Schroders

4 August 2011

Press Release
Schroders plc

Half-year results to 30 June 2011 (unaudited)

- Profit before tax £215.7 million (H1 2010: £188.2 million)
- Earnings per share 60.7 pence per share (H1 2010: 49.4 pence per share)
- Interim dividend 13.0 pence per share (interim dividend 2010: 11.0 pence per share)
- Net new business £5.1 billion
- Assets under management £204.8 billion

	Six months ended 30 June 2011 £m	Six months ended 30 June 2010 £m	Year ended 31 December 2010 £m
Profit before tax			
Asset Management	203.1	177.3	381.0
Private Banking	12.3	6.6	10.1
Group	0.3	4.3	15.8
Total profit before tax	**215.7**	**188.2**	**406.9**
Dividend (pence)	**13.0**	**11.0**	**37.0**
Assets under management (£bn)	**204.8**	**164.0**	**196.7**

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Management report

A faltering economic recovery and the uncertainties created in particular by the continuing Eurozone crisis have overshadowed financial markets and investor demand in the first half of 2011. Despite this, we achieved £5.1 billion of net inflows and assets under management reached a new high of £204.8 billion (31 December 2010: £196.7 billion). Profit before tax in the first half of the year was also at its highest level, up 15 per cent. at £215.7 million (H1 2010: £188.2 million).

Asset Management

Asset Management net revenue increased 12 per cent. to £534.6 million (H1 2010: £476.8 million) including performance fees of £13.8 million (H1 2010: £31.3 million). Net revenue margins, excluding performance fees, were down slightly at 57 basis points (2010: 59 basis points) reflecting the change in our business mix as a result of the continuing growth in Institutional. Profit before tax was up 15 per cent. to £203.1 million (H1 2010: £177.3 million).

Net inflows in Institutional were £4.6 billion with a high level of new business won in Multi-Asset strategies as well as good net inflows in Equities and Fixed Income. We had positive net flows in all regions with a particularly strong performance in the UK and continental Europe. Assets under management in Institutional at the end of June were £112.7 billion (31 December 2010: £106.4 billion).

The environment in Intermediary was more challenging as retail investors were reluctant to commit funds in the face of macro economic uncertainties and no clear direction in markets. We also saw a tailing off of flows into a number of strategies which we have closed for capacity reasons. As a result, although we had positive net sales in both the first and second quarters, they were considerably lower than the high levels achieved in 2010. Net inflows in Intermediary in the first half were £0.4 billion (H1 2010: £5.1 billion). Assets under management in Intermediary at the end of June were £75.4 billion (31 December 2010: £74.1 billion).

Private Banking

Private Banking net revenue increased 16 per cent. to £58.0 million (H1 2010: £49.9 million) and, with no loan loss provisions by contrast with 2010, profit before tax was up 86 per cent. to £12.3 million (H1 2010: £6.6 million).

As expected, we have not seen a continuation of last year's exceptionally high level of new business wins which were associated with a strengthening of our Private Banking team. Net inflows were £0.1 billion (H1 2010: £1.2 billion) and assets under management in Private Banking at the end of June were £16.7 billion (31 December 2010: £16.2 billion).

Group

The result for the Group segment was a profit before tax of £0.3 million (H1 2010: £4.3 million). After buying in 3.3 million ordinary shares and 3.1 million non-voting ordinary shares at a cost of £100.5 million, shareholders' equity at the end of June was £1.85 billion (31 December 2010: £1.80 billion).

Dividend

The Board has declared an interim dividend of 13.0 pence per share (interim dividend 2010: 11.0 pence) payable on 29 September 2011 to shareholders on the register at 12 August 2011.

Outlook

As long as markets are held back by a range of macro economic concerns, Intermediary demand and opportunities in Private Banking are likely to remain muted, but we are well positioned for a recovery with strong investment performance and a broad product range. We continue to see good prospects for growth in Institutional.

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 half-year results at 9.00 am BST on Thursday, 4 August 2011 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 4 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 and businesses of the Schroders Group. These 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. 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 profit forecast.

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Consolidated income statement

	Notes	Six months ended 30 June 2011 (unaudited) £m	Six months ended 30 June 2010 (unaudited)[1] £m	Year ended 31 December 2010 (audited) £m
Fee income		753.6	665.8	1,394.8
Fee expense		(177.3)	(155.5)	(323.5)
Net fee income		576.3	510.3	1,071.3
Banking interest receivable		17.5	22.6	44.5
Banking interest payable		(10.3)	(14.9)	(29.2)
Net banking interest income		7.2	7.7	15.3
Net gains on financial instruments and other income		9.7	19.4	69.2
Net revenue[2]		**593.2**	**537.4**	**1,155.8**
Operating expenses		(388.4)	(363.7)	(774.0)
Operating profit		**204.8**	**173.7**	**381.8**
Finance income		8.6	4.2	10.1
Finance charges		(0.1)	-	(0.5)
Net finance income		8.5	4.2	9.6
Share of profit of associates and joint ventures		2.4	10.3	15.5
Profit before tax		**215.7**	**188.2**	**406.9**
Tax	4	(50.0)	(47.5)	(95.7)
Profit after tax		**165.7**	**140.7**	**311.2**
Attributable to:				
Owners of the parent		165.6	136.9	307.9
Non-controlling interests		0.1	3.8	3.3
		165.7	**140.7**	**311.2**
Memo – dividends to the shareholders of Schroders plc	5	(70.1)	(57.8)	(87.6)
Earnings per share:				
Basic	6	**60.7p**	**49.4p**	**111.8p**
Diluted	6	**58.7p**	**47.5p**	**108.3p**

[1] June 2010 has been reformatted for consistency with the December 2010 and June 2011 presentation.

[2] Non-GAAP measure of performance.

Consolidated statement of comprehensive income

	Notes	Six months ended 30 June 2011 (unaudited) £m	Six months ended 30 June 2010 (unaudited)[1] £m	Year ended 31 December 2010 (audited) £m
Profit for the period		**165.7**	**140.7**	**311.2**
Net foreign exchange gains on translation of foreign operations[2]	10	17.9	36.2	50.2
Net losses on hedges of foreign operations recognised directly in equity	10	(2.9)	(23.3)	(21.2)
Transfers of cumulative foreign exchange on foreign operations to income statement on disposal or liquidation	10	(0.1)	-	(1.1)
Net foreign exchange gains on translation of foreign operations after hedging		**14.9**	**12.9**	**27.9**
Actuarial gains/(losses) on defined benefit pension schemes	3, 11	**9.3**	**(7.7)**	**8.0**
Transfers to income statement on available-for-sale investments on disposal or impairment excluding foreign exchange	11	(2.1)	(0.8)	(11.1)
Transfers of cumulative foreign exchange on available-for-sale investments to income statement on disposal or impairment	10	-	0.9	0.9
Total transfers to income statement on disposal or impairment		(2.1)	0.1	(10.2)
Net foreign exchange gains/(losses) on available-for-sale investments	10	0.4	(5.0)	(3.0)
Net fair value gains/(losses) taken to equity	11	2.7	(6.8)	13.0
Net fair value movement arising from available-for-sale investments		**1.0**	**(11.7)**	**(0.2)**
Tax on items taken directly to equity	11	**(2.0)**	**(3.2)**	**(1.2)**
Other comprehensive income/(loss) for the period		**23.2**	**(9.7)**	**34.5**
Total comprehensive income for the period net of tax		**188.9**	**131.0**	**345.7**
Attributable to:				
Owners of the parent		188.6	127.5	342.7
Non-controlling interests		0.3	3.5	3.0
		188.9	**131.0**	**345.7**

[1] June 2010 has been reformatted for consistency with the December 2010 and June 2011 presentation.

[2] Includes a foreign exchange gain of £0.2 million (six months ended 30 June 2010: loss of £0.3 million and year ended 31 December 2010: loss of £0.3 million) attributable to non-controlling interests.

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Consolidated balance sheet

	Notes	30 June 2011 (unaudited) £m	30 June 2010 (unaudited)[1] £m	31 December 2010 (audited) £m
Non-current assets				
Goodwill		121.8	119.8	120.4
Intangible assets		21.9	23.2	22.1
Property, plant and equipment		17.9	19.8	19.3
Associates and joint ventures		59.5	69.6	67.0
Financial assets	7	75.0	100.1	92.3
Loans and advances to customers		553.4	557.9	554.7
Deferred tax		48.9	60.8	54.0
Retirement benefit scheme surplus	3	59.9	9.2	34.4
Trade and other receivables		6.1	4.8	6.7
		964.4	**965.2**	**970.9**
Current assets				
Financial assets	7	1,469.6	1,336.1	1,454.9
Loans and advances to customers		302.4	435.2	286.9
Current tax		14.9	12.3	9.8
Trade and other receivables		437.2	489.0	374.0
Cash and cash equivalents		2,033.9	1,733.3	2,004.0
		4,258.0	**4,005.9**	**4,129.6**
Non-current assets held for sale		**-**	**1.8**	**-**
Assets backing unit-linked liabilities				
Investments in authorised unit trusts		1,449.1	1,791.9	998.8
Other financial assets		6,303.3	4,032.0	6,566.9
Cash and cash equivalents		1,139.3	209.4	707.7
		8,891.7	**6,033.3**	**8,273.4**
Total assets		**14,114.1**	**11,006.2**	**13,373.9**
Non-current liabilities				
Financial liabilities		16.4	27.8	20.2
Deposits by customers and banks		407.4	465.5	421.4
Deferred tax		3.2	2.9	2.7
Provisions		21.2	11.8	21.0
Retirement benefit scheme deficits	3	7.1	6.4	7.2
Trade and other payables		59.5	67.2	81.4
		514.8	**581.6**	**553.9**
Current liabilities				
Financial liabilities		42.0	64.8	106.4
Deposits by customers and banks		2,237.5	2,158.8	2,083.5
Provisions		30.9	6.5	23.4
Current tax		57.2	27.6	38.0
Trade and other payables		494.6	535.5	495.6
		2,862.2	**2,793.2**	**2,746.9**
Non-current liabilities held for sale		**-**	**0.3**	**-**
Unit-linked liabilities		**8,891.7**	**6,033.3**	**8,273.4**
Total liabilities		**12,268.7**	**9,408.4**	**11,574.2**
Net assets		**1,845.4**	**1,597.8**	**1,799.7**
Equity				
Called-up share capital	8	290.7	289.7	290.4
Share premium	8	86.3	79.0	84.7
Own shares	9	(248.3)	(193.7)	(199.1)
Other reserves	10	311.3	281.6	298.3
Retained profits	11	1,405.2	1,137.5	1,322.2
Equity attributable to owners of the parent		**1,845.2**	**1,594.1**	**1,796.5**
Non-controlling interests		0.2	3.7	3.2
Total equity		**1,845.4**	**1,597.8**	**1,799.7**

[1] June 2010 has been reformatted for consistency with the December 2010 and June 2011 presentation.

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Consolidated statement of changes in equity

Six months ended 30 June 2011 (unaudited)	Share capital £m	Share premium £m	Own shares £m	Other reserves £m	Retained profits £m	Non-controlling interests £m	Total £m
At 1 January 2011	**290.4**	**84.7**	**(199.1)**	**298.3**	**1,322.2**	**3.2**	**1,799.7**
Profit for the period	**-**	**-**	**-**	**-**	**165.6**	**0.1**	**165.7**
Net foreign exchange gains on translation of foreign operations after hedging	-	-	-	14.7	-	0.2	14.9
Actuarial gains on defined benefit pension schemes	-	-	-	-	9.3	-	9.3
Net fair value movement arising from available-for-sale financial assets	-	-	-	0.4	0.6	-	1.0
Tax on items taken directly to equity	-	-	-	-	(2.0)	-	(2.0)
Other comprehensive income	**-**	**-**	**-**	**15.1**	**7.9**	**0.2**	**23.2**
Shares issued	0.3	1.6	-	-	-	-	1.9
Share-based payments	-	-	-	-	28.8	-	28.8
Dividends	-	-	-	-	(70.1)	(3.3)	(73.4)
Own shares purchased	-	-	(100.5)	-	-	-	(100.5)
Transactions with owners	**0.3**	**1.6**	**(100.5)**	**-**	**(41.3)**	**(3.3)**	**(143.2)**
Transfers	**-**	**-**	**51.3**	**(2.1)**	**(49.2)**	**-**	**-**
At 30 June 2011	**290.7**	**86.3**	**(248.3)**	**311.3**	**1,405.2**	**0.2**	**1,845.4**

Six months ended 30 June 2010 (unaudited)	Share capital £m	Share premium £m	Own shares £m	Other reserves £m	Retained profits £m	Non-controlling interests £m	Total £m
At 1 January 2010	**288.8**	**72.5**	**(89.7)**	**270.2**	**1,106.6**	**0.6**	**1,649.0**
Profit for the period	**-**	**-**	**-**	**-**	**136.9**	**3.8**	**140.7**
Net foreign exchange gains/(losses) on translation of foreign operations after hedging	-	-	-	13.2	-	(0.3)	12.9
Actuarial losses on defined benefit pension schemes	-	-	-	-	(7.7)	-	(7.7)
Net fair value movement arising from available-for-sale financial assets	-	-	-	(4.1)	(7.6)	-	(11.7)
Tax on items taken directly to equity	-	-	-	-	(3.2)	-	(3.2)
Other comprehensive income/ (loss)	**-**	**-**	**-**	**9.1**	**(18.5)**	**(0.3)**	**(9.7)**
Shares issued	0.9	6.5	-	-	-	-	7.4
Share-based payments	-	-	-	-	11.3	-	11.3
Dividends	-	-	-	-	(57.8)	(0.4)	(58.2)
Own shares purchased	-	-	(151.9)	-	-	-	(151.9)
Own shares disposed	-	-	9.2	-	-	-	9.2
Transactions with owners	**0.9**	**6.5**	**(142.7)**	**-**	**(46.5)**	**(0.4)**	**(182.2)**
Transfers	**-**	**-**	**38.7**	**2.3**	**(41.0)**	**-**	**-**
At 30 June 2010	**289.7**	**79.0**	**(193.7)**	**281.6**	**1,137.5**	**3.7**	**1,597.8**

Year ended 31 December 2010 (audited)	Share capital £m	Share premium £m	Own shares £m	Other reserves £m	Retained profits £m	Non-controlling interests £m	Total £m
At 1 January 2010	**288.8**	**72.5**	**(89.7)**	**270.2**	**1,106.6**	**0.6**	**1,649.0**
Profit for the year	-	-	-	-	**307.9**	**3.3**	**311.2**
Net foreign exchange gains/(losses) on translation of foreign operations after hedging	-	-	-	28.2	-	(0.3)	27.9
Actuarial gains on defined benefit pension schemes	-	-	-	-	8.0	-	8.0
Net fair value movement arising from available-for-sale financial assets	-	-	-	(2.1)	1.9	-	(0.2)
Tax on items taken directly to equity	-	-	-	-	(1.2)	-	(1.2)
Other comprehensive income/ (loss)	**-**	**-**	**-**	**26.1**	**8.7**	**(0.3)**	**34.5**
Shares issued	1.6	12.2	-	-	-	-	13.8
Share-based payments	-	-	-	-	31.1	-	31.1
Dividends	-	-	-	-	(87.6)	(0.4)	(88.0)
Own shares purchased	-	-	(161.2)	-	-	-	(161.2)
Own shares disposed	-	-	9.3	-	-	-	9.3
Transactions with owners	**1.6**	**12.2**	**(151.9)**	**-**	**(56.5)**	**(0.4)**	**(195.0)**
Transfers	**-**	**-**	**42.5**	**2.0**	**(44.5)**	**-**	**-**
At 31 December 2010	**290.4**	**84.7**	**(199.1)**	**298.3**	**1,322.2**	**3.2**	**1,799.7**

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Consolidated cash flow statement

	Notes	**Six months ended 30 June 2011 (unaudited) £m**	Six months ended 30 June 2010 (unaudited) £m	Year ended 31 December 2010 (audited) £m
Net cash from operating activities	12	**596.4**	**307.3**	**1,066.8**
Cash flows from investing activities				
Aggregate cash flows arising from the disposal of subsidiaries		-	-	10.4
Cash disposed as part of the disposal of subsidiaries		-	-	(2.1)
Acquisition of joint ventures and associates		-	(14.3)	(14.3)
Purchase of software		(2.3)	(1.6)	(3.1)
Purchase of property, plant and equipment		(3.2)	(4.9)	(8.1)
Disposal of property, plant and equipment		-	1.9	1.2
Net disposal of non-current financial assets		1.6	2.9	4.6
Net (purchase)/disposal of current financial assets		(23.5)	47.7	(20.4)
Interest received		8.3	4.2	7.3
Distributions received from associates and joint ventures		8.6	0.2	9.7
Net cash (used in)/from investing activities		**(10.5)**	**36.1**	**(14.8)**
Cash flows from financing activities				
Proceeds from issue of non-voting ordinary shares		1.9	7.4	13.8
Acquisition of own shares		(100.5)	(151.9)	(161.2)
Disposal of own shares		-	9.2	9.3
Net (repayment)/proceeds of borrowings		(18.6)	-	18.6
Distributions made to non-controlling interests		(3.3)	(0.4)	(0.4)
Dividends paid		(70.1)	(57.8)	(87.6)
Financing costs		(0.7)	-	(2.4)
Net cash used in financing activities		**(191.3)**	**(193.5)**	**(209.9)**
Net increase in cash and cash equivalents		**394.6**	**149.9**	**842.1**
Opening cash and cash equivalents		2,711.7	1,769.3	1,769.3
Net increase in cash and cash equivalents		394.6	149.9	842.1
Effect of exchange rate changes		66.9	24.1	100.3
Closing cash and cash equivalents		**3,173.2**	**1,943.3**	**2,711.7**
Closing cash and cash equivalents consists of:				
Cash and cash equivalents backing unit-linked liabilities		1,139.3	209.4	707.7
Cash and cash equivalents held for sale		-	0.6	-
Other cash and cash equivalents held by the Group		2,033.9	1,733.3	2,004.0
		3,173.2	**1,943.3**	**2,711.7**

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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 2010 is audited.

1. Basis of preparation

The half-year results are unaudited and do not constitute statutory accounts within the meaning of s434 of the Companies Act 2006. The statutory accounts for 2010, 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 IFRS Interpretations Committee or their predecessors, as adopted by the European Union, 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 s498 of the Companies Act 2006.

The half-year results have been prepared on a going concern basis and in accordance with International Accounting Standard ('IAS') 34 'Interim Financial Reporting' and the Disclosure and Transparency Rules of the Financial Services 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 accounting policies applied in these half-year results are consistent with those applied in the Group's statutory accounts for 2010. At the date of authorisation of these half-year results, the following Standards relevant to the Group were not yet adopted:

IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 13	Fair Value Measurement
IAS 19 (Amended)	Employee Benefits

IFRS 9 has not yet been endorsed by the European Union. As it currently stands, the Standard replaces the classification and measurement models for financial assets 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. Debt instruments that meet a new definition in IFRS 9 will be recorded at amortised cost unless this results in an accounting mismatch in which case there is an option to record the instruments at fair value, with gains and losses reported in the income statement. A combination of the Standard's requirements and the Group's decision as to how it wishes to treat each instrument on adoption will determine the impact of the new Standard.

The impact of IFRS 10 and IFRS 13 will be assessed later in the year.

The requirement in the amended IAS 19 to replace the expected return on assets and interest costs on the defined benefit obligation with a single net interest component is likely to result in an increase in administrative expenses within the Group when applied in 2013, but will have a net nil impact on net assets. The removal of the option that allowed a company to defer the recognition of some gains and losses on defined benefit plans will have no impact on the Group's financial statements.

No other Standards or Interpretations issued and not yet effective are expected to have an impact on the Group's financial statements.

No new or amended Standards and Interpretations have been adopted in the period that have required the Group to amend its accounting policies, or have had any numerical impact on the Group's financial statements.

2. 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 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 returns on the Group's investments less Group expenses.

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 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.

Six months ended 30 June 2011	Asset Management £m	Private Banking £m	Group £m	Inter-segment eliminations and adjustments £m	Total £m
Fee income	699.3	54.1	0.2	-	753.6
Fee expense	(173.9)	(3.4)	-	-	(177.3)
Net fee income	525.4	50.7	0.2	-	576.3
Banking interest receivable from external parties	-	17.5	-	-	17.5
Banking interest payable to external parties	-	(10.3)	-	-	(10.3)
Net banking interest income	-	7.2	-	-	7.2
Net gains on financial instruments and other income	9.2	0.1	0.4	-	9.7
Net revenue	534.6	58.0	0.6	-	593.2
Operating expenses	(335.2)	(45.7)	(7.5)	-	(388.4)
Operating profit	199.4	12.3	(6.9)	-	204.8
External finance income	2.7	-	5.9	-	8.6
Inter-segment interest (payable)/receivable	(3.2)	-	3.2	-	-
Finance (charges)/income	(0.5)	-	9.1	-	8.6
Finance charges	-	-	(0.1)	-	(0.1)
Net finance (charges)/income	(0.5)	-	9.0	-	8.5
Share of profit/(loss) of associates and joint ventures	4.2	-	(1.8)	-	2.4
Profit before tax	203.1	12.3	0.3	-	215.7

	Asset Management £m	Private Banking £m	Group £m	Total £m
Total assets	9,923.7	2,994.1	1,196.3	14,114.1

Six months ended 30 June 2010	Asset Management £m	Private Banking £m	Group £m	Inter-segment eliminations and adjustments £m	Total £m
Fee income	618.2	45.2	2.4	-	665.8
Fee expense	(152.6)	(2.9)	-	-	(155.5)
Net fee income	465.6	42.3	2.4	-	510.3
Banking interest receivable from external parties	-	22.6	-	-	22.6
Banking interest payable to external parties	-	(14.9)	-	-	(14.9)
Inter-segment interest	-	(0.1)	-	0.1	-
Net banking interest income	-	7.6	-	0.1	7.7
Net gains on financial instruments and other income	11.2	-	6.7	1.5	19.4
Net revenue	476.8	49.9	9.1	1.6	537.4
Operating expenses	(306.6)	(43.3)	(12.3)	(1.5)	(363.7)
Operating profit/(loss)	170.2	6.6	(3.2)	0.1	173.7
External finance income	1.5	-	2.7	-	4.2
Inter-segment interest receivable/(payable)	0.4	-	(0.3)	(0.1)	-
Finance income/(charges)	1.9	-	2.4	(0.1)	4.2
Finance charges	-	-	-	-	-
Net finance income/(charges)	1.9	-	2.4	(0.1)	4.2
Share of profit of associates and joint ventures	5.2	-	5.1	-	10.3
Profit before tax	177.3	6.6	4.3	-	188.2

	Asset Management £m	Private Banking £m	Group £m	Total £m
Total assets	7,072.9	3,018.4	914.9	11,006.2

Year ended 31 December 2010	Asset Management £m	Private Banking £m	Group £m	Inter-segment eliminations and adjustments £m	Total £m
Fee income	1,298.6	93.7	2.5	-	1,394.8
Fee expense	(318.0)	(5.5)	-	-	(323.5)
Net fee income	980.6	88.2	2.5	-	1,071.3
Banking interest receivable from external parties	-	44.5	-	-	44.5
Banking interest payable to external parties	-	(29.2)	-	-	(29.2)
Inter-segment interest	-	(0.2)	-	0.2	-
Net banking interest income	-	15.1	-	0.2	15.3
Net gains on financial instruments and other income	15.6	-	49.3	4.3	69.2
Net revenue	996.2	103.3	51.8	4.5	1,155.8
Operating expenses	(629.8)	(93.2)	(46.7)	(4.3)	(774.0)
Operating profit	366.4	10.1	5.1	0.2	381.8
External finance income	3.1	-	7.0	-	10.1
Inter-segment interest receivable/(payable)	0.5	-	(0.3)	(0.2)	-
Finance income/(charges)	3.6	-	6.7	(0.2)	10.1
Finance charges	(0.2)	-	(0.3)	-	(0.5)
Net finance income/(charges)	3.4	-	6.4	(0.2)	9.6
Share of profit of associates and joint ventures	11.2	-	4.3	-	15.5
Profit before tax	381.0	10.1	15.8	-	406.9

	Asset Management £m	Private Banking £m	Group £m	Total £m
Total assets	9,267.2	2,878.3	1,228.4	13,373.9

3. Retirement benefit obligations

The income statement (credit)/charge for retirement benefit costs is as follows:

	Six months ended 30 June 2011 £m	Six months ended 30 June 2010 £m	Year ended 31 December 2010 £m
Pension costs – defined contribution plans	10.3	7.9	16.5
Pension (credit)/costs – defined benefit plans	(12.3)	0.1	(3.7)
Other post-employment benefits	0.1	0.1	0.3
	(1.9)	8.1	13.1
The defined benefit scheme income statement credit in respect of the UK Scheme consists of:			
Current service cost	2.8	4.1	8.0
Past service cost	-	-	(3.5)
Expected return on scheme assets	(22.0)	(20.7)	(42.8)
Curtailment	(10.2)	-	-
Interest on scheme liabilities	16.4	16.4	33.3
Total income statement credit in respect of the UK Scheme	(13.0)	(0.2)	(5.0)
Income statement charges in respect of other defined benefit schemes	0.7	0.3	1.3
Total defined benefit scheme income statement (credit)/charge	(12.3)	0.1	(3.7)

The principal defined benefit scheme within the Group is the defined benefit section of the UK Retirement Benefits Scheme (the 'Scheme'). The defined benefit section of the Scheme closed to future accrual on 30 April 2011. The amounts disclosed in respect of the Scheme have been projected from previous valuations of the Scheme. They do not represent the results of a full actuarial valuation. The most recent triennial valuation of the Scheme was carried out as at 31 December 2008. The Group has not materially changed any of the principal financial assumptions underlying the calculation of the Scheme's net financial position, although such assumptions have been amended where applicable to reflect the Scheme's closure, as well as current market conditions and expectations. The amounts that have been recognised in the statement of comprehensive income are set out below.

	Six months ended 30 June 2011 £m	Six months ended 30 June 2010 £m	Year ended 31 December 2010 £m
Actual return less expected return on Scheme assets	(0.1)	(2.9)	37.1
Experience gains and losses arising on Scheme liabilities	(3.8)	-	(1.4)
Changes in assumptions underlying the present value of the Scheme liabilities	13.3	(4.8)	(27.4)
Total other comprehensive income/(losses) in respect of the Scheme	9.4	(7.7)	8.3
Other comprehensive losses in respect of other defined benefit schemes	(0.1)	-	(0.3)
Total other comprehensive income/(losses) in respect of defined benefit schemes	9.3	(7.7)	8.0

The amounts recognised in the balance sheet are:

	Six months ended 30 June 2011 £m	Six months ended 30 June 2010 £m	Year ended 31 December 2010 £m
At 1 January	692.9	573.0	573.0
Expected return	22.0	20.7	42.8
Actuarial (losses)/gains	(0.1)	(2.9)	37.1
Contributions by employer	3.1	57.8	62.2
Benefits paid	(9.8)	(11.4)	(22.2)
Fair value of plan assets	708.1	637.2	692.9
At 1 January	(658.5)	(614.1)	(614.1)
Current service cost	(2.8)	(4.1)	(8.0)
Past service cost	-	-	3.5
Interest cost	(16.4)	(16.4)	(33.3)
Curtailment	10.2	-	-
Actuarial gains/(losses)	9.5	(4.8)	(28.8)
Benefits paid	9.8	11.4	22.2
Present value of funded obligation	(648.2)	(628.0)	(658.5)
Net surplus in respect of the UK Scheme	59.9	9.2	34.4
Net deficits in respect of other defined benefit schemes	7.1	6.4	7.2

4. Tax expense

	Six months ended 30 June 2011 £m	Six months ended 30 June 2010 £m	Year ended 31 December 2010 £m
UK corporation tax on profits for the period	19.1	1.0	23.1
Adjustments in respect of prior years	(0.2)	0.6	(5.3)
Foreign tax – current	31.0	37.7	59.9
Foreign tax – adjustments in respect of prior years	0.1	(0.1)	(1.6)
Total current tax	50.0	39.2	76.1
Origination and reversal of temporary differences	(3.0)	8.8	9.4
Adjustments in respect of prior years	0.4	(0.5)	9.2
Effect of changes in corporation tax rates	2.6	-	1.0
Total deferred tax	-	8.3	19.6
Total tax charge for the period	50.0	47.5	95.7

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.

In total, a charge of £2.0 million (six months ended 30 June 2010: £3.2 million charge) has been included in respect of tax within the statement of other comprehensive income. This consists primarily of a £2.5 million deferred tax charge (six months ended 30 June 2010: £2.2 million credit) on the actuarial gains (six months ended 30 June 2010: actuarial losses) within the UK defined benefit scheme and a £0.5 million (30 June 2010: £nil) deferred tax charge due to changes in corporation tax rates, partially offset by a £1.0 million (six months ended 30 June 2010: £1.0 million credit) credit for the Equity Compensation Plan and share options issued to employees of UK Group companies. There was no (six months ended 30 June 2010: £6.4 million charge) current tax charge on available-for-sale financial assets.

Schroders

5. Dividends

	Six months ended 30 June 2011		Six months ended 30 June 2010		Year ended 31 December 2010	
	£m	Pence per share	£m	Pence per share	£m	Pence per share
Declared in period:						
2010 final dividend paid	70.1	26.0	-	-	-	-
2010 interim dividend paid	-	-	-	-	29.8	11.0
2009 second interim dividend paid	-	-	57.8	21.0	57.8	21.0
	70.1	26.0	57.8	21.0	87.6	32.0
Interim dividend for 2011	34.8	13.0				

6. Earnings per share

Basic earnings per share is calculated by dividing the profit for the financial year attributable to owners of the parent of £165.6 million (30 June 2010: £136.9 million) by the weighted average number of shares in issue during the year, less the weighted average number of own shares.

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 year attributable to owners of the parent used in the basic and diluted earnings per share calculations.

A reconciliation of the figures used in calculating basic and diluted earnings per share is shown below.

	Six months ended 30 June 2011 Number	Six months ended 30 June 2010 Number	Year ended 31 December 2010 Number
Weighted average number of shares used in calculation of basic earnings per share	272,528,447	276,900,043	275,421,749
Effect of dilutive potential shares – share options	9,085,751	10,945,259	8,776,349
Effect of dilutive potential shares – contingently issuable shares	443,984	15,956	164,363
Weighted average number of shares used in calculation of diluted earnings per share	282,058,182	287,861,258	284,362,461

There have been no material transactions involving shares or potential shares since the reporting date and before the completion of these half-year results.

7. Financial assets

30 June 2011

	Loans and receivables and held to maturity £m	**Fair value through profit or loss £m**	**Available-for-sale £m**	**Total £m**
Equities	-	414.4	156.9	571.3
Debt securities	600.7	256.9	68.7	926.3
Investments	600.7	671.3	225.6	1,497.6
Derivative contracts	-	47.0	-	47.0
	600.7	718.3	225.6	1,544.6

30 June 2010

	Loans and receivables and held to maturity £m	Fair value through profit or loss £m	Available-for-sale £m	Total £m
Equities	-	214.4	182.1	396.5
Debt securities	528.0	303.0	122.5	953.5
Investments	528.0	517.4	304.6	1,350.0
Derivative contracts	-	86.2	-	86.2
	528.0	603.6	304.6	1,436.2

31 December 2010

	Loans and receivables and held to maturity £m	Fair value through profit or loss £m	Available-for-sale £m	Total £m
Equities	-	380.6	152.5	533.1
Debt securities	490.8	346.7	75.6	913.1
Other investments	-	52.3	-	52.3
Investments	490.8	779.6	228.1	1,498.5
Derivative contracts	-	48.7	-	48.7
	490.8	828.3	228.1	1,547.2

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8. Share capital and share premium

	Number of shares	**Ordinary shares £m**	**Non-voting ordinary shares £m**	**Total shares £m**	**Share premium £m**
At 1 January 2011	290,448,131	226.0	64.4	290.4	84.7
Shares issued	266,180	-	0.3	0.3	1.6
At 30 June 2011	290,714,311	226.0	64.7	290.7	86.3

	Number of shares	Ordinary shares £m	Non-voting ordinary shares £m	Total shares £m	Share premium £m
At 1 January 2010	288,777,897	226.0	62.8	288.8	72.5
Shares issued	966,426	-	0.9	0.9	6.5
At 30 June 2010	289,744,323	226.0	63.7	289.7	79.0

	Number of shares	Ordinary shares £m	Non-voting ordinary shares £m	Total shares £m	Share premium £m
At 1 January 2010	288,777,897	226.0	62.8	288.8	72.5
Shares issued	1,670,234	-	1.6	1.6	12.2
At 31 December 2010	290,448,131	226.0	64.4	290.4	84.7

	30 June 2011 Number	30 June 2010 Number	31 December 2010 Number	**30 June 2011 £m**	30 June 2010 £m	31 December 2010 £m
Issued 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 £1 each	64,691,911	63,721,923	64,425,731	64.7	63.7	64.4
	290,714,311	289,744,323	290,448,131	290.7	289.7	290.4

Shares acquired and held in treasury are included in own shares.

9. Own shares

Own shares include the Company's shares (both ordinary and non-voting ordinary) that are held by employee trusts which have been established for the purposes of satisfying certain equity-based awards and shares acquired and held in treasury to meet future award requirements. Of the own shares held, 12.4 million (December 2010: 12.9 million) were ordinary shares held within trusts, 0.1 million (December 2010: 0.1 million) were non-voting ordinary shares held within trusts and 6.9 million (December 2010: 3.8 million) were non-voting shares held in treasury.

Movements during the period were as follows:

	Six months ended 30 June 2011 £m	Six months ended 30 June 2010 £m	Year ended 31 December 2010 £m
At 1 January	(199.1)	(89.7)	(89.7)
Own shares purchased	(100.5)	(151.9)	(161.2)
Own shares disposed	-	9.2	9.3
Retained profits transfers[1]	51.3	38.7	42.5
At 30 June/31 December	(248.3)	(193.7)	(199.1)

[1] On vesting, own shares balances are transferred to the profit and loss reserve.

10. Other reserves

	Net exchange differences[1] £m	**Hedging reserve[1] £m**	**Net foreign exchange after hedging £m**	**Capital reserve £m**	**Total £m**
At 1 January 2011	250.9	(128.8)	122.1	176.2	298.3
Net foreign exchange gains on translation of foreign operations	17.7	-	17.7	-	17.7
Net losses on hedges of foreign operations recognised in equity	-	(2.9)	(2.9)	-	(2.9)
Net foreign exchange gains on available-for sale investments	0.4	-	0.4	-	0.4
Foreign exchange gains/(losses)	18.1	(2.9)	15.2	-	15.2
Transfers of cumulative foreign exchange on foreign operations to income statement on disposal or liquidation	(4.4)	4.3	(0.1)	-	(0.1)
Net income recognised directly in other comprehensive income	13.7	1.4	15.1	-	15.1
Retained profits transfers[2]	-	-	-	(2.1)	(2.1)
At 30 June 2011	264.6	(127.4)	137.2	174.1	311.3

[1] Net exchange differences arise on the translation of the net assets of the Group's non-sterling operations into sterling. The hedging reserve offsets such differences, recording the changes in fair value of financial instruments used to hedge these exposures.
[2] Transfers to/from the capital reserve comprise the transfers of profit to/from the capital reserve in certain jurisdictions.

	Net exchange differences[1] £m	Hedging reserve[1] £m	Net foreign exchange after hedging £m	Capital reserve £m	Total £m
At 1 January 2010	203.6	(107.6)	96.0	174.2	270.2
Net foreign exchange gains on translation of foreign operations	36.5	-	36.5	-	36.5
Net losses on hedges of foreign operations recognised in equity	-	(23.3)	(23.3)	-	(23.3)
Net foreign exchange losses on available-for sale investments	(5.0)	-	(5.0)	-	(5.0)
Foreign exchange gains/(losses)	31.5	(23.3)	8.2	-	8.2
Transfers of cumulative foreign exchange on available-for-sale investments to income statement on disposal or impairment	0.9	-	0.9	-	0.9
Net income/(loss) recognised directly in other comprehensive income	32.4	(23.3)	9.1	-	9.1
Retained profits transfers[2]	-	-	-	2.3	2.3
At 30 June 2010	236.0	(130.9)	105.1	176.5	281.6

	Net exchange differences[1] £m	Hedging Reserve[1] £m	Net foreign exchange after hedging £m	Capital reserve £m	Total £m
At 1 January 2010	203.6	(107.6)	96.0	174.2	270.2
Net foreign exchange gains on translation of foreign operations	50.5	-	50.5	-	50.5
Net losses on hedges of foreign operations recognised in equity	-	(21.2)	(21.2)	-	(21.2)
Net foreign exchange losses on available-for sale investments	(3.0)	-	(3.0)	-	(3.0)
Foreign exchange gains/(losses)	47.5	(21.2)	26.3	-	26.3
Transfers of cumulative foreign exchange on foreign operations to income statement on disposal or liquidation	(1.1)	-	(1.1)	-	(1.1)
Transfers of cumulative foreign exchange on available-for-sale investments to income statement on disposal or impairment	0.9	-	0.9	-	0.9
Transfers to income statement on disposal, liquidation or impairment	(0.2)	-	(0.2)	-	(0.2)
Net income/(loss) recognised directly in other comprehensive income	47.3	(21.2)	26.1	-	26.1
Retained profits transfers[2]	-	-	-	2.0	2.0
At 31 December 2010	250.9	(128.8)	122.1	176.2	298.3

[1] Net exchange differences arise on the translation of the net assets of the Group's non-sterling operations into sterling. The hedging reserve offsets such differences, recording the changes in fair value of financial instruments used to hedge these exposures.

[2] Transfers to/from the capital reserve comprise the transfers of profit to/from the capital reserve in certain jurisdictions.

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11. Retained profits reserve

	Associates and joint ventures reserve £m	Fair value reserve[1] £m	Profit and loss reserve £m	Total £m
At 1 January 2011	35.5	50.8	1,235.9	1,322.2
Actuarial gains on defined benefit pension schemes	-	-	9.3	9.3
Net fair value (losses)/gains taken to other comprehensive income	(1.1)	3.8	-	2.7
Transfers to income statement on disposal or impairment[2]	-	(2.1)	-	(2.1)
Tax on items taken directly to other comprehensive income	-	-	(2.0)	(2.0)
Other comprehensive (loss)/income	(1.1)	1.7	7.3	7.9
Profit for the period	3.1	-	162.5	165.6
Total comprehensive income for the period	2.0	1.7	169.8	173.5
Share-based payments	-	-	28.8	28.8
Dividends	-	-	(70.1)	(70.1)
Transfers within retained profits reserve[3]	(8.6)	-	8.6	-
Transfers to/from other reserves[4]	-	-	(49.2)	(49.2)
At 30 June 2011	28.9	52.5	1,323.8	1,405.2

	Associates and joint ventures reserve £m	Fair value reserve[1] £m	Profit and loss reserve £m	Total £m
At January 2010	30.7	57.9	1,018.0	1,106.6
Actuarial losses on defined benefit pension schemes	-	-	(7.7)	(7.7)
Net fair value losses taken to other comprehensive income	(3.8)	(3.0)	-	(6.8)
Transfers to income statement on disposal or impairment[2]	-	(0.8)	-	(0.8)
Tax on items taken directly to other comprehensive income	-	(6.4)	3.2	(3.2)
Other comprehensive loss	(3.8)	(10.2)	(4.5)	(18.5)
Profit for the period	10.3	-	126.6	136.9
Total comprehensive income/(loss) for the period	6.5	(10.2)	122.1	118.4
Share-based payments	-	-	11.3	11.3
Dividends	-	-	(57.8)	(57.8)
Transfers within retained profits reserve[3]	0.1	-	(0.1)	-
Transfers to/from other reserves[4]	-	-	(41.0)	(41.0)
At 30 June 2010	37.3	47.7	1,052.5	1,137.5

[1] The fair value reserve represents the difference between the cost (or, if an asset has been reclassified, fair value at the date of reclassification) and the fair value of unimpaired financial assets classified as available-for-sale.

[2] Transfers to income statement on disposal or impairment exclude any foreign exchange gain or loss which is included in the net exchange differences reserve.

[3] Transfers between associates and joint ventures reserve and profit and loss reserve represent distributions paid to the Group.

[4] Transfers to/from the profit and loss reserve comprise the transfer of own shares on vesting of unexercised share awards together with transfers of profit to/from the capital reserves in certain jurisdictions.

	Associates and joint ventures reserve £m	Fair value reserve[1] £m	Profit and loss reserve £m	Total £m
At 1 January 2010	30.7	57.9	1,018.0	1,106.6
Actuarial gains on defined benefit pension schemes	-	-	8.0	8.0
Net fair value (losses)/gains taken to other comprehensive income	(1.0)	14.0	-	13.0
Transfers to income statement on disposal or impairment[2]	-	(11.1)	-	(11.1)
Tax on items taken directly to other comprehensive income	-	(10.0)	8.8	(1.2)
Other comprehensive (loss)/income	(1.0)	(7.1)	16.8	8.7
Profit for the year	15.5	-	292.4	307.9
Total comprehensive income/(loss) for the period	14.5	(7.1)	309.2	316.6
Share-based payments	-	-	31.1	31.1
Dividends	-	-	(87.6)	(87.6)
Transfers within retained profits reserve[3]	(9.7)	-	9.7	-
Transfers to/from other reserves[4]	-	-	(44.5)	(44.5)
At 31 December 2010	35.5	50.8	1,235.9	1,322.2

[1] The fair value reserve represents the difference between the cost (or, if an asset has been reclassified, fair value at the date of reclassification) and the fair value of unimpaired financial assets classified as available-for-sale.

[2] Transfers to income statement on disposal or impairment exclude any foreign exchange gain or loss which is included in the net exchange differences reserve.

[3] Transfers between associates and joint ventures reserve and profit and loss reserve represent distributions paid to the Group.

[4] Transfers to/from the profit and loss reserve comprise the transfer of own shares on vesting of unexercised share awards together with transfers of profit to/from the capital reserves in certain jurisdictions.

12. Reconciliation of net cash from operating activities

	Six months ended 30 June 2011 £m	Six months ended 30 June 2010 £m	Year ended 31 December 2010 £m
Operating profit	204.8	173.7	381.8
Adjustments for income statement non-cash movements:			
Depreciation of property, plant and equipment and amortisation of software	6.1	7.2	13.3
Amortisation and impairment of intangible assets acquired in business combinations	1.0	3.1	4.2
Impairment of financial assets	-	1.8	2.7
Other transfers to the income statement in respect of financial assets	(2.1)	(1.7)	(12.9)
Net losses/(gains) on financial assets and liabilities held at fair value through profit or loss	4.0	(9.6)	(32.3)
Share-based payments	28.8	14.5	34.2
Net charge for provisions	10.0	1.7	27.2
Other non-cash movements	(16.8)	(7.3)	(13.7)
	31.0	9.7	22.7
Adjustments for other income statement cash movements:			
Payments made to the UK defined benefit pension scheme	(3.1)	(57.8)	(62.2)
Cash paid on settlement of share-based payments	-	(3.1)	(3.1)
UK corporation tax paid	(2.0)	(0.9)	(8.4)
Overseas tax paid	(30.7)	(18.6)	(39.8)
Interest paid	(0.1)	-	(0.5)
	(35.9)	(80.4)	(114.0)
Adjustments for balance sheet movements:			
(Increase)/decrease in trade and other receivables	(14.2)	(187.9)	121.9
(Decrease)/increase in trade and other payables and provisions	(20.9)	449.5	213.4
	(35.1)	261.6	335.3
Adjustments for life company movements:			
Net purchase of assets backing unit-linked liabilities	(186.7)	(382.6)	(2,124.4)
Net increase in unit-linked liabilities	618.3	325.3	2,565.4
	431.6	(57.3)	441.0
Net cash from operating activities	596.4	307.3	1,066.8

Schroders

Additional information

Assets under management

	Institutional £bn	Intermediary £bn	Private Banking £bn	Total £bn
31 December 2010	106.4	74.1	16.2	196.7
Gross inflows	13.1	17.7	2.3	33.1
Gross outflows	(8.5)	(17.3)	(2.2)	(28.0)
Net flows	4.6	0.4	0.1	5.1
Investment returns	1.7	0.9	0.4	3.0
30 June 2011	112.7	75.4	16.7	204.8

Income and cost metrics for the Group

	Six months ended 30 June 2011	Six months ended 30 June 2010	Year ended 31 December 2010
Total costs: net revenue ratio	65%	68%	67%
Total compensation costs: operating revenue ratio	44%	46%	45%
Bonus: pre-bonus operating profit	40%	41%	40%
Return on average capital (pre-tax)	24%	23%	24%
Return on average capital (post-tax)	18%	17%	18%

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 2011 are substantially the same as those described in the 2010 Annual Report being market, investment performance and liquidity risk, credit risk, operational risk and emerging risks.

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 Company 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

Kevin Parry
Chief Financial Officer

3 August 2011

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 24 of the half-year results for the six months ended 30 June 2011, which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, 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 Services 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 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-year results for the six months ended 30 June 2011 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.

PricewaterhouseCoopers LLP
Chartered Accountants
3 August 2011
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.