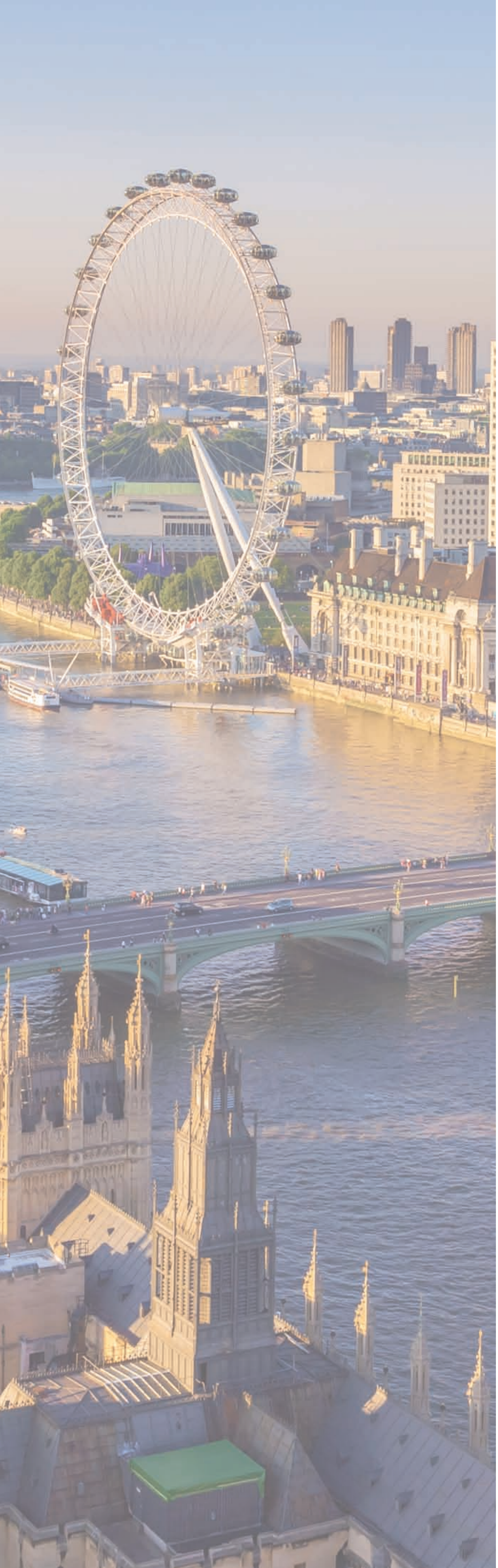
Schroder UK Mid Cap Fund plc

Half Year Report and Accounts

For the six months ended
31 March 2017



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Investment objective

The Company's investment objective is to invest in Mid Cap equities with the aim of providing a total return in excess of the FTSE 250 (ex-Investment Companies) Index.

Strategy/investment policy

The strategy is to invest principally in the investment universe associated with the benchmark index, but with an element of leeway in investment remit to allow for a conviction-driven approach and an emphasis on specific companies and targeted themes. The Company may also invest in other collective investment vehicles where desirable, for example to provide exposure to specialist areas within the universe. The Company may hold up to 20% of its portfolio in equities and collective investment vehicles outside the benchmark index.

The Manager has adopted a unique and consistent investment process, taking a stock specific approach with an emphasis on growth companies. Sector weightings play a secondary role, resulting naturally from stock selection. Fundamental research forms the basis of each investment decision taken by the Manager, which carries out its own research with numerous company contacts. When analysing stocks, the Manager looks for companies with strong management teams with a proven record, good future prospects and a strong business franchise within their markets.

Key reasons to invest

- A decade of capital appreciation
- Mid caps offer good capital and income growth
- Proven stock picking skills

Financial Highlights

Total returns (including dividends reinvested) for six months ended 31 March 2017[1]

8.6%
NAV per share[2]

8.2%
Share price[2]

6.9%
Benchmark[3]

[1]Source: Total return calculations assume that any dividends paid out during the period were reinvested.

[2]Source: Morningstar.

[3]Source: Thomson Reuters. The Company's benchmark is the FTSE 250 (ex-Investment Companies) Index.

Other financial information

	31 March 2017	30 September 2016	% Change
Shareholders' funds (£'000)	**206,046**	192,718	+6.9
Shares in issue	**36,143,690**	36,143,690	
NAV per share	**570.07p**	533.20p	+6.9
Share price	**462.00p**	435.38p	+6.1
Share price discount to NAV per share	**19.0%**	18.3%	
(Net cash)/gearing[1]	**(2.9)%**	1.5%	

[1]Borrowings used for investment purposes, less cash, expressed as a percentage of net assets. If the amount so calculated is negative, this is shown as a "net cash" position.

Interim Management Report – Chairman's Statement

“It is of course pleasing to see both the outperformance of the benchmark and the return to favour of mid cap shares.”

Investment and share price performance

I am pleased to report on a positive period for your Company. During the six months ended 31 March 2017, the Company's net asset value produced a total return of 8.6%, comparing favourably to a total return of 6.9% for the Company's benchmark, the FTSE 250 (ex Investment Companies) Index. The Company's share price produced a total return of 8.2% over the period.

It is of course pleasing to see both the outperformance of the benchmark and the return to favour of mid cap shares. The net asset value total return kept up with the 8.1% total return of the large cap index, the FTSE 100, over the same period.

Full details of investment performance, as well as portfolio activity, policy and outlook, may be found in the Manager's Review.

Interim dividend

Revenue return per share has risen by 14.2% compared to the first half of the 2016 financial year, reflecting an 11.1% rise in dividend income from investments. In light of this, and having regard to our income expectations for the second half of the year, the Board has declared an increased interim dividend of 3.10 pence (2016: 2.75 pence) per share for the year ending 30 September 2017. The dividend will be paid on 31 July 2017 to shareholders on the register on 14 July 2017. A final dividend for the year ending 30 September 2017 will be proposed at the next Annual General Meeting, as in previous years.

Gearing facility

The Company continues to maintain a £15 million unsecured revolving credit facility. Gearing stood at 1.5% at 1 October 2016, but was reduced during the period and the portfolio held net cash of 2.9% on 31 March 2017. The Manager will continue to utilise gearing to take advantage of market opportunities as and when they arise and gearing levels are monitored closely by the Board.

Share buy backs

The share price discount to net asset value remained wide during the period, with an average discount of 18.7% as investors remained cautious, and for part of the time, sentiment towards the mid cap sector was weak. The Company did not buy back any of its shares during the period under review. However, after the period end, the Board approved the purchase of shares by the Company to be held in treasury to assist in reducing the discount both in absolute terms and to bring it closer to that of the peer group average. Since the period end, the Company has purchased a total of 292,500 shares to be held in treasury. As at the date of this Report, the share price discount stood at 15.7%.

Your Board continues to believe that the most sustainable way to close the discount is to increase demand for the Company's shares by effective marketing over the longer term, supported by strong performance. In the meantime, it will continue to monitor the discount at which the Company's shares trade both in absolute terms and relative to its peer group and to consider whether share buy backs should be deployed.

Change in independent auditor

As announced on 9 June 2017, following a competitive tender process which excluded the incumbent, Ernst & Young LLP, on the grounds of length of service, the Board approved the appointment of KPMG LLP as the Company's auditor for the financial year ending 30 September 2017. The appointment of KPMG as auditor for the financial year ending 30 September 2018 will be subject to approval by shareholders at the Company's next Annual General Meeting, to be held in early 2018.

The Board would like to thank Ernst & Young LLP, which formally ceased to hold office as the Company's auditor on 20 June 2017, for its professional service to the Company during its tenure in office. In accordance with legislative requirements, a copy of Ernst & Young's resignation letter, including a statement of its reasons for ceasing to hold office, is being circulated to all shareholders.

Outlook

“…we want our Manager to continue to concentrate the portfolio on high-quality companies capable of growth in most circumstances.”

Since the period end, there has been a general election in the UK which has resulted in a hung parliament. This will give rise to greater economic uncertainty and its impact on the Company's universe of shares is as yet unknown.

Interim Management Report – Chairman's Statement

While the final outcome will provide an answer to one of the uncertainties facing UK equity investors at the moment, there are plenty of others to come. To take just two examples from the last 12 months, mid cap shares have become untypically sensitive to movements in the exchange rate, and investors now face a long period before the implications of the negotiations for the UK to leave the EU become clear.

The portfolio cannot wholly abstract from these macro-economic issues, but we want our Manager to continue to concentrate the portfolio on high-quality companies capable of growth in most circumstances. One reassuring piece of evidence that the holdings are doing well in their respective markets is the dividends they are distributing, which as I mentioned earlier have again risen by a double-digit amount. At a time of limited economic growth worldwide, we see this type of success as both an advantage of mid cap investing, and why a Company like ours can have a role in so many UK equity portfolios today.

Eric Sanderson
Chairman

29 June 2017

Interim Management Report – Manager's Review

Market background

"…the Company's net asset value produced a total return of 8.6%… compared to a total return of 6.9% for the benchmark index."

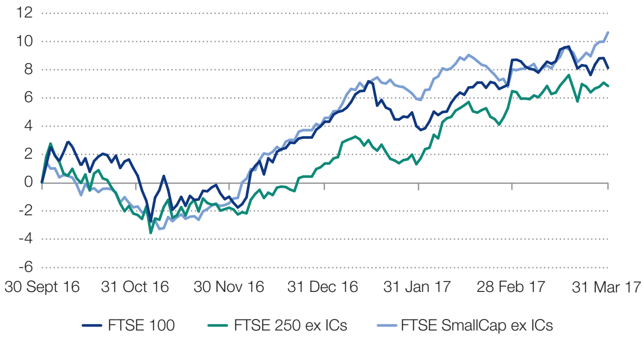
As noted in the Chairman's Statement, the Company's net asset value produced a total return of 8.6% for the six months ended 31 March 2017, compared to a total return of 6.9% for the benchmark index, the FTSE 250 (ex-Investment Companies) Index. The Company's share price returned 8.2%, the discount having widened from 18.3% to 19.0%.

The UK equity market performed well over the six month period against the backdrop of an improving outlook for the global economy. Inflation expectations rose as the economic policy discussion moved away from a sole reliance on monetary stimulus and towards fiscal measures following the UK's decision to leave the EU ("Brexit") and Donald Trump's presidential election victory in the US. There was a resulting rotation towards companies that benefit from the improving economic conditions ("cyclicals") as the market became more interested in the case for rising growth – the so-called "reflation trade".

Domestic merger and acquisition ("M&A") activity picked up, e.g. Standard Life's deal to acquire Aberdeen Asset Management, Tesco's proposed takeover of wholesaler Booker and energy services company John Wood Group's recommended purchase of peer Amec Foster Wheeler. Prime Minister Theresa May suggested that the UK was heading towards a harder variant of Brexit as she set out the government's negotiating priorities in her Lancaster House speech in January and subsequently triggered Article 50 in March, beginning the two-year exit process.

Although the benchmark mid cap index delivered a positive return over the period, the graph below highlights its underperformance relative to the FTSE 100 and FTSE SmallCap indices. Factors behind this underperformance include the remnants of the Brexit hangover, which translated into weaker sterling, a number of mid cap profit warnings towards the end of 2016 and less index-boosting M&A activity particularly relative to the FTSE 100 Index.

UK market performance by market capitalisation – 6 months to 31 March 2017



Source: Thomson Reuters Eikon. Total return from 31 September 2016 to 31 March 2017.

The above graph disguises the fact that, following underperformance at the end of 2016, the benchmark index outperformed the FTSE 100 in Q1 2017. Financial results from the mid caps began to reassure nervous market participants, as did broad-based upwards revisions to 2017 UK gross domestic product forecast growth, following the wholesale downgrades of mid 2016. Generally better-than-feared backward and forward-looking UK economic data drove a strengthening of sterling against the US dollar earlier this year, which tends to benefit mid caps relative to large caps.

Performance

The outperformance of the Company was largely attributable to stock selection, with a much smaller positive contribution from sector allocation.

	Impact (%)
FTSE 250 (ex-Investment Companies)	+6.9
Stock selection	+2.2
Sector allocation	+0.1
Gearing	+0.1
Costs	(0.5)
Residual/rounding	(0.2)
NAV total return cum income	**+8.6**

Source: Schroders.

"The strongest positive contributions came from a mixture of domestic and internationally facing stocks…"

The strongest positive contributions came from a mixture of domestic and internationally facing stocks, which reflects the composition of the portfolio as a whole.

Interim Management Report – Manager's Review

Shares in light commercial vehicle hire specialist Northgate performed well following signs of stabilisation in the UK business in interim results published in December. The arrival of a new Chief Executive with previous experience at Avis and Wyevale Garden Centres should bring more of a retail focus to the group, light commercial residual values in the UK are better than expected and a new flexible rental product (as opposed to contract hire) has shown positive early results. Meanwhile, M&A activity also highlighted value within the quoted equipment rental sector.

SSP (travel food and beverage company), which is exposed to a key global structural growth trend of rising airline passenger numbers, published strong preliminary results in November which set the shares alight. A combination of positive like-for-like sales growth, better cost control and new contract wins drove underlying earnings up in excess of 20% which underpinned similar dividend growth.

Redrow also performed well. The housebuilder reported record first-half pre-tax profits of £140 million, up 35% year on year, as legal completions rose 13%, average selling prices of private homes advanced 12% and operating margins increased to 19.5% from 18.2%.

In terms of stocks held, provider of financial spread betting and contract for difference ("CFD") products company IG was the most significant detractor. This followed an FCA proposal to significantly tighten regulation around the provision of CFD products to retail customers in the UK. IG is around 50% exposed to the UK, hence the share price reaction. Notwithstanding this, and generally low levels of market volatility, the group delivered a solid pre-close statement post the period end.

Meanwhile, specialist multi-channel retailer of pet-related products and services Pets at Home performed poorly after its third-quarter update confirmed trading had deteriorated. Group like-for-like sales growth moderated to 0.1% versus 2.5% in the first half, due to a poor performance from the merchandise business. While management had previously flagged this slowdown, the market became increasingly fearful about the threat from internet rivals. Management has begun to respond to this threat by strategically lowering prices which has shown signs of early success, and online sales growth rates have improved significantly. Meanwhile, the high-margin and defensive vets business continues to strengthen.

Dunelm also had a weak (second quarter) trading statement. The market is adopting a wait-and-see approach with regard to the November 2016 acquisition of online pure play retailer Worldstores, a deal which is designed to move Dunelm more quickly up the online retail competitiveness curve. Whilst the underlying homewares market has been weak of late (e.g. John Lewis's recent sales figures), it appears that Dunelm is holding share. In common with Pets at Home, Dunelm has an above average and well underpinned dividend yield.

Stocks held – significant positive and negative contributions versus the benchmark

Positive contributor	Portfolio weight (%)	Weight relative to index (%)	Absolute return[1] (%)	Impact (%)
Northgate	2.4	2.4	28.7	+0.5
Redrow	2.6	2.2	29.7	+0.5
SSP	2.8	2.2	31.2	+0.5
RPS	1.1	1.1	53.0	+0.4
Bodycote International	1.8	1.4	36.5	+0.4
Total				**+2.3**

Negative contributor	Portfolio weight (%)	Weight relative to index (%)	Absolute return[1] (%)	Impact (%)
IG	2.0	1.2	(41.6)	(0.8)
Pets at Home	1.6	1.3	(21.5)	(0.4)
Dunelm	1.3	1.1	(22.5)	(0.4)
Kennedy Wilson Europe Real Estate	2.4	2.0	(3.6)	(0.2)
Laird	0.5	0.4	(35.5)	(0.2)
Total				**(2.0)**

Source: Schroders, 30 September 2016 to 31 March 2017.
[1]Performance of stock whilst in the portfolio over the 6 months. Weights are averages over the period. The impact is the contribution made by the stock to relative return.

Looking at stocks not held, we benefited from not holding aerospace and defence manufacturer Cobham, as shares fell sharply after the company announced its fifth profit warning in less than two years. Not holding plastics and packaging manufacturer RPC was also beneficial as the market began to question the company's ability to successfully absorb further M&A. Finally, security services company G4S, which is in recovery mode, was the main detractor amongst stocks not owned in the benchmark.

Stocks not held – significant positive and negative contributions versus the benchmark

Positive contributor	Portfolio (%)	Relative to index (%)	Absolute return[1] (%)	Impact (%)
Cobham	–	(0.9)	(19.8)	+0.3
RPC Group	–	(1.1)	(12.2)	+0.2
Aberdeen	–	(0.9)	(15.2)	+0.2
NCC Group	–	(0.1)	(50.8)	+0.2
Domino's Pizza	–	(0.6)	(16.2)	+0.1
Total				**+1.0**

Negative contributor	Portfolio (%)	Relative to index (%)	Absolute return[1] (%)	Impact (%)
G4S	–	(1.2)	33.6	(0.3)
Berkeley	–	(1.1)	27.9	(0.2)
Kaz Minerals	–	(0.3)	105.9	(0.2)
Electrocomponents	–	(0.6)	41.0	(0.2)
Spectris	–	(0.9)	28.0	(0.2)
Total				**(1.1)**

Source: Schroders, 30 September 2016 to 31 March 2017.
[1]Performance of stock in the benchmark over the 6 months. Weights are averages over the period. The impact is the contribution made by the stock to relative return.

Portfolio activity

We added a number of new holdings to the portfolio over the period.

These included industrial threads manufacturer Coats, which is due to be included in the FTSE 250 Index in June, cinema group Cineworld, flexible workplace provider Workspace and challenger bank Virgin Money.

We believe that Cineworld can benefit from strong potential future growth from both the mature UK and Irish markets and its other less mature markets (mainly Israel, Poland and Romania). Workspace supplies start-ups and maturing SMEs with co-working areas in hotspots in London and large cities around the UK. This is a burgeoning trend as it allows people much more flexibility in their work patterns. We think there is plenty of opportunity for Workspace to grow profitably from this trend. Virgin Money should be able to deliver strong returns from its high quality mortgage book and a reducing cost income ratio. It is free from many of the legacy issues which are a drag on other banking groups.

We sold out of companies where we thought the investment case had played out or where recent developments meant the holding no longer fits with our investment strategy.

We sold out of soft drinks business A.G. Barr as it faces further declines to already weak top line growth in a contracting UK soft drinks market as a result of the introduction of the sugar tax, coupled with rising raw materials costs and unfavourable exchange rates. We also exited industrial laundry services provider Berendsen on fears over further weakness in what we believe to be underinvested UK operations. Following our exit, Berendsen had its second profit warning in five months, although we acknowledge that it has since been bid for. Our holding in financial services comparison website Gocompare.com, a result of the demerger from motor insurance company Esure, rather than a deliberate purchase, was disposed of profitably. We removed Halfords from the portfolio due to long-term concerns of durability and saturation of the bicycle market, increased competition from biking specialists and online retailers and, more immediately, an inability to mitigate the pressure on gross margins from foreign exchange movements. We sold out of hotels operator Millennium & Copthorne following serial underperformance at operating level, where we see little catalyst for change barring a bid or a break up of the estate. We sold our position in building materials group SIG given our concerns over the length of time it might take management to turn the business around. Lastly, we exited our holding in Smurfit Kappa on its promotion to the FTSE 100, in line with our stated strategy.

Outlook

UK mid caps have performed strongly so far this year as investors appreciated the level of earnings and dividend growth coming through. To a degree there has also been an element of catch up following the strong currency induced performance from FTSE 100 companies last year.

We are continuing to see companies using a low interest rate environment to make acquisitions to supplement organic growth. This is being well received by the market and is a trend we would expect to persist. We also expect a continued pick-up in inbound UK mid cap M&A activity, particularly in light of the recent weakness of sterling.

We think UK mid cap dividend growth could continue to outstrip that of large cap counterparts. This is partially because, as we have said before, we believe that many mid caps have better growth prospects than some FTSE 100 companies, and partially because mid cap dividends are far better underpinned by dividend cover.

In the UK, economic growth has continued to surpass the expectations of most forecasters who expected a significant slowdown. Consumer spending has remained

Interim Management Report – Manager's Review

robust even if the traditional bricks and mortar retailers face never-ending margin pressure from their cost-light internet competitors. The weakness of sterling has started to see higher costs being passed onto the consumer and we are keeping a close eye on whether companies will be able to make those increases stick or will have to reverse them due to falling demand.

Other headwinds for companies such as the living wage, business rates and the apprentice levy are all going to have an impact on companies and their ability to grow profitability.

Finally, this month's general election has added to short-term uncertainty instead of the other way around. This may affect decision-making for both consumers and companies.

Our investment strategy

"We continue to seek organic growth and pricing power where possible, and avoid companies with too much debt."

We continue to seek organic growth and pricing power where possible, and avoid companies with too much debt.

Our strategy remains one of being highly selective in light of structural change caused by the evolution of the internet and e-commerce, which is disrupting a lot of traditional business models by driving down prices and in some cases offering better product or service. We endeavour to be on the right side of this trend: as well as looking for the next mid cap disruptor, we are always looking to avoid or reduce exposure to what we think might be the next industry to be disrupted.

10 largest overweight positions

	Company (%)	Index (%)	Difference (%)
Dechra Pharmaceuticals	3.2	0.5	2.7
Northgate	2.7	0.2	2.5
SSP	3.1	0.6	2.5
Grainger	2.8	0.3	2.5
Redrow	2.8	0.3	2.5
Homeserve	2.7	0.4	2.3
SDL	2.0	0.0	2.0
Renishaw	2.3	0.3	2.0
Kennedy Wilson European Real Estate	2.2	0.3	1.9
Brewin Dolphin	2.1	0.3	1.8

Source: Schroders, as at 31 March 2017.

We believe that our portfolio holdings are well placed to continue to generate superior long-term returns. Many are enjoying a virtuous circle of earnings and dividend growth (examples of which include Cranswick, Dechra, Diploma, Safestore and Supergroup), whereby a rising stream of earnings is underpinning progressive dividend policies and simultaneously supporting reinvestment into the business to drive future growth.

Schroder Investment Management Limited
29 June 2017

The securities shown above are for illustrative purposes only and are not to be considered recommendations to buy or sell.

Interim Management Report

Principal risks and uncertainties

The principal risks and uncertainties with the Company's business fall into the following categories: strategy and competitiveness risk; investment management risk; financial and currency risk; accounting, legal and regulatory risk; custodian and depositary risk; and service provider risk. A detailed explanation of the risks and uncertainties in each of these categories can be found on pages 18 and 19 of the Company's published Annual Report and Accounts for the year ended 30 September 2016.

These risks and uncertainties have not materially changed during the six months ended 31 March 2017, with the exception of cyber risk relating to the Company's key service providers. The Board considers that this has increased in light of the rising frequency and impact of cyber attacks on businesses and institutions. In order to ensure that this risk is managed and mitigated appropriately, the Board is seeking enhanced reporting on cyber risk controls from its key service providers.

Going concern

Having assessed the principal risks and uncertainties, and the other matters discussed in connection with the viability statement as set out on page 20 of the published Annual Report and Accounts for the year ended 30 September 2016, the Directors consider it appropriate to adopt the going concern basis in preparing the accounts.

Related party transactions

There have been no transactions with related parties that have materially affected the financial position or the performance of the Company during the six months ended 31 March 2017.

Directors' responsibilities statement

The Directors confirm that, to the best of their knowledge, this set of condensed financial statements has been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) and with the Statement of Recommended Practice, "Financial Statements of Investment Companies and Venture Capital Trusts" issued in November 2014 and that this Interim Management Report includes a fair review of the information required by 4.2.7R and 4.2.8R of the FCA's Disclosure Guidance and Transparency Rules.

Interim Management Statement

Investment Portfolio as at 31 March 2017

	£'000	%
Financials		
Grainger	**5,537**	**2.8**
Kennedy Wilson Europe Real Estate	**4,486**	**2.2**
Brewin Dolphin	**4,208**	**2.1**
Intermediate Capital	**4,081**	**2.0**
Phoenix	**3,841**	**1.9**
Paragon	**3,836**	**1.9**
Investec	3,172	1.6
CLS	3,097	1.5
Safestore	3,024	1.5
IG	2,984	1.5
Londonmetric Property	2,953	1.5
Segro	2,889	1.4
Man Group	2,429	1.2
Aldermore	2,006	1.0
Virgin Money	1,967	1.0
Just Retirement	1,841	0.9
Esure	1,755	0.9
Workspace REIT	1,679	0.8
Total Financials	**55,785**	**27.7**
Industrials		
Northgate	**5,500**	**2.7**
Homeserve	**5,318**	**2.7**
Renishaw	**4,643**	**2.3**
Diploma	**4,391**	**2.2**
Bodycote International	**4,381**	**2.2**
James Fisher	3,354	1.7
Halma	3,277	1.6
Grafton	3,217	1.6
WS Atkins	3,133	1.6
Keller	3,119	1.6
PayPoint	2,862	1.4
Howden Joinery	1,917	1.0
Senior	1,030	0.5
RPS	585	0.3
Total Industrials	**46,727**	**23.4**
Consumer Services		
Rightmove	**5,144**	**2.5**
Supergroup	**3,964**	**2.0**
Auto Trader	**3,723**	**1.9**
Rank Group	**3,522**	**1.8**
Cineworld	3,058	1.5

	£'000	%
JD Sports	3,033	1.5
Photo-Me International	2,974	1.5
Lookers	2,688	1.3
Pets at Home	2,611	1.3
J D Wetherspoon	2,607	1.3
Inchcape	2,525	1.3
Thomas Cook	2,472	1.2
Dunelm	2,442	1.2
Restaurant Group	1,905	1.0
Total Consumer Services	**42,668**	**21.3**
Consumer Goods		
SSP	**6,248**	**3.1**
Redrow	**5,508**	**2.8**
Crest Nicholson	3,394	1.7
Cranswick	3,391	1.7
Coats	2,106	1.1
Total Consumer Goods	**20,647**	**10.4**
Basic Materials		
Synthomer	3,167	1.6
Acacia Mining	3,147	1.6
Elementis	3,037	1.5
Victrex	2,375	1.2
Anglo Pacific	1,689	0.8
Total Basic Materials	**13,415**	**6.7**
Technology		
SDL	**3,994**	**2.0**
Computacenter	1,715	0.9
Laird	1,147	0.6
Total Technology	**6,856**	**3.5**
Healthcare		
Dechra Pharmaceuticals	**6,361**	**3.2**
Total Healthcare	**6,361**	**3.2**
Telecommunications		
Telecom Plus	**3,972**	**2.0**
Total Telecommunications	**3,972**	**2.0**
Oil and Gas		
Lamprell	2,076	1.0
Soco International	1,620	0.8
Total Oil and Gas	**3,696**	**1.8**
Total investments	**200,127**	**100.0**

Stocks in bold are the 20 largest investments, which by value account for 46.3% (31 March 2016: 50.4% and 30 September 2016: 46.8%) of total investments. Investment are all equities.

Income Statement

	(Unaudited) For the six months ended 31 March 2017			(Unaudited) For the six months ended 31 March 2016			(Audited) For the year ended 30 September 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	**–**	**14,912**	**14,912**	–	4,387	4,387	–	7,975	7,975
Income from investments	**2,318**	**116**	**2,434**	2,087	–	2,087	5,320	361	5,681
Other interest receivable and similar income	**–**	**–**	**–**	–	–	–	3	–	3
Gross return	**2,318**	**15,028**	**17,346**	2,087	4,387	6,474	5,323	8,336	13,659
Investment management fee	**(210)**	**(489)**	**(699)**	(193)	(451)	(644)	(387)	(904)	(1,291)
Administrative expenses	**(238)**	**–**	**(238)**	(261)	–	(261)	(475)	–	(475)
Net return before finance costs and taxation	**1,870**	**14,539**	**16,409**	1,633	3,936	5,569	4,461	7,432	11,893
Finance costs	**(3)**	**(6)**	**(9)**	–	–	–	(6)	(13)	(19)
Net return on ordinary activities before taxation	**1,867**	**14,533**	**16,400**	1,633	3,936	5,569	4,455	7,419	11,874
Taxation (note 3)	**–**	**–**	**–**	–	–	–	–	–	–
Net return on ordinary activities after taxation	**1,867**	**14,533**	**16,400**	1,633	3,936	5,569	4,455	7,419	11,874
Return per share (note 4)	**5.16p**	**40.21p**	**45.37p**	4.52p	10.89p	15.41p	12.33p	20.53p	32.86p

The “Total” column of this statement is the profit and loss account of the Company. The “Revenue” and “Capital” columns represent supplementary information prepared under guidance issued by The Association of Investment Companies. The Company has no other items of other comprehensive income, and therefore the net return on ordinary activities after taxation is also the total comprehensive income for the period.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period.

Statement of Changes in Equity

For the six months ended 31 March 2017 (unaudited)

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Share purchase reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30 September 2016	9,036	13,971	220	2,184	15,477	145,723	6,107	192,718
Net return on ordinary activities	–	–	–	–	–	14,533	1,867	16,400
Dividend paid in the period (note 5)	–	–	–	–	–	–	(3,072)	(3,072)
At 31 March 2017	**9,036**	**13,971**	**220**	**2,184**	**15,477**	**160,256**	**4,902**	**206,046**

For the six months ended 31 March 2016 (unaudited)

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Share purchase reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30 September 2015	9,036	13,971	220	2,184	15,477	138,304	5,068	184,260
Net return on ordinary activities	–	–	–	–	–	3,936	1,633	5,569
Dividend paid in the period (note 5)	–	–	–	–	–	–	(2,422)	(2,422)
At 31 March 2016	**9,036**	**13,971**	**220**	**2,184**	**15,477**	**142,240**	**4,279**	**187,407**

For the year ended 30 September 2016 (audited)

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Share purchase reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30 September 2015	9,036	13,971	220	2,184	15,477	138,304	5,068	184,260
Net return on ordinary activities	–	–	–	–	–	7,419	4,455	11,874
Dividends paid in the year (note 5)	–	–	–	–	–	–	(3,416)	(3,416)
At 30 September 2016	**9,036**	**13,971**	**220**	**2,184**	**15,477**	**145,723**	**6,107**	**192,718**

Statement of Financial Position at 31 March 2017

	(Unaudited) 31 March 2017 £'000	(Unaudited) 31 March 2016 £'000	(Audited) 30 September 2016 £'000
Fixed assets			
Investments held at fair value through profit or loss	**200,127**	178,729	194,912
Current assets			
Debtors	**714**	456	1,088
Cash at bank and in hand	**6,049**	9,167	1,193
	6,763	9,623	2,281
Current liabilities			
Creditors: amounts falling due within one year	**(844)**	(945)	(4,475)
Net current assets/(liabilities)	**5,919**	8,678	(2,194)
Net assets	**206,046**	187,407	192,718
Capital and reserves			
Called-up share capital (note 6)	**9,036**	9,036	9,036
Share premium	**13,971**	13,971	13,971
Capital redemption reserve	**220**	220	220
Merger reserve	**2,184**	2,184	2,184
Share purchase reserve	**15,477**	15,477	15,477
Capital reserves	**160,256**	142,240	145,723
Revenue reserve	**4,902**	4,279	6,107
Total equity shareholders' funds	**206,046**	187,407	192,718
Net asset value per share (note 7)	**570.07p**	518.51p	533.20p

Notes to the Accounts

1. Financial Statements

The information contained within the accounts in this half year report has not been audited or reviewed by the Company's independent auditor.

The figures and financial information for the year ended 30 September 2016 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditor which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

2. Accounting policies

Basis of accounting

The accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the Statement of Recommend Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the Association of Investment Companies in November 2014 and updated in January 2017.

All of the Company's operations are of a continuing nature.

The accounting policies applied to these accounts are consistent with those applied in the accounts for the year ended 30 September 2016.

3. Taxation

The Company's effective corporation tax rate is nil, as deductible expenses exceed taxable income.

4. Return per share

	(Unaudited) Six months ended 31 March 2017	(Unaudited) Six months ended 31 March 2016	(Audited) Year ended 30 September 2016
Revenue return	**1,867**	1,633	4,455
Capital return	**14,533**	3,936	7,419
Total return	**16,400**	5,569	11,874
Weighted average number of Ordinary shares in issue during the period	**36,143,690**	36,143,690	36,143,690
Revenue return per share	**5.16p**	4.52p	12.33p
Capital return per share	**40.21p**	10.89p	20.53p
Total return per share	**45.37p**	15.41p	32.86p

Notes to the Accounts

5. Dividends

	(Unaudited) For the six months ended 31 March 2017 £'000	(Unaudited) For the six months ended 31 March 2016 £'000	(Audited) For the year ended 30 September 2016 £'000
2016 final dividend paid of 8.50p (2015: 6.70p)	**3,072**	2,422	2,422
Interim dividend of 2.75p	**–**	–	994
	3,072	2,422	3,416

An interim dividend of 3.10p (2016: 2.75p) per share, amounting to £1,120,000 (2016: £994,000), has been declared payable in respect of the six months ended 31 March 2017.

6. Called-up share capital

	(Unaudited) Six months ended 31 March 2017	(Unaudited) Six months ended 31 March 2016	(Audited) Year ended 30 September 2016
Ordinary shares allotted, called up and fully paid: 36,143,690 (31 March 2016 and 30 September 2016: same) shares of 25p each	**9,036**	9,036	9,036

7. Net asset value per share

Net asset value per share is calculated by dividing shareholders' funds by the number of shares in issue at 31 March 2017 of 36,143,690 (31 March 2016 and 30 September 2016: same).

8. Financial instruments measured at fair value

The Company's financial instruments that are held at fair value comprise its investment portfolio. At 31 March 2017, all investments in the Company's portfolio were categorised as Level 1 in accordance with the criteria set out in paragraph 34.22 (amended) of FRS 102. That is, they are all valued using unadjusted quoted prices in active markets for identical assets (31 March 2016 and 30 September 2016: same).

9. Events after the interim period that have not been reflected in the financial statements for the interim period

The Directors have evaluated the period since the interim date and have not noted any events which have not been reflected in the financial statements.

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Directors

Eric Sanderson (Chairman)
Clare Dobie
Andrew Page
Robert Rickman
Robert Talbut

Advisers

Alternative Investment Fund Manager ("Manager")

Schroder Unit Trusts Limited
31 Gresham Street
London EC2V 7QA

Investment Manager and Company Secretary

Schroder Investment Management Limited
31 Gresham Street
London EC2V 7QA
Telephone: 020 7658 6501

Registered Office

1 Exchange Crescent
Conference Square
Edinburgh EH3 8UL

Depositary and Custodian

HSBC Bank plc
8 Canada Square
London E14 5HQ

Lending Bank

Scotiabank Europe PLC
201 Bishopsgate
London EC2M 3NS

Corporate Broker

Panmure Gordon (UK) Limited
One New Change
London EC4M 9AF

Legal Advisers

Shepherd and Wedderburn LLP
1 Exchange Crescent
Conference Square
Edinburgh EH3 8UL

Registrar

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA
Shareholder Helpline: 0800 032 0641*
Website: www.shareview.co.uk

*Calls to this number are free of charge from UK landlines.

Communications with shareholders are mailed to the address held on the register. Any notifications and enquiries relating to shareholdings, including a change of address or other amendment should be directed to Equiniti Limited at the address above.

Independent Auditor

KPMG LLP
319 St Vincent Street
Glasgow G2 5AS

Certain pre-sale, regular and periodic disclosures required by the Alternative Investment Fund Managers ("AIFM") Directive may be found on the website www.schroders.co.uk/its.

The Company's leverage policy and details of limits on leverage required under the AIFM Directive are published on the website www.schroders.co.uk/its.

Dealing Codes

ISIN: GB0006108418
SEDOL 0610841
Ticker: SCP

Global Intermediary Identification Number (GIIN)

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Legal Entity Identifier (LEI)

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