

Press Release

Schroders plc

6 August 2009

Half-yearly Results to 30 June 2009 (unaudited)

- Strong investment performance across asset classes with 80 per cent. of funds outperforming¹
- Net inflows £3.9 billion in the second quarter (Institutional: £1.6 billion; Intermediary £2.3 billion)
- Funds under management £113.3 billion (31 December 2008: £110.2 billion)
- Profit before tax and exceptional items £76.9 million (H1 2008: £173.3 million)
- Profit before tax and after exceptional items £36.3 million (H1 2008: £135.7 million)
- Interim dividend 10.0 pence per share (interim dividend 2008: 10.0 pence per share)

	Six months ended 30 June 2009 £m	Six months ended 30 June 2008 £m	Year ended 31 December 2008 £m
Asset Management	66.3	138.1	249.8
Private Banking	14.9	22.3	39.7
Group	(4.3)	12.9	1.0
Profit before tax and exceptional items	76.9	173.3	290.5
Exceptional items	(40.6)	(37.6)	(167.4)
Profit before tax	36.3	135.7	123.1
Funds under management (£bn)	113.3	130.2	110.2
Dividend (pence)	10.0	10.0	31.0

Exceptional items relate to realised and unrealised losses on investment capital, redundancy and other rationalisation costs and the impairment of intangible assets associated with prior period acquisitions.

Contacts:

Schroders

Emma Tovey Head of Corporate Communications +44 (0) 207 658 2329 emma.tovey@schroders.com

Maitland

William Clutterbuck +44 (0) 207 379 5151 wclutterbuck@maitland.co.uk

¹ Performance compared to peer group or benchmark for one year to end June 2009. For three years to end June 2009 the figure is 77%.

Management Report

Financial markets remained highly volatile in the first half of 2009. Further declines in equity markets in the first quarter were followed by a strong recovery in the second, with markets recouping first quarter losses and in some cases moving to new highs for the year.

After net outflows of £2.1 billion in the first quarter we saw a significant increase in both Intermediary and Institutional flows in the second quarter with net inflows of £3.9 billion. Net inflows for the first half were £1.8 billion (H1 2008: net outflows £1.1 billion). Funds under management at the end of June were £113.3 billion (31 December 2008: £110.2 billion) not including our joint venture in China with funds under management of £5.6 billion (31 December 2008: £4.9 billion).

Reflecting significantly lower equity market levels overall compared to the first half of 2008, total profit before tax and exceptional items was £76.9 million (H1 2008: £173.3 million). Total profit before tax after exceptional items was £36.3 million (H1 2008: £135.7 million).

Asset Management

Asset Management income was down 30 per cent. to £283.5 million (H1 2008: £404.7 million). Net revenue margins¹ were lower at 58 basis points (H1 2008: 65 basis points) reflecting lower performance fees and changes in product mix. Asset Management costs excluding exceptional items were down £49.4 million on the first half of 2008 to £217.2 million (H1 2008: £266.6 million). Profit before tax and exceptional items was £66.3 million (H1 2008: £138.1 million). Exceptional charges of £12.2 million were taken in the first half, primarily relating to actions taken to reduce our cost base.

Investment performance has been strong in most asset classes with 80 per cent. of funds outperforming their benchmark over twelve months to the end of June and 77 per cent. outperforming over three years. This, together with a range of products which are well suited to the current investment environment, has led to high levels of new business. We have seen institutional and retail inflows into a range of asset classes including European and global fixed income, global equities, Asian and emerging market equities, US small cap equities and commodities.

In Institutional we had net inflows of £1.6 billion in the second quarter, reducing net outflows in the first half to £0.8 billion (H1 2008: £1.1 billion). We have a strong pipeline of institutional opportunities across a wide range of asset classes including equities, fixed income, multi-asset, and alternatives. Funds under management in Institutional were £59.7 billion at the end of June (31 December 2008: £59.6 billion).

Intermediary demand, which began to recover in the first quarter, increased significantly in the second quarter as retail investors moved out of cash into higher yielding investments. Net inflows of £0.2 billion in the first quarter were followed by net inflows of £2.3 billion in the second, to bring first half net inflows to £2.5 billion (H1 2008: net outflows £0.2 billion) with Continental Europe particularly strong. Funds under management in Intermediary were £42.4 billion at the end of June (31 December 2008: £38.9 billion).

Private Banking

Private Banking income was £49.2 million (H1 2008: £56.2 million). After a £4.3 million doubtful debt provision, profit before tax and exceptional items was £14.9 million (H1 2008: £22.3 million). Net new business amounted to £0.1 billion (H1 2008: £0.2 billion) and we see increased opportunities for new business on the back of good investment performance and a strong client service proposition. Private Banking funds under management at the end of June were £11.2 billion (31 December 2008: £11.7 billion).

¹ The Group has renamed the 'Gross profit' and 'Administrative expenses' captions within the Income Statement as 'Net revenue' and 'Operating expenses' respectively in order to describe better the constituents of such line items.

Group

The result for the Group segment was a loss before tax and exceptional items of £4.3 million (H1 2008: profit £12.9 million). Exceptional charges of £28.0 million comprised £9.6 million of realised losses on the sale of financial assets, £14.0 million of unrealised losses on financial assets, £3.0 million of surplus space provisions and £1.4 million of other charges.

Shareholders' equity amounted to £1.5 billion at the end of June including investment capital, over and above operating requirements, of approximately £0.8 billion, a high proportion of which is held in cash and liquid investments.

Dividend

The Board has declared an unchanged interim dividend of 10.0 pence per share payable on 29 September 2009 to shareholders on the register at 14 August 2009.

Outlook

Strong investment performance in most asset classes coupled with an established distribution capability is resulting in a significant pipeline of new business opportunities in Institutional and Intermediary. We expect to see continued net inflows provided the current more confident tone in financial markets is maintained.

Copies of today's announcement are available on the Schroders website: www.schroders.com.

Michael Dobson, Chief Executive, and Kevin Parry, Chief Financial Officer, will host a presentation and webcast for the investment community to discuss the Group's results at 9am BST on Thursday, 6 August 2009 at 31 Gresham Street, London, EC2V 7QA. The webcast can be viewed live at www.schroders.com/ir and www.StreetEvents.com. For individuals unable to participate in the live webcast, a replay will be available from midday on Thursday 6 August on www.schroders.com/ir.

Forward-looking statements

This interim management report may contain forward-looking statements with respect to the financial condition, results of operations and businesses of Schroders plc. Such statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by forward-looking statements and forecasts. The forward-looking statements and forecasts are based on the Directors' current view and information known to them at the date of this report. The Directors do not make any undertaking to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Nothing in this report should be construed as a profit forecast.

Condensed Consolidated Income Statement

	Notes	Six months ended 30 June 2009 (unaudited)			Six months ended 30 June 2008 (unaudited)			Year ended 31 December 2008		
		Before exceptionals	Exceptional items	Total	Before exceptionals ¹	Exceptional items ¹	Total	Before exceptionals	Exceptional items	Total
		£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue		415.2	(23.6)	391.6	578.4	(36.2)	542.2	1,083.0	(147.2)	935.8
Cost of sales		(82.9)	-	(82.9)	(117.1)	-	(117.1)	(210.1)	-	(210.1)
Net revenue		332.3	(23.6)	308.7	461.3	(36.2)	425.1	872.9	(147.2)	725.7
Operating expenses		(268.8)	(17.0)	(285.8)	(318.6)	(1.4)	(320.0)	(627.4)	(20.2)	(647.6)
Operating profit		63.5	(40.6)	22.9	142.7	(37.6)	105.1	245.5	(167.4)	78.1
Interest receivable and similar income		8.3	-	8.3	19.5	-	19.5	39.0	-	39.0
Interest payable and similar charges		(0.1)	-	(0.1)	(0.1)	-	(0.1)	(0.2)	-	(0.2)
Net finance income		8.2	-	8.2	19.4	-	19.4	38.8	-	38.8
Share of profit of associates and joint ventures		5.2	-	5.2	11.2	-	11.2	6.2	-	6.2
Profit before tax		76.9	(40.6)	36.3	173.3	(37.6)	135.7	290.5	(167.4)	123.1
Tax	5	(20.7)	3.1	(17.6)	(40.9)	5.4	(35.5)	(79.5)	27.7	(51.8)
Profit after tax		56.2	(37.5)	18.7	132.4	(32.2)	100.2	211.0	(139.7)	71.3
Attributable to:										
Minority interests - equity				(0.3)			1.6			0.1
- non equity				(0.5)			(2.1)			(5.5)
Equity holders of the parent				19.5			100.7			76.7
				18.7			100.2			71.3
Memo – dividends	6			(57.4)			(59.4)			(86.7)
Basic earnings per share before exceptional items	7			20.3p			46.5p			75.5p
Basic earnings per share	7			7.0p			35.8p			27.5p
Diluted earnings per share	7			7.0p			35.5p			27.3p

¹ These numbers have been restated to show exceptional items separately.

Condensed Consolidated Statement of Comprehensive Income

	Notes	Six months ended 30 June 2009 (unaudited) £m	Six months ended 30 June 2008 (unaudited) £m	Year ended 31 December 2008 £m
Profit for the period		18.7	100.2	71.3
Net foreign exchange (losses)/gains on translation of foreign operations	12	(154.2)	35.7	322.7
Net gains/(losses) on hedges recognised directly in equity	12	79.6	(9.0)	(169.3)
Actuarial losses on defined benefit pension schemes	13	(74.4)	(32.9)	(29.6)
Net losses on available-for-sale financial assets	13	(2.7)	(27.9)	(198.8)
Amounts recycled through the income statement	13	26.6	(0.9)	107.4
Transfer of net losses to non-equity minority interests	13	-	-	4.5
Tax on items taken directly to equity	13	21.4	4.9	(1.0)
Other comprehensive income for the period		(103.7)	(30.1)	35.9
Total comprehensive income for the period		(85.0)	70.1	107.2
Attributable to:				
Minority interests - equity		(0.3)	1.6	0.1
- non-equity		(0.5)	(2.1)	(5.5)
Equity holders of the parent		(84.2)	70.6	112.6
		(85.0)	70.1	107.2

Condensed Consolidated Balance Sheet

	Notes	30 June 2009 (unaudited) £m	30 June 2008 (unaudited) £m	31 December 2008 £m
Non-current assets				
Goodwill		112.2	106.8	112.8
Intangible assets	8	29.1	48.3	50.7
Property, plant and equipment	9	24.4	25.6	27.7
Associates and joint ventures		36.7	37.3	32.7
Financial assets	10	145.4	234.4	154.8
Loans and advances to customers		628.9	390.4	417.0
Deferred tax		61.5	47.9	43.1
Retirement benefit scheme assets		-	12.4	22.4
Trade and other receivables		6.4	7.3	6.8
		1,044.6	910.4	868.0
Current assets				
Financial assets	10	1,399.7	1,815.8	1,661.7
Loans and advances to customers		356.3	310.7	385.4
Current tax		12.8	3.5	15.5
Trade and other receivables		323.9	577.0	358.9
Cash and cash equivalents		1,164.4	787.0	1,067.6
		3,257.1	3,494.0	3,489.1
Non-current assets held for sale		0.8	17.4	2.0
Assets backing unit-linked liabilities		3,718.7	3,063.8	3,234.7
Total assets		8,021.2	7,485.6	7,593.8
Equity				
Called-up share capital	11	286.9	286.3	286.7
Share premium account	11	61.8	59.5	61.2
Other reserves	12	167.5	98.6	228.6
Retained profits	13	980.4	1,172.9	1,055.4
Equity attributable to equity holders of the parent		1,496.6	1,617.3	1,631.9
Minority interests		(0.1)	2.1	0.3
Total equity		1,496.5	1,619.4	1,632.2
Non-current liabilities				
Financial liabilities		23.4	13.2	26.4
Deposits by customers and banks		381.1	207.2	198.8
Deferred tax		3.3	2.7	4.1
Provisions		11.5	8.0	10.2
Retirement benefit scheme deficits	4	54.6	5.1	7.4
Trade and other payables		76.0	93.8	70.0
		549.9	330.0	316.9
Current liabilities				
Financial liabilities		36.5	63.3	109.0
Deposits by customers and banks		1,867.9	1,775.9	1,858.2
Provisions		5.1	4.0	8.7
Current tax		20.6	37.9	22.8
Trade and other payables		326.0	591.3	411.3
		2,256.1	2,472.4	2,410.0
Unit-linked liabilities		3,718.7	3,063.8	3,234.7
Total equity and liabilities		8,021.2	7,485.6	7,593.8

Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2009 (unaudited)	Share capital £m	Share premium £m	Other reserves £m	Retained profits £m	Minority interests £m	Total £m
At 1 January 2009	286.7	61.2	228.6	1,055.4	0.3	1,632.2
Net foreign exchange losses on translation of foreign operations	-	-	(154.2)	-	(0.1)	(154.3)
Net gains on hedges recognised directly in equity	-	-	79.6	-	-	79.6
Actuarial losses on defined benefit pension schemes	-	-	-	(74.4)	-	(74.4)
Net losses on available-for-sale financial assets	-	-	-	(2.7)	-	(2.7)
Amounts recycled through the income statement	-	-	-	26.6	-	26.6
Tax on items taken directly to equity	-	-	-	21.4	-	21.4
Profit for the period	-	-	-	19.5	(0.3)	19.2
Total comprehensive income for the period	-	-	(74.6)	(9.6)	(0.4)	(84.6)
Shares issued	0.2	0.6	-	-	-	0.8
Share-based payments	-	-	-	11.0	-	11.0
Dividends	-	-	-	(57.4)	-	(57.4)
Net loss on consideration paid in the form of shares	-	-	(0.1)	-	-	(0.1)
Own shares purchased	-	-	(5.4)	-	-	(5.4)
Transfers	-	-	19.0	(19.0)	-	-
At 30 June 2009	286.9	61.8	167.5	980.4	(0.1)	1,496.5
Six months ended 30 June 2008 (unaudited)	Share capital £m	Share premium £m	Other reserves £m	Retained profits £m	Minority interests £m	Total £m
At 1 January 2008	294.5	58.1	64.0	1,279.1	0.5	1,696.2
Net foreign exchange gains on translation of foreign operations	-	-	35.7	-	-	35.7
Net losses on hedges recognised directly in equity	-	-	(9.0)	-	-	(9.0)
Actuarial losses on defined benefit pension schemes	-	-	-	(32.9)	-	(32.9)
Net losses on available-for-sale financial assets	-	-	-	(27.9)	-	(27.9)
Amounts recycled through the income statement	-	-	-	(0.9)	-	(0.9)
Tax on items taken directly to equity	-	-	-	4.9	-	4.9
Profit for the period	-	-	-	100.7	1.6	102.3
Total comprehensive income for the period	-	-	26.7	43.9	1.6	72.2
Shares issued	0.3	1.4	-	-	-	1.7
Shares cancelled	(8.5)	-	8.5	(71.8)	-	(71.8)
Share-based payments	-	-	-	17.9	-	17.9
Dividends	-	-	-	(59.4)	-	(59.4)
Net loss on consideration paid in the form of shares	-	-	(0.2)	-	-	(0.2)
Own shares purchased	-	-	(36.8)	-	-	(36.8)
Transfers	-	-	36.4	(36.4)	-	-
Share issue costs	-	-	-	(0.4)	-	(0.4)
At 30 June 2008	286.3	59.5	98.6	1,172.9	2.1	1,619.4

Year ended 31 December 2008	Share capital £m	Share premium £m	Other reserves £m	Retained profits £m	Minority interests £m	Total £m
At 1 January 2008	294.5	58.1	64.0	1,279.1	0.5	1,696.2
Net foreign exchange gains on translation of foreign operations	-	-	322.7	-	0.4	323.1
Net losses on hedges recognised directly in equity	-	-	(169.3)	-	-	(169.3)
Actuarial losses on defined benefit pension schemes	-	-	-	(29.6)	-	(29.6)
Net losses on available-for-sale financial assets	-	-	-	(198.8)	-	(198.8)
Amounts recycled through the income statement	-	-	-	107.4	-	107.4
Transfer of net losses to non-equity minority interests	-	-	-	4.5	-	4.5
Tax on items taken directly to equity	-	-	-	(1.0)	-	(1.0)
Profit for the year	-	-	-	76.7	0.1	76.8
Total comprehensive income for the period	-	-	153.4	(40.8)	0.5	113.1
Shares issued	0.8	3.1	-	-	-	3.9
Shares cancelled	(8.6)	-	8.5	(71.8)	-	(71.9)
Share-based payments	-	-	-	24.4	-	24.4
Dividends	-	-	-	(86.7)	(0.7)	(87.4)
Net loss on consideration paid in the form of shares	-	-	(0.2)	-	-	(0.2)
Own shares purchased	-	-	(45.5)	-	-	(45.5)
Transfers	-	-	48.4	(48.4)	-	-
Share issue costs	-	-	-	(0.4)	-	(0.4)
At 31 December 2008	286.7	61.2	228.6	1,055.4	0.3	1,632.2

Condensed Consolidated Cash Flow Statement

	Notes	Six months ended 30 June 2009 (unaudited) £m	Six months ended 30 June 2008 (unaudited) £m	Year ended 31 December 2008 £m
Net cash from operating activities	14	20.1	379.3	125.6
Investing activities				
Acquisition of subsidiaries		-	(32.1)	(41.2)
Acquisition of joint ventures		(0.3)	-	-
Cash acquired with acquisitions		-	2.3	7.6
Purchase of intangible assets		(0.8)	(6.6)	(9.3)
Purchase of property, plant and equipment		(3.2)	(3.3)	(6.9)
Net disposal/(purchase) of non-current financial assets		1.2	(37.5)	(11.4)
Net disposal of current financial assets		210.4	178.8	452.5
Net purchase of non-current assets held for sale		-	(3.9)	(3.3)
Interest received		8.3	19.5	39.0
Dividends and capital distributions received from associates and joint ventures		-	5.6	9.5
Net cash from investing activities		215.6	122.8	436.5
Financing activities				
Redemption of non-voting ordinary shares		-	(71.8)	(71.8)
Proceeds from issue of non-voting ordinary shares		0.8	1.3	3.9
Acquisition of own shares		(5.4)	(36.8)	(45.5)
Distributions made to minority interests		-	-	(0.7)
Dividends paid		(57.4)	(59.4)	(86.7)
Net cash used in financing activities		(62.0)	(166.7)	(200.8)
Net increase in cash and cash equivalents		173.7	335.4	361.3
Opening cash and cash equivalents		1,189.2	716.9	716.9
Net increase in cash and cash equivalents		173.7	335.4	361.3
Effect of exchange rate changes		(69.1)	19.4	111.0
Closing cash and cash equivalents		1,293.8	1,071.7	1,189.2
Closing cash and cash equivalents consists of:				
Cash and cash equivalents backing unit-linked liabilities		129.4	284.7	121.6
Other cash and cash equivalents held by the Group		1,164.4	787.0	1,067.6
		1,293.8	1,071.7	1,189.2

Explanatory notes to half yearly financial report

1. Basis of preparation

The half-yearly financial report is unaudited and does not constitute statutory accounts within the meaning of s434 of the Companies Act 2006. The statutory accounts for 2008, which were prepared in accordance with International Financial Reporting Standards ('IFRS'), comprising standards and interpretations approved by either the International Accounting Standards Board or the International Financial Reporting Interpretations Committee or their predecessors, as adopted by the European Union, and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS, have been delivered to the Registrar of Companies. The auditors' opinion on these accounts was unqualified and did not contain a statement made under s237 of the Companies Act 1985¹.

The financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' and the Disclosure and Transparency Rules of the Financial Services Authority.

The accounting policies applied in these financial statements are consistent with those applied in the Group's statutory accounts for 2008.

At the date of issue of these financial statements, the following Standards and Interpretations relevant to the Group were in issue but not yet effective:

IFRS 3 (Amended)	Business Combinations
IAS 27 (Amended)	Consolidated and Separate Financial Statements

At the date of issue of these financial statements, the following Standard relevant to the Group was in issue but not yet endorsed by the European Union:

IFRS 7 (Amended)	Financial Instruments: Disclosures
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The Directors do not anticipate that the adoption of any of these new or revised Standards in future periods will have a material impact on the financial statements of the Group. In these financial statements, the Group has amended its presentation of segmental results as a result of adopting IFRS 8 and has presented a separate Statement of Changes in Equity in line with the revised requirements of IAS 1: these adoptions during the period have not affected the Group's reported results or financial position.

The Group has renamed the 'Gross profit' and 'Administrative expenses' captions within the Income Statement as 'Net revenue' and 'Operating expenses' respectively in order to better describe the constituents of such line items.

2. Segmental reporting

Primary reporting format - business segments

The Group has three continuing business segments: Asset Management, Private Banking, and Group. Asset Management principally comprises investment management including equity products, fixed income securities and alternative asset classes such as property, commodities, private equity and funds of hedge funds; Private Banking principally comprises investment management and banking services provided to high net worth individuals and certain smaller institutions; Group principally comprises the Group's investment capital cash, investments in equities, venture and buy-out funds and related vehicles, together with income on the Group's capital less Group costs and provisions.

During the period, the Group has adopted IFRS 8, which replaced IAS 14 Segment Reporting. A key difference between IAS 14 and IFRS 8 is that the latter requires segment information to be presented on the same basis as that provided for internal reporting purposes to the Group's chief operating decision-maker. Within the note below, segment information is presented on that basis. Comparatives for 2008 have been restated accordingly.

¹ In due course, this will change to s498 of the Companies Act 2006 for comparative statutory accounts beginning on or after 6 April 2008.

In the segmental disclosure, within the Group's last annual financial statements, prepared under IAS 14, four continuing business segments were disclosed - Asset Management, Private Banking, Private Equity and Group. As a result of the adoption of IFRS 8 the Group and Private Equity segments which have similar economic characteristics, in that both seek to earn returns from investments in managed funds, have been aggregated into a single segment.

The allocation of costs to individual business segments is undertaken in order to provide management information on the cost of providing services and to provide managers with a tool to manage and control expenditure. Costs are allocated on a basis that aligns the charge with the resources employed by the Group in a particular area of its business. Typical dynamic allocation bases are square footage occupied and number of staff employed by particular business segments.

Six months ended 30 June 2009	Asset Management £m	Private Banking £m	Group £m	Inter-segment elimination and adjustments £m	Total £m
External revenue	358.1	40.0	(20.5)	2.5	380.1
External net interest	-	11.5	-	-	11.5
Inter-segment revenues	-	(0.1)	-	0.1	-
Total revenue	358.1	51.4	(20.5)	2.6	391.6
Cost of sales	(80.7)	(2.2)	-	-	(82.9)
Net revenue	277.4	49.2	(20.5)	2.6	308.7
Operating expenses	(229.4)	(34.7)*	(19.2)	(2.5)	(285.8)
Operating profit	48.0	14.5	(39.7)	0.1	22.9
External interest receivable and similar income	1.5	-	6.8	-	8.3
Inter-segment interest receivable	0.6	-	(0.5)	(0.1)	-
Interest receivable and similar income	2.1	-	6.3	(0.1)	8.3
Interest payable and similar charges	(0.1)	-	-	-	(0.1)
Net finance income	2.0	-	6.3	(0.1)	8.2
Share of profit of associates and joint ventures	4.1	-	1.1	-	5.2
Profit before tax	54.1	14.5	(32.3)	-	36.3
Exceptional items included in the analysis above (see note 3):					
Revenues	-	-	(23.6)	-	(23.6)
Operating expenses	(12.2)	(0.4)	(4.4)	-	(17.0)
	(12.2)	(0.4)	(28.0)	-	(40.6)
Profit before tax and exceptional items	66.3	14.9	(4.3)	-	76.9
Profit before tax	54.1	14.5	(32.3)	-	36.3

* stated after charging £4.3 million in respect of doubtful debt provision

	Asset Management £m	Private Banking £m	Group £m	Inter-segment eliminations £m	Income tax £m	Total £m
Total assets	4,402.5	2,554.7	1,125.3	(135.6)	74.3	8,021.2

Segmental reporting (continued)

Six months ended 30 June 2008	Asset Management £m	Private Banking £m	Group £m	Inter-segment elimination and adjustments £m	Total £m
External revenue	509.0	45.4	(28.2)	2.1	528.3
External net interest	-	13.9	-	-	13.9
Inter-segment revenues	-	(0.9)	-	0.9	-
Total revenue	509.0	58.4	(28.2)	3.0	542.2
Cost of sales	(114.8)	(2.2)	(0.1)	-	(117.1)
Net revenue	394.2	56.2	(28.3)	3.0	425.1
Operating expenses	(268.0)	(33.9)	(16.0)	(2.1)	(320.0)
Operating profit	126.2	22.3	(44.3)	0.9	105.1
External interest receivable and similar income	3.1	-	16.4	-	19.5
Inter-segment interest receivable	3.8	-	(2.9)	(0.9)	-
Interest receivable and similar income	6.9	-	13.5	(0.9)	19.5
Interest payable and similar charges	-	-	(0.1)	-	(0.1)
Net finance income	6.9	-	13.4	(0.9)	19.4
Share of profit of associates and joint ventures	3.6	-	7.6	-	11.2
Profit before tax	136.7	22.3	(23.3)	-	135.7

Exceptional items included in the analysis above (see note 3):

Revenues	-	-	(36.2)	-	(36.2)
Operating expenses	(1.4)	-	-	-	(1.4)
	(1.4)	-	(36.2)	-	(37.6)
Profit before tax and exceptional items	138.1	22.3	12.9	-	173.3
Profit before tax	136.7	22.3	(23.3)	-	135.7

	Asset Management £m	Private Banking £m	Group £m	Inter-segment eliminations £m	Income tax £m	Total £m
Total assets	4,123.6	2,278.5	1,160.3	(128.2)	51.4	7,485.6

Year ended 31 December 2008	Asset Management £m	Private Banking £m	Group £m	Inter-segment elimination and adjustments £m	Total £m
External revenue	953.6	88.8	(139.5)	4.3	907.2
External net interest	-	28.6	-	-	28.6
Inter-segment revenues	-	(1.2)	-	1.2	-
Total revenue	953.6	116.2	(139.5)	5.5	935.8
Cost of sales	(204.9)	(4.9)	(0.3)	-	(210.1)
Net revenue	748.7	111.3	(139.8)	5.5	725.7
Operating expenses	(537.3)	(73.1)*	(32.9)	(4.3)	(647.6)
Operating profit	211.4	38.2	(172.7)	1.2	78.1
External interest receivable and similar income	6.7	-	32.3	-	39.0
Inter-segment interest receivable	6.5	-	(5.3)	(1.2)	-
Interest receivable and similar income	13.2	-	27.0	(1.2)	39.0
Interest payable and similar charges	(0.1)	-	(0.1)	-	(0.2)
Net finance income	13.1	-	26.9	(1.2)	38.8
Share of profit of associates and joint ventures	6.6	-	(0.4)	-	6.2
Profit before tax	231.1	38.2	(146.2)	-	123.1

Exceptional items included in the analysis above (see note 3):

Revenues	-	-	(147.2)	-	(147.2)
Operating expenses	(18.7)	(1.5)	-	-	(20.2)
	(18.7)	(1.5)	(147.2)	-	(167.4)
Profit before tax and exceptional items	249.8	39.7	1.0	-	290.5
Profit before tax	231.1	38.2	(146.2)	-	123.1

* Stated after charging £1.1 million in respect of doubtful debt provisions

	Asset Management £m	Private Banking £m	Group £m	Inter-segment eliminations £m	Income tax £m	Total £m
Total assets	4,095.2	2,480.0	1,211.1	(251.1)	58.6	7,593.8

Inter-segment amounts represent interest payable and receivable on cash balances held by Private Banking on behalf of Group companies.

3. Exceptional items

Exceptional items are those significant items which are required to be separately disclosed by virtue of their size or incidence to enable a better understanding of the Group's financial performance.

Within the Group's 2008 Annual Report and Accounts, exceptional items arising in the year ended 31 December 2008 were presented within a separate column on the face of the consolidated income statement. To be consistent with this presentation and to enable a greater level of comparability between different accounting periods, the Group has restated the Group's results for the six months to 30 June 2008 by separately disclosing those exceptional items arising during that period. In addition, the Group presents a further earnings per share measure disclosing the basic earnings per share before exceptional items.

Exceptional items comprise:

	Six months ended 30 June 2009 £m	Six months ended 30 June 2008 £m	Year ended 31 December 2008 £m
Within revenues:			
Net losses on financial assets	(23.6)	(36.2)	(147.2)
Within operating expenses:			
Redundancy costs	(6.2)	(1.4)	(13.6)
Surplus space provision arising from the cost reduction programme	(3.0)	-	-
Other rationalisation costs	(2.7)	-	-
Impairment of joint ventures and intangible assets	(3.7)	-	(6.6)
Provisions for bad and doubtful debts	(1.4)	-	-
	(17.0)	(1.4)	(20.2)
Total exceptional items	(40.6)	(37.6)	(167.4)

The Group believes that the deterioration of the world's financial markets that occurred during 2008 and which continued to affect markets in 2009 constituted rare events that had a material impact on the value of the Group's investment capital and intangible assets arising from business combinations. Losses on such assets during the year have been classified as exceptional items, together with costs such as redundancies and provisions for surplus space that have arisen as a direct consequence of market conditions.

4. Retirement benefit obligations

The charge for retirement benefit costs is as follows:

	Six months ended 30 June 2009 £m	Six months ended 30 June 2008 £m	Year ended 31 December 2008 £m
Pension costs – defined contribution plans	7.6	7.2	15.9
Pension costs – defined benefit plans	1.7	2.1	3.4
Other post-employment benefits	0.2	0.1	0.1
	9.5	9.4	19.4
The defined benefit scheme charge in respect of the UK scheme consists of:			
Current service cost	3.7	4.2	8.5
Expected return on scheme assets	(17.6)	(17.4)	(34.9)
Curtailment	-	-	(0.5)
Interest on scheme liabilities	14.9	14.5	28.8
Total charge in respect of the UK scheme	1.0	1.3	1.9
Charges in respect of other defined benefit schemes	0.7	0.8	1.5
Total defined benefit scheme charges	1.7	2.1	3.4

The amounts disclosed in respect of the defined benefit section of the UK Retirement Benefits Scheme (the 'UK Scheme') have been projected from previous valuations of the UK Scheme. They do not represent the results of a full actuarial valuation. The Group has not materially changed any of the principal financial assumptions underlying the calculation of the UK Scheme's net financial position, although such assumptions have been amended where applicable to reflect current market conditions and expectations. The amounts under IAS 19 that have been recognised in the statement of comprehensive income ('SOCl') in respect of the UK Scheme are set out below:

	Six months ended 30 June 2009		Six months ended 30 June 2008		Year ended 31 December 2008	
	£m	%	£m	%	£m	%
Actual return less expected return on UK Scheme assets	(55.6)		(43.3)		(40.0)	
% of period-end market value of UK Scheme assets		(11.0)		(8.2)		(7.3)
Experience gains and losses arising on UK Scheme liabilities *	-		-		2.0	
% of period-end present value of UK Scheme liabilities *		-		-		0.4
Changes in assumptions underlying the present value of UK Scheme liabilities	(18.6)		10.4		7.4	
% of period-end present value of UK Scheme liabilities		(3.4)		2.0		1.4
Actuarial losses recognised in SOCl	(74.2)		(32.9)		(30.6)	
% of period-end present value of UK Scheme liabilities		(13.4)		(6.4)		(5.8)

* Calculation is undertaken annually as part of the year-end valuation of the UK Scheme.

A triennial valuation of the UK Scheme as at 1 January 2009 is underway.

The amounts recognised in the balance sheet in respect of the UK Scheme are determined as follows:

	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
Present value of funded obligations	(553.1)	(513.4)	(525.2)
Fair value of plan assets	504.7	525.8	547.6
Net (liability)/asset recognised in balance sheet	(48.4)	12.4	22.4

The movement in the UK Scheme's (deficit)/surplus during the period is as follows:

	Six months ended 30 June 2009 £m	Six months ended 30 June 2008 £m	Year ended 31 December 2008 £m
As at 1 January	22.4	42.5	42.5
Pension cost	(1.0)	(1.3)	(1.9)
Contributions by employer	4.4	4.1	12.4
Actuarial losses recognised in SOCl	(74.2)	(32.9)	(30.6)
(Deficit)/surplus in the UK Scheme	(48.4)	12.4	22.4

As at 30 June 2009, the amounts recognised in the balance sheet in respect of the Group's retirement benefit scheme deficits are:

	£m
UK Retirement Benefits Scheme	(48.4)
Other defined benefit schemes	(6.2)
	(54.6)

5. Tax expense

	Six months ended 30 June 2009 £m	Six months ended 30 June 2008 £m	Year ended 31 December 2008 £m
Current tax			
UK corporation tax on profits of the period	19.9	30.6	39.5
Double tax relief	(18.2)	(23.7)	(38.2)
	1.7	6.9	1.3
Adjustments in respect of prior periods	1.5	0.4	2.9
	3.2	7.3	4.2
Foreign tax – current	11.9	28.9	45.1
Foreign tax – adjustments in respect of prior periods	1.6	0.7	1.0
Total current tax	16.7	36.9	50.3
Deferred tax - origination and reversal of temporary differences	1.4	(1.3)	3.5
Adjustments in respect of prior periods	(0.5)	(0.1)	(2.0)
Total tax charge for the period	17.6	35.5	51.8

The tax charge for the period has been arrived at by forecasting an effective annual tax rate, excluding exceptional items, for each tax jurisdiction and applying that rate individually to the pre-tax, pre-exceptional income of that jurisdiction. Inclusion of prior year adjustments brings the overall effective tax rate for the period pre-exceptional items to 27 per cent. (H1 2008: 30 per cent.).

Exceptional items of £40.6 million (H1 2008: £37.6 million) produce a tax credit of £3.1 million (H1 2008: £5.4 million), taking the overall tax charge for the period to 30 June 2009 to £17.6 million (H1 2008: £35.5 million).

In total, a credit of £21.4 million (H1 2008: £4.9 million) has been included in respect of tax within the SOCI. This includes a £20.8 million (H1 2008: £8.7 million) deferred tax credit on the actuarial losses within the UK scheme and a £0.7 million credit (H1 2008: £4.7 million debit) for the Equity Compensation Plan and share options issued to employees of UK Group companies.

6. Dividends

	Six months ended 30 June 2009		Six months ended 30 June 2008		Year ended 31 December 2008	
	£m	Pence per share	£m	Pence per share	£m	Pence per share
Declared and paid in period:						
Final dividend paid	57.4	21.0	59.4	21.0	59.4	21.0
Interim dividend paid	-	-	-	-	27.3	10.0
	57.4	21.0	59.4	21.0	86.7	31.0
Interim dividend for 2009	27.8	10.0				

7. Earnings per share

Basic earnings per share is calculated by dividing the profit for the financial period attributable to equity holders of the parent of £19.5 million (H1 2008: £100.7 million) by the weighted average number of shares in issue during the period, less the weighted average number of own shares. The post-tax attributable profit adjusted for exceptional items is £56.5 million. (H1 2008: £130.8 million).

Diluted earnings per share is calculated as for basic earnings per share with a further adjustment to the weighted average number of shares to reflect the effects of all dilutive potential shares.

There is no difference between the profit for the financial period attributable to equity holders of the parent used in the basic and diluted earnings per share calculations.

Reconciliation of the figures used in calculating basic and diluted earnings per share:

	Six months ended 30 June 2009 Number	Six months ended 30 June 2008 Number	Year ended 31 December 2008 Number
Weighted average number of shares used in calculation of basic earnings per share	277,758,307	281,691,221	279,534,683
Effect of dilutive potential shares – share options	512,424	1,578,264	1,128,445
Effect of dilutive potential shares – contingently issuable shares	318,865	792,782	632,053
Weighted average number of shares used in calculation of diluted earnings per share	278,589,596	284,062,267	281,295,181

There have been no material transactions involving shares or potential shares since the reporting date and before the issue of these financial statements.

8. Intangible assets

In the six months to 30 June 2009, the Group acquired software with a value of £0.8 million (H1 2008: £6.6 million), none of which arose from business combinations during the period. No disposals of software were made during the period (H1 2008: £nil).

At 31 December 2008, the initial accounting for two acquisitions of the Group had been determined only provisionally. The accounting for these acquisitions has now been finalised and, in respect of the 2008 acquisition of Swiss Re Asset Management Funds (Switzerland) AG, intangible assets of £12.8 million have been reclassified in the period as goodwill.

9. Property, plant and equipment

In the six months to 30 June 2009, the Group acquired property, plant and equipment with a value of £3.2 million (H1 2008: £3.3 million), none of which arose from business combinations during the period, and made disposals of £0.2 million (H1 2008: £0.1 million). The Group has future commitments to purchase property, plant and equipment with a value of £0.6 million (31 December 2008: £nil).

10. Financial assets

30 June 2009	Held to maturity £m	Fair value through profit or loss £m	Available-for-sale £m	Total £m
Equities	-	45.2	214.6	259.8
Debt securities	592.6	368.8	253.3	1,214.7
Investments	592.6	414.0	467.9	1,474.5
Derivative contracts	-	70.6	-	70.6
	592.6	484.6	467.9	1,545.1

31 December 2008	Held to maturity £m	Fair value through profit or loss £m	Available-for-sale £m	Total £m
Equities	-	88.0	239.2	327.2
Debt securities	845.7	373.8	188.9	1,408.4
Investments	845.7	461.8	428.1	1,735.6
Derivative contracts	-	80.9	-	80.9
	845.7	542.7	428.1	1,816.5

11. Share capital

	Number of shares Units	Ordinary shares £m	Non-voting ordinary shares £m	Total shares £m	Share premium £m
At 1 January 2009	286,713,360	226.0	60.7	286.7	61.2
Shares issued	153,000	-	0.2	0.2	0.6
At 30 June 2009	286,866,360	226.0	60.9	286.9	61.8

	Number of shares Units	Ordinary shares £m	Non-voting ordinary shares £m	Total shares £m	Share premium £m
At 1 January 2008	294,498,843	226.0	68.5	294.5	58.1
Shares issued	369,539	-	0.3	0.3	1.4
Shares cancelled	(8,538,230)	-	(8.5)	(8.5)	-
At 30 June 2008	286,330,152	226.0	60.3	286.3	59.5

	Number of shares Units	Ordinary shares £m	Non-voting ordinary shares £m	Total shares £m	Share premium £m
At 1 January 2008	294,498,843	226.0	68.5	294.5	58.1
Shares issued	752,747	-	0.8	0.8	3.1
Shares cancelled	(8,538,230)	-	(8.6)	(8.6)	-
At 30 December 2008	286,713,360	226.0	60.7	286.7	61.2

	30 June 2009 Number	30 June 2008 Number	31 December 2008 Number	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
Authorised:						
Ordinary shares of £1 each	226,022,400	226,022,400	226,022,400	226.0	226.0	226.0
Non-voting ordinary shares of £1 each	113,977,598	113,977,598	113,977,598	114.0	114.0	114.0
	339,999,998	339,999,998	339,999,998	340.0	340.0	340.0
Allotted, called-up and fully paid:						
Ordinary shares of £1 each	226,022,400	226,022,400	226,022,400	226.0	226.0	226.0
Non-voting ordinary shares of £1 each	60,843,960	60,307,752	60,690,960	60.9	60.3	60.7
	286,866,360	286,330,152	286,713,360	286.9	286.3	286.7

12. Other reserves

	Shares to be issued* £m	Capital reserves £m	Own shares held £m	Net exchange differences £m	Hedging reserve £m	Total £m
At 1 January 2009	5.0	203.4	(100.8)	294.4	(173.4)	228.6
Exchange differences on translation of foreign operations	-	-	-	(154.2)	79.6	(74.6)
Other comprehensive income	-	-	-	(154.2)	79.6	(74.6)
Consideration paid in the form of shares	(5.0)	-	4.9	-	-	(0.1)
Own shares purchased	-	-	(5.4)	-	-	(5.4)
Transfers from retained profits reserve	-	1.0	18.0**	-	-	19.0
At 30 June 2009	-	204.4	(83.3)	140.2	(93.8)	167.5

	Shares to be issued* £m	Capital reserves £m	Own shares held £m	Net exchange differences £m	Hedging reserve £m	Total £m
At 1 January 2008	10.1	161.8	(75.5)	(28.3)	(4.1)	64.0
Exchange differences on translation of foreign operations	-	-	-	35.7	(9.0)	26.7
Other comprehensive income	-	-	-	35.7	(9.0)	26.7
Shares cancelled	-	8.5	-	-	-	8.5
Consideration paid in the form of shares	(5.1)	-	4.9	-	-	(0.2)
Own shares purchased	-	-	(36.8)	-	-	(36.8)
Transfers from retained profits reserve	-	22.2	14.2**	-	-	36.4
At 30 June 2008	5.0	192.5	(93.2)	7.4	(13.1)	98.6

	Shares to be issued* £m	Capital reserves £m	Own shares held £m	Net exchange differences £m	Hedging reserve £m	Total £m
At 1 January 2008	10.1	161.8	(75.5)	(28.3)	(4.1)	64.0
Exchange differences on translation of foreign operations	-	-	-	322.7	(169.3)	153.4
Other comprehensive income	-	-	-	322.7	(169.3)	153.4
Shares cancelled	-	8.5	-	-	-	8.5
Consideration paid in the form of shares	(5.1)	-	4.9	-	-	(0.2)
Own shares purchased	-	-	(45.5)	-	-	(45.5)
Transfers from retained profits reserve	-	33.1	15.3**	-	-	48.4
At 31 December 2008	5.0	203.4	(100.8)	294.4	(173.4)	228.6

* Shares to be issued represent outstanding deferred consideration in respect of the 2006 acquisition of NewFinance Holdings Limited

** Results from the vesting of shares in employee share schemes

13. Retained profits reserve

	Associates reserve £m	Fair value reserve £m	Profit and loss reserve £m	Total £m
At 1 January 2009	14.6	16.9	1,023.9	1,055.4
Actuarial losses on defined benefit pension schemes	-	-	(74.4)	(74.4)
Net gains/(losses) on available-for-sale financial assets	2.4	(5.1)	-	(2.7)
Amounts recycled through the income statement	-	26.6	-	26.6
Tax on items taken directly to equity	-	-	21.4	21.4
Other comprehensive income	2.4	21.5	(53.0)	(29.1)
Profit for the period	5.2	-	14.3	19.5
Total comprehensive income for the period	7.6	21.5	(38.7)	(9.6)
Share-based payments	-	-	11.0	11.0
Dividends	-	-	(57.4)	(57.4)
Transfers to other reserves	-	-	(19.0)	(19.0)
At 30 June 2009	22.2	38.4	919.8	980.4

	Associates reserve £m	Fair value reserve £m	Profit and loss reserve £m	Total £m
At 1 January 2008	20.8	99.4	1,158.9	1,279.1
Actuarial losses on defined benefit pension schemes	-	-	(32.9)	(32.9)
Net losses on available-for-sale financial assets	(1.4)	(26.5)	-	(27.9)
Amounts recycled through the income statement	-	(0.9)	-	(0.9)
Tax on items taken directly to equity	-	1.1	3.8	4.9
Other comprehensive income	(1.4)	(26.3)	(29.1)	(56.8)
Profit for the period	11.2	-	89.5	100.7
Total comprehensive income for the period	9.8	(26.3)	60.4	43.9
Shares cancelled	-	-	(71.8)	(71.8)
Share-based payments	-	-	17.9	17.9
Dividends	-	-	(59.4)	(59.4)
Transfers to other reserves	-	-	(36.4)	(36.4)
Transfers within retained profits reserve	(5.4)	-	5.4	-
Share issue costs	-	-	(0.4)	(0.4)
At 30 June 2008	25.2	73.1	1,074.6	1,172.9

	Associates reserve £m	Fair value reserve £m	Profit and loss reserve £m	Total £m
At 1 January 2008	20.8	99.4	1,158.9	1,279.1
Actuarial losses on defined benefit pension schemes	-	-	(29.6)	(29.6)
Net losses on available-for-sale financial assets	(3.1)	(195.7)	-	(198.8)
Amounts recycled through the income statement	-	107.4	-	107.4
Transfer of net losses to non-equity minority interests	-	4.5	-	4.5
Tax on items taken directly to equity	-	1.3	(2.3)	(1.0)
Other comprehensive income	(3.1)	(82.5)	(31.9)	(117.5)
Profit for the year	6.2	-	70.5	76.7
Total comprehensive income for the year	3.1	(82.5)	38.6	(40.8)
Shares cancelled	-	-	(71.8)	(71.8)
Share-based payments	-	-	24.4	24.4
Dividends	-	-	(86.7)	(86.7)
Transfers to other reserves	-	-	(48.4)	(48.4)
Transfers within retained profits reserve	(9.3)	-	9.3	-
Share issue costs	-	-	(0.4)	(0.4)
At 31 December 2008	14.6	16.9	1,023.9	1,055.4

14. Reconciliation of net cash from operating activities

	Six months ended 30 June 2009 £m	Six months ended 30 June 2008 £m	Year ended 31 December 2008 £m
Operating profit	22.9	105.1	78.1
Adjustments for:			
Depreciation of property, plant and equipment and amortisation of software	6.8	5.7	11.9
Impairment and amortisation of intangible assets acquired in business combinations	4.2	1.1	9.8
Impairment of financial assets	20.4	-	81.3
Other amounts recycled through the income statement in respect of financial assets	6.2	(0.9)	26.1
Increase in trade and other receivables	(189.0)	(342.6)	(134.1)
Increase in trade and other payables and provisions	122.1	322.7	112.9
Increase in unit-linked liabilities	484.0	336.0	506.9
Net charge for provisions	0.3	0.1	6.2
Net losses on financial assets and liabilities held at fair value through profit or loss	1.4	29.8	48.2
Share-based payments expensed	11.0	17.9	24.4
Other non-cash movements	24.0	14.9	(134.2)
Payments made to defined benefit schemes	(4.4)	(4.1)	(12.4)
UK corporation tax received/(paid)	8.9	(12.4)	(21.7)
Overseas tax paid	(22.4)	(41.2)	(90.8)
Interest paid	(0.1)	(0.1)	(0.2)
Net purchase of assets backing unit-linked liabilities	(476.2)	(52.7)	(386.8)
Net cash from operating activities	20.1	379.3	125.6

15. Own shares

'Own shares' are shares held by employee trusts for the purposes of satisfying certain equity-based awards where such shares have not vested unconditionally in employees of the Group. During the period, the number of own shares held decreased from 9.7 million to 8.2 million. Of the 8.2 million own shares held, 8.0 million were ordinary shares (30 June 2008: 8.6 million) and 0.2 million non-voting ordinary shares (30 June 2008: 0.6 million).

16. Contingent liabilities

Certain Group undertakings are the subject of current or pending legal actions or regulatory review; the Directors believe that none of these, either individually or in aggregate, is likely to have a material adverse effect on the Group's financial position.

Additional Information

Funds under Management (FUM) – 2009 Flows

	Institutional £bn	Intermediary £bn	Private Banking £bn	Total £bn
31 December 2008	59.6	38.9	11.7	110.2
Net flows	(0.8)	2.5	0.1	1.8
Market movements & other	0.9	1.0	(0.6)	1.3
Acquisition adjustments	-	-	-	-
30 June 2009	59.7	42.4	11.2	113.3

Income and Cost Metrics for the Group

Before exceptional items, except for *	Six months ended 30 June 2009	Six months ended 30 June 2008
Group cost: income ratio	78%	65%
Group cost: net ratio	81%	69%
Compensation costs: Operating ratio	48%	45%
Return on average capital (pre-tax) *	5%	16%
Return on average capital (post-tax) *	2%	12%
Asset Management cost: net ratio	78%	68%
Asset Management net revenue on average funds under management	58bps	65bps
Asset Management costs on average funds under management	45bps	44bps
Asset Management costs on closing funds under management	43bps	45bps

Group capital

	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
Investment Capital:			
Cash and cash equivalents	62	172	310
Liquid debt securities*	442	-	118
Fixed income: mortgage and asset backed securities	1	151	105
Third party hedge funds	32	173	53
Seed capital	136	248	214
Private Equity	68	126	58
Property and other investments	30	46	41
Total Investment Capital	771	916	899
Private Banking:			
Cash and cash equivalents	841	311	662
Other net liabilities	(611)	(90)	(395)
Total Private Banking	230	221	267
Other Operational Capital:			
Cash and cash equivalents	261	304	95
Liquid debt securities	75	28	235
Other net assets	160	148	136
Total other Operational Capital	496	480	466
Total Group Capital	1,497	1,617	1,632

* Liquid debt securities include bank CDs and deposits.

Key Risks

Like any other asset management business we are exposed to a range of risks. These risks, if not managed properly, increase the possibility of the Group not being able to meet its objectives. Some of them, like the risks inherent in taking active investment decisions on behalf of clients, are the risks we are in business to take. The key risks to which the Group will be exposed in the second half of 2009 are substantially the same as those described on page 14 of the 2008 Annual Report, being market risk, investment performance risk, liquidity risk, counterparty risk, product risk, human resource risk, business continuity risk and project risk.

Responsibility Statement

On behalf of the Directors, I confirm to the best of my knowledge that:

- this condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;
- the half-yearly management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R of the Disclosure and Transparency Rules, being:
 - an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - related party transactions that have taken place in the first six months of the financial year and any changes in the related party transactions described in the annual report that have materially affected or could have a material effect on the financial position or performance of the Group.

Kevin Parry
Chief Financial Officer

Independent review report to Schroders plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009, which comprises the Condensed Consolidated Income Statement, Condensed Consolidated Statement Of Comprehensive Income, Condensed Consolidated Balance Sheet, Condensed Consolidated Statement Of Changes In Equity, Condensed Consolidated Cash Flow Statement and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in the basis of preparation, the annual financial statements of the Group are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, 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.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.