the current environment.

Over the last ten years we have developed a truly global approach to the management of our client funds, which I believe has served them well and will continue to do so.

The St. James's Place Partnership
In the first half of this year, through the sustained efforts of our business acquisition team, we continued to attract established adviser businesses, often with more than one qualified adviser. We also built on the success of our expanded Academy program and increased our advisory presence in Asia. Our existing Partners too are investing in their own practices by recruiting qualified advisers to work for them, such that our Partner numbers increased by 2.5% to 2,320 and our total qualified adviser capacity grew by 4.7% to 3,259.

I believe that the strong growth in Partner and total adviser numbers bodes well for our continued growth and succession in our Partner businesses.

As we look ahead, I'm confident that we will find additional opportunities for growth in Asia, where our business is developing nicely and in the Discretionary Fund Management market, through our recent acquisition of Rowan Dartington. The range of additional services Rowan Dartington can offer has already been very well received by Partners and clients and since announcing the completion of this acquisition earlier this year, the team of client and Partner facing Investment Executives has increased.

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

The St. James's Place Foundation has always been an important part of the Group's culture and we aim to make a significant difference to the lives of those less fortunate than us. Earlier this year we passed a significant milestone as the total funds raised, through the collective efforts of the whole of our community, including employees, Partners, advisers, suppliers and others connected to SJP, reached in excess of £50 million. All funds raised are distributed to hundreds of charities, with grants ranging from a few thousand pounds to more than £1 million.

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

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.

Without being complacent about the possible consequences of Brexit, the proven strength in our business model and good momentum in our business gives us confidence in our ability to deliver continued growth in line with our objectives. Indeed, I can report that business flows since the Referendum remain in line with those medium term objectives.

David Bellamy
Chief Executive
26 July 2016

CHIEF FINANCIAL OFFICER'S REPORT

The strong business performance we have experienced in recent years has continued in the first half of the year and this is reflected in the financial performance for the period.

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 8 to 27.

The results reflect the underlying strong business performance and the business mix in the period. There were also a number of other drivers impacting the results (all measures impacted unless otherwise stated):

(i) Our required contribution to the Financial Services Compensation Scheme (FSCS) was again at an elevated level, negatively impacting the results by £17.0 million pre-tax (£13.6 million post-tax) compared with a pre-tax £20.0 million (£15.9 million post-tax) for the prior year. This charge is accounted for in full in the first half of the year. We remain hopeful that the elevated levy we have seen over the last two years will return to a more normal level in future.

(ii) We continue to invest in the Academy, our recent acquisitions and other strategic initiatives, with the cost for the current year at £10.0 million pre-tax (£8.7 million post-tax) being higher than last year's £6.0 million pre-tax (£5.2 million post-tax).

(iii) The continuation of our back-office infrastructure investment cost £10.5 million pre-tax (£8.4 million post-tax) for the six months compared with £9.1 million (£7.3 million post-tax) for the prior year.

(iv) As part of a review of our legacy business we are voluntarily reviewing charges on two small cohorts of business: waiving exit charges at the minimum retirement age where they existed on some older pension contracts (written before July 1999); and reassessing risk charges on a reviewable protection contract. The combined impact of these actions is a negative one-off £8.2 million pre-tax (£6.6 million post-tax) on the cash and IFRS results, which rises to £13.6 million pre-tax in the EEV result when the reduction in future charges is also fully capitalised.

(v) (EEV only) In April 2016 the CFO Forum published an amended set of principles for calculating the EEV result following the introduction of Solvency II at the start of 2016. The key change impacting the result for June 2016 is a reduction in the cost of holding a revised level of solvency capital, which has benefitted the EEV operating profit by a one-off £7.5 million pre-tax.

IFRS Result

The **Underlying profit before shareholder tax** was £73.8 million (2015: £72.9 million), whilst the IFRS **Profit before shareholder tax**, which takes account of the amortisation of intangible assets and liabilities, was £60.5 million (2015: £67.0 million).

The results reflect the items noted above, whilst the Profit before shareholder tax in the current period also reflects a £7.4 million increase in the amortisation charge that continues a trend we have noted previously. This amortisation charge is unrelated to the performance of the business and we therefore present the Underlying profit as a useful alternative measure (based upon IFRS) for assessing operating performance.

Cash Result

The **Underlying cash result** for the six months was £94.4 million (2015: £84.9 million), some 11% higher, reflecting the increased annual management fees from the higher funds under management offset by the increase in our investment into the strategic initiatives.

The **Cash result** was £82.5 million (30 June 2015: £81.8 million) reflecting the underlying cash result adjusted for the cost of the back-office infrastructure investment and a number of one-off items including the reviews noted in (iv) above.

Note that the Cash and Underlying cash results should not be confused with the IFRS cashflow statement which is prepared in accordance with IAS 7 and disclosed on page 45.

CHIEF FINANCIAL OFFICER'S REPORT

CONTINUED

Financial Results continued

EEV Result

The EEV New Business Contribution was up 11% during the period at £228.9 million (30 June 2015: £205.9 million). The growth was lower than the gross inflows (+20%) due to the change in business mix.

The Operating Profit for the period was £284.0 million (2015: £265.3 million). The prior year benefitted from a £16.4 million positive experience variance that was not repeated in the current year.

Despite the stock market volatility our investment funds have performed strongly and exceeded the EEV assumption by 6-7% resulting in a positive investment variance of £168.8 million. (2015: £24.1 million).

Total profit before tax for the period was therefore £442.7 million with the positive investment variance explaining most of the increase compared with £289.1 million for the prior year. The net asset value per share on an EEV basis at the end of the period was 791.9 pence (31 December 2015: 737.3 pence).

Dividend

Given the continued strong performance of the business during the period and continued growth in the Underlying cash result, the Board has declared an interim dividend of 12.33p per share, an increase of 15%. The cost of the dividend will be £65.0 million (2015: £56.0 million). We intend to continue to grow the dividend in line with the underlying performance of the business, as previously stated.

Capital & Solvency II

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 20) and with solvency free assets after the dividend considerably in excess of the buffer, our solvency position remains strong. We also provide an estimate of our Solvency II free assets position, which at £851.3 million (after deducting the interim dividend), gives a solvency ratio of 151% and also demonstrates the strength of our covenant.

Concluding Remarks

The business, financials and lead indicators are in good shape.

Whilst the country faces some uncertainty following the Referendum result on 23 June, current business flows remain in line with our medium term objectives.

As noted in the Chief Executive's Report, the proven strength of our business model and good momentum in our business gives us confidence in our ability to deliver continued growth in line with our objectives.

Andrew Croft
Chief Financial Officer
26 July 2016

FINANCIAL REVIEW

The Financial Model

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

The level of income is dependent on the level of client funds and the level of asset values. In addition, since around half of our 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 page 12.

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 11).

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

Profit Measurement

In line with statutory reporting requirements we report profits assessed on an IFRS basis. However, given the long-term nature of the business and the high level of investment in new business generation each year, 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 our statutory IFRS reporting with additional analysis.

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

Secondly, the IFRS methodology promotes recognition of profits in line with the provision of services and so, for long-term business, some of the initial cashflows 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 regulation change in 2013, there was a step change in the progression of these items, which resulted in significant accounting presentation changes despite the fundamentals of our vertically-integrated business remaining unchanged. We therefore present an additional 'non-GAAP' **Underlying profit** measure which is derived from the IFRS result by adjusting for these intangibles. We believe this adjusted IFRS result provides a useful measure of operating performance.

Thirdly, the IFRS methodology recognises other non-cash items such as deferred tax and share options. Since a dividend can only be paid to shareholders from appropriately fungible assets, when determining the level of dividend the principal measures that the Board considers are the **Cash result** and **Underlying cash result** as they best reflect the cash generated by the business.

The Board starts by considering the Underlying cash result, which reflects the impact of the primary drivers of the business (being FUM and expenses as described in Sections 1 and 2). This can be derived from the Underlying profit measure by adjusting tax to reflect a normalised level of current tax, allowing for insurance provisions on an IFRS basis, and allowing for share option costs. The strategic investment in our back-office infrastructure is also excluded when considering the Underlying cash result, but is included in the Cash result, which also reflects actual tax settlements.

FINANCIAL REVIEW

CONTINUED

Profit Measurement continued

The Cash result and Underlying cash result are presented with a breakdown explaining the sources of profit based on the key drivers of the business, with the aim of assisting investors to understand the development of profits. The Board also believes it is useful to understand the contribution to profits from just the in-force business as this reflects the value being generated by the existing business, and so the breakdown identifies the new business impact and makes clear the ongoing contribution from the established business.

Finally, we also present an **Embedded value result**. We believe this is useful for investors seeking to assess the full value of the long-term emergence of shareholder cash returns, since it includes an asset in the valuation reflecting the net present value of the expected future cashflows from the business. This type of presentation is commonly referred to as a 'discounted cashflow' valuation.

Our embedded value has been determined in line with the EEV principles, originally set out by the Chief Financial Officers (CFO) Forum in 2004, and amended for changes to the principles published in April 2016, following the implementation of Solvency II in January 2016.

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

Given the importance of Funds under Management (FUM) to profit generation by the business, we have provided an analysis of the FUM make-up and development in Section 1. Section 2 covers Expenses, which is the other significant driver of profits, with Sections 3–5 reporting on the performance of the business on the IFRS, Cash and EEV result bases, and providing commentary on Solvency and Liquidity.

A Glossary of terms was included in the most recent Annual Report and Accounts, which is available on the website.

Related Party Transactions

The related party transactions during the first six month period are set out in Note 17 to the condensed half year statements.

SECTION 1: FUNDS UNDER MANAGEMENT

During 2016 we have seen gross inflows of funds under management of £5.27 billion (30 June 2015: £4.40 billion), up 20% and a net inflow of £3.07 billion (30 June 2015: £2.67 billion) growth of 15%. This result, combined with the addition of £1.26 billion Rowan Dartington funds under management at the date of acquisition of Rowan Dartington together with a positive investment performance, provided for total funds under management of £65.6 billion.

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

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	1,2	(0.26)	(0.40)	(0.04)	(0.70)
Surrenders and part surrenders	3	(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%	7.4%	7.4%	4.7%

Included within UT/ISA & DFM are gross inflows of £0.17 billion and outflows from regular income withdrawals and maturities of £0.07 billion in relation to the Rowan Dartington Group funds under management.

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

FINANCIAL REVIEW

CONTINUED

SECTION 1: FUNDS UNDER MANAGEMENT continued

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

In addition, there was a further £473 million of funds under management in third party funds within our Asia business.

Twelve Months Ended 31 December 2015	Note	Investment	Pension	UT/ISA	Total
		£'Billion	£'Billion	£'Billion	£'Billion
Opening funds under management		21.14	18.08	12.79	52.01
Gross inflows		2.45	3.66	3.13	9.24
Net investment return		0.19	0.38	0.25	0.82
Regular income withdrawals and maturities	1,2	(0.48)	(0.62)	–	(1.10)
Surrenders and part surrenders	3	(0.78)	(0.64)	(0.94)	(2.36)
Closing funds under management		22.52	20.86	15.23	58.61
Net inflows		1.19	2.40	2.19	5.78
Implied surrender rate as a percentage of average funds under management		3.6%	3.3%	6.7%	4.3%

In addition, there was a further £430 million of funds under management in third party funds within our Asia business.

Notes:

1. **Regular income withdrawals** represent those amounts selected by clients which are paid out by way of periodic income. The withdrawals are anticipated in the calculation of EEV New Business Profit.
2. **Maturities** are those sums paid out where the plan has reached the selected maturity date (e.g. retirement date). The expected maturity date is anticipated in the calculation of EEV New Business Profit.
3. **Surrenders and part surrenders** are those amounts where clients have chosen to withdraw money from their plan. Surrenders are assumed in the calculation of the EEV New Business Profit and the level is based on analysis of actual experience taking into account plan duration and the age of the client. The implied surrender rate shown in the table above is very much a simple average and reflects only recent experience. Whilst it could be compared with the long-term assumptions underlying the calculation of the embedded value, it should not be assumed that small movements in this rate will result in a change to the long term EEV assumptions.

FINANCIAL REVIEW

CONTINUED

SECTION 1: FUNDS UNDER MANAGEMENT continued

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 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 2016 Total**	30 June 2015 Total	31 December 2015 Total
	£'Billion	£'Billion	£'Billion
2009	**–**	1.1	–
2010	**1.2**	2.2	2.0
2011	**2.4**	2.4	2.4
2012	**2.7**	2.8	2.7
2013	**3.8**	3.4	3.7
2014	**4.0**	3.5	3.9
2015	**4.8**	1.7	4.5
2016 Half year	**2.5**	–	–
Total	**21.4**	17.1	19.2

This £21.4 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 £165 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 18, a net cost of £59.0 million (2015: £52.7 million) has been incurred to attract the £5.27 billion of gross new funds (2015: £4.40 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 2016	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
Gross inflows (£'Billion)	**5.27**	4.40	9.24
Post-tax investment in new business (£'Million)	**(59.0)**	(52.7)	(84.2)
Post-tax present value of expected profit from investment (£'Million)	**186.7**	165.3	358.9
Cost of new business (% of new money invested)*	**1.1%**	1.2%	0.9%
New business margin (% of new money invested)	**4.5%**	4.7%	4.8%
Cash payback period (years)	**5**	5	5
Internal rate of return (net of tax)	**21.2%**	23.8%	22.1%

* The investment as a percentage of net inflow of funds under management was 1.9% compared with 2.0% for June 2015. The full year cost is expected to be lower at 1.5% (2015: 1.5%), because the FSCS levy is fully expensed in the first half of the year.

FINANCIAL REVIEW

CONTINUED

SECTION 1: FUNDS UNDER MANAGEMENT continued

Geographical and Segmental Analysis

	30 June 2016	30 June 2015	31 December 2015
	£'Billion	£'Billion	£'Billion
UK Equities	**15.8**	15.7	15.6
North American Equities	**14.0**	11.2	13.1
Fixed Interest	**10.7**	8.1	8.8
European Equities	**7.0**	6.1	6.2
Asia & Pacific Equities	**5.5**	5.1	4.9
Cash	**5.4**	4.5	4.6
Property	**2.3**	1.9	2.2
Alternative Investments	**1.5**	1.1	1.3
Other*	**3.4**	1.8	1.9
Total	**65.6**	55.5	58.6

* Included within Other is £1.35 billion (2015: £nil) in relation to Rowan Dartington Group funds under management.

SECTION 2: EXPENSES

Management Expenses

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

	Note	**6 Months Ended 30 June 2016**	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
		£'Million	£'Million	£'Million
Establishment costs	1	**75.1**	68.6	139.4
Other performance related costs	2	**43.5**	45.3	94.3
Operational development costs	3	**7.0**	7.2	17.3
Strategic development costs	4	**1.9**	1.2	1.9
Academy costs	5	**3.5**	2.5	5.5
Asia costs	6	**3.6**	3.3	7.9
DFM costs	7	**3.7**	–	1.6
Back-office infrastructure development	8	**10.5**	9.1	18.1
Regulatory fees	9	**3.9**	3.4	7.5
FSCS levy	9	**17.0**	20.0	20.1
		169.7	160.6	313.6

Notes

1. Establishment costs are the running costs of the Group's infrastructure and are relatively fixed in nature in the short term, although they are subject to inflationary increases. These costs will increase as the infrastructure expands to manage the higher number of existing clients, the growing number of advisers and increasing business volumes.
   As indicated at the time of our 2015 results, we anticipate the full year growth in these expenses will be some 11% as we are expanding our presence in London during 2016.
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.
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.
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. Full year costs are expected to be some £7.5 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 ex-pat market. Costs reflect both the ongoing operational costs, but also the development costs associated with growing these businesses to achieve sustainable scale.
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 these ambitions.
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 system in 2015, the focus in 2016 is the launch of a new retirement account with the eventual aim being to migrate pension and drawdown business onto the new system. We anticipate a similar level of costs for the remainder of the year.
9. The costs of operating in a regulated sector include fees charged by the regulators and our contribution to the Financial Services Compensation Scheme. 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 sector businesses 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.

FINANCIAL REVIEW

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SECTION 2: EXPENSES continued

Group Expenses

The table below provides a reconciliation from the management expenses above to the total Group expenses included in the Consolidated Statement of Comprehensive Income on page 41.

	Note	**6 Months Ended 30 June 2016**	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
		£'Million	£'Million	£'Million
Expenses per table above		**169.7**	160.6	313.6
Partner remuneration	10	**276.6**	250.5	518.5
Investment expenses	10, 11	**30.2**	76.5	143.5
Third party administration	10, 12	**34.8**	25.9	56.6
Acquired IFA operating costs		**1.5**	1.5	3.0
Amortisation and revaluation of DAC, PVIF and Renewal Income Assets		**35.5**	39.4	76.0
Share option costs		**7.5**	5.6	15.7
Share option NI		**–**	2.0	3.4
Interest expense and bank charges		**3.9**	1.8	6.0
Charitable donations		**1.9**	1.2	3.5
Other		**6.7**	3.1	10.3
		398.6	407.5	836.5
Total expenses		**568.3**	568.1	1,150.1

Notes

10. These costs are met from corresponding policy margins and any variation in them from changes in the volumes of new business or the level of the stock markets does not directly impact the profitability of the Group.
11. In October 2015 in preparation for migration of business to the Bluedoor platform we rationalised our funds so that Investment expenses of all unit trusts are charged directly to the trust rather than some being settled by the manager or life company. As a result, the Investment expenses for most funds are no longer consolidated in the accounts, but neither is the equal and offsetting fee, resulting in a neutral profit impact overall (and a neutral impact on clients).
12. In November 2015, as a result of the migration of business to the Bluedoor platform and as noted last time, the business moved to a new administration tariff with IFDS. The ultimate impact of this change will be a significant reduction in the cost of administration, but some administration costs which were previously charged to the trusts are now being treated as expenses, with a corresponding offsetting increase in fee income; again a neutral impact overall. As a result, the Third Party Administration costs reported in 2016 will increase by c.10% in addition to the growth in business. The rate of growth in costs in future years will then be slower than business growth, allowing the expected future saving to emerge.

FINANCIAL REVIEW

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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 CFO's report, the results reflect the underlying strong business performance and the business mix in the period, but also a number of other drivers including: the FSCS levy; continued investment in the Academy, recent acquisitions and other strategic initiatives, as well as our back-office infrastructure; and costs of reviewing charges in two small cohorts of legacy business.

	6 Months Ended 30 June 2016		6 Months Ended 30 June 2015		12 Months Ended 31 December 2015	
	Before Shareholder Tax	**After Tax**	Before Shareholder Tax	After Tax	Before Shareholder Tax	After Tax
	£'Million	**£'Million**	£'Million	£'Million	£'Million	£'Million
Underlying cash	**105.4**	**94.4**	89.8	84.9	197.0	182.1
Share options	**(7.5)**	**(7.5)**	(5.6)	(5.6)	(15.7)	(15.0)
Deferred tax impacts	**–**	**(12.4)**	–	(18.5)	–	52.1
Insurance reserves	**(1.3)**	**(1.0)**	1.5	1.5	(1.8)	(1.8)
Back-office infrastructure	**(10.5)**	**(8.4)**	(9.1)	(7.3)	(18.1)	(14.4)
Variance	**(12.3)**	**(6.0)**	(3.7)	4.2	2.3	3.8
Underlying profit	**73.8**	**59.1**	72.9	59.2	163.7	206.8
DAC/DIR/PVIF	**(13.3)**	**(10.7)**	(5.9)	(5.1)	(12.4)	(4.8)
IFRS profit	**60.5**	**48.4**	67.0	54.1	151.3	202.0

	6 Months Ended 30 June 2016	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	Pence	Pence	Pence
IFRS basic earnings per share	**9.3**	10.4	38.9
IFRS diluted earnings per share	**9.2**	10.3	38.5
Underlying basic earnings per share	**11.3**	11.5	39.8
Underlying diluted earnings per share	**11.2**	11.3	39.4
Underlying cash basic earnings per share	**18.1**	16.5	34.6
Underlying cash diluted earnings per share	**17.9**	16.3	34.2

Underlying Profit before Shareholder Tax

The result for the six months was £73.8 million (30 June 2015: £72.9 million). A breakdown by segment of the Underlying profit is provided in the following table:

	6 Months Ended 30 June 2016	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	£'Million	£'Million	£'Million
Life business	**72.9**	87.3	174.2
Unit Trust business	**49.2**	30.9	70.7
Funds Management business	**122.1**	118.2	244.9
Distribution business	**(19.2)**	(23.5)	(21.2)
Back-office infrastructure development	**(10.5)**	(9.1)	(18.1)
Other	**(18.6)**	(12.7)	(41.9)
Underlying profit before shareholder tax	**73.8**	72.9	163.7

FINANCIAL REVIEW

CONTINUED

SECTION 3: INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) continued

Funds Management

The increase in profit in the period by 3% to £122.1 million (30 June 2015: £118.2 million) principally reflects higher income from funds under management albeit offset by costs of reviewing charges in two small cohorts of legacy business. The change in split of the profit between Life and Unit Trust business reflects an internal reallocation of overhead expenses.

Distribution Business

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

The result reflects the increase in new business, but offset by continued investment in our recent Asia acquisition as well as another elevated FSCS levy of £17.0 million (30 June 2015: £20.0 million). Excluding these effects the core Distribution activity would have made a small loss of £0.5 million (30 June 2015: £1.6 million loss).

Back-office Infrastructure Development

As noted on page 12 the investment during the period in the back-office development project (known as Bluedoor) was £10.5 million (2015: £9.1 million).

Other

Other operations made a negative contribution of £18.6 million (30 June 2015: loss of £12.7 million).

The result reflects our continued investment in the business, including the Academy costs of £3.5 million (30 June 2015: £2.5 million) and other investment in developments of £5.2 million (30 June 2015: £3.7 million) (see Section 2 on page 12 for more detail on these expenses).

Also reflected is the cost of expensing share options of £7.5 million (30 June 2015: £5.6 million), which includes the cost of the new Partner share scheme launched in 2015.

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 Notes 10 and 14 on pages 59 and 60.

	6 Months Ended 30 June 2016		6 Months Ended 30 June 2015		12 Months Ended 31 December 2015	
	Before Shareholder Tax	**After Tax**	Before Shareholder Tax	After Tax	Before Shareholder Tax	After Tax
	£'Million	**£'Million**	£'Million	£'Million	£'Million	£'Million
Amortisation	**(3.4)**	**(2.6)**	6.2	5.0	12.4	15.8
Arising on new business	**(9.9)**	**(8.1)**	(12.1)	(10.1)	(24.8)	(20.6)
Movement in year	**(13.3)**	**(10.7)**	(5.9)	(5.1)	(12.4)	(4.8)

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

The net impact of amortisation of the accumulated balances of DAC and PVIF assets, and DIR liability, reduced again during the period, turning negative for the first time. We expect it will become more negative over the next few years before levelling out and eventually reversing. By contrast, the new business addition amount is expected to move in line with new business growth.

It is important to note the intangible and deferred nature of these items, meaning that they 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.

FINANCIAL REVIEW

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SECTION 3: INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) continued

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 5 to the condensed half year financial statements.

	6 Months Ended 30 June 2016	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	£'Million	£'Million	£'Million
Expected shareholder tax	**(11.7)**	(12.7)	(29.2)
Recognition of capital losses	**1.5**	–	74.8
Other tax adjustments	**(1.9)**	(0.2)	0.6
Corporation tax rate change	**–**	–	4.5
Actual shareholder tax	**(12.1)**	(12.9)	50.7
Expected shareholder tax rate	**19.3%**	19.0%	19.3%
Actual shareholder tax rate	**20.0%**	19.3%	(33.5%)

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 a small reassessment in the value of capital losses of £1.5 million in the period (30 June 2015: £nil) and the combined negative impact of a number of other small tax adjustments was £1.9 million (30 June 2015: £0.2 million).

The overall impact of these effects was to decrease the tax charge on an IFRS basis to £12.1 million at 30 June 2016 (30 June 2015: £12.9 million).

In the Budget of 18 March 2016, the Chancellor announced a future tax reduction to 17% from 18% effective from 1 April 2020. We estimate that this reduction in rate will reduce our net deferred tax asset by around £1 million. This will be recognised when the change in rate is substantively enacted.

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 2016	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	£'Million	£'Million	£'Million
IFRS profit before tax	**97.0**	103.7	174.1
Policyholder tax	**(36.5)**	(36.7)	(22.8)
Profit before shareholder tax	**60.5**	67.0	151.3
Shareholder tax	**(12.1)**	(12.9)	50.7
IFRS profit after tax	**48.4**	54.1	202.0

The **Profit before shareholder tax** for the six months was £60.5 million (30 June 2015: £67.0 million). The impact of the negative contribution from the net movement in DAC/DIR/PVIF intangibles was a major contributor to the lower Profit before shareholder tax result in the current period.

Both the **IFRS profit before tax** and the **IFRS profit after** tax results reduced between the two periods, reflecting the same drivers underlying the reduction in Profit before shareholder tax. The lower level of profit also resulted in a small reduction in the level of Shareholder tax. As noted elsewhere, the level of Policyholder tax is unrelated to the performance of the business and more related to investment performance, but nevertheless the charges were also similar in each year.

FINANCIAL REVIEW

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SECTION 3: INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) 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 2016	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	£'Million	£'Million	£'Million
Purchased value of in-force*	**26.1**	28.2	27.4
Deferred acquisition costs*	**603.3**	643.4	627.2
Deferred income*	**(353.0)**	(383.6)	(368.3)
Other IFRS net assets	**11.8**	2.7	7.7
Solvency II net assets	**772.3**	700.1	801.1
Total IFRS net assets	**1,060.5**	990.8	1,095.1

* net of deferred tax

	6 Months Ended 30 June 2016	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	Pence	Pence	Pence
Net asset value per share	**201.2**	189.3	208.7

SECTION 4: CASH RESULT, SOLVENCY AND LIQUIDITY

The Cash and Underlying cash results should not be confused with the IFRS cashflow statement which is prepared in accordance with IAS 7 and disclosed on page 45.

This section now brings together our reporting on the Cash result, Solvency II net assets, and our solvency in line with the approach we outlined at the year end. Following the introduction of Solvency II at the start of 2016, the Cash result has been adjusted to remove the impact of Solvency I reserves, and now reflects the movement in the Solvency II net assets during the period adjusted for movements in non-cash items (see page 22). The Cash result for the prior year reflected the Solvency I reserves as that was the regulatory regime at the time.

The Cash result and Underlying cash result are the principal measures the Board considers when determining the dividend payment to shareholders. The Board starts by considering the Underlying cash result, which reflects the impact of the primary drivers of the business (being FUM and expenses as described in Sections 1 and 2). This can be derived from the Underlying profit measure by adjusting tax to reflect a normalised level of current tax, allowing for insurance provisions on an IFRS basis, and allowing for share option costs. The strategic investment in our back-office infrastructure is also excluded when considering the Underlying cash result, but is included in the Cash result, which also reflects actual tax settlements.

The Cash result and Underlying cash result, which are presented after tax, are 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 tables and commentary below provide an indicative analysis of the Cash result into these two elements:

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SECTION 4: CASH RESULT, SOLVENCY AND LIQUIDITY 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	8			**(8.4)**
Variance	9			**(3.5)**
Cash result				**82.5**

Six Months Ended 30 June 2015	Note	In-Force	New Business	Total
		£'Million	£'Million	£'Million
Operational				
Net annual management fee	1	206.6	8.6	215.2
Reduction in fees in gestation period	1	(75.4)	(4.8)	(80.2)
Net income from funds under management	1	131.2	3.8	135.0
Margin arising from new business	2	–	20.5	20.5
Establishment expenses	3	(5.4)	(49.3)	(54.7)
Operational development expenses	3	–	(5.8)	(5.8)
Regulatory fees	3	(0.2)	(2.4)	(2.6)
FSCS levy	3	(1.6)	(14.3)	(15.9)
Shareholder interest	4	3.7	–	3.7
Tax relief from capital losses	5	8.3	–	8.3
Miscellaneous	6	1.6	–	1.6
Operating cash result		137.6	(47.5)	90.1
Investment				
Academy	7	–	(2.0)	(2.0)
Asia	7	–	(2.3)	(2.3)
Strategic development costs	7	–	(0.9)	(0.9)
Underlying cash result		137.6	(52.7)	84.9
Back-office infrastructure development	8			(7.3)
Variance	9			4.2
Cash result				81.8

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SECTION 4: CASH RESULT, SOLVENCY AND LIQUIDITY continued

Year Ended 31 December 2015	Note	In-Force	New Business	Total
		£'Million	£'Million	£'Million
Operational				
Net annual management fee	1	406.7	33.5	440.2
Reduction in fees in gestation period	1	(143.1)	(18.5)	(161.6)
Net income from funds under management	1	263.6	15.0	278.6
Margin arising from new business	2	–	47.8	47.8
Establishment expenses	3	(11.1)	(100.2)	(111.3)
Operational development expenses	3	–	(13.8)	(13.8)
Regulatory fees	3	(0.6)	(5.2)	(5.8)
FSCS levy	3	(1.6)	(14.3)	(15.9)
Shareholder interest	4	8.6	–	8.6
Tax relief from capital losses	5	12.1	–	12.1
Miscellaneous	6	(4.7)	–	(4.7)
Operating cash result		266.3	(70.7)	195.6
Investment				
Academy	7	–	(4.4)	(4.4)
Asia	7	–	(6.3)	(6.3)
DFM	7	–	(1.3)	(1.3)
Strategic development costs	7	–	(1.5)	(1.5)
Underlying cash result		266.3	(84.2)	182.1
Back-office infrastructure development	8			(14.4)
Variance	9			3.8
Cash result				171.5

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 (2015: 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.
   The overall result is the Net income from funds under management, which was some 10% higher than the same period in 2015, reflecting the higher average funds under management in the period.
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 business. The movement year on year will reflect growth in gross inflows, but also mix of business.
3. Expenses: These reflect the expenses of running the Group and more detail is provided in the table on page 12. In line with the rest of this table they are presented after allowance for tax.
4. Shareholder interest arising from regulated and non-regulated business: This is the assumed income accruing on the investments and cash held for regulatory purposes together with the interest received on the surplus capital held by the Group.
5. Utilisation of capital losses: In recent years, a deferred tax asset has been established for historic capital losses which are now regarded as being capable of utilisation over the medium term.
   Utilisation in the period was slightly ahead of our expected level of £4-5 million for a six month period.
6. Miscellaneous: This represents the cashflow 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. Investment: The result for each of these initiatives reflects the operational expenses to support growth, but offset by any non-SJP fees not reflected elsewhere in the analysis and is presented after allowance for tax.
8. Back-office infrastructure development: These costs relate to a major project seeking to combine our back-offices under one management team and to put in place one unified, client centric administration system, enabling them to deliver improved service and improved efficiency for the business.
9. Variance: This reflects variances in the settlement of tax related liabilities between the policyholders (unit-linked funds), the shareholder and HMRC; the £6.6 million negative one-off cost of reviewing charges in two small cohorts of legacy business; and a number of other small positive and negative one-off items.

FINANCIAL REVIEW

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SECTION 4: CASH RESULT, SOLVENCY AND LIQUIDITY continued

Solvency

St. James's Place is a relatively 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 affect 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. This ensures we are able to meet client liabilities at all times, but also allows for a prudent Management solvency buffer (MSB) as protection against other risks. We have assessed the MSB for our Life business as £150 million, having taken 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). We will also continue to hold capital within the Group in respect of the other regulated (but non-insurance) companies, based on at least 150% of the regulatory requirement.

30 June 2016	Life	Other Regulated	Other	Total
	£'Million	£'Million	£'Million	£'Million
Solvency II net assets	466.4	106.1	199.8	772.3
Proposed interim 2016 dividend			(65.0)	(65.0)
Solvency II net assets after dividend	**466.4**	**106.1**	**134.8**	**707.3**
Management Solvency Buffer (MSB)	150.0	64.6		214.6
Management solvency ratio	311%	164%		330%

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 £168.3 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.

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FINANCIAL REVIEW

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SECTION 4: CASH RESULT, SOLVENCY AND LIQUIDITY continued

Solvency II Net Assets

In addition to presenting an IFRS balance sheet (on page 44) and an EEV balance sheet (on page 33), we believe it is beneficial to provide a balance sheet reflecting our approach to managing solvency based on Solvency II net assets. This is based on the IFRS balance sheet, but with adjustments made to accounting assets and liabilities to reflect the Solvency II regulations. Provision for insurance liabilities is set equal to the associated unit liabilities. The following table presents the balance sheet netting out the policyholder interest in unit-linked assets and liabilities and adjusting for changes required by the Solvency II valuation regulations.

30 June 2016	IFRS Balance Sheet	Adj 1	Adj 2	Solvency II Net Assets Balance Sheet	Solvency II Net Assets Balance Sheet 30 June 2015	Solvency II Net Assets Balance Sheet 31 December 2015
	£'Million	£'Million	£'Million	£'Million	£'Million	£'Million
Assets						
Goodwill	21.2		(21.2)	–	–	–
Deferred acquisition costs	713.2		(713.2)	–	–	–
Acquired value of in-force business	32.0		(32.0)	–	–	–
Developments	3.1		(3.1)	–	–	–
Property and equipment	8.9			8.9	6.4	8.0
Deferred tax assets	212.7		(44.4)	168.3	112.1	179.2
Investment property	1,345.9	(1,345.9)		–	–	–
Equities	40,747.1	(40,747.1)		–	–	–
Fixed income securities	10,558.1	(10,501.2)		56.9	82.5	83.1
Investment in Collective Investment Schemes	3,520.9	(2,997.6)		523.3	603.3	531.0
Derivative financial instruments	706.1	(706.1)		–	–	–
Reinsurance assets	93.5		(84.8)	8.7	8.5	8.6
Insurance & investment contract receivables	74.9			74.9	92.9	76.2
Other receivables	1,453.5	(935.1)	(0.8)	517.6	380.1	415.3
Cash & cash equivalents	6,412.1	(6,150.1)		262.0	315.1	233.5
Total assets	**65,903.2**	**(63,383.1)**	**(899.5)**	**1,620.6**	**1,600.9**	**1,534.9**
Liabilities						
Insurance contract liabilities	488.1	(384.3)	(86.5)	17.3	16.7	10.0
Other provisions	16.4			16.4	11.9	15.4
Investment contracts	46,605.2	(46,547.8)		57.4	57.3	44.3
Borrowings	181.8			181.8	82.1	181.8
Derivative financial instruments	847.7	(847.7)		–	–	–
Deferred tax liabilities	407.5	(66.1)	(128.7)	212.7	227.1	206.2
Insurance & investment contract payables	65.5			65.5	50.3	45.9
Deferred income	396.1		(396.1)	–	–	–
Income tax liabilities	50.4			50.4	69.5	29.6
Other payables	1,040.4	(793.7)		246.7	385.8	200.5
NAV attributable to unit holders	14,743.5	(14,743.5)		–	–	–
Preference shares	0.1			0.1	0.1	0.1
Total liabilities	**64,842.7**	**(63,383.1)**	**(611.3)**	**848.3**	**900.8**	**733.8**
Net assets	**1,060.5**	**–**	**(288.2)**	**772.3**	**700.1**	**801.1**

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 deferred tax

FINANCIAL REVIEW

CONTINUED

SECTION 4: CASH RESULT, SOLVENCY AND LIQUIDITY continued

Solvency II Net Assets continued

The movement in the Solvency II net assets is equal to the Cash result adjusted for changes in non-cash items such as deferred tax assets and goodwill as well as changes in equity such as dividends paid in the year (see page 43 – Consolidated Statement of Changes in Equity).

	6 Months Ended 30 June 2016	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015*
	£'Million	£'Million	£'Million
Opening Solvency II Net Assets	**801.1**	708.7	708.7
Dividend paid in period	**(90.4)**	(74.8)	(130.8)
Issue of share capital and exercise of options	**5.4**	6.4	11.8
Consideration paid for own shares	**(5.5)**	(10.0)	(12.8)
Change in deferred tax	**(10.9)**	(15.3)	52.7
Change in goodwill, and other Solvency II adjustments	**(9.9)**	3.3	-
Cash result	**82.5**	81.8	171.5
Closing Solvency II Net Assets	**772.3**	700.1	801.1

* The Solvency II net assets disclosed at 31 December 2015 were adjusted for submission to the regulator.

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 cashflows (VIF) and a Risk Margin (RM) reflecting the cost to secure the transfer of the business to a third party, if required. 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 2016	**Life**	**Other Regulated**	**Other**	**Total**
	£'Million	**£'Million**	**£'Million**	**£'Million**
Solvency II net assets after dividend	466.4	106.1	134.8	707.3
Value of in-force (VIF) (estimated)	2,499.3	–	–	2,499.3
Risk Margin (estimated)	(679.2)	–	–	(679.2)
Own Funds (A) (estimated)	**2,286.5**	**106.1**	**134.8**	**2,527.4**
Solvency capital requirement (B) (estimated)	(1,643.8)	(32.3)		(1,676.1)
Solvency II free assets (estimated)	**642.7**	**73.8**	**134.8**	**851.3**
Solvency ratio (A/B) (estimated)				151%

The solvency ratio before taking account of the final dividend is 155% at the period end.

FINANCIAL REVIEW

CONTINUED

SECTION 4: CASH RESULT, SOLVENCY AND LIQUIDITY continued

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 is provided below:

Holding Name	£'Million	£'Million
Government bonds		
5.8% UK Treasury 26/07/2016	11.3	
4% UK Treasury 07/09/2016	41.4	
3.75% Singapore Government Bonds 01/09/2016	4.2	
		56.9
AAA rated money market funds		
BlackRock	94.4	
Goldman Sachs	74.6	
HSBC	74.1	
Insight	80.5	
JP Morgan	62.6	
Legal & General	70.8	
Royal Bank of Scotland	5.0	
Scottish Widows	61.3	
		523.3
Bank balances		
Bank of Scotland	29.6	
Barclays	80.8	
HSBC	48.8	
Lloyds TSB	38.1	
NatWest	3.9	
RBS	2.4	
Santander	25.9	
Metro	23.5	
Others	9.0	
		262.0
Total		**842.2**

In the normal course of business, the Company is expected to generate regular, positive cashflow from annual management income exceeding expenses. As noted previously, future growth in cashflow 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 will be payment of the Group dividend 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.

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FINANCIAL REVIEW

CONTINUED

SECTION 5: EUROPEAN EMBEDDED VALUE (EEV)

Life business and Wealth Management business differ from most other businesses, in that the expected shareholder income from the sale of a product emerges over a long period in the future. We therefore complement the IFRS and Cash results by providing additional disclosure on an Embedded Value basis, which brings into account the net present value of the expected future cashflows, as we believe that a measure of total economic value of the Group's operating performance is useful to investors.

Following the introduction of Solvency II in January 2016, the CFO Forum published an amended set of principles in April 2016. The key change implemented in our results for June 2016 is to reflect a reduction in the cost of holding a revised level of solvency capital, moving from assuming 100% of Solvency I capital requirement to reflecting our new approach to capital management for the Group, based on holding a Management Solvency Buffer of £150 million over the unit-linked liabilities for our Life businesses.

The table below and accompanying notes summarise the profit before tax of the combined business. The detailed result is shown on pages 31 to 38.

	6 Months Ended 30 June 2016	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	£'Million	£'Million	£'Million
Life business	**208.5**	210.4	467.0
Unit Trust business	**123.8**	100.2	274.4
Funds Management business	**332.3**	310.6	741.4
Distribution business	**(19.2)**	(23.5)	(21.2)
Back-office infrastructure development	**(10.5)**	(9.1)	(18.1)
Other	**(18.6)**	(12.7)	(41.9)
EEV operating profit	**284.0**	265.3	660.2
Investment return variance	**168.8**	24.1	(24.4)
Economic assumption changes	**(10.1)**	(0.3)	0.9
EEV profit before tax	**442.7**	289.1	636.7
Tax	**(82.5)**	(55.2)	(116.5)
Corporation tax rate change	**28.8**	–	47.8
EEV profit after tax	**389.0**	233.9	568.0

	6 Months Ended 30 June 2016	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	Pence	Pence	Pence
EEV operating profit basic earnings per share	**44.3**	41.5	103.9
EEV operating profit diluted earnings per share	**43.9**	41.0	102.8

FINANCIAL REVIEW

CONTINUED

SECTION 5: EUROPEAN EMBEDDED VALUE (EEV) continued

Funds Management Business

An analysis of the combined Life and Unit Trust business result is shown below with a more detailed breakdown provided on pages 35 and 36:

	6 Months Ended 30 June 2016	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	£'Million	£'Million	£'Million
New business contribution	**228.9**	205.9	440.7
Profit from existing business			
– unwind of the discount rate	**98.8**	85.9	172.4
– experience variance	**1.7**	16.4	78.1
– operating assumption change	**–**	–	44.1
Investment income	**2.9**	2.4	6.1
	332.3	310.6	741.4

The **new business contribution** for the six months at £228.9 million (30 June 2015: £205.9 million) was some 11% higher than the prior year reflecting the increase in new business. Whilst the growth in gross inflows was higher, at 20%, the shift in business mix towards lower margin pensions impacted the growth in the new business margin.

Further detail on the new business margin is provided on page 26.

The **unwind of the discount rate** for the six months was £98.8 million (30 June 2015: £85.9 million), principally reflecting the higher opening value of in-force business as the discount rate, which is based on the risk free rate set by reference to the yield on a UK 10 year gilt at the start of each year was largely unchanged at 5.2% for the current year compared with 5.0% for the prior year.

The **experience variance** in the six month period was £1.7 million (30 June 2015: £16.4 million), reflecting: the positive £7.5 million impact from the reduction in cost of holding a revised level of solvency capital in the business following the implementation of Solvency II; the £13.6 million cost of reviewing charges in two small cohorts of legacy business; and a number of other small positives and negatives. The variance was also lower compared to previous years because actual pension experience is now more closely in line with expectations, following the change in retention assumptions noted at the year end.

There was no change made to the **operating assumptions** (30 June 2015: £nil).

The **investment income** for the six months was marginally higher at £2.9 million (30 June 2015: £2.4 million).

Distribution Business, Back-office Infrastructure 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 6-7% higher than the assumed investment return during the period, resulting in a positive investment return variance of £168.8 million (30 June 2015: £24.1 million).

Economic Assumption Changes

There was a small negative variance of £10.1 million arising from changes in the economic basis adopted at the period end (30 June 2015: £0.3 million negative).

EEV Profit before Tax

The total profit before tax for the six months at £442.7 million was considerably higher than the 30 June 2015 figure of £289.1 million, principally due to the impact of good investment performance in our funds.

FINANCIAL REVIEW

CONTINUED

SECTION 5: EUROPEAN EMBEDDED VALUE (EEV) continued

Tax

The increase in the tax charge to £82.5 million (30 June 2015: £55.2 million) reflected the higher profit before tax.

In the Budget of 18 March 2016, the Chancellor announced a future tax reduction to 17% from 18% effective from 1 April 2020 and this reduction has been reflected in the EEV calculation at the half year, resulting in a benefit of £28.8 million.

EEV Profit after Tax

The EEV profit after tax was £389.0 million (30 June 2015: £233.9 million) reflecting the movement in EEV profit before tax.

New Business Margin

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

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

	6 Months Ended 30 June 2016	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
Life business			
Investment			
New business contribution (£'Million)	**49.3**	65.7	124.9
New money invested (£'Million)	**1,039.0**	1,226.5	2,447.0
Margin (%)	**4.7**	5.4	5.1
Pension			
New business contribution (£'Million)	**85.4**	57.9	140.6
New money invested (£'Million)	**2,407.8**	1,582.9	3,660.9
Margin (%)	**3.5**	3.7	3.8
Unit Trust business			
New business contribution (£'Million)	**94.2**	82.3	175.2
New money invested (£'Million)	**1,660.4**	1,590.6	3,129.9
Margin (%)	**5.7**	5.2	5.6
Total business			
New business contribution (£'Million)	**228.9**	205.9	440.7
New money invested* (£'Million)	**5,107.2**	4,400.0	9,237.8
Margin (%)	**4.5**	4.7	4.8
Post-tax margin (%)	**3.7**	3.9	3.9

* Excludes DFM

The overall margin for the period was lower at 4.5% (2015: 4.7%) principally impacted by the change in business mix towards lower margin Pensions, but also by a change in Investment business mix to larger investment lower margin cases and business written in our new operations in Asia.

FINANCIAL REVIEW

CONTINUED

SECTION 5: EUROPEAN EMBEDDED VALUE (EEV) continued

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 2016	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	£'Million	£'Million	£'Million
Value of in-force			
– Life	**2,531.2**	2,204.7	2,279.5
– Unit Trust	**870.7**	672.9	787.6
Solvency net assets	**772.3**	700.1	801.1
Total embedded value	**4,174.2**	3,577.7	3,868.2

	6 Months Ended 30 June 2016	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	Pence	Pence	Pence
Net asset value per share	**791.9**	683.7	737.3

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 43 to 47 of the 2015 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 2015 Annual Report and Accounts, but we note the impact of the EU Referendum result in increasing uncertainty in areas of the economy and society in the short, and possibly medium term. At this stage, we don't believe this heightened level of uncertainty should adversely impact our business, which has demonstrated its resilience, not least during the turbulent times during the last decade. 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

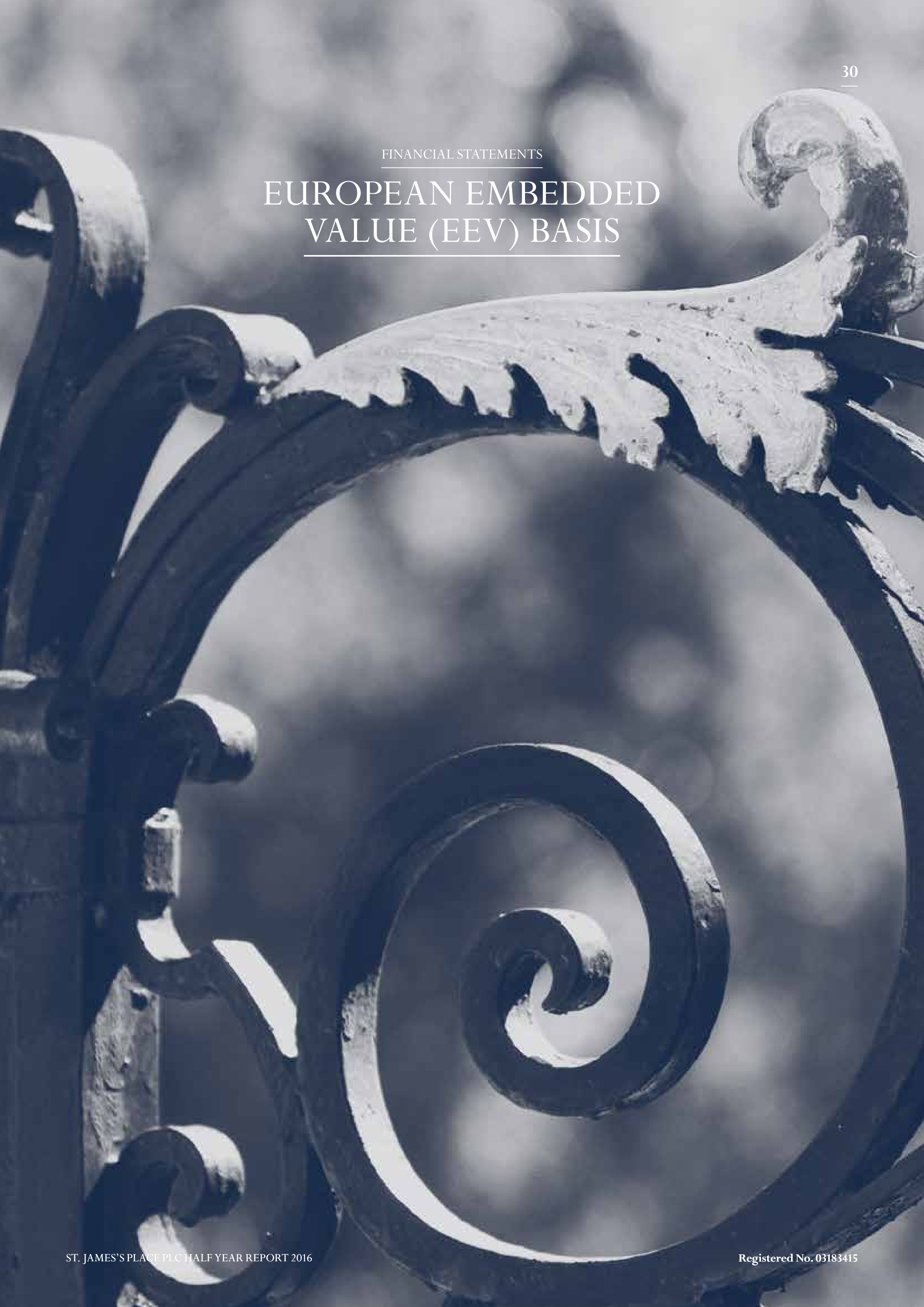
Risk/uncertainty	Description
Client proposition	Clients invariably rely on members of the St. James's Place Partnership for the provision of initial and ongoing advice. Failures in the quality of service provided, and in particular any advice failings, could lead to redress costs, reputational damage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

PRINCIPAL RISKS AND UNCERTAINTIES

CONTINUED

Financial Risks

Financial risk	Description
Market Risk – Loss of Annual Management Charge (AMC) income	A reduction in funds may arise from market shocks, poor market performance, currency movements or a widening of credit spreads. This would reduce future AMC income, and hence future profits. It may also result in I-E tax inefficiency for SJPUK plc, as the value of deferred tax assets depends on having sufficient levels of future investment income to provide relief for the expenses. Shareholder assets may be used to seed new funds, leading to direct exposure to market movements for short periods after the launch of new funds.
Insurance risk	A reduction in funds under management owing to poor persistency 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

EUROPEAN EMBEDDED VALUE (EEV) BASIS

CONSOLIDATED STATEMENT OF INCOME

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

	Note	**6 Months Ended 30 June 2016**	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
		£'Million	£'Million	£'Million
Life business		**208.5**	210.4	467.0
Unit Trust business		**123.8**	100.2	274.4
Distribution business		**(19.2)**	(23.5)	(21.2)
Other		**(29.1)**	(21.8)	(60.0)
EEV operating profit		**284.0**	265.3	660.2
Investment return variances		**168.8**	24.1	(24.4)
Economic assumption changes		**(10.1)**	(0.3)	0.9
EEV profit before tax		**442.7**	289.1	636.7
Tax				
Life business		**(63.9)**	(44.4)	(82.2)
Unit Trust business		**(26.5)**	(21.6)	(51.7)
Distribution business		**3.3**	4.3	3.1
Other		**4.6**	6.5	14.3
Corporation tax rate change		**28.8**	–	47.8
		(53.7)	(55.2)	(68.7)
EEV profit after tax		**389.0**	233.9	568.0
EEV profit attributable to non-controlling interests		**0.2**	(0.1)	(0.3)
EEV profit attributable to equity share holders		**388.8**	234.0	568.3
EEV profit on ordinary activities after tax		**389.0**	233.9	568.0
		Pence	Pence	Pence
Basic earnings per share	V	**74.6**	45.2	109.4
Diluted earnings per share	V	**73.9**	44.6	108.3
Operating profit basic earnings per share	V	**44.3**	41.5	103.9
Operating profit diluted earnings per share	V	**43.9**	41.0	102.8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	6 Months Ended 30 June 2016	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	£'Million	£'Million	£'Million
Opening equity on an EEV basis	**3,868.2**	3,417.2	3,417.2
Post-tax profit for the period	**389.0**	233.9	568.0
Issue of share capital	**5.3**	6.3	11.7
Retained earnings credit in respect of share option charges	**7.5**	5.0	14.8
Retained earnings credit in respect of proceeds from exercise of share options of shares held in trust	**–**	0.1	0.1
Acquired miscellaneous reserves	**0.1**	–	–
Dividends paid	**(90.4)**	(74.8)	(130.8)
Consideration paid for own shares	**(5.5)**	(10.0)	(12.8)
Closing equity on an EEV basis	**4,174.2**	3,577.7	3,868.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2016	30 June 2015	31 December 2015
	£'Million	£'Million	£'Million
Assets			
Goodwill	**21.2**	10.1	10.1
Intangible assets			
– Deferred acquisition costs	**713.2**	777.7	745.0
– Value of long-term business in-force			
– long-term insurance	**2,269.1**	1,942.2	2,012.9
– unit trusts	**870.7**	672.9	787.6
– Computer software	**3.1**	6.0	4.3
	3,877.3	3,408.9	3,559.9
Property and equipment	**8.9**	6.4	8.0
Deferred tax assets	**212.7**	165.3	225.9
Investment property	**1,345.9**	1,190.7	1,344.9
Investments	**55,532.2**	47,366.4	50,528.5
Reinsurance assets	**93.5**	84.6	85.0
Insurance and investment contract receivables	**74.9**	92.9	76.2
Other receivables	**1,453.5**	823.9	891.0
Cash and cash equivalents	**6,412.1**	5,489.3	5,325.1
Total assets	**69,011.0**	58,628.4	62,044.5
Liabilities			
Insurance contract liability provisions	**488.1**	489.5	463.5
Other provisions	**16.4**	11.9	15.4
Financial liabilities	**47,634.7**	41,329.8	43,562.7
Deferred tax liabilities	**401.6**	448.7	428.4
Insurance and investment contract payables	**65.5**	50.3	45.9
Deferred income	**396.1**	436.7	413.5
Income tax liabilities	**50.4**	69.5	29.6
Other payables	**1,040.4**	708.6	660.8
Net asset value attributable to unit holders	**14,743.5**	11,505.6	12,556.4
Preference shares	**0.1**	0.1	0.1
Total liabilities	**64,836.8**	55,050.7	58,176.3
Net assets	**4,174.2**	3,577.7	3,868.2
Shareholders' equity			
Share capital	**79.1**	78.5	78.7
Share premium	**163.2**	153.1	158.3
Treasury shares reserve	**(21.0)**	(15.8)	(18.5)
Miscellaneous reserves	**2.4**	2.3	2.3
Retained earnings	**3,950.5**	3,359.6	3,647.4
Total shareholders' equity on an EEV basis	**4,174.2**	3,577.7	3,868.2
	Pence	Pence	Pence
Net assets per share	**791.9**	683.7	737.3

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NOTES TO THE EEV BASIS RESULTS

I. BASIS OF PREPARATION

The interim supplementary information on pages 31 to 38 shows the Group's results for the six months ended 30 June 2016 as measured on a European Embedded Value (EEV) basis. For interim reporting purposes, the disclosure has been reduced from that which would be required under the EEV Principles. The results of the life, pension and investment business, including unit trust business, undertaken by the Group are measured on a basis determined in accordance with the EEV Principles set out by the Chief Financial Officers (CFO) Forum, a group of chief financial officers from 19 major European insurers. The principles, originally set out by the CFO Forum in 2004 and supplemented by the Additional Guidance on EEV disclosures issued in October 2005 (together 'the EEV Principles'), have been further amended by the CFO Forum in April 2016 to reflect the introduction of Solvency II at the start of the year. We have followed these principles with the exception of:

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

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

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

II. METHODOLOGY AND ASSUMPTIONS

The methodology used to derive the European Embedded Values at 30 June 2016 is unchanged from that set out in detail on pages 189 and 190 of the 2015 Annual Report and Accounts (and also as used at 30 June 2015) with the following exceptions:

- As a result of the introduction of Solvency II in January 2016, the CFO Forum published an amended set of principles in April this year. In response to this, in the results for June 2016 we have allowed for a revised level of capital in the business, moving from assuming 100% of the Solvency I capital requirement and replacing this with our amended capital management policy in which a Management Solvency Buffer of £150 million over the unit-linked liabilities is held.
- The additional allowance for non-market risk has reduced to 0.71% (30 June 2015: 0.75% and 31 December 2015: 0.73%).

Apart from the assumptions set out below, there have been no changes to assumptions from those used at the end of 2015 and set out in detail on pages 191 and 192 of the 2015 Annual Report and Accounts.

Economic Assumptions

The principal economic assumptions used within the cashflows at 30 June 2016 are set out below.

	30 June 2016	30 June 2015	31 December 2015
Risk free rate	**1.1%**	2.2%	2.1%
Inflation rate	**2.6%**	3.0%	2.7%
Risk discount rate (net of tax)	**4.2%**	5.3%	5.2%
Future investment returns:			
– Gilts	**1.1%**	2.2%	2.1%
– Equities	**4.1%**	5.2%	5.1%
– Unit-linked funds:			
– Capital growth	**0.5%**	1.5%	1.3%
– Dividend income	**2.9%**	3.0%	3.1%
Total	**3.4%**	4.5%	4.4%
Expense inflation	**3.1%**	3.8%	3.2%

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

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

NOTES TO THE EEV BASIS RESULTS

CONTINUED

II. METHODOLOGY AND ASSUMPTIONS continued

Corporation Tax

In the Budget of 18 March 2016, the Chancellor announced a future tax reduction to 17% from 18% effective from 1 April 2020. This reduction has been reflected in the EEV calculation at the half year.

III. COMPONENTS OF EEV PROFIT

Life Business	**6 Months Ended 30 June 2016**	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	£'Million	£'Million	£'Million
New business contribution	**134.7**	123.6	265.5
Profit from existing business			
– Unwind of discount rate	**75.0**	67.5	136.3
– Experience variances	**(3.2)**	17.3	83.2
– Operating assumption changes	**–**	–	(22.8)
Investment income	**2.0**	2.0	4.8
Operating profit before tax	**208.5**	210.4	467.0
Investment return variances	**137.5**	15.9	(25.0)
Economic assumption changes	**2.7**	–	1.1
Profit before tax	**348.7**	226.3	443.1
Tax	**(63.9)**	(44.4)	(82.2)
Corporation tax rate change	**22.2**	–	38.1
Profit after tax	**307.0**	181.9	399.0

New business contribution after tax is £110.0 million (30 June 2015: £99.5 million and 31 December 2015: £216.7 million).

Unit Trust Business	**6 Months Ended 30 June 2016**	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	£'Million	£'Million	£'Million
New business contribution	**94.2**	82.3	175.2
Profit from existing business			
– Unwind of discount rate	**23.8**	18.4	36.1
– Experience variances	**4.9**	(0.9)	(5.1)
– Operating assumption changes	**–**	–	66.9
Investment income	**0.9**	0.4	1.3
Operating profit before tax	**123.8**	100.2	274.4
Investment return variances	**31.3**	8.2	0.6
Economic assumption changes	**(12.8)**	(0.3)	(0.2)
Profit before tax	**142.3**	108.1	274.8
Tax	**(26.5)**	(21.6)	(51.7)
Corporation tax rate change	**6.6**	–	9.7
Profit after tax	**122.4**	86.5	232.8

New business contribution after tax is £76.7 million (30 June 2015: £65.8 million and 31 December 2015: £142.2 million).

NOTES TO THE EEV BASIS RESULTS

CONTINUED

III. COMPONENTS OF EEV PROFIT continued

Combined Life and Unit Trust Business	**6 Months Ended 30 June 2016**	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	£'Million	£'Million	£'Million
New business contribution	**228.9**	205.9	440.7
Profit from existing business			
– Unwind of discount rate	**98.8**	85.9	172.4
– Experience variances	**1.7**	16.4	78.1
– Operating assumption changes	**–**	–	44.1
Investment income	**2.9**	2.4	6.1
Operating profit before tax	**332.3**	310.6	741.4
Investment return variances	**168.8**	24.1	(24.4)
Economic assumption changes	**(10.1)**	(0.3)	0.9
Profit before tax	**491.0**	334.4	717.9
Tax	**(90.4)**	(66.0)	(133.9)
Corporation tax rate change	**28.8**	–	47.8
Profit after tax	**429.4**	268.4	631.8

New business contribution after tax is £186.7 million (30 June 2015: £165.3 million and 31 December 2015: £358.9 million).

IV. SENSITIVITIES

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

	Note	**Change in New Business Contribution**		**Change in European Embedded Value**
		Pre-tax	**Post-tax**	**Post-tax**
		£'Million	**£'Million**	**£'Million**
Value at 30 June 2016		**228.9**	**186.7**	**4,174.2**
100bp reduction in risk free rates, with corresponding change in fixed interest asset values	1	(4.9)	(4.0)	(39.6)
10% reduction in withdrawal rates	2			
Pensions		11.2	9.1	96.1
Other		9.8	8.0	135.2
Total		21.0	17.1	231.3
10% reduction in expenses		3.4	2.8	38.1
10% reduction in market value of equity assets	3	–	–	(406.0)
5% reduction in mortality and morbidity	4	–	–	–
100bp increase in equity expected returns	5	–	–	–
100bp increase in assumed inflation	6	(4.6)	(3.7)	(43.0)

Note 1: This is the key economic basis change sensitivity. The business model is relatively insensitive to change in economic basis. Note that the sensitivity assumes a corresponding change in all investment returns but no change in inflation.

Note 2: The 10% reduction is applied to the lapse rate. For instance, if the lapse rate is 8% then a 10% sensitivity reduction would reflect a change to 7.2%.

Note 3: For the purposes of this required sensitivity all unit linked funds are assumed to be invested in equities. The actual mix of assets varies and in recent years the proportion invested directly in UK and overseas equities has exceeded 70%.

Note 4: Assumes the benefit of lower experience is passed on to clients and reassurers at the earliest opportunity.

Note 5: As a market consistent approach is used, equity expected returns only affect the derived discount rates and not the embedded value or contribution to profit from new business.

Note 6: Assumed inflation is set by reference to 10 year index linked gilt yields.

NOTES TO THE EEV BASIS RESULTS

CONTINUED

IV. SENSITIVITIES 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	28.2	23.0	297.4

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.

V. EARNINGS PER SHARE

	6 Months Ended 30 June 2016	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	Pence	Pence	Pence
Basic earnings per share	**74.6**	45.2	109.4
Diluted earnings per share	**73.9**	44.6	108.3
Operating profit basic earnings per share	**44.3**	41.5	103.9
Operating profit diluted earnings per share	**43.9**	41.0	102.8

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

	6 Months Ended 30 June 2016	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	£'Million	£'Million	£'Million
Earnings			
Profit after tax *(for both basic and diluted EPS)*	**389.0**	233.9	568.0
Operating profit after tax *(for both basic and diluted EPS)*	**230.9**	214.8	539.2

	Million	Million	Million
Weighted average number of shares			
Weighted average number of ordinary shares in issue *(for basic EPS)*	**521.6**	517.8	519.1
Adjustments for outstanding share options	**4.6**	6.3	5.2
Weighted average number of ordinary shares *(for diluted EPS)*	**526.2**	524.1	524.3

NOTES TO THE EEV BASIS RESULTS

CONTINUED

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

	6 Months Ended 30 June 2016	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	£'Million	£'Million	£'Million
IFRS profit before tax	**97.0**	103.7	174.1
Tax attributable to policyholder returns	**(36.5)**	(36.7)	(22.8)
Profit before tax attributable to shareholders' returns	**60.5**	67.0	151.3
Add back: amortisation of acquired value of in-force business	**1.6**	1.6	3.2
Movement in life value of in-force (net of tax)	**256.2**	116.9	187.6
Movement in unit trust value of in-force (net of tax)	**83.1**	61.7	176.4
Tax gross up of movement in value of in-force	**41.3**	41.9	118.2
EEV profit before tax	**442.7**	289.1	636.7

	30 June 2016	30 June 2015	31 December 2015
	£'Million	£'Million	£'Million
IFRS net assets	**1,060.5**	990.8	1,095.1
Less: acquired value of in-force	**(32.0)**	(35.2)	(33.6)
Add: deferred tax on acquired value of in-force	**5.9**	7.0	6.2
Add: life value of in-force	**2,269.1**	1,942.2	2,012.9
Add: unit trust value of in-force	**870.7**	672.9	787.6
EEV net assets	**4,174.2**	3,577.7	3,868.2

INDEPENDENT REVIEW REPORT TO ST. JAMES'S PLACE PLC

REPORT ON THE INTERIM SUPPLEMENTARY INFORMATION – EUROPEAN EMBEDDED VALUE ("EEV") BASIS

Our conclusion

We have reviewed the interim supplementary information, defined below, in the Interim Statement of St. James's Place plc for the six months ended 30 June 2016. Based on our review, nothing has come to our attention that causes us to believe that the interim supplementary information is not prepared, in all material respects, in accordance with the European Embedded Value ("EEV") basis set out in note I.

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

What we have reviewed

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

- the European Embedded Value (EEV) basis consolidated statement of financial position as at 30 June 2016;
- the European Embedded Value (EEV) basis consolidated statement of income for the period then ended;
- the European Embedded Value (EEV) basis consolidated statement of changes in equity for the period then ended; and
- the notes to the EEV basis results.

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

What a review of interim supplementary information involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim supplementary information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

RESPONSIBILITIES FOR THE INTERIM SUPPLEMENTARY INFORMATION AND THE REVIEW

Our responsibilities and those of the directors

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

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

PricewaterhouseCoopers LLP
Chartered Accountants
26 July 2016
London

Notes:
(a) The maintenance and integrity of the St. James's Place plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Interim Statements since they were initially presented on the website.
(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

FINANCIAL STATEMENTS

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) BASIS

Registered No. 03183415

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**6 Months Ended 30 June 2016**	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
		£'Million	£'Million	£'Million
Insurance premium income		**24.7**	25.9	54.7
Less premiums ceded to reinsurers		**(15.3)**	(15.6)	(32.6)
Net insurance premium income		**9.4**	10.3	22.1
Fee and commission income	4	**693.8**	672.8	1,333.5
Investment return		**2,599.5**	1,355.5	1,755.8
Other operating income		**0.7**	0.6	1.5
Net income	3	**3,303.4**	2,039.2	3,112.9
Policy claims and benefits				
– Gross amount		**(23.4)**	(23.9)	(65.0)
– Reinsurers' share		**11.9**	13.8	28.5
Net policyholder claims and benefits incurred		**(11.5)**	(10.1)	(36.5)
Change in insurance contract liabilities				
– Gross amount		**(24.6)**	(15.2)	10.8
– Reinsurers' share		**8.6**	(0.9)	(0.5)
Net change in insurance contract liabilities		**(16.0)**	(16.1)	10.3
Investment contract benefits		**(2,610.6)**	(1,341.2)	(1,762.5)
Fees, commission and other acquisition costs		**(396.4)**	(415.4)	(835.7)
Administration expenses		**(170.3)**	(151.1)	(311.2)
Other operating expenses		**(1.6)**	(1.6)	(3.2)
		(568.3)	(568.1)	(1,150.1)
Profit before tax	3	**97.0**	103.7	174.1
Tax attributable to policyholders' returns	5	**(36.5)**	(36.7)	(22.8)
Profit before tax attributable to shareholders' returns		**60.5**	67.0	151.3

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONTINUED

	Note	**6 Months Ended 30 June 2016**	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
		£'Million	£'Million	£'Million
Profit before tax attributable to shareholders' returns		**60.5**	67.0	151.3
Total tax (expense)/credit		**(48.6)**	(49.6)	27.9
Less: tax attributable to policyholders' returns	5	**36.5**	36.7	22.8
Tax attributable to shareholders' returns	5	**(12.1)**	(12.9)	50.7
Profit and total comprehensive income for the period	3	**48.4**	54.1	202.0
Profit/(loss) attributable to non-controlling interests		**0.2**	(0.1)	(0.2)
Profit attributable to equity shareholders		**48.2**	54.2	202.2
Profit and total comprehensive income for the period	3	**48.4**	54.1	202.0
		Pence	Pence	Pence
Basic earnings per share	7	**9.3**	10.4	38.9
Diluted earnings per share	7	**9.2**	10.3	38.5

Underlying profit measure

	Note	**6 Months Ended 30 June 2016**	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
		£'Million	£'Million	£'Million
Profit before tax attributable to shareholders' returns		**60.5**	67.0	151.3
Adjustments:				
DAC/DIR/PVIF		**13.3**	5.9	12.4
Underlying profit before tax attributable to shareholders' returns	3	**73.8**	72.9	163.7
Profit and total comprehensive income for the year		**48.4**	54.1	202.0
Adjustments:				
DAC/DIR/PVIF		**10.7**	5.1	4.8
Underlying profit and total comprehensive income for the year		**59.1**	59.2	206.8
		Pence	Pence	Pence
Underlying basic earnings per share	7	**11.3**	11.5	39.8
Underlying diluted earnings per share	7	**11.2**	11.3	39.4

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to Equity Shareholders							
	Note	Share Capital	Share Premium	Treasury Shares Reserve	Misc. Reserves	Retained Earnings	Total	Non-controlling Interests	Total
		£'Million	£'Million	£'Million	£'Million	£'Million	£'Million	£'Million	£'Million
At 1 January 2015		77.9	147.4	(10.5)	2.3	793.1	1,010.2	(0.1)	1,010.1
Profit and total comprehensive income for the year						54.2	54.2	(0.1)	54.1
Dividends	8					(74.8)	(74.8)		(74.8)
Exercise of options		0.6	5.7				6.3		6.3
Consideration paid for own shares				(10.0)			(10.0)		(10.0)
Own shares vesting charge				4.7		(4.7)	–		–
Retained earnings credit in respect of proceeds from exercise of share options held in trust						0.1	0.1		0.1
Retained earnings credit in respect of share option charges						5.0	5.0		5.0
At 30 June 2015		78.5	153.1	(15.8)	2.3	772.9	991.0	(0.2)	990.8
At 1 January 2016		78.7	158.3	(18.5)	2.3	874.6	1,095.4	(0.3)	1,095.1
Profit and total comprehensive income for the year						48.2	48.2	0.2	48.4
Dividends	8					(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)
Own shares vesting charge				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)**	**2.4**	**836.9**	**1,060.6**	**(0.1)**	**1,060.5**

Miscellaneous reserves represent other non-distributable reserves.

Registered No. 03183415

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2016**	30 June 2015	31 December 2015
		£'Million	£'Million	£'Million
Assets				
Goodwill	6	**21.2**	10.1	10.1
Intangible assets				
– Deferred acquisition costs	10	**713.2**	777.7	745.0
– Acquired value of in-force business		**32.0**	35.2	33.6
– Computer software		**3.1**	6.0	4.3
		769.5	829.0	793.0
Property and equipment		**8.9**	6.4	8.0
Deferred tax assets	11	**212.7**	165.3	225.9
Investment property		**1,345.9**	1,190.7	1,344.9
Investments				
– Equities		**40,747.1**	35,873.2	37,960.8
– Fixed income securities		**10,558.1**	7,923.1	8,934.0
– Investment in Collective Investment Schemes		**3,520.9**	3,232.7	3,269.6
– Derivative financial instruments		**706.1**	337.4	364.1
Reinsurance assets		**93.5**	84.6	85.0
Insurance and investment contract receivables		**74.9**	92.9	76.2
Other receivables		**1,453.5**	823.9	891.0
Cash and cash equivalents		**6,412.1**	5,489.3	5,325.1
Total assets	3	**65,903.2**	56,048.5	59,277.6
Liabilities				
Insurance contract liabilities		**488.1**	489.5	463.5
Other provisions	12	**16.4**	11.9	15.4
Financial liabilities				
– Investment contracts		**46,605.2**	41,159.8	43,159.8
– Borrowings		**181.8**	82.1	181.8
– Derivative financial instruments		**847.7**	87.9	221.1
Deferred tax liabilities	13	**407.5**	455.7	434.6
Insurance and investment contract payables		**65.5**	50.3	45.9
Deferred income	14	**396.1**	436.7	413.5
Income tax liabilities		**50.4**	69.5	29.6
Other payables		**1,040.4**	708.6	660.8
Net asset value attributable to unit holders		**14,743.5**	11,505.6	12,556.4
Preference shares		**0.1**	0.1	0.1
Total liabilities		**64,842.7**	55,057.7	58,182.5
Net assets		**1,060.5**	990.8	1,095.1
Equity				
Share capital	16	**79.1**	78.5	78.7
Share premium		**163.2**	153.1	158.3
Treasury shares reserves		**(21.0)**	(15.8)	(18.5)
Miscellaneous reserves		**2.4**	2.3	2.3
Retained earnings		**836.9**	772.9	874.6
Shareholders' equity		**1,060.6**	991.0	1,095.4
Non-controlling interests		**(0.1)**	(0.2)	(0.3)
Total equity		**1,060.5**	990.8	1,095.1
		Pence	Pence	Pence
Net assets per share		**201.2**	189.3	208.7

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

	6 Months Ended 30 June 2016	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	£'Million	£'Million	£'Million
Cashflows from operating activities			
Profit before tax for the period	**97.0**	103.7	174.1
Adjustments for:			
Depreciation	**1.5**	1.1	2.5
Amortisation of acquired value of in-force business	**1.6**	1.6	3.2
Amortisation of computer software	**1.7**	1.7	3.4
Share based payment charge	**7.5**	5.6	15.7
Interest income	**(12.5)**	(11.4)	(23.9)
Interest paid	**2.2**	1.8	4.4
Amortisation of bank charges	**0.1**	–	–
Exchange rate gains	**(1.7)**	–	–
Changes in operating assets and liabilities			
Decrease in deferred acquisition costs (net)	**31.8**	35.3	68.0
Increase in investment property	**(1.0)**	(159.3)	(313.5)
Increase in investments	**(5,003.7)**	(2,664.6)	(5,826.7)
(Increase)/decrease in reinsurance assets	**(8.5)**	0.9	0.5
Decrease/(increase) in insurance and investment contract receivables	**1.3**	(29.4)	(12.7)
Increase in other receivables	**(549.6)**	(234.3)	(316.5)
Increase/decrease in insurance contract liabilities	**24.6**	15.1	(10.9)
Increase in provisions	**1.0**	0.5	4.0
Increase in financial liabilities (excluding borrowings)	**4,072.0**	2,317.2	4,450.4
Increase/(decrease) in insurance and investment contract payables	**19.6**	(0.1)	(4.5)
Decrease in deferred income	**(17.4)**	(26.5)	(49.7)
Increase in other payables	**363.2**	208.3	164.0
Increase in net assets attributable to unit holders	**2,187.1**	887.8	1,938.6
Cash generated from operations	**1,217.8**	455.0	270.4
Interest received	**12.5**	11.4	23.9
Interest paid	**(2.2)**	(1.8)	(4.4)
Income taxes paid	**(29.0)**	(32.2)	(61.7)
Net cash generated from operating activities	**1,199.1**	432.4	228.2
Cashflows from investing activities			
Acquisition of property and equipment	**(1.9)**	(1.0)	(4.0)
Acquisition of intangible assets	**–**	–	–
Acquisition of subsidiaries and other business combinations, net of cash acquired	**(20.4)**	(0.8)	(0.8)
Net cash used in investing activities	**(22.3)**	(1.8)	(4.8)
Cashflows from financing activities			
Proceeds from the issue of share capital	**4.3**	6.3	9.5
Consideration paid for own shares	**(5.5)**	(10.0)	(12.8)
Proceeds from exercise of options over shares held in trust	**–**	0.1	0.1
Acquisition of non-controlling interests	**0.1**		
Additional borrowings	**–**	–	175.0
Repayment of borrowings	**(0.4)**	(2.3)	(79.1)
Dividends paid	**(90.4)**	(74.8)	(130.8)
Net cash used in financing activities	**(91.9)**	(80.7)	(38.1)
Net increase in cash and cash equivalents	**1,084.9**	349.9	185.3
Cash and cash equivalents at beginning of period	**5,325.1**	5,139.4	5,139.4
Exchange gains on cash and cash equivalents	**2.1**	–	0.4
Cash and cash equivalents at end of period	**6,412.1**	5,489.3	5,325.1

Registered No. 03183415

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

This condensed set of consolidated half year financial statements for the six months ended 30 June 2016, which comprise the half year financial statements of St. James's Place plc (the 'Company') and its subsidiaries (together referred to as the 'Group'), has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34 'Interim Financial Reporting' as adopted by the European Union. The condensed consolidated half year financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015, 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 7. The financial position of the Company, its cashflows, liquidity position and borrowing facilities are described in the Financial Review on pages 8 to 27.

As shown on page 20 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 cashflows, arising from existing business. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully.

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

2. SIGNIFICANT ACCOUNTING POLICIES

As required by the Disclosure and Transparency Rules of the Financial Conduct Authority, this condensed set of financial statements has been prepared applying the accounting policies and standards that were applied in the preparation of the Group's published consolidated financial statements for the year ended 31 December 2015.

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

In preparing these condensed half year financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2015.

The following amended standards, which the Group has adopted as of 1 January 2016, have not had any material impact on the Group's reported results:

IAS 1 Amendment – Disclosure Initiative
IAS 16 and IAS 38 Amendments – Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 27 Amendment – Equity Method in Separate Financial Statements
IFRS 10, IFRS 12 and IAS 28 Amendments – Investment Entities: Applying the Consolidation Exception
Annual Improvements to IFRSs 2012 – 2014 Cycle

As at 30 June 2016, 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 7 Amendment – Disclosure Initiative
IAS 12 Amendment – Recognition of Deferred Tax Assets for Unrealised Losses
IFRS 2 Amendment – Classification and Measurement of Share-based Payment Transactions
IFRS 9 Financial Instruments
IFRS 10 and IAS 28 Amendments – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 15 Revenue from Contracts with Customers
IFRS 15 Clarification – Revenue from Contracts with Customers
IFRS 16 Leases

The adoption of the above standards, amendments and clarifications is not expected to have a material impact on the Group's results reported within the financial statements other than requiring additional disclosure or alternative presentation, however, the impact of these standards will continue to be assessed.

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS

CONTINUED

3. SEGMENT REPORTING

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

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

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

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

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

4. Other – all other Group activities.

Separate geographical segmental information is not presented since the Group does not yet segment its business geographically. Most of its customers are based in the UK, as is management of the assets. In particular, the operation based in South East Asia is not yet material for separate consideration.

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

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS

CONTINUED

3. SEGMENT REPORTING continued

Segment Income

Gross Inflows to Funds under Management

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

	6 Months Ended 30 June 2016	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	£'Million	£'Million	£'Million
Life business	**3,440.0**	2,810.0	6,110.0
Unit Trust and DFM business	**1,830.0**	1,590.0	3,130.0
Total gross inflows	**5,270.0**	4,400.0	9,240.0
Adjustments to IFRS basis			
Life business			
Exclude life gross inflows	**(3,440.0)**	(2,810.0)	(6,110.0)
Insurance premiums receivable	**24.7**	25.9	54.7
Less: insurance premium income ceded to reinsurers	**(15.3)**	(15.6)	(32.6)
Fee income (management fees)	**292.5**	304.9	571.9
Net movement on deferred income	**12.7**	21.5	38.4
Investment income (primarily in unit linked funds)	**1,990.7**	1,158.6	1,531.7
Unit Trust business			
Exclude unit trust and DFM gross inflows	**(1,830.0)**	(1,590.0)	(3,130.0)
Fee income (dealing profit and management fees)	**100.3**	95.9	193.4
Net movement on deferred income	**4.7**	4.9	11.3
Investment income	**0.2**	0.2	0.4
Distribution business			
Fee and commission income receivable	**278.5**	242.9	513.3
Other investment income	**0.1**	0.6	0.2
Other business			
Fee income receivable	**5.1**	2.7	5.2
Investment income on third party holdings in consolidated unit trusts	**602.0**	193.0	216.8
Other investment income	**6.5**	3.1	6.7
Other operating income	**0.7**	0.6	1.5
Total adjustments	**(1,966.6)**	(2,360.8)	(6,127.1)
Net income	**3,303.4**	2,039.2	3,112.9

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

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS

CONTINUED

3. SEGMENT REPORTING continued

Segment Profit

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

EEV Operating Profit

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

	6 Months Ended 30 June 2016	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	£'Million	£'Million	£'Million
Life business	**208.5**	210.4	467.0
Unit Trust business	**123.8**	100.2	274.4
Distribution business	**(19.2)**	(23.5)	(21.2)
Other business	**(29.1)**	(21.8)	(60.0)
EEV operating profit before tax	**284.0**	265.3	660.2
Investment return variance	**168.8**	24.1	(24.4)
Economic assumption changes	**(10.1)**	(0.3)	0.9
EEV profit before tax	**442.7**	289.1	636.7
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)	**(256.2)**	(116.9)	(187.6)
Movement in unit trust value of in-force (net of tax)	**(83.1)**	(61.7)	(176.4)
Tax of movement in value of in-force	**(41.3)**	(41.9)	(118.2)
Profit before tax attributable to shareholders' returns	**60.5**	67.0	151.3
Tax attributable to policyholder returns	**36.5**	36.7	22.8
IFRS profit before tax	**97.0**	103.7	174.1

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS

CONTINUED

3. SEGMENT REPORTING continued

Segment Profit continued

Cash Result	**6 Months Ended 30 June 2016**	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	£'Million	£'Million	£'Million
Life business	**71.6**	84.0	163.0
Unit Trust business	**39.3**	24.6	56.4
Distribution business	**(15.8)**	(18.7)	(18.1)
Other business	**(12.6)**	(8.1)	(29.8)
Cash result after tax	**82.5**	81.8	171.5
IFRS adjustments (after tax)			
Share option expense	**(7.5)**	(5.6)	(15.0)
Deferred acquisition costs (DAC)	**(25.6)**	(27.7)	(52.7)
Deferred income (DIR)	**16.2**	23.7	43.9
Acquired value of in-force (PVIF)	**(1.3)**	(1.3)	(2.6)
Sterling reserves	**(1.0)**	1.5	(1.8)
IFRS deferred tax adjustments	**(12.4)**	(18.3)	58.7
Solvency II net assets adjustment	**(2.5)**	–	–
IFRS profit after tax	**48.4**	54.1	202.0
Shareholder tax	**12.1**	12.9	(50.7)
Profit before tax attributable to shareholders' returns	**60.5**	67.0	151.3
Policyholder tax	**36.5**	36.7	22.8
IFRS profit before tax	**97.0**	103.7	174.1

IFRS Result	**6 Months Ended 30 June 2016**	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	£'Million	£'Million	£'Million
Life business			
– shareholder	**62.3**	82.8	162.9
– policyholder tax gross up	**36.5**	36.8	22.8
Unit Trust business	**46.5**	29.4	69.6
Distribution business	**(19.2)**	(23.5)	(21.2)
Other business	**(29.1)**	(21.8)	(60.0)
IFRS profit before tax	**97.0**	103.7	174.1

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS

CONTINUED

3. SEGMENT REPORTING continued

Segment Profit *continued*

Underlying Profit	**6 Months Ended 30 June 2016**	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	£'Million	£'Million	£'Million
Life business	**72.9**	87.3	174.2
Unit Trust business	**49.2**	30.9	70.7
Distribution business	**(19.2)**	(23.5)	(21.2)
Other business	**(29.1)**	(21.8)	(60.0)
Underlying profit before tax attributable to shareholders' returns	**73.8**	72.9	163.7
Adjustments			
DAC/DIR/PVIF	**(13.3)**	(5.9)	(12.4)
Profit before tax attributable to shareholders' returns	**60.5**	67.0	151.3

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

	6 Months Ended 30 June 2016	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	£'Million	£'Million	£'Million
Shareholder interest income	**5.8**	4.8	10.3
Depreciation	**1.5**	1.1	2.5

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS

CONTINUED

3. SEGMENT REPORTING continued

Segment Assets

Funds under Management (FUM)

FUM within the St. James's Place Group, rounded to the nearest £0.01 billion, are monitored on a monthly basis by the Board.

	30 June 2016	30 June 2015	31 December 2015
	£'Million	£'Million	£'Million
Life business	**47,380.0**	41,320.0	43,380.0
Unit Trust business	**18,180.0**	14,140.0	15,230.0
Total FUM	**65,560.0**	55,460.0	58,610.0
Exclude external holdings in non-consolidated unit trusts	**(2,497.1)**	(2,255.8)	(2,497.1)
Exclude DFM business	**(1,350.0)**	–	–
Add balance sheet liabilities in unit linked funds	**1,769.4**	508.5	806.3
Adjustments for other balance sheet assets excluded from FUM			
DAC	**713.2**	777.7	745.0
PVIF	**32.0**	35.2	33.6
Computer software	**3.1**	6.0	4.3
Goodwill	**21.2**	10.1	10.1
Property & equipment	**8.9**	6.4	8.0
Deferred tax assets	**212.7**	165.3	225.9
Fixed income securities	**56.9**	82.5	83.1
Collective investment schemes	**524.9**	606.7	532.7
Reinsurance assets	**93.5**	84.6	85.0
Insurance and investment contract receivables	**74.9**	92.9	76.2
Other receivables	**506.5**	375.5	412.5
Other receivables eliminated on consolidation	**(125.4)**	(101.9)	(125.4)
Cash and cash equivalents	**262.0**	315.1	233.5
Other adjustments	**36.5**	(120.3)	33.9
Total adjustments	**343.2**	588.5	667.6
Total assets	**65,903.2**	56,048.5	59,277.6

4. FEE AND COMMISSION INCOME

	6 Months Ended 30 June 2016	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	£'Million	£'Million	£'Million
Advice charges	**236.2**	199.1	420.7
Third party fee and commission income	**46.1**	46.5	97.8
Life company initial margin	**15.0**	13.9	30.5
Life company management fees	**277.5**	291.0	541.4
Unit Trust dealing profit	**8.0**	8.4	16.2
Unit Trust management fees	**92.3**	69.7	147.4
Discretionary fund management fees	**1.3**	–	–
Unit Trust investment fee income	**–**	17.8	29.8
Movement in deferred income	**17.4**	26.4	49.7
Total fee and commission income	**693.8**	672.8	1,333.5

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS

CONTINUED

5. INCOME TAXES

	6 Months Ended 30 June 2016	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	£'Million	£'Million	£'Million
UK corporation tax			
– Current year charge	**67.7**	82.3	86.0
– Adjustment in respect of prior year	**(0.5)**	(0.3)	0.7
Overseas taxes			
– Current year charge	**1.3**	4.2	3.7
	68.5	86.2	90.4
Deferred tax on unrealised capital gains and losses in unit linked funds	**(24.8)**	(46.8)	(50.0)
Deferred tax on unrelieved expenses	**3.3**	3.9	8.1
Deferred tax on recognition and usage of capital losses arising in the Group			
– Capital losses recognised in the year	**–**	–	(74.8)
– Utilisation in the year	**7.0**	8.3	12.1
– Adjustment in respect of prior year	**(1.5)**	–	(1.1)
Deferred tax charge on other items	**(4.2)**	(3.6)	(10.2)
Effect of deferred tax of change in tax rate	**–**	–	(4.5)
Overseas deferred taxes	**0.3**	1.6	2.1
Total tax charge/(credit) for the period	**48.6**	49.6	(27.9)
Attributable to:			
– policyholders	**36.5**	36.7	22.8
– shareholders	**12.1**	12.9	(50.7)
	48.6	49.6	(27.9)

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

	6 Months Ended 30 June 2016	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	£'Million	£'Million	£'Million
Deferred tax			
Balance at 1 January	**208.7**	327.0	327.0
Credit through the consolidated statement of comprehensive income	**(19.9)**	(36.6)	(118.3)
Arising on acquisitions during the period	**6.0**	–	–
Balance at period end	**194.8**	290.4	208.7

The deferred tax components to which movements above relate to are disclosed in Note 11 Deferred Tax Assets and Note 13 Deferred Tax Liabilities.

Included within the deferred tax current year is a charge of £2.5 million (30 June 2015: £2.7 million charge and 31 December 2015: £1.8 million charge) relating to share based payments.

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS

CONTINUED

5. INCOME TAXES continued

Reconciliation of Tax Charge	6 Months Ended 30 June 2016		6 Months Ended 30 June 2015		12 Months Ended 31 December 2015	
	£'Million		£'Million		£'Million	
Profit before tax	**97.0**		103.7		174.1	
Tax attributable to policyholders' returns*	**(36.5)**		(36.7)		(22.8)	
Profit before tax attributable to shareholders' returns	**60.5**		67.0		151.3	
Shareholder tax charge at corporate tax rate of 20.0% (2015: 20.25%)	**12.1**	20.0%	13.6	20.3%	30.6	20.25%
Adjustments:						
Tax regime differences						
Lower rate of corporation tax in overseas subsidiaries	**(0.4)**		(0.9)		(1.4)	
	(0.4)	(0.66%)	(0.9)	(1.3%)	(1.4)	(0.9%)
Other						
Recognition and usage of capital losses in the Group	**(1.5)**		–		(74.8)	
Adjustment in respect of prior year	**0.1**		–		(1.5)	
Differences in accounting and tax bases in relation to employee share schemes	**–**		(4.5)		(5.4)	
Disallowable expenses	**0.8**		2.2		3.0	
Other	**1.0**		2.5		3.3	
	0.4	0.66%	0.2	0.3%	(75.4)	(49.8%)
Change in tax rate	**–**		–		(4.5)	
Shareholder tax charge/(credit)	**12.1**	20.0%	12.9	19.3%	(50.7)	(33.5%)
Policyholder tax charge	**36.5**		36.7		22.8	
Total tax charge for the period	**48.6**		49.6		(27.9)	

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

Corporation Tax Rate Changes

In the Budget of 18 March 2016, the Chancellor announced a further tax reduction to 17% from 18% effective from 1 April 2020. It is estimated that this reduction in rate will result in a deferred tax charge and a consequent reduction in the net deferred tax assets of the Group of around £1 million. This will be recognised when the change in rate is substantively enacted.

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS

CONTINUED

6. BUSINESS COMBINATIONS

During the period the Group acquired the following subsidiaries in line with the Group's strategic objective of broadening the business model, expanding the client proposition and growing the Partnership:

Subsidiary Undertaking	Principal Activity	% Shareholding	Date of Acquisition
Rowan Dartington Group			
Rowan Dartington Holdings Limited	Holding Company	100%	08/03/2016
Rowan Dartington & Co Limited	Stockbroker & Investment Manager	100%	08/03/2016
Stafford House Investments Limited	Independent Financial Adviser	100%	08/03/2016
Ardan International Limited	Investment Platform	92.5%	08/03/2016
Dartington Portfolio Nominees Limited	Non-trading	100%	08/03/2016
Rowan Dartington Trustees Limited	Non-trading	100%	08/03/2016
RD Portfolio Nominees Limited	Non-trading	100%	08/03/2016
Colston Portfolio Nominees Limited	Non-trading	100%	08/03/2016
Cabot Portfolio Nominees Limited	Non-trading	100%	08/03/2016
Ardan Nominees Limited	Non-trading	100%	08/03/2016
Others			
Technical Connection Limited	Tax and Advisory Services	100%	18/04/2016
Now Financial Solutions Limited	Independent Financial Adviser	100%	29/04/2016

Acquisition-related costs of £0.2 million have been charged to administration expenses in the consolidated income statement for the period ended 30 June 2016.

Rowan Dartington Group

The Rowan Dartington Group acquisition contributed £2.7 million to revenue and a £0.9 million loss before income tax for the period between the acquisition date and the statement of financial position date. Had the above acquisitions been consolidated from 1 January 2016, they would have contributed £4.4 million to revenue and a £1.3 million loss before income tax to the consolidated statement of income for the period.

The net assets, fair value adjustments and consideration for these acquisitions are summarised below (all values shown as at their acquisition dates):

	Book Value	Fair Value Adjustment	Total
	£'Million	£'Million	£'Million
Financial assets	7.8	30.8	38.6
Cash and cash equivalents	1.2	–	1.2
Financial liabilities	(7.6)	(5.6)	(13.2)
Total	1.4	25.2	26.6

Consideration	
Cash consideration	19.9
Deferred consideration	7.2
Contingent consideration	6.8
Total consideration	33.9
Goodwill	7.3

Goodwill comprises the value placed on the experience and expertise of the Rowan Dartington management team within the discretionary fund management sector.

It is expected that the contingent consideration will be paid in full with no changes to the amount initially recognised; however, should the target number of Investment Executives not be met, the contingent consideration will decrease on a pro-rata basis down to a value of £nil. Of the remaining balance to be settled, the Group expects that £2.4 million will be settled by 6 September 2016, £2.4 million by 9 March 2017, £5.7 million by 6 September 2017 and £3.5 million by 8 March 2019.

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS

CONTINUED

6. BUSINESS COMBINATIONS continued

Other Acquisitions

The net assets, fair value adjustments and consideration for these acquisition is summarised below (all values shown as at their acquisition dates):

	Book Value	Fair Value Adjustment	Total
	£'Million	£'Million	£'Million
Financial assets	0.3	2.2	2.5
Cash and cash equivalents	0.9	-	0.9
Financial liabilities	(0.5)	(0.4)	(0.9)
Total	0.7	1.8	2.5

Consideration	
Cash consideration	3.8
Deferred consideration	0.4
Contingent consideration	2.1
Total consideration	6.3
Goodwill	3.8

Goodwill comprises the value placed on the experience and expertise of the Technical Connection Limited management team within the tax and advisory sector.

Of the £2.1 million contingent consideration, £1.2 million is in relation to the acquisition of Technical Connection Limited. It is expected that the £1.2 million contingent consideration will be paid in full with no changes to the amount initially recognised; however, should the target number of consultancy hours provided to SJP Partners and the level of Techlink subscriptions not be met, the contingent consideration will decrease on a pro-rata basis down to a value of £nil.

The remaining £0.9 million contingent consideration is in relation to the acquisition of Now Financial Solution Limited and is payable if certain performance targets are met, being based on the individual Partner performance. It is expected that the £0.9 million contingent consideration will be paid in full with no changes to the amount initially recognised; however, should the performance targets not be met, the contingent consideration will decrease on a pro-rata basis down to a value of £nil.

Of the total remaining balance to be settled, the Group expects that £0.44 million will be settled by 29 April 2017, £0.8 million will be settled by 18 April 2018, £0.44 million will be settled by 29 April 2018 and £0.8 million will be settled by 18 April 2019.

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS

CONTINUED

7. EARNINGS PER SHARE

	6 Months Ended 30 June 2016	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	Pence	Pence	Pence
Basic earnings per share	**9.3**	10.4	38.9
Diluted earnings per share	**9.2**	10.3	38.5
Underlying basic earnings per share	**11.3**	11.5	39.8
Underlying diluted earnings per share	**11.2**	11.3	39.4

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

	6 Months Ended 30 June 2016	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	£'Million	£'Million	£'Million
Earnings			
Profit after tax (*for both basic and diluted EPS*)	**48.4**	54.1	202.0
Underlying profit after tax (*for both basic and diluted EPS*)	**59.1**	59.2	206.8
	Million	Million	Million
Weighted average number of shares			
Weighted average number of ordinary shares in issue (*for basic EPS*)	**521.6**	517.8	519.1
Adjustments for outstanding share options	**4.6**	6.3	5.2
Weighted average number of ordinary shares (*for diluted EPS*)	**526.2**	524.1	524.3

8. DIVIDENDS

The following dividends have been paid by the Company:

	6 Months Ended 30 June 2016	6 Months Ended 30 June 2015	12 Months Ended 31 December 2015
	£'Million	£'Million	£'Million
2014 final dividend – 14.37 pence per ordinary share	**–**	74.8	74.8
2015 interim dividend – 10.72 pence per ordinary share	**–**	–	56.0
2015 final dividend – 17.24 pence per ordinary share	**90.4**	–	–
Total dividends paid	**90.4**	74.8	130.8

The Directors have resolved to pay an interim dividend of 12.33 pence per share (30 June 2015: 10.72 pence). This amounts to £65.0 million (30 June 2015: £56.0 million) and will be paid on 30 September 2016 to shareholders on the register at 2 September 2016.

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS

CONTINUED

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

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

	30 June 2016	30 June 2015	31 December 2015
	£'Million	£'Million	£'Million
Assets			
Investment property	**1,345.9**	1,190.7	1,344.9
Investments			
– Equities	**40,747.1**	35,873.2	37,960.8
– Fixed income securities	**10,501.1**	7,840.6	8,850.9
– Investment in Collective Investment Schemes	**2,996.0**	2,626.0	2,736.9
– Currency forwards	**151.4**	129.3	33.8
– Interest rate swaps	**47.0**	4.7	13.5
– Collaterised mortgage obligations	**402.9**	161.0	238.7
– Fixed income options	**–**	2.2	–
– Index options	**28.8**	16.9	20.3
– Contract for differences	**21.1**	5.2	10.7
– Equity rate swaps	**26.0**	–	16.1
– Foreign currency options	**17.7**	–	22.8
– Total return swaps	**6.7**	1.2	6.6
– Credit default swaps	**4.5**	–	–
– Other derivatives	**–**	16.9	1.6
Other receivables	**947.0**	448.4	478.4
Other receivables eliminated on consolidation	**125.4**	101.9	125.5
Cash and cash equivalents	**6,150.1**	5,174.2	5,091.6
Total assets	**63,518.7**	53,592.4	56,953.1
Liabilities			
Financial liabilities			
– Currency forwards	**631.1**	25.4	168.6
– Interest rate swaps	**134.8**	10.4	5.9
– Fixed income options	**5.5**	7.4	6.1
– Index options	**5.2**	13.7	3.6
– Contract for differences	**19.1**	5.5	4.3
– Equity rate swaps	**21.2**	–	5.8
– Foreign currency swaps	**11.2**	–	19.6
– Total return swaps	**3.7**	7.8	0.2
– Credit default swaps	**15.9**	–	–
– Other derivatives	**0.1**	17.7	7.0
Other payables	**655.2**	408.0	311.0
Other payables eliminated on consolidation	**256.4**	12.6	274.2
Total liabilities	**1,759.4**	508.5	806.3
Net assets held to cover linked liabilities	**61,759.3**	53,083.9	56,146.8

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.

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS

CONTINUED

10. DEFERRED ACQUISITION COSTS

	30 June 2016	30 June 2015	31 December 2015
	£'Million	£'Million	£'Million
Life business – insurance DAC	**1.1**	1.1	1.1
Life business – investment DAC	**552.8**	603.9	577.2
Unit Trust business – investment DAC	**159.3**	172.7	166.7
Total deferred acquisition costs	**713.2**	777.7	745.0

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

11. DEFERRED TAX ASSETS

	30 June 2016	30 June 2015	31 December 2015
	£'Million	£'Million	£'Million
Life business – unrelieved expenses	**53.8**	61.4	57.1
Life business – deferred income	**3.4**	8.0	4.4
Unit Trust business – deferred income	**39.7**	45.1	40.8
Capital losses available for future relief	**107.6**	42.4	113.1
Employee share scheme costs	**3.2**	5.0	5.8
Future capital allowances	**3.4**	2.8	3.0
Other	**1.6**	0.6	1.7
Total deferred tax assets	**212.7**	165.3	225.9

Appropriate investment income, gains or profits are expected to arise against which the tax assets can be utilised. In particular:
- Future investment income over the next 6 years from the existing assets will be sufficient to utilise the unrelieved expenses.
- Capital gains crystallising in the unit linked funds will utilise the capital losses. It is anticipated that the losses will be utilised within approximately 10 years. In the three years from 2013 to 2015 losses with a tax value of £29.0 million have been utilised, indicating an average of approximately £10.0 million per annum, which is consistent with the predicted usage.
- Tax assets in relation to deferred income will be utilised over the next 14 years as the underlying income is recognised.

At the reporting date there were unrecognised deferred tax assets of £2.8 million (30 June 2015: £0.6 million and 31 December 2015: £1.4 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.

During the year £7.0 million (30 June 2015: £8.3 million and 31 December 2015: £16.7 million) of deferred tax assets relating to capital losses have been utilised with a £1.5 million (30 June 2015: £nil and 31 December 2015: £1.1 million) adjustment made to the amounts previously recognised. It is expected that these losses will be utilised over the next ten years, albeit the actual rate of utilisation will depend on business growth and external factors, particularly investment market conditions. The rate of utilisation has been tested for sensitivity to experience and it is resilient to a range of reasonably foreseeable scenarios.

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS

CONTINUED

12. OTHER PROVISIONS

	30 June 2016	30 June 2015	31 December 2015
	£'Million	£'Million	£'Million
At beginning of period	**15.4**	11.4	11.4
Movement in the period	**1.0**	0.5	4.0
At end of period	**16.4**	11.9	15.4

The provision relates to the cost of redress for complaints and 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.

As more fully set out in the summary of principal risks and uncertainties on page 28, the Group could in the course of its business be subject to legal proceedings and/or regulatory activity. Should such an event arise, the Board would consider their best estimate of the amount required to settle the obligation and, where appropriate and material, establish a provision. While there can be no assurances that circumstances won't change, based upon information currently available to them, the Directors do not believe there is any possible activity or event that could have a material adverse effect on the Group's financial position.

During the normal course of business, the Group may from time to time provide guarantees to Partners, clients or other third parties. However, based upon the information currently available to them, the Directors do not believe there are any guarantees which would have a material adverse effect on the Group's financial position, and so the fair value of any guarantees has been assessed as £nil (30 June 2015: £nil and 31 December 2015: £nil).

13. DEFERRED TAX LIABILITIES

	30 June 2016	30 June 2015	31 December 2015
	£'Million	£'Million	£'Million
On deferred acquisition costs			
– Life and pensions business	**80.4**	99.8	86.8
– Unit Trust business	**29.5**	34.5	31.0
On acquired value of in-force business	**5.9**	7.0	6.2
On renewal income	**9.3**	4.0	3.5
In respect of unit linked funds	**280.0**	307.9	304.8
Other	**2.4**	2.5	2.3
Total deferred tax liabilities	**407.5**	455.7	434.6

The deferred tax liability on deferred acquisition costs is expected to crystallise over approximately 14 years, on acquired value of in force business over 10 years and on renewal income over approximately 20 years. The majority of the deferred tax on unrealised gains is expected to crystallise over 6 years.

14. DEFERRED INCOME

	30 June 2016	30 June 2015	31 December 2015
	£'Million	£'Million	£'Million
Life business	**181.5**	211.1	194.2
Unit Trust business	**214.6**	225.6	219.3
Total deferred income	**396.1**	436.7	413.5

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS

CONTINUED

15. 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 table presents the Group's assets and liabilities measured at fair value:

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		10,558.1		10,558.1
Investment in Collective Investment Schemes	3,518.5		2.4	3,520.9
Derivative financial instruments		706.1		706.1
Other receivables			57.7	57.7
Cash and cash equivalents	6,150.1			6,150.1
Total financial assets and investment property	**50,415.7**	**11,264.2**	**1,406.0**	**63,085.9**
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**

30 June 2015	Level 1	Level 2	Level 3	Total Balance
	£'Million	£'Million	£'Million	£'Million
Financial assets and investment property:				
Investment property			1,190.7	1,190.7
Equities	35,873.2			35,873.2
Fixed income securities		7,923.1		7,923.1
Investment in Collective Investment Schemes	3,227.4		5.3	3,232.7
Derivative financial instruments		337.4		337.4
Other receivables			27.6	27.6
Cash and cash equivalents	5,174.2			5,174.2
Total financial assets and investment property	44,274.8	8,260.5	1,223.6	53,758.9
Financial liabilities:				
Investment contract benefits		489.5		489.5
Derivative financial instruments		87.9		87.9
Net asset value attributable to unit holders	11,505.6			11,505.6
Total financial liabilities	11,505.6	577.4	–	12,083.0

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS

CONTINUED

15. FAIR VALUE MEASUREMENT continued

Fair Value Estimation continued

31 December 2015	Level 1	Level 2	Level 3	Total Balance
	£'Million	£'Million	£'Million	£'Million
Financial assets and investment property:				
Investment property			1,344.9	1,344.9
Equities	37,960.8			37,960.8
Fixed income securities		8,934.0		8,934.0
Investment in Collective Investment Schemes	3,266.9		2.7	3,269.6
Derivative financial instruments		364.1		364.1
Other receivables			26.8	26.8
Cash and cash equivalents	5,091.6			5,091.6
Total financial assets and investment property	46,319.3	9,298.1	1,374.4	56,991.8
Financial liabilities:				
Investment contract benefits		43,159.8		43,159.8
Derivative financial instruments		221.1		221.1
Net asset value attributable to unit holders	12,556.4			12,556.4
Total financial liabilities	12,556.4	43,380.9	–	55,937.3

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. Instruments included in Level 1 comprise primarily listed equity instruments.

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

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

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

Specific valuation techniques used to value Level 2 financial assets and liabilities include:
- The use of observable prices for identical current arm's length transactions.

Specific valuation techniques used to value Level 3 financial assets and liabilities include:
- The use of unobservable inputs, such as expected rental values and equivalent yields;
- Other techniques, such as discounted cashflow and historic lapse rates, are used to determine fair value for the remaining financial instruments.

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

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS

CONTINUED

15. FAIR VALUE MEASUREMENT continued

Transfers Into and Out of Level 3 Portfolios

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

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

During 2016, £0.3 million relating to CIS was transferred out of the Level 3 portfolio (30 June 2015: £2.8 million transferred in and 31 December 2015: £0.3 million transferred in).

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

	30 June 2016	30 June 2015	31 December 2015
	£'Million	£'Million	£'Million
Opening balance	**1,374.4**	1,090.4	1,090.4
Transfer into Level 3	**(0.3)**	2.8	0.3
Additions during the year	**35.3**	124.5	255.2
Disposed during the year	**–**	(34.1)	(41.7)
(Losses)/gains recognised in the income statement	**(3.4)**	40.0	70.2
Closing balance	**1,406.0**	**1,223.6**	**1,374.4**

Total gains included in the statement of comprehensive income for assets held at the end of the reporting year:

	30 June 2016	30 June 2015	31 December 2015
	£'Million	£'Million	£'Million
Realised losses	**(0.1)**	(2.6)	(5.8)
Unrealised (losses)/gains	**(3.3)**	42.6	76.0
(Losses)/gains recognised in the income statement	**(3.4)**	40.0	70.2

Additions include £2.3 million of investment properties and £33.0 million of renewal income. Realised and unrealised gains/(losses) recognised in the statement of comprehensive income are included within investment return for certain equities and investments in Collective Investment Schemes and investment property, and within administration expenses for the renewal income.

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS

CONTINUED

15. FAIR VALUE MEASUREMENT continued

Transfers Into and Out of Level 3 Portfolios *continued*

The principal assets classified as Level 3 are investment properties amounting to £1,345.9 million (30 June 2015: £1,190.7 million and 31 December 2015: £1,334.9 million). Investment property is valued monthly by external chartered surveyors in accordance with the guidance issued by The Royal Institution of Chartered Surveyors. The investment property valuation has been prepared using the "market approach" valuation technique – using prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets. The following table sets out the unobservable inputs utilised in the valuation of the investment properties:

	Investment Property Classification			
	Office	Industrial	Retail & leisure	All
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%
30 June 2015				
Gross ERV (per sq ft)*				
Range	£14.75 – £92.51	£3.00 – £15.00	£6.66 – £350.39	£3.00 – £350.39
Weighted average	£29.31	£6.50	£15.77	£13.13
True equivalent yield				
Range	3.8% – 7.8%	5.6% – 7.4%	4.3% – 12.9%	3.8% – 12.9%
Weighted average	5.7%	6.3%	6.0%	5.9%
31 December 2015				
Gross ERV (per sq ft)*				
Range	£14.75 – £90.01	£3.00 – £15.00	£5.00 – £365.46	£3.00 – £365.46
Weighted average	£30.18	£6.59	£14.73	£13.22
True equivalent yield				
Range	3.7% – 8.0%	5.4% – 7.1%	4.7% – 13.1%	3.7% – 13.1%
Weighted average	5.4%	6.1%	6.0%	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.

The valuation of renewal income is based on discounted cashflows and historic lapse rates. The effect of applying reasonably possible alternative assumptions of a movement of 100bps on the discount rate and a 10% movement in the lapse rate would result in an unfavourable change in valuation of £5.0 million and a favourable change in valuation of £5.6 million, respectively.

NOTES TO THE IFRS BASIS FINANCIAL STATEMENTS

CONTINUED

15. FAIR VALUE MEASUREMENT continued

Sensitivity of Level 3 Valuations continued

The investment property valuation has been prepared using the 'market approach' valuation technique – using prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets. The following table sets out the effect of applying reasonably possible alternative assumptions to the valuation of the investment properties. Notwithstanding increased uncertainty of property values following the EU Referendum, 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 2016	Expected rental value/Relative yield	**1,345.9**	**1,470.7**	**1,235.8**
30 June 2015	Expected rental value/Relative yield	1,190.7	1,298.5	1,095.3
31 December 2015	Expected rental value/Relative yield	1,344.9	1,469.3	1,235.2

16. SHARE CAPITAL

	Number of Ordinary Shares	Share Capital
		£'Million
At 30 June 2015	523,266,261	78.5
– Exercise of options	1,398,951	0.2
At 31 December 2015	524,665,212	78.7
– Exercise of options	2,474,131	0.4
At 30 June 2016	**527,139,343**	**79.1**

The total authorised number of ordinary shares is 605 million (2015: 605 million), with a par value of 15 pence per share (2015: 15 pence per share). All issued shares are fully paid.

17. RELATED PARTY TRANSACTIONS

For the half year to 30 June 2016 the nature of the related party transactions are similar to those for the year ended 31 December 2015.

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 a deficit recognised of £7.4 million (30 June 2015: £3.4 million income and 31 December 2015: £10.1 million income) and the total value of transactions with those non-consolidated unit trusts was £18.9 million (30 June 2015: £26.4 million and 31 December 2015: £43.0 million). Net management fees receivable from these unit trusts amounted to £11.0 million (30 June 2015: £11.4 million and 31 December 2015: £22.3 million). The value of the investment into the non-consolidated unit trusts at 30 June 2016 was £179.5 million (30 June 2015: £152.1 million and 31 December 2015: £176.5 million).

18. STATUTORY ACCOUNTS

The financial information shown in this publication is unaudited and does not constitute statutory accounts. The comparative figures for the financial year ended 31 December 2015 are not the Company's statutory accounts for the financial year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies.

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

19. APPROVAL OF HALF YEAR REPORT

These condensed consolidated half year financial statements were approved by the Board of Directors on 26 July 2016.

INDEPENDENT REVIEW REPORT TO ST. JAMES'S PLACE PLC

REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Our conclusion

We have reviewed St. James's Place Plc's condensed consolidated interim financial statements (the "interim financial statements") in the Interim Statement of St. James's Place Plc for the 6 month period ended 30 June 2016. 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 Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the International financial reporting standards (IFRS) basis condensed consolidated statement of financial position as at 30 June 2016;
- the International financial reporting standards (IFRS) basis condensed consolidated statement of comprehensive income for the period then ended;
- the International financial reporting standards (IFRS) basis condensed consolidated statement of cashflows for the period then ended;
- the International financial reporting standards (IFRS) basis 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 Interim Statement have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Rules and Transparency Rules 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 Interim Statement, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Statement in accordance with the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Statement based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Rules and Transparency Rules 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 Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

PricewaterhouseCoopers LLP
Chartered Accountants
26 July 2016
London

Notes:

(a) The maintenance and integrity of the St. James's Place Plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim 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 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 2015. 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 2016

A Croft
Chief Financial Officer
26 July 2016

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FINANCIAL CALENDAR

Ex-dividend date for interim dividend	1 September 2016
Record date for interim dividend	2 September 2016
Payment date for interim dividend	30 September 2016
Announcement of third quarter new business	25 October 2016
Announcement of fourth quarter new business	26 January 2017