Schroders

Press Release
Schroders plc

8 August 2013

Half-year results to 30 June 2013 (unaudited)

- Profit before tax and exceptional items up 29 per cent. to £228.0 million[1] (H1 2012: £177.4 million)
- Profit before tax up 25 per cent. to £221.7 million (H1 2012: £177.4 million)
- Interim dividend up 23 per cent. to 16.0 pence per share (interim dividend 2012: 13.0 pence per share)
- Net inflows up 67 per cent. to £4.5 billion (H1 2012: £2.7 billion)
- Assets under management up 21 per cent. to £235.7 billion (30 June 2012: £194.6 billion)

	Six months ended 30 June 2013 £m	Six months ended 30 June 2012 £m	Year ended 31 December 2012 £m
Profit/(loss) before tax and exceptional items			
Asset Management	212.1	175.2	348.5
Private Banking	10.6	10.4	11.8
Group	5.3	(8.2)	(0.3)
Total profit before tax and exceptional items	**228.0**	**177.4**	**360.0**
Total profit before tax	**221.7**	**177.4**	**360.0**
Earnings per share (pence)	**64.2**	**50.7**	**104.7**
Dividend (pence)	**16.0**	**13.0**	**43.0**

Michael Dobson, Chief Executive, commented, '*We are pleased with these strong results and the overall performance of the firm, reflecting the benefits of our diverse, global business. Against a volatile background, we delivered competitive performance for clients, £4.5 billion of net new business and a 29 per cent. increase in profit.*

We are confident that the additions of Cazenove Capital in the UK and STW Fixed Income in the US will strengthen our offerings for clients and create value for shareholders.

We continue to see good long-term growth prospects and this is reflected in the 23 per cent. increase in our interim dividend.'

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[1] Please refer to note 2 and note 3 on page 12 for a definition and further details of exceptional items

Management report

Financial markets made significant gains in the first five months of 2013 with investors continuing to favour equities over low-yielding bonds and cash. We then saw a sharp correction in most markets, beginning in late May and extending through June, as the Federal Reserve in the US indicated its intention to unwind the quantitative easing programme when economic growth picks up and, at the same time, concerns grew over the slowdown in China. After the strong performance of equities in late 2012 and early 2013 investors took profits and the asset management industry saw high levels of net redemptions from equity mutual funds in June.

Reflecting this trend, we generated net inflows of £5.6 billion in the first quarter followed by £1.1 billion of net outflows in the second quarter, all of which occurred in June, resulting in £4.5 billion of net inflows in the first half overall. Assets under management at the end of June were £235.7 billion including £6.6 billion from STW (30 June 2012: £194.6 billion).

Profit before tax and exceptional items in the first half increased by 29 per cent. to £228.0 million (H1 2012: £177.4 million). Profit before tax and after exceptional items was up 25 per cent. at £221.7 million (H1 2012: £177.4 million).

Asset Management

Asset Management net revenue increased 19 per cent. to £585.7 million (H1 2012: £491.0 million) including performance fees of £11.8 million (H1 2012: £10.1 million). Net revenue margins, excluding performance fees, were unchanged at 54 basis points. Profit before tax increased 21 per cent. to £211.8 million (H1 2012: £175.2 million).

Investment performance remains competitive with 67 per cent. of assets under management outperforming their benchmark or peer group over three years.

Net inflows in Institutional were £2.1 billion across multi-asset, equities and fixed income, with a strong result in Asia Pacific. Assets under management in Institutional at the end of June were £139.6 billion (31 December 2012: £123.7 billion).

Net inflows in Intermediary were £2.7 billion with high levels of net inflows in branded funds offsetting net outflows in our lower margin sub-advisory business. Net sales were concentrated in multi-asset and, by region, Asia Pacific and continental Europe. Cazenove Capital's investment fund range, which will be included from the third quarter, will add complementary strategies with strong performance across UK and European equities, multi-manager and fixed income. Assets under management in Intermediary at the end of June were £79.2 billion (31 December 2012: £72.0 billion).

Private Banking

Net revenues in Private Banking were marginally higher at £53.5 million (H1 2012: £52.6 million) and profit before tax was £10.6 million (H1 2012: £10.4 million). Although we generated positive net business flows, withdrawals from continuing client relationships led to net outflows of £0.3 billion in the first half. Assets under management in Private Banking at the end of June were £16.9 billion (31 December 2012: £16.3 billion). The addition of Cazenove Capital's wealth management business materially increases the scale of our Private Banking business in the UK and extends our offering for private clients.

Acquisitions

In April, we completed the acquisition of STW. This strengthens our fixed income business and broadens the scope of our institutional business in the US. The integration of STW with our existing fixed income capability in the US is progressing well.

In July, we completed the acquisition of Cazenove Capital. Assets under management at 30 June were £20.1 billion of which £13.2 billion was in wealth management and £6.9 billion in investment funds. These will be included for the first time in our third quarter reported assets under management. The response from Cazenove Capital clients has been encouraging and this combination strengthens our position in Private Banking and UK Intermediary.

These two acquisitions were unusual opportunities to expand in areas of strategic importance but we remain committed to growing our business organically over the long term.

Group

The Group segment comprises central costs and returns on investment capital, including seed capital deployed in building an investment track record in new products. Profit before tax and exceptional items was £5.3 million (H1 2012 loss: £8.2 million). Exceptional items relating to the acquisitions of STW and Cazenove Capital were £6.0 million.

Shareholders' equity at the end of June was £2.2 billion (31 December 2012: £2.1 billion).

Dividend

Reflecting these results, our confidence in the long-term growth prospects and the Company's financial strength, the Board has declared an interim dividend of 16.0 pence per share (interim dividend 2012: 13.0 pence), an increase of 23 per cent. The dividend will be payable on 26 September 2013 to shareholders on the register at 16 August 2013.

Outlook

The prospect of the easy monetary policy of recent years being unwound is likely to weigh on markets and investor demand will therefore remain unpredictable. However, we continue to strengthen our business in the UK and internationally and we believe this will lead to further opportunities for growth in the long term.

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

Michael Dobson, Chief Executive, and Richard Keers, Chief Financial Officer, will host a presentation and webcast for the investment community, to discuss the Group's half-year results at 10.00am BST on Thursday, 8 August 2013 at 31 Gresham Street, London, EC2V 7QA. The webcast can be viewed live at www.schroders.com/ir and www.cantos.com. For individuals unable to participate in the live webcast, a replay will be available from midday on Thursday 8 August on www.schroders.com/ir.

Forward-looking statements

These half-year results may contain certain forward-looking statements with respect to the financial condition, results of operations, strategy and businesses of the Schroders Group. Such statements and forecasts involve risk and uncertainty because they are based on current expectations and assumptions but they relate to events and depend upon circumstances in the future and you should not place undue reliance on them. Without limitation, any statements preceded or followed by or that include the words 'targets', 'plans', 'believes', 'expects', 'aims' or 'anticipates' or the negative of these terms and other similar terms are intended to identify such forward-looking statements. 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. Forward-looking statements and forecasts are based on the Directors' current view and information known to them at the date of these half-year results. 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 these half-year results should be construed as a forecast, estimate or projection of future financial performance.

Consolidated income statement

	Notes	Six months ended 30 June 2013 (unaudited)			Six months ended 30 June 2012 (unaudited)	Year ended 31 December 2012 (audited)
		Before exceptional items £m	**Exceptional items** £m**	**Total £m**	£m	£m
Revenue	4	815.6	-	815.6	698.8	1,425.4
Cost of sales		(190.2)	-	(190.2)	(165.6)	(329.7)
Net gains on financial instruments and other income		19.7	-	19.7	10.8	39.2
Net revenue*		**645.1**	**-**	**645.1**	**544.0**	**1,134.9**
Operating expenses		(426.4)	(6.3)	(432.7)	(375.6)	(791.2)
Operating profit		**218.7**	**(6.3)**	**212.4**	**168.4**	**343.7**
Net finance income		7.4	-	7.4	6.2	11.8
Share of profit of associates and joint ventures		1.9	-	1.9	2.8	4.5
Profit before tax		**228.0**	**(6.3)**	**221.7**	**177.4**	**360.0**
Tax	5	(48.0)	0.5	(47.5)	(40.3)	(76.8)
Profit after tax		**180.0**	**(5.8)**	**174.2**	**137.1**	**283.2**
Earnings per share						
Basic	6	66.3p	(2.1)p	64.2p	50.7p	104.7p
Diluted	6	64.1p	(2.1)p	62.0p	49.2p	101.3p

* Non-GAAP measure of performance
** Please refer to note 2 and note 3 on page 12 for a definition and further details of exceptional items

Consolidated statement of comprehensive income

	Notes	**Six months ended 30 June 2013 (unaudited) £m**	Six months ended 30 June 2012 (unaudited) £m	Year ended 31 December 2012 (audited) £m
Profit for the period		**174.2**	**137.1**	**283.2**
Items to be reclassified to the income statement on fulfilment of specific conditions:				
Net exchange differences on translation of foreign operations after hedging		27.2	(8.9)	(21.8)
Net fair value movement arising from available-for-sale financial assets		3.5	9.0	16.0
Net fair value movement arising from available-for-sale financial assets held by associates		(1.0)	1.1	1.5
		29.7	**1.2**	**(4.3)**
Reclassification to the income statement:				
Transfer to income statement on derecognition or impairment of available-for-sale financial assets		(5.2)	(2.5)	(25.5)
		(5.2)	**(2.5)**	**(25.5)**
Items not to be reclassified to the income statement:				
Actuarial gains/(losses) on defined benefit pension schemes	12	5.1	(12.9)	10.4
Tax on items taken directly to other comprehensive income		(2.1)	0.3	(4.1)
		3.0	**(12.6)**	**6.3**
Other comprehensive income/(losses) for the period		**27.5**	**(13.9)**	**(23.5)**
Total comprehensive income for the period net of tax		**201.7**	**123.2**	**259.7**

Consolidated statement of financial position

	Notes	**30 June 2013 (unaudited) £m**	30 June 2012 (unaudited) £m	31 December 2012 (audited) £m
Assets				
Cash and cash equivalents		3,077.1	2,329.3	2,542.8
Trade and other receivables		615.2	455.2	414.7
Financial assets		1,621.1	2,225.5	2,019.8
Associates and joint ventures		87.1	57.6	79.4
Property, plant and equipment		18.2	14.0	15.0
Goodwill and intangible assets		180.9	141.9	142.1
Deferred tax		45.1	49.4	47.8
Retirement benefit scheme surplus	12	73.6	43.0	67.2
		5,718.3	**5,315.9**	**5,328.8**
Assets backing unit-linked liabilities				
Cash and cash equivalents		840.3	827.8	820.5
Financial assets		9,620.0	8,365.9	8,525.8
		10,460.3	**9,193.7**	**9,346.3**
Total assets		**16,178.6**	**14,509.6**	**14,675.1**
Liabilities				
Trade and other payables		718.8	494.8	559.3
Financial liabilities		2,732.1	2,743.5	2,585.1
Current tax		33.4	71.1	40.8
Provisions		40.1	57.4	64.0
Deferred tax		1.9	2.5	1.9
Retirement benefit scheme deficits	12	7.0	8.1	7.8
		3,533.3	**3,377.4**	**3,258.9**
Unit-linked liabilities		**10,460.3**	**9,193.7**	**9,346.3**
Total liabilities		**13,993.6**	**12,571.1**	**12,605.2**
Net assets		**2,185.0**	**1,938.5**	**2,069.9**
Equity		**2,185.0**	**1,938.5**	**2,069.9**

Consolidated statement of changes in equity

Six months ended 30 June 2013 (unaudited)	Share capital £m	Share premium £m	Own shares £m	Net exchange differences £m	Associates and joint ventures reserve £m	Fair value reserve £m	Profit and loss reserve £m	Total £m
At 1 January 2013	282.5	90.1	(165.1)	101.8	25.5	25.6	1,709.5	2,069.9
Profit for the period	-	-	-	-	1.9	-	172.3	174.2
Net exchange differences on translation of foreign operations	-	-	-	34.0	-	-	-	34.0
Net exchange differences on hedging of foreign operations	-	-	-	(6.8)	-	-	-	(6.8)
Net fair value movements on available-for-sale financial assets taken to other comprehensive income	-	-	-	-	(1.0)	2.8	-	1.8
Net exchange differences on available-for-sale financial assets	-	-	-	-	-	0.7	-	0.7
Transfer to income statement on derecognition or impairment of available-for-sale financial assets	-	-	-	-	-	(5.2)	-	(5.2)
Actuarial gains on defined benefit pension schemes	-	-	-	-	-	-	5.1	5.1
Tax on items taken directly to other comprehensive income	-	-	-	-	-	-	(2.1)	(2.1)
Other comprehensive income/(losses)	**-**	**-**	**-**	**27.2**	**(1.0)**	**(1.7)**	**3.0**	**27.5**
Shares issued	-	0.1	-	-	-	-	-	0.1
Share-based payments	-	-	-	-	-	-	24.2	24.2
Tax in respect of share schemes	-	-	-	-	-	-	6.3	6.3
Other movements in associates and joint ventures reserve	-	-	-	-	(1.0)	-	-	(1.0)
Dividends attributable to owners of the parent	-	-	-	-	-	-	(80.4)	(80.4)
Dividends attributable to non-controlling interests	-	-	-	-	-	-	(0.2)	(0.2)
Own shares purchased	-	-	(35.6)	-	-	-	-	(35.6)
Transactions with owners	**-**	**0.1**	**(35.6)**	**-**	**(1.0)**	**-**	**(50.1)**	**(86.6)**
Transfers	**-**	**-**	**24.0**	**-**	**(3.0)**	**-**	**(21.0)**	**-**
At 30 June 2013	**282.5**	**90.2**	**(176.7)**	**129.0**	**22.4**	**23.9**	**1,813.7**	**2,185.0**

Six months ended 30 June 2012 (unaudited)	Share capital £m	Share premium £m	Own shares £m	Net exchange differences £m	Associates and joint ventures reserve £m	Fair value reserve £m	Profit and loss reserve £m	Total £m
At 1 January 2012	282.5	87.8	(172.5)	123.8	25.8	34.9	1,519.3	1,901.6
Profit for the period	**-**	**-**	**-**	**-**	**2.8**	**-**	**134.3**	**137.1**
Net exchange differences on translation of foreign operations	-	-	-	(11.7)	-	-	-	(11.7)
Net exchange differences on hedging of foreign operations	-	-	-	2.8	-	-	-	2.8
Net fair value movements on available-for-sale financial assets taken to other comprehensive income	-	-	-	-	1.1	9.8	-	10.9
Net exchange differences on available-for-sale financial assets	-	-	-	-	-	(0.8)	-	(0.8)
Transfer to income statement on derecognition or impairment of available-for-sale financial assets	-	-	-	-	-	(2.5)	-	(2.5)
Actuarial losses on defined benefit pension schemes	-	-	-	-	-	-	(12.9)	(12.9)
Tax on items taken directly to other comprehensive income	-	-	-	-	-	-	0.3	0.3
Other comprehensive (losses)/income	**-**	**-**	**-**	**(8.9)**	**1.1**	**6.5**	**(12.6)**	**(13.9)**
Shares issued	0.2	1.4	-	-	-	-	-	1.6
Shares cancelled	(0.2)	-	-	-	-	-	0.2	-
Share-based payments	-	-	-	-	-	-	21.4	21.4
Tax in respect of share schemes	-	-	-	-	-	-	1.4	1.4
Dividends attributable to owners of the parent	-	-	-	-	-	-	(69.4)	(69.4)
Own shares purchased	-	-	(41.3)	-	-	-	-	(41.3)
Transactions with owners	**-**	**1.4**	**(41.3)**	**-**	**-**	**-**	**(46.4)**	**(86.3)**
Transfers	**-**	**-**	**44.9**	**-**	**(4.1)**	**-**	**(40.8)**	**-**
At 30 June 2012	**282.5**	**89.2**	**(168.9)**	**114.9**	**25.6**	**41.4**	**1,553.8**	**1,938.5**

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Year ended 31 December 2012 (audited)	Share capital £m	Share premium £m	Own shares £m	Net exchange differences £m	Associates and joint ventures reserve £m	Fair value reserve £m	Profit and loss reserve £m	Total £m
At 1 January 2012	282.5	87.8	(172.5)	123.8	25.8	34.9	1,519.3	1,901.6
Profit for the year	**-**	**-**	**-**	**-**	**4.5**	**-**	**278.7**	**283.2**
Net exchange differences on translation of foreign operations	-	-	-	(28.3)	-	-	-	(28.3)
Net exchange differences on hedging of foreign operations	-	-	-	6.5	-	-	-	6.5
Net fair value movements on available-for-sale financial assets taken to other comprehensive income	-	-	-	-	1.5	16.3	-	17.8
Net exchange differences on available-for-sale financial assets	-	-	-	(0.2)	-	(0.1)	-	(0.3)
Transfer to income statement on derecognition or impairment of available-for-sale financial assets	-	-	-	-	-	(25.5)	-	(25.5)
Actuarial gains on defined benefit pension schemes	-	-	-	-	-	-	10.4	10.4
Tax on items taken directly to other comprehensive income	-	-	-	-	-	-	(4.1)	(4.1)
Other comprehensive (losses)/income	**-**	**-**	**-**	**(22.0)**	**1.5**	**(9.3)**	**6.3**	**(23.5)**
Shares issued	0.5	2.3	-	-	-	-	-	2.8
Shares cancelled	(0.5)	-	-	-	-	-	0.5	-
Share-based payments	-	-	-	-	-	-	45.3	45.3
Tax in respect of share schemes	-	-	-	-	-	-	6.3	6.3
Dividends attributable to owners of the parent	-	-	-	-	-	-	(104.1)	(104.1)
Own shares purchased	-	-	(41.7)	-	-	-	-	(41.7)
Transactions with owners	**-**	**2.3**	**(41.7)**	**-**	**-**	**-**	**(52.0)**	**(91.4)**
Transfers	**-**	**-**	**49.1**	**-**	**(6.3)**	**-**	**(42.8)**	**-**
At 31 December 2012	**282.5**	**90.1**	**(165.1)**	**101.8**	**25.5**	**25.6**	**1,709.5**	**2,069.9**

Consolidated cash flow statement

	Note	**Six months ended 30 June 2013 (unaudited) £m**	Six months ended 30 June 2012 (unaudited) £m	Year ended 31 December 2012 (audited) £m
Net cash from operating activities	11	**251.7**	**369.6**	**489.2**
Cash flows from investing activities				
Net cash flows arising from the acquisition of subsidiaries		(30.8)	-	-
Acquisition of associates and joint ventures		(7.8)	-	(23.3)
Net acquisition of property, plant and equipment and intangible assets		(11.3)	(3.4)	(12.8)
Net disposal/(acquisition) of financial assets		408.9	(97.4)	54.1
Non-banking interest received		11.6	5.9	12.0
Distributions received from associates and joint ventures		3.2	1.0	6.5
Net cash from/(used in) investing activities		**373.8**	**(93.9)**	**36.5**
Cash flows from financing activities				
Proceeds from issue of non-voting ordinary shares		0.1	1.6	2.8
Acquisition of own shares		(35.6)	(41.3)	(41.7)
Dividends paid		(80.4)	(69.4)	(104.1)
Other flows		(0.6)	(0.8)	(1.9)
Net cash used in financing activities		**(116.5)**	**(109.9)**	**(144.9)**
Net increase in cash and cash equivalents		**509.0**	**165.8**	**380.8**
Opening cash and cash equivalents		3,363.3	3,012.3	3,012.3
Net increase in cash and cash equivalents		509.0	165.8	380.8
Effect of exchange rate changes		45.1	(21.0)	(29.8)
Closing cash and cash equivalents		**3,917.4**	**3,157.1**	**3,363.3**
Closing cash and cash equivalents consists of:				
Cash backing unit-linked liabilities		840.3	827.8	820.5
Other cash and cash equivalents held by the Group:				
Cash		2,012.1	1,471.9	1,718.7
Cash equivalents		1,065.0	857.4	824.1
		3,077.1	**2,329.3**	**2,542.8**
		3,917.4	**3,157.1**	**3,363.3**

The cash backing unit-linked liabilities cannot be used by the Group as it is not legally entitled to draw on the assets of the Life Company for its own corporate purposes.

Explanatory notes to the half-year results

Within the notes to the half-year results, all current and comparative data covering periods to (or as at) 30 June are unaudited. Data given in respect of the comparative year ended (or as at) 31 December 2012 is audited.

1. Basis of preparation

The half-year results are unaudited and do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The statutory accounts for 2012, which were prepared in accordance with International Financial Reporting Standards (IFRS), which comprise Standards and Interpretations approved by either the International Accounting Standards Board or the IFRS Interpretations Committee or their predecessors, as adopted by the European Union (EU), and with those parts of the Companies Act 2006 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 Section 498 of the Companies Act 2006.

The half-year results have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting' and the Disclosure and Transparency Rules of the Financial Conduct Authority.

The Group has considerable financial resources, a broad range of products and a geographically diversified business. As a consequence, the Directors believe that the Group is well placed to manage its business risks in the context of the current economic outlook. Accordingly, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis in preparing these half-year results.

The presentation of the income statement has been amended to reflect the inclusion of acquisition-related exceptional items. The policy for exceptional items is set out in note 2. Other than exceptional items, the accounting policies applied in these half-year results are consistent with those applied in the Group's statutory accounts for 2012. On 1 January 2013, the following Standards and Interpretations were adopted:

IAS 1 (Amended)	Presentation of Financial Statements
IAS 19 (Amended)	Employee Benefits
IFRS 13	Fair Value Measurement

IAS 1 (Amended) had no impact on the Group's results, but resulted in a change in presentation in the statement of comprehensive income. IAS 19 (Amended) had no material impact on the Group's results. IFRS 13 had no impact on the Group's results, but resulted in additional disclosures for financial instruments measured at fair value.

The Group did not implement the requirements of any Standards and Interpretations which were in issue and which were not required to be implemented at the half year. The following Standards and Interpretations in issue had not been adopted by the Group:

IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 12	Disclosure of Interests in Other Entities

IFRS 9 has yet to be endorsed by the EU.

IFRS 9 replaces the classification and measurement models for financial instruments in IAS 39 with two classification categories: amortised cost and fair value. Equity instruments will be recorded at fair value, with gains or losses reported either in the income statement or through equity. However, for fair value assets held through equity there will no longer be a requirement to transfer gains or losses to the income statement on impairment or disposal.

The expected impact of IFRS 10 is that more funds managed by the Group will be required to be consolidated, resulting in a grossing up of the Group's assets and liabilities, but with no net impact on either operating profit, profit before tax or net assets.

IFRS 12 will have no impact on the Group's results, but will result in additional disclosures where the Group holds interests in the funds it manages.

2. Exceptional items

Exceptional items are those significant items which are required to be separately presented by virtue of their nature to enable a better understanding of the Group's financial performance. In the current period, exceptional items are related to acquisitions made by the Group, including costs of acquisition, costs of integration, amortisation of acquired intangible assets and deferred compensation.

3. Segmental reporting

The Group has three business segments: Asset Management, Private Banking, and Group. Asset Management principally comprises investment management including advisory services, equity products, fixed income securities, multi-asset, property and alternative asset classes such as commodities, private equity and funds of hedge funds. Private Banking principally comprises investment management and banking services provided to high net worth individuals and charities. Group principally comprises the Group's investment capital and treasury management activities, insurance arrangements and the management costs associated with governance and corporate management. Insurance activities comprise acting as insurer to the Group, including the results of the captive insurer which provides reinsurance for certain activities of the Group. Provisions for actual and potential claims that are within the insurance cover are consequently recorded in the Group segment, net of any recognisable external insurance asset. If it is concluded that there is no insurance cover available or the insurance cover will not cover the charge in full, the actual and estimated cost in excess of the insurance recovery is transferred to the relevant operating segment. The expected insurance recovery may be in excess of the amount that is allowed to be recorded under accounting rules.

Six months ended 30 June 2013	**Asset Management £m**	**Private Banking £m**	**Group £m**	**Total £m**
Fee income	750.8	50.7	-	801.5
Banking interest receivable	-	14.1	-	14.1
Revenue	**750.8**	**64.8**	**-**	**815.6**
Fee expense	(178.7)	(3.6)	-	(182.3)
Banking interest payable	-	(7.9)	-	(7.9)
Cost of sales	**(178.7)**	**(11.5)**	**-**	**(190.2)**
Net gains on financial instruments and other income	13.6	0.2	5.9	19.7
Net revenue	**585.7**	**53.5**	**5.9**	**645.1**
Operating expenses	(376.0)	(42.9)	(7.5)	(426.4)
Operating profit/(loss)	**209.7**	**10.6**	**(1.6)**	**218.7**
Net finance income	-	-	7.4	7.4
Share of profit/(loss) of associates and joint ventures	2.4	-	(0.5)	1.9
Profit before tax and exceptional items	**212.1**	**10.6**	**5.3**	**228.0**
Exceptional items:				
Acquisition costs	-	-	(4.0)	(4.0)
Integration costs	-	-	(1.5)	(1.5)
Amortisation of acquired client relationships	(0.3)	-	-	(0.3)
Deferred compensation arising from acquisitions	-	-	(0.5)	(0.5)
	(0.3)	**-**	**(6.0)**	**(6.3)**
Profit/(loss) before tax	**211.8**	**10.6**	**(0.7)**	**221.7**

Six months ended 30 June 2012	Asset Management £m	Private Banking £m	Group £m	Total £m
Fee income	631.9	49.1	0.2	681.2
Banking interest receivable	-	17.6	-	17.6
Revenue	**631.9**	**66.7**	**0.2**	**698.8**
Fee expense	(151.5)	(3.6)	-	(155.1)
Banking interest payable	-	(10.5)	-	(10.5)
Cost of sales	**(151.5)**	**(14.1)**	**-**	**(165.6)**
Net gains on financial instruments and other income	10.6	-	0.2	10.8
Net revenue	**491.0**	**52.6**	**0.4**	**544.0**
Operating expenses	(319.0)	(42.2)	(14.4)	(375.6)
Operating profit/(loss)	**172.0**	**10.4**	**(14.0)**	**168.4**
Net finance (charge)/income	(0.1)	-	6.3	6.2
Share of profit/(loss) of associates and joint ventures	3.3	-	(0.5)	2.8
Profit/(loss) before tax	**175.2**	**10.4**	**(8.2)**	**177.4**

Year ended 31 December 2012	Asset Management £m	Private Banking £m	Group £m	Total £m
Fee income	1,295.5	96.3	0.5	1,392.3
Banking interest receivable	-	33.1	-	33.1
Revenue	**1,295.5**	**129.4**	**0.5**	**1,425.4**
Fee expense	(303.1)	(7.2)	(0.1)	(310.4)
Banking interest payable	-	(19.3)	-	(19.3)
Cost of sales	**(303.1)**	**(26.5)**	**(0.1)**	**(329.7)**
Net gains/(losses) on financial instruments and other income	22.4	(8.5)	25.3	39.2
Net revenue	**1,014.8**	**94.4**	**25.7**	**1,134.9**
Operating expenses	(671.4)	(82.6)	(37.2)	(791.2)
Operating profit/(loss)	**343.4**	**11.8**	**(11.5)**	**343.7**
Net finance income	0.1	-	11.7	11.8
Share of profit/(loss) of associates and joint ventures	5.0	-	(0.5)	4.5
Profit/(loss) before tax	**348.5**	**11.8**	**(0.3)**	**360.0**

Segment information is presented on the same basis as that provided for internal reporting purposes to the Group's chief operating decision maker. The chief operating decision maker is the Chief Executive. One of the key measures used in respect of performance measurement is net revenue.

The allocation of costs to individual business segments is undertaken in order to provide management information on the business performance 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 in a particular area of the business.

4. Revenue

	Six months ended 30 June 2013 £m	Six months ended 30 June 2012 £m	Year ended 31 December 2012 £m
Management fees	707.5	600.6	1,223.9
Performance fees	11.8	10.1	28.5
Other fees	82.2	70.5	139.9
Interest income receivable by Private Banking subsidiaries	14.1	17.6	33.1
	815.6	**698.8**	**1,425.4**

5. Tax expense

Analysis of tax charge reported in the income statement:

	Six months ended 30 June 2013 £m	Six months ended 30 June 2012 £m	Year ended 31 December 2012 £m
UK corporation tax on profits for the period	16.6	11.5	29.6
Adjustments in respect of prior periods	1.3	1.6	1.7
Foreign tax – current	28.3	28.5	54.6
Foreign tax – adjustments in respect of prior periods	(0.7)	(0.4)	(8.6)
Total current tax	**45.5**	**41.2**	**77.3**
Origination and reversal of temporary differences	2.5	1.1	(6.5)
Adjustments in respect of prior periods	(0.2)	(1.8)	4.6
Effect of changes in corporation tax rates	(0.3)	(0.2)	1.4
Total deferred tax	**2.0**	**(0.9)**	**(0.5)**
Total tax charge for the period	**47.5**	**40.3**	**76.8**

Analysis of tax charge/(credit) reported in other comprehensive income:

	Six months ended 30 June 2013 £m	Six months ended 30 June 2012 £m	Year ended 31 December 2012 £m
Deferred tax on actuarial gains/(losses) on defined benefit pension schemes	1.1	(3.2)	2.6
Deferred tax – effect of changes in corporate tax rates	1.0	2.9	1.5
Tax charge/(credit) reported in other comprehensive income	**2.1**	**(0.3)**	**4.1**

Analysis of tax credit reported in equity:

	Six months ended 30 June 2013 £m	Six months ended 30 June 2012 £m	Year ended 31 December 2012 £m
Current income tax on Equity Compensation Plan and other share-based remuneration	(5.2)	(3.3)	(3.9)
Deferred tax on Equity Compensation Plan and other share-based remuneration	(1.7)	1.7	(3.1)
Deferred tax – effect of changes in corporate tax rates	0.6	0.2	0.7
Tax credit reported in equity	**(6.3)**	**(1.4)**	**(6.3)**

The tax charge for the period has been arrived at by forecasting an effective annual tax rate for each tax jurisdiction and applying that rate individually to the pre-tax income of that jurisdiction.

6. Earnings per share

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

	Six months ended 30 June 2013 Millions	Six months ended 30 June 2012 Millions	Year ended 31 December 2012 Millions
Weighted average number of shares used in calculation of basic earnings per share	271.1	270.1	270.3
Effect of dilutive potential shares – share options	8.4	7.5	8.4
Effect of dilutive potential shares – contingently issuable shares	1.2	0.5	0.5
Weighted average number of shares used in calculation of diluted earnings per share	**280.7**	**278.1**	**279.2**

Material transactions involving shares or potential shares since the reporting date and before the completion of these half-year results are included in note 9.

7. Dividends

	Six months ended 30 June 2013		Six months ended 30 June 2012		Year ended 31 December 2012	
	£m	**Pence per share**	£m	Pence per share	£m	Pence per share
Declared and paid in period:						
Final dividend	80.4	30.0	69.4	26.0	69.4	26.0
Interim dividend			-	-	34.7	13.0
	80.4	**30.0**	**69.4**	**26.0**	**104.1**	**39.0**
Interim dividend for 2013	**43.1**	**16.0**				

8. Financial assets and financial liabilities

The Group holds financial assets and financial liabilities that are measured at fair value subsequent to initial recognition. Each instrument has been categorised within one of three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. These levels are based on the degree to which the fair value is observable and are defined as follows:

– Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities and principally comprise investments in quoted equities, daily priced funds, gilts and exchange-traded derivatives;

– Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices using simple models and extrapolation methods) and principally comprise corporate bonds, foreign exchange contracts and loans and receivables held at fair value; and

– Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data and principally comprise investments in private equity and hedge funds. These funds are managed by third parties and are measured at the values provided by the relevant fund managers.

The Group's financial assets and financial liabilities are analysed as follows:

	30 June 2013				
	Level 1 £m	Level 2 £m	Level 3 £m	Financial assets and liabilities not at fair value £m	Total £m
Financial assets:					
Equities	167.7	30.3	45.7	-	243.7
Debt securities	276.1	53.4	-	296.5	626.0
Derivative contracts	2.5	29.2	2.8	-	34.5
Loans and receivables	-	-	-	684.6	684.6
Other instruments	-	32.3	-	-	32.3
	446.3	**145.2**	**48.5**	**981.1**	**1,621.1**
Assets backing unit-linked liabilities	**8,921.4**	**342.2**	**180.9**	**175.5**	**9,620.0**
Financial liabilities:					
Derivative contracts	2.5	32.5	-	-	35.0
Other financial liabilities held at fair value through profit or loss	15.9	16.3	3.6	-	35.8
Customer accounts	-	-	-	2,624.1	2,624.1
Deposits by banks	-	-		37.2	37.2
	18.4	**48.8**	**3.6**	**2,661.3**	**2,732.1**
Unit-linked liabilities	**10,141.1**	**138.6**	**-**	**180.6**	**10,460.3**

The fair value of financial assets and liabilities not at fair value is not materially different to the carrying value.

Within financial assets, £25.6 million was transferred from level 2 to level 1 during the period. Within assets backing unit-linked liabilities, £77.3 million was transferred from level 1 to level 2 and £162.6 million was transferred from level 2 to level 1. The transfers from level 1 to level 2 relate primarily to a change in methodology whereby fixed income securities are now allocated to level 2 based on a reassessment of valuation information. The transfers from level 2 to level 1 relate primarily to equities that have returned to daily priced positions.

	31 December 2012				
	Level 1 £m	Level 2 £m	Level 3 £m	Financial assets and liabilities not at fair value £m	Total £m
Financial assets:					
Equities	272.8	27.8	56.6	-	357.2
Debt securities	390.3	193.2	-	117.7	701.2
Derivative contracts	0.5	26.7	2.8	-	30.0
Loans and receivables	-	-	-	898.4	898.4
Other instruments	-	33.0	-	-	33.0
	663.6	**280.7**	**59.4**	**1,016.1**	**2,019.8**
Assets backing unit-linked liabilities	**8,038.0**	**274.7**	**170.7**	**42.4**	**8,525.8**
Financial liabilities:					
Derivative contracts	1.0	25.7	-	-	26.7
Other financial liabilities held at fair value through profit or loss	16.6	29.8	-	-	46.4
Customer accounts	-	-	-	2,485.9	2,485.9
Deposits by banks	-	-	-	26.1	26.1
	17.6	**55.5**	**-**	**2,512.0**	**2,585.1**
Unit-linked liabilities	**9,326.0**	**16.3**	**-**	**4.0**	**9,346.3**

Movements in financial assets and liabilities categorised as level 3 during the period were:

	30 June 2013			31 December 2012	
	Financial assets £m	**Assets backing unit-linked liabilities £m**	**Financial liabilities £m**	Financial assets £m	Assets backing unit-linked liabilities £m
At 1 January	59.4	170.7	-	166.7	83.1
Exchange translation adjustments	(0.6)	-	-	(2.6)	-
Total unrealised gains/(losses) recognised in the income statement	1.5	3.6	-	(4.8)	6.8
Total unrealised gains recognised in other comprehensive income	1.8	-	-	5.0	122.1
Additions	2.8	0.3	3.6	17.9	(41.3)
Disposals	(17.0)	(2.9)	-	(122.6)	-
Transfers in	0.6	9.2	-	-	-
Transfers out	-	-	-	(0.2)	-
At 30 June/31 December	**48.5**	**180.9**	**3.6**	**59.4**	**170.7**

Transfers are assumed to have occurred at the beginning of the period.

Schroders

9. Share capital and share premium

	Number of shares Millions	**Ordinary shares £m**	**Non-voting ordinary shares £m**	**Total shares £m**	**Share premium £m**
At 1 January 2013	282.5	226.0	56.5	282.5	90.1
Shares issued	-	-	-	-	0.1
Shares cancelled	-	-	-	-	-
At 30 June 2013	**282.5**	**226.0**	**56.5**	**282.5**	**90.2**

	Number of shares Millions	Ordinary shares £m	Non-voting ordinary shares £m	Total shares £m	Share premium £m
At 1 January 2012	282.5	226.0	56.5	282.5	87.8
Shares issued	0.2	-	0.2	0.2	1.4
Shares cancelled	(0.2)	-	(0.2)	(0.2)	-
At 30 June 2012	**282.5**	**226.0**	**56.5**	**282.5**	**89.2**

	Number of shares Millions	Ordinary shares £m	Non-voting ordinary shares £m	Total shares £m	Share premium £m
At 1 January 2012	282.5	226.0	56.5	282.5	87.8
Shares issued	0.5	-	0.5	0.5	2.3
Shares cancelled	(0.5)	-	(0.5)	(0.5)	-
At 31 December 2012	**282.5**	**226.0**	**56.5**	**282.5**	**90.1**

On 5 July 2013, 1.7 million non-voting ordinary shares were issued in respect of the acquisition of Cazenove Capital Holdings Limited (see note 14). Shares held in treasury are included in own shares.

10. Own shares

Own shares include the Group's shares (both ordinary and non-voting ordinary) that are held by employee trusts or in treasury.

Movements during the period were as follows:

	Six months ended 30 June 2013 £m	Six months ended 30 June 2012 £m	Year ended 31 December 2012 £m
At 1 January	(165.1)	(172.5)	(172.5)
Own shares purchased	(35.6)	(41.3)	(41.7)
Cancellation of own shares held in treasury*	-	2.7	5.6
Awards vested*	24.0	42.2	43.5
At 30 June/31 December	**(176.7)**	**(168.9)**	**(165.1)**

* Own shares balances are transferred to the profit and loss reserve insofar as they relate to treasury shares that have been cancelled or share-based payments that have vested.

11. Reconciliation of net cash from operating activities

	Six months ended 30 June 2013 £m	Six months ended 30 June 2012 £m	Year ended 31 December 2012 £m
Operating profit	212.4	168.4	343.7
Adjustments for income statement non-cash movements:			
Depreciation of property, plant and equipment and amortisation of intangible assets	6.6	6.3	12.0
Net (gains)/losses and impairments taken through the income statement on financial instruments	(17.3)	0.8	(22.0)
Share-based payments	24.2	21.4	45.3
Net (release of)/charge for provisions	(0.7)	1.9	17.2
Other non-cash movements	8.2	7.7	4.0
	21.0	**38.1**	**56.5**
Adjustments for statement of financial position movements:			
(Increase)/decrease in trade and other receivables	(178.9)	35.4	82.5
Increase/(decrease) in trade and other payables and provisions	224.7	19.6	(58.5)
	45.8	**55.0**	**24.0**
Adjustments for Life Company movements:			
Net purchase of assets backing unit-linked liabilities	(1,094.2)	(394.3)	(554.2)
Net increase in unit-linked liabilities	1,114.0	548.5	701.1
	19.8	**154.2**	**146.9**
Tax paid	(47.3)	(45.9)	(81.6)
Interest paid	-	(0.2)	(0.3)
Net cash from operating activities	**251.7**	**369.6**	**489.2**

12. Retirement benefit obligations

The amounts recognised in the consolidated statement of financial position are:

	Six months ended 30 June 2013 £m	Six months ended 30 June 2012 £m	Year ended 31 December 2012 £m
At 1 January	776.9	763.8	763.8
Interest on assets	17.5	16.1	33.3
Remeasurement of assets	26.0	(11.9)	(1.9)
Benefits paid	(12.4)	(10.7)	(18.3)
Fair value of plan assets	**808.0**	**757.3**	**776.9**
At 1 January	(709.7)	(708.1)	(708.1)
Interest cost	(16.0)	(15.9)	(32.1)
Actuarial gains due to change in demographic assumptions	-	-	9.0
Actuarial (losses)/gains due to change in financial assumptions	(20.7)	(0.1)	4.7
Actuarial losses due to experience	(0.4)	(0.9)	(1.5)
Benefits paid	12.4	10.7	18.3
Present value of funded obligations	**(734.4)**	**(714.3)**	**(709.7)**
Net asset in respect of the UK defined benefit Scheme	**73.6**	**43.0**	**67.2**
Net liabilities in respect of other defined benefit schemes	**7.0**	**8.1**	**7.8**

The principal financial assumptions used for the UK defined benefit Scheme were as follows:

	Six months ended 30 June 2013 %	Six months ended 30 June 2012 %	Year ended 31 December 2012 %
Discount rate	4.7	4.4	4.6
RPI inflation rate	3.7	3.2	3.3
CPI inflation rate	2.9	2.4	2.7
Future pension increases (for benefits earned before 13 August 2007)	3.5	3.1	3.2
Future pension increases (for benefits earned after 13 August 2007)	2.3	2.1	2.2

13. Acquisitions

On 2 April 2013, the Group acquired 100 per cent. of the net assets of STW Fixed Income Management LLC (‘STW’), a fixed income fund manager based in the United States of America, for consideration of £34.7 million. The acquisition increases Schroders' assets under management by 3 per cent., broadens our product and service platform in fixed income and extends our institutional client base in the United States of America.

The carrying value of the net assets acquired in the transaction, together with the goodwill and intangible assets arising, are as follows:

	Fair values on acquisition £m
Net assets acquired:	
Non-current financial assets	0.1
Cash	0.3
Trade and other receivables	3.6
Trade and other payables	(0.8)
	3.2
Goodwill	19.8
Intangible assets	11.7
	34.7
Satisfied by:	
Cash	31.1
Contingent consideration liability*	3.6
Total consideration	**34.7**

* At the acquisition date, £3.6 million was recognised as contingent consideration. Payment of this amount is contingent upon the attainment of certain levels of revenue in the two years subsequent to the acquisition date. The amount accrued is the maximum that is payable under the purchase agreement. An estimate of the range of outcomes is that a payment of between £nil and £3.6 million will become payable at the end of the measurement period.

The goodwill arising on the acquisition is attributable to the anticipated profitability of the business acquired and synergies arising from merging the business of STW with that of the Group. The intangible assets represent the value attributed to existing contractual arrangements between STW and the funds it manages. The full amount of goodwill is expected to be deductible for tax purposes.

Costs of acquisition, recorded within 'Operating expenses' in the income statement, were £1.7 million, of which £1.5 million was recorded in 2012. The result contributed by the acquisition in the period between the date of acquisition and the reporting date was a profit of £1.1 million before tax; further amortisation, integration and reorganisation costs of £1.6 million were incurred in the period. Revenue in the same period was £3.8 million.

If the acquisition had been completed on 1 January 2013, an aggregation of the Group's revenue for the period and those of the acquiree would have been £819.4 million, and the profit before tax for the period on the same basis would have been £222.4 million. These figures include a deduction for the additional amortisation charge of £0.3 million that would have arisen had the acquisition taken place at that date.

14. Events after the reporting period

On 2 July 2013, the Group acquired 100 per cent. of the issued share capital of Cazenove Capital Holdings Limited ('Cazenove Capital'), an investment and wealth management company registered in Jersey. Due to the short period of time between the acquisition date and the date of these financial statements, all numbers disclosed below are considered to be provisional.

The total consideration payable was £385 million, of which £129 million was settled in cash and £217 million in loan notes (subject to the finalisation of their fair value); the remaining £39 million related to pre-acquisition share-based payment obligations that will be settled in shares. The fair value of net tangible assets acquired is approximately £89 million, principally comprising cash, trade and other receivables and trade and other payables. Details of these amounts are not yet final. The fair value assigned to goodwill and intangible assets on the acquisition is provisionally determined to approximately £296 million. Full statutory disclosure of the acquisition will be given in the Group's Annual Report and Accounts.

The acquisition was made by means of a scheme of arrangement under article 125 of the Companies (Jersey) Law 1991. The recommended acquisition was announced on 25 March 2013, and was completed on 2 July 2013.

The acquisition materially expands the Group's scale and capabilities for private clients and charities with the formation of one of the leading Private Banking businesses in the UK. Schroders will have a compelling service proposition for private banking clients covering investment management, financial planning, deposit-taking and lending services. After adding £13.2 billion of assets under management contributed by the acquisition, combined pro forma assets under management in Private Banking at 30 June 2013 were £30.1 billion.

The acquisition also adds £6.9 billion of assets under management to Asset Management and brings additional investment talent in complementary strategies across UK and European equities, multi-manager and fixed income.

The goodwill recognised represents the value of the acquired business arising from:

• A high quality client base;

• Talented management and employees;

• Opportunities for synergies from combining operations and Asset Management distribution; and

• A broader platform for business growth.

Costs of acquisition, recorded within 'Operating expenses' in the income statement, were £3.8 million to 30 June 2013.

Additional information

Assets under management

Six months to 30 June 2013	Institutional £bn	Intermediary £bn	Private Banking £bn	Total £bn
31 December 2012	123.7	72.0	16.3	212.0
Net flows	2.1	2.7	(0.3)	4.5
Acquisition of STW	7.1	-	-	7.1
Investment returns	6.7	4.5	0.9	12.1
30 June 2013	**139.6**	**79.2**	**16.9**	**235.7**

Three months to 30 June 2013	Institutional £bn	Intermediary £bn	Private Banking £bn	Total £bn
31 March 2013	136.8	82.4	17.3	236.5
Net flows	(0.2)	(0.8)	(0.1)	(1.1)
Acquisition of STW	7.1	-	-	7.1
Investment returns	(4.1)	(2.4)	(0.3)	(6.8)
30 June 2013	**139.6**	**79.2**	**16.9**	**235.7**

Income and cost metrics for the Group (excluding exceptional items)

	Six months ended 30 June 2013	Six months ended 30 June 2012	Year ended 31 December 2012
Costs: net revenue ratio	66%	69%	70%
Compensation costs: operating revenue ratio	48%	47%	49%
Bonus: pre-bonus operating profit	40%	38%	42%
Return on average capital (pre-tax)	21%	18%	18%
Return on average capital (post-tax)	17%	14%	14%

Key risks

Like any other asset management and private banking 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 2013 are expected to be substantially the same as those described in the 2012 Annual Report, and include market, investment performance and liquidity risk, credit risk, operational risk and acquisition integration risk.

Directors' responsibility statement

On behalf of the Directors, I confirm to the best of my knowledge that the half-year results:

– Have been prepared in accordance with International Accounting Standard 34 as adopted by the European Union;

– Include a fair review of the information required by Disclosure and Transparency Rule 4.2.7, namely important events that have occurred during the first six months of the financial period and their impact on the half-year results, as well as a description of the principal risks and uncertainties faced by the Group and the undertakings included in the consolidation taken as a whole for the remaining six months of the financial year; and

– Include, as required by Disclosure and Transparency Rule 4.2.8, a fair review of material related party transactions that have taken place in the first six months of the financial period and any material changes to the related party transactions described in the last Annual Report.

A list of current Directors is maintained on the Schroders plc website: www.schroders.com

On behalf of the Board

Richard Keers
Chief Financial Officer

7 August 2013

Independent review report to Schroders plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements on pages 4 to 22 of the half-year results for the six months ended 30 June 2013, which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes. We have read the other information contained in the half-year results 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-year results are the responsibility of, and have been approved by, the Directors. The Directors are responsible for preparing the half-year results in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in these half-year results 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-year results 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 Conduct 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-year results for the six months ended 30 June 2013 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 Conduct Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
7 August 2013

London

Notes:

a) The maintenance and integrity of the Schroders 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 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.