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**SCHRODER  
UK GROWTH  
FUND plc**

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**Interim Report  
31 October 2005**



**Schroders**



#### **INVESTMENT OBJECTIVE**

**The Company's principal investment objective is to achieve capital growth predominantly through investment in UK equities, with the aim of providing a total return in excess of the FTSE All-Share Index.**

## Directors

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**Alan Clifton (Chairman)**  
**Keith Niven**  
**Ian Phillips**  
**Stella Pirie**  
**David Ritchie**

## Advisers

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### **Investment Manager and Custodian**

Schroder Investment Management Limited  
31 Gresham Street,  
London EC2V 7QA  
Telephone: 020 7658 6000

### **Secretary and Registered Office**

Schroder Investment Management Limited  
31 Gresham Street,  
London EC2V 7QA

### **Registrar**

Lloyds TSB Registrars Scotland  
PO Box 28448,  
Finance House,  
Orchard Brae,  
Edinburgh EH4 1WQ

### **Bankers**

Schroder & Co Limited  
31 Gresham Street,  
London EC2V 7QA

The Royal Bank of Scotland Finance (Ireland)  
IFSC House,  
International Financial Services Centre,  
Dublin 1

### **Auditors**

PricewaterhouseCoopers LLP  
Southwark Towers,  
32 London Bridge Street,  
London SE1 9SY

### **Stockbrokers**

Dresdner Kleinwort Wasserstein  
20 Fenchurch Street,  
London EC3P 3DB

### **Solicitors**

Slaughter and May  
One Bunhill Row,  
London EC1Y 8YY

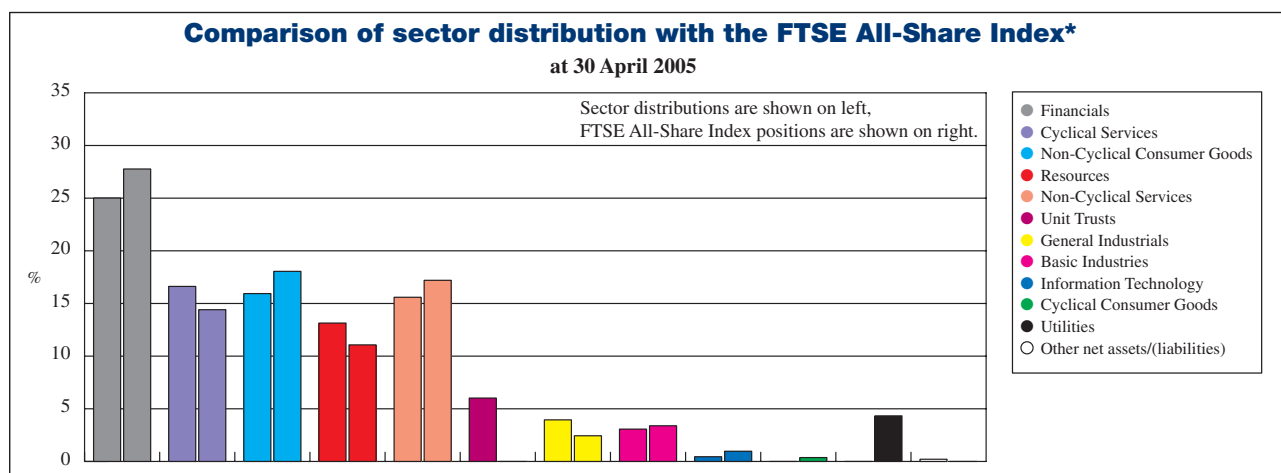
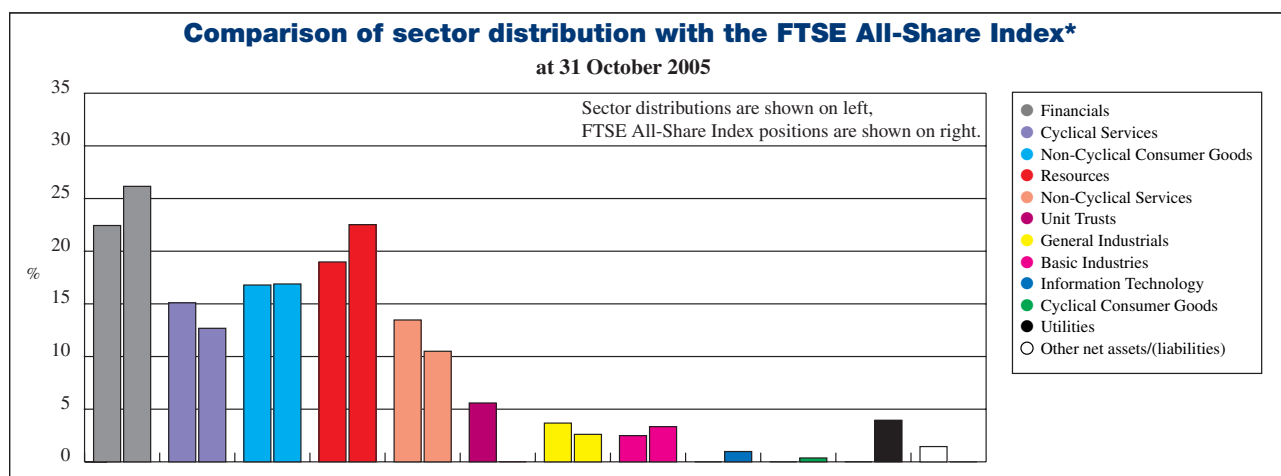
## Financial Highlights

	31 October 2005	30 April 2005	Change
Net asset value per share	<b>119.18p</b>	108.90p‡	9.4%
Share price	<b>103.75p</b>	94.00p	10.4%
Share price discount	<b>(12.94)%</b>	(13.68)%‡	–
Total assets* (£'000)	<b>221,224</b>	204,295‡	8.3%
Total borrowings (£'000) (see note 5)	<b>25,000</b>	25,000	–
Shareholders' funds (£'000)	<b>196,224</b>	179,295‡	9.4%
Market capitalisation (£'000)	<b>170,820</b>	154,767	10.4%
Number of shares in issue ('000)	<b>164,646</b>	164,646	–
	<b>Six months ended 31 October 2005</b>	Six months ended 31 October 2004	
Dividend per share	<b>1.50p</b>	1.50p	
Net asset value total return	<b>11.6%</b>	1.6%	
FTSE All-Share Index total return†	<b>12.9%</b>	4.3%	

\* Total assets less current liabilities (excluding loans).

† Source: Fundamental Data.

‡ Restated to reflect changes in accounting policies.



\* Sector distributions are shown as a percentage of total assets less current liabilities (excluding loans).

## Company Summary

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### The Company

Schroder UK Growth Fund plc is an investment trust listed on the London Stock Exchange, managed and administered by Schroders. The Company has, since its launch in 1994, measured its performance against the FTSE All-Share Index.

Investment trust companies are able to switch investments without liability for capital gains tax. This, together with the advantages of professional management and spread of risk, makes investment trusts a valuable investment medium.

It is not intended that the Company should have a limited life, but the Directors consider it desirable that Shareholders should have the opportunity to review the future of the Company at appropriate intervals. In accordance with the Articles of Association a Continuation vote was placed before the members at the 2004 Annual General Meeting and duly passed. A further Continuation vote will be placed before the members at the 2009 Annual General Meeting and every five years thereafter.

### Price Information

The Company's shares are listed on the London Stock Exchange. The stock exchange code for the shares is SDU. The price of the shares is quoted daily in the Financial Times and The Daily Telegraph.

Real time share price information is available on the FT CityLine by dialling: 0906 843 4037.

Calls are charged at 60p per minute at all times.

The Company releases its Net Asset Value to the London Stock Exchange on a weekly basis.

Share price information (prices displayed are not real time but twenty minutes out of date) is available on the internet at

<http://www.schroders.co.uk/its>

The site also contains other information on the Company including, inter alia, a sector analysis and the Company's ten largest investments. There is also a factsheet, which is updated quarterly and is available to shareholders, in printed form, on request from the Secretary of the Company.

### Association of Investment Trust Companies

The Company is a member of the Association of Investment Trust Companies, which produces monthly publications of detailed information on the majority of investment trusts. Copies of these publications can be obtained by subscription on application to the Association of Investment Trust Companies, 9th Floor, 24 Chiswell Street, London EC1Y 4YY.

## Company Summary continued

The aims of the Association are to protect and promote the interests of member companies and their shareholders by:

- taking specific action to safeguard and to improve the fiscal and regulatory regime for member companies and their shareholders
- improving investor awareness of investment trusts through education, publicity and the provision of reliable statistical and other information
- encouraging commitment to good practice and high professional standards in the industry.

### Capital Gains Tax Information

The acquisition costs of the shares for capital gains tax purposes based upon initial dealings are as follows:

- for the benefit of those shareholders who acquired their holdings in the original Offer for Subscription, with initial dealings on 25 April 1994:  
Each ordinary share of 25p each 93.30p
- for the benefit of those shareholders who acquired their holdings in the C share issue Offer for Subscription, with initial dealings on 29 April 1996:  
Each ordinary share of 25p each 122.65p

For the 2005/2006 tax year the annual capital gains of private individuals in excess of £8,500 (2004/2005: £8,200) are assessed for capital gains tax.

Capital gains on shares disposed of by individuals may be eligible for taper relief. The taper reduces the amount of a chargeable gain according to how long the asset has been held for periods after 5 April 1998.

Where shares were acquired before 6 April 1998, the capital gain will also be reduced by indexation allowance for the period up to April 1998, but not thereafter.

### Analysis of Register of Shareholders

At 31 October 2005	Shares
Percentage of issued shares held by:	%
Private individuals	6.9
Banks/Nominees (excluding Schroder PEP/ISA/Dealing Service)	40.7
Schroder PEP/ISA Holders	49.1
Schroder Investment Trust Dealing Service Participants	1.6
Others	1.7
	100.00
Total number of registered holders	4,819
Holdings within the Schroder PEP/ISA	12,021

## Chairman's Statement

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### Performance

For the six-month period ended 31 October 2005, the Company's net asset value (NAV) produced a total return of 11.6 per cent., whilst the share price produced a total return of 12.2 per cent. (source: Fundamental Data). The total return on the FTSE All-Share Index was 12.9 per cent. over the same period.

The Investment Manager's Review, which follows, describes the market background and performance of the Company during this period together with the investment outlook.

### Dividends

The Board has declared a first interim dividend of 1.50p per share for the year ending 30 April 2006. This interim dividend will be payable on 31 January 2006.

### Accounting Standards

UK Accounting Standards have changed in anticipation of many UK companies moving to International Financial Reporting Standards. There are two main financial impacts in our interim accounts, detailed in the notes. The first is to change the basis of valuing the portfolio from using mid-market prices to bid prices. This has had a minimal impact on our NAV, reducing assets by £0.19 million at 30 April 2005 and by £nil in these accounts at 31 October 2005. The second is to recognise the dividend payable only after it has been declared and paid. The interim dividend cost of £2.47 million, payable in January 2006, is therefore not deducted from net assets until after 31 October 2005.

Finally, the adoption of FRS 22 has brought about a presentational change with earnings per share only being shown at the "total" level in the Statement of Total Return.

### Purchase of Shares for Cancellation

During the period ended 31 October 2005, the Board continued to operate its share buy-back facility, following the renewal of authority at the Annual General Meeting. No shares were purchased for cancellation during that period but the Directors will continue to consider purchasing shares for cancellation in circumstances where such purchases would enhance NAV.



**Alan Clifton**

*Chairman*

14 December 2005

## Investment Manager's Review

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### Background

The UK equity market performed strongly during the period supported by a resilient profits picture, favourable valuations and an interest rate cut. Despite the shock to the market surrounding the 7th July attacks in London the FTSE All-Share Index continued to rally reaching a four year high at the end of September. Strong performance by resource stocks were a key contributor, in particular mining shares, which have risen sharply as underlying commodity prices and earnings forecasts have increased. However, the market fell during October as fears of higher inflation and slowing economic growth impacted markets. The latest UK inflation figures showed an increase in the headline consumer price inflation to 2.5 per cent. p.a., well above the Government's target of 2 per cent. This has led investors to begin to question what impact this is likely to have on the UK equity market particularly if higher inflation results in a tightening of monetary policy. The market also suffered as profit taking in the year to date winners took hold, with the Mining and Oil & Gas sectors amongst the main losers. Merger and acquisition activity seen in the first half of the year continued, with greater participation by corporate as well as private equity buyers and looks set to continue into next year.

The performance of the Company lagged the benchmark index during the period with short term sentiment weighing on some of the companies owned. We expect these stocks to benefit in the longer term as the market looks beyond their near term earnings and recognises their growth prospects. Our underweight position in mining stocks also detracted from performance as this sector has dominated the benchmark return. This has been offset by positive contributions from several of our preferred stocks.

In particular the Company has benefited from the merger and acquisition activity that has been a key driver of markets this year.

### Outlook

The combination of bid activity – in part funded by low interest rates – and strong corporate cashflows being reflected in rising dividends and share buybacks provides good support to the market. The scale of potential cash returns from the oil majors alone underpins equities to a considerable extent. Valuations are reasonable in relation to the likely profits growth anticipated next year and appear good in relation to other asset classes. That said, the market has risen fairly consistently without a major setback through most of the year and it would be surprising if there were not some pause for breath and reduction in risk appetite at some point in the coming months. Much uncertainty surrounds the timing of the end of the US Federal Reserves' interest rate tightening cycle and the prospects for US growth next year. In the UK, the outlook for interest rates is more uncertain than at any time in recent years, so whilst the market outlook remains positive longer term it would not be surprising to see an increase in volatility into next year.

**Schroder Investment Management Limited**

14 December 2005

## Twenty Largest Investments

As at 31 October 2005

Company and Activity	Value of Holdings £'000	Percentage of Shareholders' Funds
<b>Vodafone Group</b> Global mobile telephone service provider.	17,104	8.72
<b>BP</b> Integrated oil company.	16,932	8.63
<b>HSBC Holdings</b> International banking and financial services group.	15,975	8.14
<b>GlaxoSmithkline</b> Research based pharmaceutical company.	13,788	7.03
<b>Schroder Institutional U.K. Smaller Companies Fund</b> Unit Trust.	12,377	6.31
<b>Royal Bank of Scotland Group</b> Banking and financial services group.	9,914	5.05
<b>Royal Dutch Shell</b> Integrated oil company.	8,638	4.40
<b>BG Group</b> Oil and gas exploration and production company.	8,634	4.40
<b>Rio Tinto</b> World leader in finding, mining and processing a wide range of minerals across the world.	7,759	3.95
<b>HBOS</b> Banking and financial services group.	6,583	3.35
<b>Tesco</b> Leading UK and international food retailing group.	6,106	3.11
<b>AstraZeneca Group</b> Research based pharmaceutical company.	6,055	3.09
<b>Standard Chartered</b> Banking and financial services group.	5,922	3.02
<b>British American Tobacco</b> International tobacco group.	5,374	2.74
<b>Prudential</b> International financial services and insurance group.	5,020	2.56
<b>O<sub>2</sub></b> International mobile telephone service provider.	4,373	2.23
<b>Wolseley</b> Distributor and wholesaler of building materials and supplies.	4,033	2.06
<b>Gallaher</b> International tobacco manufacturing and wholesale company.	3,972	2.02
<b>Smiths</b> International engineering company.	3,604	1.84
<b>GUS</b> Diversified financial information and retail business.	3,554	1.81
<b>Total</b>	165,717	84.46

**Unaudited Statement of Total Return** (Incorporating the Revenue Account)\*

	Notes	For the six months ended 31 October 2005		Total
		Revenue	Capital	
		£'000	£'000	£'000
Gains on investments		–	18,209	18,209
Income		2,705	–	2,705
Investment management fee	2	(143)	(333)	(476)
Performance fee		–	–	–
Administrative expenses		(159)	–	(159)
Net return before finance costs and taxation		2,403	17,876	20,279
Interest payable	3	(190)	(443)	(633)
Net return on ordinary activities before taxation		2,213	17,433	19,646
Taxation on ordinary activities		–	–	–
Return on ordinary activities after taxation attributable to equity shareholders		2,213	17,433	19,646
Return per ordinary share – (pence per share)	4			11.93p

\* The total column is the profit and loss account of the Company.

All revenue and capital items in the above statement derive from continuing operations.

For the six months ended 31 October 2004			For the year ended 30 April 2005		
Revenue	Capital (Restated)	Total (Restated)	Revenue	Capital (Restated)	Total (Restated)
£'000	£'000	£'000	£'000	£'000	£'000
–	765	765	–	7,960	7,960
2,529	–	2,529	6,283	–	6,283
(123)	(286)	(409)	(253)	(592)	(845)
–	–	–	–	120	120
(160)	–	(160)	(363)	–	(363)
2,246	479	2,725	5,667	7,488	13,155
(166)	(387)	(553)	(357)	(832)	(1,189)
2,080	92	2,172	5,310	6,656	11,966
–	–	–	–	–	–
2,080	92	2,172	5,310	6,656	11,966
		1.31p			7.21p

## Unaudited Balance Sheet

		At 31 October 2005	At 31 October 2004 (Restated)	At 30 April 2005 (Restated)
	Notes	£'000	£'000	£'000
<b>Non current assets</b>				
Investments at fair value		218,007	191,449	201,173
<b>Current assets</b>				
Debtors		349	450	2,233
Cash at bank		4,323	6,976	1,480
		4,672	7,426	3,713
<b>Creditors: amounts falling due within one year</b>	6	(26,455)	(25,774)	(25,591)
<b>Net current liabilities</b>		(21,783)	(18,348)	(21,878)
<b>Creditors: amounts falling due after more than one year</b>		–	(120)	–
<b>Net assets</b>		196,224	172,981	179,295
<b>Capital and reserves</b>				
Called up share capital		41,161	41,411	41,161
Capital redemption reserve		16,108	15,858	16,108
Share premium account		944	944	944
Share purchase reserve		95,727	96,733	95,727
Warrant exercise reserve		417	417	417
Capital reserve		38,247	14,250	20,814
Revenue reserve		3,620	3,368	4,124
<b>Total equity shareholders' funds</b>	7	196,224	172,981	179,295
<b>Net asset value per ordinary share</b>	8/10	119.18p	104.43p	108.90p

## Unaudited Cash Flow Statement

	For the six months ended 31 October 2005		For the six months ended 31 October 2004		For the year ended 30 April 2005	
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Operating activities</b>						
Income received from investments	4,512		4,087		5,915	
Interest received	67		89		240	
Administrative expenses	(164)		(155)		(313)	
Investment management fee	(451)		(406)		(837)	
<b>Net cash inflow from operating activities</b>		<b>3,964</b>		<b>3,615</b>		<b>5,005</b>
<b>Returns on investments and servicing of finance</b>						
Interest paid	(643)		(548)		(1,171)	
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(643)</b>		<b>(548)</b>		<b>(1,171)</b>
<b>Taxation</b>						
UK tax (paid)/recovered	–		–		–	
<b>Total tax recovered</b>		<b>–</b>		<b>–</b>		<b>–</b>
<b>Financial investment</b>						
Purchase of investments	(18,108)		(10,391)		(23,441)	
Proceeds from the sale of investments	20,347		10,738		21,011	
<b>Net cash inflow/(outflow) from financial investment</b>		<b>2,239</b>		<b>347</b>		<b>(2,430)</b>
<b>Equity dividends paid</b>		<b>(2,717)</b>		<b>(2,512)</b>		<b>(4,995)</b>
<b>Net cash inflow/(outflow) before financing</b>		<b>2,843</b>		<b>902</b>		<b>(3,591)</b>
<b>Financing</b>						
Purchase of shares for cancellation	–		(2,264)		(3,278)	
Stamp duty paid	–		(11)		–	
Bank loan raised	–		5,000		5,000	
<b>Net cash inflow from financing</b>		<b>–</b>		<b>2,725</b>		<b>1,722</b>
<b>Net cash inflow/(outflow)</b>		<b>2,843</b>		<b>3,627</b>		<b>(1,869)</b>

## Notes

### 1. Accounting Policies

#### Changes in Accounting Policies

The interim financial statements have been prepared on the same basis of accounting policies as set out in the most recently published set of annual financial statements with the following exceptions which have arisen from the adoption of new accounting standards which apply for the year to 30 April 2006.

- (a) FRS 21 (Events after the Balance Sheet Date) – Dividends paid by the Company are accounted for in the period in which the Company is liable to pay them. Previously, the Company accrued dividends in the period in which the net revenue, to which those dividends related, was accounted for.
- (b) FRS 22 (Earnings per Share) – Investment trusts can now only disclose one earnings per share (EPS) figure. This is based on the total column of the Statement of Total Return, with details of separate capital and revenue returns per share being relegated to the notes to the accounts.
- (c) FRS 26 (Financial instruments: Measurement) – The Company has designated its assets and liabilities as being measured at “fair value through profit or loss”. The fair value of fixed asset investments is deemed to be the bid value of those investments at the close of business on the relevant date. Previously, certain listed investments were valued at mid value.

The accounts for the period ended 31 October 2004 and for the year ended 30 April 2005 have been restated to reflect these changes. (Notes 4, 7, 8 and 10 further explain the restatements).

Transaction costs which include stamp duty and broker commissions have been included within capital account.

### 2. Investment Management fees

The investment management fees are apportioned on a 70:30 basis between the capital and revenue accounts respectively. The table below sets out the allocation of the charges and reflects the irrecoverable VAT with respect to management fees.

	<b>For the six months ended 31 October 2005</b>	For the six months ended 31 October 2004	For the year ended 30 April 2005
	£'000	£'000	£'000
Investment management fee			
– charged to revenue	122	105	216
– charged to capital	283	243	503
Irrecoverable VAT			
– charged to revenue	21	18	37
– charged to capital	50	43	89
	<b>476</b>	409	845
Performance fee			
– credited to capital	–	–	(120)

### 3. Interest Payable

Interest payable is allocated on a 70:30 basis between the capital and revenue accounts, as set out in the table below:

	<b>For the six months ended 31 October 2005</b>	For the six months ended 31 October 2004	For the year ended 30 April 2005
	£'000	£'000	£'000
Interest payable			
– charged to revenue	190	166	357
– charged to capital	443	387	832
	<b>633</b>	553	1,189

## Notes continued

## 4. Return per Ordinary Share

	Six months ended 31 October 2005	Six months ended 31 October 2004 (Restated)	Year ended 30 April 2005 (Restated)
	£'000	£'000	£'000
Revenue Return	2,213	2,080	5,310
Capital Return	17,433	92	6,656
<b>Total Return</b>	<b>19,646</b>	<b>2,172</b>	<b>11,966</b>
Weighted average number of shares in issue	164,645,900	166,641,552	166,000,147
Revenue Return – pence	1.34p	1.25p	3.20p
Capital Return – pence	10.59p	0.06p	4.01p
<b>Total Return – pence</b>	<b>11.93p</b>	<b>1.31p</b>	<b>7.21p</b>

	Six months ended 31 October 2004	Year ended 30 April 2005
	£'000	£'000
<b>As previously stated</b>		
Revenue Return	2,080	5,310
Capital Return	92	6,848

The capital return for the year to 30 April 2005 was reduced by £192,000 (0.12 pence per share) reflecting the change in accounting policy on the valuation of investments. The capital return of other periods was unaffected.

There was no other effect on total return in any period.

## 5. Dividends

The Interim dividend of 1.50 pence per ordinary share will be paid on 31 January 2006 to shareholders on the register at 30 December 2005.

## 6. Creditors: amounts falling due within one year

Included within creditors of £26.5m is a loan of £25.0m drawn down from the Company's facility with The Royal Bank of Scotland Finance (Ireland) Limited.

## 7. Reconciliation of Movements in Shareholders' Funds

	Share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Share purchase reserve £'000	Warrant exercise reserve £'000	Capital reserve £'000	Revenue Reserve £'000
<b>Balance at 30 April 2005 (as previously reported)</b>	41,161	16,108	944	95,727	417	21,006	1,407
Add back accrued dividend at 30 April 2005	–	–	–	–	–	–	2,717
Less investment valuation changes	–	–	–	–	–	(192)	–
<b>Balance at 30 April 2005 (restated)</b>	41,161	16,108	944	95,727	417	20,814	4,124
Dividends paid in respect of 30 April 2005	–	–	–	–	–	–	(2,717)
Gains on investments	–	–	–	–	–	18,209	–
Other transfers to reserves	–	–	–	–	–	(776)	2,213
<b>Balance at 31 October 2005</b>	<b>41,161</b>	<b>16,108</b>	<b>944</b>	<b>95,727</b>	<b>417</b>	<b>38,247</b>	<b>3,620</b>

## 8. Net asset value per ordinary share

	31 October 2005	31 October 2004 (Restated)	30 April 2005 (Restated)
	£'000	£'000	£'000
Net asset value per share – pence	119.18p	104.43p	108.90p
Ordinary shares, in issue at end of period	164,645,900	165,645,900	164,645,900

## Notes continued

**9. Results**

The results for the six months to 31 October 2005 and 31 October 2004, which are unaudited, constitute non-statutory accounts within the meaning of Section 240 of the Companies Act 1985. The latest published accounts which have been delivered to the Registrar of Companies are for the year ended 30 April 2005; the report of the auditors thereon was unqualified and did not contain a statement under Section 237 of the Companies Act 1985. The abridged financial statements shown above for the year ended 30 April 2005 are an extract from those accounts (except as noted above).

**10. Restatement of balances**

A reconciliation is given between the closing balances per the 31 October 2004 and 30 April 2005 Accounts and the restated balances following adoption of revisions to UK GAAP.

The only adjustment relates to the (a) effect of not recognising the proposed dividends declared after the balance sheet date.

**Balance Sheet**

	Previously reported 31 October 2004 £'000	Adjustment £'000	Restated 31 October 2004 £'000
<b>Non-current assets</b>			
Investments at fair value	191,449		191,449
<b>Current assets</b>			
Debtors	450		450
Cash at bank	6,976		6,976
	7,426		7,426
<b>Creditors: amounts falling due within one year</b>			
Loans	(25,000)		(25,000)
Other	(3,249)	2,475	(774)
	(28,249)	2,475	(25,774)
<b>Net current liabilities</b>	(20,823)	2,475	(18,348)
<b>Total assets less current liabilities</b>	170,626	2,475	173,101
<b>Creditors: amounts falling due after more than one year</b>			
Debentures	(120)		(120)
<b>Net Assets</b>	170,506	2,475	172,981
<b>Capital and reserves</b>			
Called up share capital	41,411		41,411
Capital redemption reserve	15,858		15,858
Share premium account	944		944
Share purchase reserve	96,733		96,733
Warrant exercise reserve	417		417
Capital reserves	14,250		14,250
Revenue reserve	893	2,475	3,368 <sup>(a)</sup>
<b>Total shareholders' funds – equity</b>	170,506	2,475	172,981
<b>Net asset value per ordinary share – pence</b>	102.93p	1.50p	104.43p

## Notes continued

## 10. Restatement of balances (continued)

## Balance Sheet

	Previously reported 30 April 2005 £'000	Adjustment £'000	Restated 30 April 2005 £'000
<b>Non-current assets</b>			
Investments at fair value	201,365	(192)	201,173 <sup>(b)</sup>
<b>Current assets</b>			
Debtors	2,233		2,233
Cash at bank	1,480		1,480
	<b>3,713</b>		<b>3,713</b>
<b>Creditors: amounts falling due within one year</b>			
Loans	(25,000)		(25,000)
Other	(3,308)	2,717	(591) <sup>(a)</sup>
	<b>(28,308)</b>	<b>2,717</b>	<b>(25,591)</b>
<b>Net current liabilities</b>	<b>(24,595)</b>	<b>2,717</b>	<b>(21,878)</b>
<b>Total assets less current liabilities</b>	<b>176,770</b>	<b>2,525</b>	<b>179,295</b>
<b>Net assets</b>	<b>176,770</b>	<b>2,525</b>	<b>179,295</b>
<b>Capital and reserves</b>			
Called up share capital	41,161		41,161
Capital redemption reserve	16,108		16,108
Share premium account	944		944
Share purchase reserve	95,727		95,727
Warrant exercise reserve	417		417
Capital reserves	21,006	(192)	20,814 <sup>(b)</sup>
Revenue reserve	1,407	2,717	4,124 <sup>(a)</sup>
<b>Total shareholders' funds – equity</b>	<b>176,770</b>	<b>2,525</b>	<b>179,295</b>
<b>Net asset value per ordinary share – pence</b>	<b>107.36p</b>	<b>1.54p</b>	<b>108.90p</b>

## Notes to the restatement of opening balances

(a) Effect of not recognising the proposed dividends declared after the balance sheet date.

(b) Effect of revaluation of non-current investments from mid to bid value.

## Distribution of Investments

At 31 October 2005

	Value of Holdings £'000	Percentage of Shareholders' funds
Financials	49,637	25.3
Cyclical Services	33,396	17.0
Resources	41,992	21.4
Non-Cyclical Consumer Goods	37,148	18.9
Non-Cyclical Services	29,800	15.2
Unit Trusts	12,377	6.3
General Industrials	8,144	4.2
Basic Industries	5,513	2.8
Information Technology	–	–
<b>Total Investment Portfolio</b>	<b>218,007</b>	<b>111.1</b>
Other net current assets excluding loans	3,217	1.6
Loans	(25,000)	(12.7)
<b>Shareholders' funds</b>	<b>196,224</b>	<b>100.0</b>

## Shareholder Information

### Schroder Investment Trust Dealing Service

The Schroder Investment Trust Dealing Service provides a convenient and cost effective means of investing in the ordinary shares of the Company. The Service offers investors:

- a regular investment option from a minimum of £50 per month
- a lump sum investment option from a minimum of £1,000
- daily dealing
- competitive charges
- the option to reinvest income

Other investment trusts which are available through this service are Schroder AsiaPacific Fund plc, Schroder Income Growth Fund plc, Schroder Japan Growth Fund plc, Schroder Split Investment Fund plc and Schroder Split ZDP plc, Schroder UK Mid & Small Cap Fund plc, SVG Capital plc and International Biotechnology Trust plc.

### Individual Savings Account and Schroder Maxim ISA Plan

The Schroder ISA offers investors:

- lump sum investments in the ordinary shares of the Company from a minimum of £1,000 to a maximum of £7,000 in the current tax year.
- a regular investment option from a minimum of £50 per month
- competitive charges
- the option to reinvest income
- the option to include other trusts

If you would like further information about the Schroder Investment Trust Dealing Service or the Schroder Maxim ISA, please contact the Secretary of the Company at 31 Gresham Street, London EC2V 7QA or call Schroder Investor Services on freephone 0800 718 777.

### Registrar Services

Communications with shareholders are mailed to the address held on the register. Any notifications and enquiries relating to registered shareholdings, including a change of address or other amendment should be directed to Lloyds TSB Registrars Scotland at PO Box 28448, Finance House, Orchard Brae, Edinburgh EH4 1WQ. The helpline telephone number of Lloyds TSB Registrars is 0870 601 5366.

Lloyds TSB Registrars maintain a web-based enquiry service for shareholders. Currently the 'Shareview' site (address below) contains information available on public registers.

Shareholders will be invited to enter their name, shareholder reference (account number) and post code and will be able to view information on their own holding.

Visit [www.shareview.co.uk](http://www.shareview.co.uk) for more details.



Schroders plc is a leading asset management group, the shares of which are listed on the London Stock Exchange.

Schroders has been involved in investment management since 1922, and today is one of the leading international investment management houses, providing investment services, research and marketing functions from offices located in countries throughout the world.

Worldwide, as at end September 2005, Group assets under management were valued at £118.3 billion.

We manage funds across all asset categories, including equities, fixed income, cash and property. Our clients include corporations, local and public authorities, pension funds, insurance companies, charities and individuals.

Share price, portfolio and other information on Schroder investment trusts is available on the internet at

<http://www.schroders.co.uk/its>

Schroder Investment Management Limited is authorised and regulated by the Financial Services Authority (FSA).



# Schroders