

2014 Interim Results

7 August 2014

Henderson Group plc (Henderson or the Group) published its Interim Results for the half year ended 30 June 2014 on 7 August 2014. The comments below refer to the period from 1 January 2014 to 30 June 2014 (the period) unless otherwise stated.

Financial highlights

- Assets under management (AUM) at 30 June 2014 up 10% to £74.7bn (30 June 2013: £67.9bn)
- Net inflows for the period of £5.0bn (30 June 2013: outflows £1.4bn)
- Underlying profit before tax from continuing operations of £90.7m (30 June 2013: £88.5m)
- Diluted continuing underlying EPS of 6.8p (30 June 2013: 7.0p)
- Dividend of 2.60p per share (30 June 2013: 2.15p per share).

Business update

- Strong investment performance: 86% of funds outperforming relevant metrics over three years
- Retail client net inflows of £4.7bn (30 June 2013: £0.6bn), from a broadening international footprint
- Institutional client net inflows of £0.3bn (30 June 2013: outflows of £2.0bn), with new mandates outpacing redemptions from funds in natural run-off
- Positive flows and investment performance in all five core capabilities – European Equities, Global Equities, Global Fixed Income, Multi-Asset and Alternatives
- Continued build-out of investment management capabilities, global distribution and global platforms
- Acquisition of Geneva Capital Management announced on 30 June 2014 will increase US AUM to c.15% of the Group.

Andrew Formica, Chief Executive of Henderson, said:

“Our strong performance in 2013 continued into the first half of 2014. Investment performance remains good across all of our client assets; we have delivered record net inflows in the period of £5.0bn and we are gaining market share in our major markets.

“We have also made great strides on a number of fronts in the first half of 2014 towards delivering on our strategy. We are starting to see early results from some of our previous investments, including mandate wins for our Global Equities strategy and excellent first year performance from our US high yield team. We continue to add resources in investment management and distribution and are enhancing our global platforms. I was delighted to be able to announce the acquisition of Geneva Capital Management at the end of June, to add US equities capability to our business and extend our US institutional client base.

“Markets are currently fairly benign and we continue to see good levels of client activity. The outlook for our business remains strong.”

Results for Announcement to the Market

These results for announcement to the market include the interim information required to be provided to the ASX under Listing Rule 4.2A and Appendix 4D.

Amounts in £m unless otherwise stated	6 months ended 30 June 2014 Unaudited	6 months ended 30 June 2013 Unaudited	Change %
Management fees (net of commissions)	193.7	160.5	21
Performance fees	45.2	54.1	(16)
Other income	15.8	16.4	(4)
Net fee income	254.7	231.0	10
Income from associates and joint ventures	2.0	1.0	100
Finance income	5.2	4.3	21
Net income	261.9	236.3	11
Employee compensation and benefits	(116.0)	(101.8)	(14)
Non-staff operating expenses	(49.6)	(40.6)	(22)
Total operating expenses	(165.6)	(142.4)	(16)
Finance expenses	(5.6)	(5.4)	(4)
Total expenses	(171.2)	(147.8)	(16)
Underlying profit before tax from continuing operations¹	90.7	88.5	2
Underlying profit before tax from discontinued operation	6.3	12.6	(50)
Underlying profit before tax from total operations	97.0	101.1	(4)
Acquisition related and non-recurring items from total operations	112.7	(29.1)	487
Profit before tax from total operations	209.7	72.0	191
Tax charge on underlying profit from continuing operations	(12.7)	(11.8)	(8)
Tax charge on underlying profit from discontinued operation	(1.0)	(1.3)	23
Tax (charge)/credit on acquisition related and non-recurring items	(9.4)	6.9	(236)
Total tax charge	(23.1)	(6.2)	(273)
Profit after tax	186.6	65.8	184
Operating margin ²	35.0%	38.4%	(9)
Compensation ratio ³	44.6%	43.3%	(3)
Earnings per share (non-GAAP) ^{1,4}			
Basic ⁵	7.2p	7.3p	(1)
Diluted ⁶	6.8p	7.0p	(3)

1. Underlying profit, while not a GAAP measure, in the opinion of the Directors, gives relevant information on the profitability of the Group and its ongoing operations.

2. Net fee income less operating expenses, divided by total net fee income, all from continuing operations.

3. Employee compensation and benefits, divided by net income less income from associates and joint ventures, all from continuing operations.

4. Based on continuing underlying profit after tax attributable to equity holders of the parent.

5. Based on weighted average number of shares in issue less weighted average number of own shares held during the period.

6. Based on weighted average number of shares in issue less weighted average number of own shares held during the period adjusted for the dilutive potential of share awards and share options.

Results for Announcement to the Market (continued)

Dividends

On 6 August 2014, the board of directors of Henderson Group plc (the Board) declared an interim dividend in respect of the six months ended 30 June 2014 of 2.60 pence per share (1H13: 2.15 pence per share). Henderson Group plc does not offer a dividend reinvestment plan.

	Amount per security pence	Franked amount per security pence
2014 interim dividend per share	2.60	-
Record date	29 August 2014	
Payment date	19 September 2014	

Net tangible assets per ordinary share

	30 June 2014 pence	30 June 2013 pence
Net tangible assets per ordinary share	29	10

Net tangible assets are defined by the ASX as being total assets less intangible assets less total liabilities ranking ahead of, or equally with, claims of ordinary shares.

Summary of movements in AUM

The table below sets out the movement in the Group's total AUM during the six months ended 30 June 2014:

£m	1Q14				2Q14			
	Opening AUM 1 Jan 2014	Net flows	Market/FX	Closing AUM 31 Mar 2014	Acquisitions and disposals ¹	Net flows	Market/FX	Closing AUM 30 Jun 2014
Retail	39,253	2,875	554	42,682	-	1,863	18	44,563
Institutional	35,983	113	423	36,519	(6,679)	179	128	30,147
Total	75,236	2,988	977	79,201	(6,679)	2,042	146	74,710

1. Represents the net impact of the property transactions completed on 1 April 2014 and the additional stake taken by the Group in 90 West in May 2014.

Results for Announcement to the Market (continued)

Market briefing

Management will present these results on 7 August 2014 at 6.00pm (Sydney time)/9.00am (London time).

Webcast details

You can log on to a webcast of the results briefing which will start at 6.00pm (Sydney time)/9.00am (London time). Go to www.henderson.com/group and click on the relevant link on the homepage. An archive of the webcast will be available shortly after the event.

Teleconference details

We recommend participants start dialling in 5-10 minutes prior to the start of the presentation. To telephone link-up to the briefing, dial one of the following numbers from 5.50pm (Sydney time)/8.50am (London time):

From:	
United Kingdom	0800 694 0257 (free call)
Australia	1800 020 199 (free call)
All other countries	+44 (0) 1452 555 566 (this is not a free call number)
Conference title	Henderson Group, Interim Results Briefing
Conference ID	64061271
Chairperson	Andrew Formica
Replay number from:	
United Kingdom	0800 953 1533 Access code: 64061271
All other countries	+44 (0) 1452 550 000 Access code: 64061271
	(available from 7 August to 14 August 2014)

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About Henderson

Henderson is an independent global asset manager, specialising in active investment. Named after its first client and founded in 1934, Henderson is a client-focused global business with over 800 employees worldwide and assets under management of £74.7bn (30 June 2014). Its core areas of investment expertise are European Equities, Global Equities, Global Fixed Income, Multi-Asset and Alternatives.

Henderson is dual-listed on the Australian Securities Exchange (ASX) and the London Stock Exchange (LSE) and has a market capitalisation of approximately £2.7 billion (30 June 2014).

Further information can be found at www.henderson.com/group.

Forward-Looking Statements and Other Important Information

This announcement contains forward-looking statements with respect to the financial condition, results and business of Henderson Group plc. By their nature, forward-looking statements involve risk and uncertainty because they relate to events, and depend on circumstances, that will occur in the future. Henderson's actual future results may differ materially from the results expressed or implied in these forward-looking statements. Nothing in this announcement should be construed as a profit forecast.

The content of the websites referred to in this announcement is not incorporated into and does not form part of this announcement. Nothing in this announcement should be construed as, or is intended to be, a solicitation for or an offer to provide investment advisory services.

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Consolidated Financial Results

	1H14	1H13	FY13	FY12	FY11	FY10
	Unaudited £m	Unaudited £m	Audited £m	Audited £m	Unaudited £m	Unaudited £m
Income						
Management fees (net of commissions)	193.7	160.5	331.9	301.9	309.8	234.3
Performance fees	45.2	54.1	94.5	30.4	63.4	42.3
Other income	15.8	16.4	34.9	39.2	48.3	31.6
Net fee income from continuing operations	254.7	231.0	461.3	371.5	421.5	308.2
Income from associates and joint ventures	2.0	1.0	1.8	-	(0.9)	0.1
Finance income	5.2	4.3	10.2	14.1	11.6	5.8
Net income from continuing operations	261.9	236.3	473.3	385.6	432.2	314.1
Expenses						
Fixed employee compensation and benefits	(44.9)	(41.3)	(83.2)	(85.7)	(84.7)	(71.5)
Variable employee compensation and benefits	(71.1)	(60.5)	(129.0)	(70.6)	(96.0)	(71.8)
Employee compensation and benefits	(116.0)	(101.8)	(212.2)	(156.3)	(180.7)	(143.3)
Investment administration	(15.0)	(12.3)	(24.4)	(24.8)	(27.2)	(22.3)
Information technology	(8.2)	(7.4)	(17.1)	(14.4)	(13.5)	(12.3)
Office expenses	(7.0)	(6.8)	(13.7)	(13.3)	(13.3)	(12.7)
Depreciation	(2.2)	(1.4)	(3.2)	(2.8)	(2.9)	(3.1)
Other expenses	(17.2)	(12.7)	(26.1)	(33.1)	(37.1)	(33.9)
Total operating expenses from continuing operations	(165.6)	(142.4)	(296.7)	(244.7)	(274.7)	(227.6)
Finance expenses	(5.6)	(5.4)	(11.1)	(14.3)	(17.2)	(8.7)
Total expenses from continuing operations	(171.2)	(147.8)	(307.8)	(259.0)	(291.9)	(236.3)
Underlying profit before tax from continuing operations¹	90.7	88.5	165.5	126.6	140.3	77.8
Underlying profit before tax from discontinued operation	6.3	12.6	24.6	26.4	19.7	22.5
Underlying profit before tax from total operations	97.0	101.1	190.1	153.0	160.0	100.3
Tax on underlying profit from continuing operations	(12.7)	(11.8)	(17.9)	(15.3)	(30.2)	(16.0)
Tax on underlying profit from discontinued operation	(1.0)	(1.3)	(2.9)	(4.2)	(3.4)	(4.6)
Total underlying profit after tax	83.3	88.0	169.3	133.5	126.4	79.7
Acquisition related items	(29.2)	(29.1)	(58.4)	(64.1)	(77.0)	(13.7)
Non-recurring items	141.9	-	(4.3)	13.8	(69.2)	(10.5)
Tax on acquisition related items	5.2	6.9	17.9	18.5	19.4	4.5
Tax on non-recurring items	(14.6)	-	0.6	4.7	16.2	0.6
Non-recurring tax credit	-	-	-	-	18.9	16.4
Total acquisition related and non-recurring items after tax	103.3	(22.2)	(44.2)	(27.1)	(91.7)	(2.7)
Total profit	186.6	65.8	125.1	106.4	34.7	77.0
Attributable to:						
Equity holders of the parent	186.6	65.8	125.1	106.2	34.8	77.5
Non-controlling interests	-	-	-	0.2	(0.1)	(0.5)
Continuing key performance indicators (unaudited)						
Operating margin ² (%)	35.0	38.4	35.7	34.1	34.8	26.2
Compensation ratio ³ (%)	44.6	43.3	45.0	40.5	41.7	45.6
Average number of full-time employees	857	809	812	861	838	735
Assets under management (AUM) at period end (£bn)	74.7	56.3	63.7	53.9	52.7	51.6
Average AUM for the period (£bn) for margin calculations on continuing basis	66.7	57.1	59.0	53.4	56.2	47.7
Management fee margin (bps)	58.1	56.2	56.3	56.5	55.1	49.1
Total fee margin (bps)	76.4	80.9	78.2	69.6	75.0	64.6
Net margin ⁴ (bps)	27.2	31.0	28.1	23.7	25.0	16.3
Basic and diluted earnings per share (EPS)						
Weighted average number of ordinary shares for basic EPS (m)	1,080.4	1,050.8	1,058.8	1,034.0	954.1	788.4
Weighted average number of ordinary shares for diluted EPS (m)	1,153.4	1,103.0	1,137.0	1,082.0	1,012.7	849.2
Basic on continuing underlying profit ^{1,5} (p)	7.2	7.3	13.9	10.8	11.6	7.9
Basic on total underlying profit ^{1,5} (p)	7.7	8.4	16.0	12.9	13.3	10.2
Total basic (p)	17.3	6.3	11.8	10.3	3.6	9.8
Diluted on continuing underlying profit ^{1,5} (p)	6.8	7.0	13.0	10.3	10.9	7.3
Diluted on total underlying profit ^{1,5} (p)	7.2	8.0	14.9	12.3	12.5	9.4
Total diluted (p)	16.2	6.0	11.0	9.8	3.4	9.1
Dividend per share (p)	2.60	2.15	8.00	7.15	7.00	6.50
Investment performance⁶ (unaudited)						
Funds at or exceeding benchmark over one year (%)	69	70	78	73	59	70
Funds at or exceeding benchmark over three years (%)	86	73	82	69	66	62

1. Underlying profit, while not a GAAP measure, in the opinion of the Directors, gives relevant information on the profitability of the Group and its ongoing operations.

2. Net fee income less operating expenses, divided by total net fee income, all from continuing operations.

3. Employee compensation and benefits, divided by net income (excluding income from associates and joint ventures), all from continuing operations.

4. Net margin calculated on underlying profit before tax.

5. Based on underlying profit after tax attributable to equity holders of the parent.

6. Asset-weighted investment performance of funds measured over one and three years to 30 June 2014.

Business Review

In 1H14, we delivered strong investment performance, net inflows of £5.0bn, increased underlying profit on continuing operations and an increased interim dividend to shareholders of 2.60 pence per share.

The market backdrop in the period was relatively benign, with the asset classes in which we specialise – European Equities, Global Equities, Global Fixed Income, Multi-Asset and Alternatives – all delivering positive returns. In addition, we delivered positive flows in all of these capabilities.

Our strategy is focused on organic growth and on the globalisation of our business. Implementation of this strategy (subject to normal market conditions) will enable us to double our AUM by the end of 2018, from a starting point of £63.7bn (excluding Property assets) as at 31 December 2013. We will achieve this objective by continuing to increase market share and by delivering strong investment performance. We will continue to invest in our business and deploy capital in a disciplined and carefully targeted fashion, and we will maintain cost control to build operating leverage. The first half of 2014 saw further investment to help us achieve our growth and globalisation strategy.

Investment performance

As at 30 June 2014, investment performance remained strong with 86% of our funds outperforming on a three year basis. The table below sets out the investment performance of each core capability:

As at 30 June 2014			
Core capability	AUM	1 year	3 years
European Equities	£15.4bn	61%	88%
Global Equities	£21.1bn	55%	80%
Global Fixed Income	£17.4bn	85%	95%
Multi-Asset	£6.6bn	85%	66%
Alternatives	£14.2bn	75%	100%
Total	£74.7bn	69%	86%

Performance is calculated as a percentage of funds, asset-weighted, that are outperforming based on the relevant metric: peer quartile ranking for Retail, positive for absolute return, positive versus benchmark for Institutional. Alternatives performance includes Henderson UK Property Unit Trust but excludes performance on other TH Real Estate AUM given the JV structure.

Flow drivers

The £5.0bn of net new client assets we attracted in 1H14 came largely into our global Retail franchise, with the Institutional business switching from being in significant outflow to modestly positive inflows. The following four factors were significant drivers of net new client inflows:

- **Broadening geographic reach.** The period saw strong Retail flows from the SICAV range (sold in Europe, Asia and Latin America), the UK and from US Mutual funds. Institutional flows broadened from their historical UK client base, with mandates won in the US, Australia and Japan
- **The right product to meet client needs.** We clearly benefited from increased demand in the past year for European Equities. Our broad product range delivers significant competitive advantage, as client requirements vary from region to region. Within European Equities, Henderson Gartmore Continental European, Henderson Horizon Pan European Equity and Henderson Horizon Euroland all attracted net inflows in excess of £250m during 1H14, and Henderson Horizon Pan European Alpha attracted net flows of over £500m
- **Strong distribution relationships.** We benefit from strong global distribution relationships. In the UK, these have helped us navigate the structural changes triggered by the UK Retail Distribution Review and to focus our sales efforts on key decision makers. In Europe, we are seeing good growth from our global relationships and in Latin America, there have been strong flows from the offshore channel. In the US, Henderson European Focus is the top selling European equity fund year to date¹
- **Strength in diversity.** All of our core investment management capabilities – European Equities, Global Equities, Global Fixed Income, Multi-Asset and Alternatives – delivered positive investment returns and net inflows in the period.

1. Based on Morningstar data.

Business Review (continued)

Investment for future growth

In order to drive organic growth through flows and investment performance, we have continued to invest in our investment management capabilities, global distribution and global platforms. Significant investments made during the period include:

- **Investment management.** Building out Global Credit by hiring Emerging Markets specialists, adding investment grade to US high yield capability, building out regional expertise in Asia equities, and continuing to develop the Multi-Asset team
- **Distribution.** New Retail hires in Italy, Switzerland and Latin America; team build-outs in Japan and Australia
- **Global brand and platforms.** Launch of a refreshed global brand and new management infrastructure, which enables us to build operational scale and implement regulatory change effectively.

On 30 June 2014, we announced the acquisition of Geneva Capital Management. This marks an important strategic milestone in the development of our North American business, and will add US equity investment capabilities and extend the US institutional client base.

Outlook

We are currently experiencing strong growth momentum, with the key leading indicators of investment performance and flows both positive. Strategic investments are proceeding according to plan.

The second half has begun well, although we expect a slowdown in flows during the summer holiday season and more generally in the US, after an exceptional start to the year. Given our performance and product suite, we remain confident that we can deliver on our growth aspirations. We remain committed to being a trusted global asset manager, focused on delivering excellent performance and service to our clients.

Financial Review

Financial performance

Underlying profit on continuing operations for the period was £90.7m, up 2% compared to 1H13. The most significant driver of this growth was a 21% increase in management fees, driven by strong inflows in 2H13 and 1H14, coupled with stable fee margins. 1H14 has been a period of disciplined investment, with focus on core investment management capabilities, global distribution and global platforms. This investment is reflected in a slight reduction in operating margins, from 35.7% in FY13 to 35.0% in 1H14.

Net income and fee margins

Net underlying income from continuing operations for the period was £261.9m, up 11%. Management fees increased to £193.7m, reflecting four consecutive quarters of positive inflows and strong investment performance. Management fee margins rose to 58.1bps from 56.3bps in FY13. Performance fees, at £45.2m, reflected strong investment returns, but were lower than 1H13, reflecting lower overall levels of market appreciation. Other income was also slightly lower, due to a reduction in the administration fee rates charged on UK funds. Income from associates and joint ventures includes one quarter of our share of after tax profits from TIAA Henderson Real Estate Limited (TH Real Estate), formed on 1 April 2014.

Total expenses

Total underlying expenses from continuing operations were £171.2m, up 16%. At our FY13 results release in February 2014, we announced plans to continue to invest in our core business during 2014, which will result in a 10% increase in fixed staff expenses as well as a £10m uplift in normalised non-staff operating expenses. These investments, notably in investment management, distribution and global platforms, are proceeding according to plan and have driven the increase in operating expenses in the period. A further driver is an increase in variable staff expenses, which reflects strong inflows as well as an increase in share scheme vestings. Our compensation ratio has held relatively steady at 44.6%.

Earnings per share (EPS)

Diluted underlying EPS on continuing operations was 6.8 pence per share. This modest reduction (from 7.0 pence per share in 1H13) is due to a higher effective tax rate (14.0% versus 13.3% in 1H13) and an increase in the dilutive impact of outstanding share schemes on the weighted average number of shares in issue.

Total diluted underlying EPS was 7.2 pence, compared to 8.0 pence in 1H13. This reduction reflects having only one quarter of earnings from the Property business compared to 1H13 following the Property transactions, which completed on 1 April 2014, and which led to the creation of TH Real Estate. A higher effective tax rate, as well as a higher weighted average number of shares in issue, also contributed to this reduction.

Acquisition related and non-recurring items

The acquisition related and non-recurring items are disclosed separately from the Group's underlying profit to enable the users of our financial statements to better understand the components of our total profit. These items totalled a net gain of £112.7m before tax and are mainly due to the gain on the sale of the Property business of £141.9m less intangible amortisation of investment management contracts of £28.6m.

Dividend

The Board has declared an interim dividend of 2.60 pence per share (1H13: 2.15 pence per share). This marks a change in the way the Board sets the interim dividend. Previously, the interim dividend was set at 30% of the prior year's total dividend. As announced in February 2014, the Board now actively reviews the interim dividend as well as the final dividend, whilst maintaining its progressive dividend policy.

Liquidity and capital resources

Net cash flows from operating activities in the period were £22.6m, resulting in net unrestricted cash (after deducting outstanding debt at par value) of £102.8m as at 30 June 2014 (31 December 2013: £56.3m).

Our regulatory capital surplus was £954m as at 30 June 2014 (31 December 2013: £983m). We will continue to operate under a capital waiver until April 2016. We expect to be able to meet our capital requirements without recourse to the waiver during 2015.

Financial Review (continued)

Summary of movements in AUM

£ million	Opening AUM 1 Jan 2014	Net flows 1H14	Acquisitions & disposals ¹	Market/FX 1H14	Closing AUM 30 Jun 2014 ²	Closing AUM average net management fee bps 30 June 2014 ³
RETAIL						
UK OEICs/Unit Trusts/Other	18,706	1,555	-	395	20,656	
SICAVs	10,607	2,145	-	130	12,882	
US Mutuals	5,009	926	-	(27)	5,908	
Investment Trusts	4,931	112	-	74	5,117	
Total Retail	39,253	4,738	-	572	44,563	74
INSTITUTIONAL						
UK OEICs/Unit Trusts	7,736	(31)	-	172	7,877	
SICAVs	1,341	(10)	-	27	1,358	
Offshore Absolute Return funds	2,466	(56)	17	11	2,438	
Segregated Mandates and Property	23,158	358	(11,752)	257	12,021	
TH Real Estate (40% share)	-	123	5,056	7	5,186	
Private Equity funds ⁴	869	(24)	-	89	934	
Other ⁵	413	(68)	-	(12)	333	
Total Institutional	35,983	292	(6,679)	551	30,147	31
TOTAL GROUP	75,236	5,030	(6,679)	1,123	74,710	58

By capability						
European Equities	13,299	1,955	-	175	15,429	
Global Equities	19,810	1,047	-	243	21,100	
Global Fixed Income	17,275	36	(106)	225	17,430	
Multi-Asset	6,430	108	-	81	6,619	
Alternatives	18,422	1,884	(6,573)	399	14,132	
TOTAL GROUP	75,236	5,030	(6,679)	1,123	74,710	

By asset class						
Equity	42,204	4,164	17	449	46,834	70
Fixed Income	19,090	245	(106)	535	19,764	30
Property ³	13,055	655	(6,590)	49	7,169	n/a
Private Equity ⁴	887	(34)	-	90	943	114
TOTAL GROUP	75,236	5,030	(6,679)	1,123	74,710	58

Absolute Return sub analysis						
Retail	1,924	1,170	-	(17)	3,077	
Institutional	3,084	63	17	(32)	3,132	
TOTAL ABSOLUTE RETURN	5,008	1,233	17	(49)	6,209	

1. Acquisitions and disposals reflect property transactions and inclusion of 40% TH Real Estate AUM as well as additional stake in 90 West.
2. The Group records AUM and net flows when management or performance fees are generated on an investment mandate as well as its percentage participation in the AUM of associates and joint ventures. For associates and joint ventures, where the Group either sub advises the AUM or where the AUM is contracted to Henderson and sub advised by the JV partner, it will show 100% of that AUM rather than the percentage of participation. Where one fund or client invests part or all of its portfolio into another Henderson fund, then AUM or flow is shown only against that portfolio that is ultimately managed by the Group rather than the client or fund vehicle initially invested in, except where shown by Capability, where AUM is shown by the Capability for which the client invests in. All cross holdings are eliminated.
3. AUM used for margin purposes excludes JV and associate AUM (except where either Henderson sub advises the AUM or where the AUM is contracted to Henderson and sub advised by the JV partner).
4. Private Equity funds' AUM is based on 31 March 2014 valuations.
5. Other includes US Mutuals, Investment Trusts and Managed CDO's.

Financial Review (continued)

AUM at 30 June 2014 was £74.7bn. During the six months to 30 June, the Group completed a series of property related transactions with TIAA-CREF which resulted in a net reduction in AUM of £6.7bn, after the inclusion of Henderson's 40% share of assets in TH Real Estate (£5.2bn as at 30 June 2014). Net inflows of £5.0bn and market and FX movements of £1.1bn were the key positive drivers.

Retail flows continued to be strong across geographies, with 45% of inflows coming from the SICAV range (which is sold in Europe, Asia and Latin America), 33% from UK products and 20% from US Mutuals.

SICAV inflows slowed in the second quarter, largely driven by reduced demand for the Henderson Horizon Global Property Equities Fund, as well as a modest industry-wide reduction in net flows into European Equities from the elevated levels of 4Q13 and 1Q14. We continued to see strong demand for a broad range of European Equities products with content tailored to individual European jurisdictions (for example, Henderson Horizon Euroland in Germany), as well as for Global Fixed Income and Alternatives.

In the UK, increased flows in 2Q14 were driven by continued demand for a broad range of products, including Henderson Cautious Managed, Henderson UK Property Unit Trust and Henderson UK Absolute Return.

After a record 1Q14 driven by reallocations from cash, US Mutual fund flows slowed in the second quarter. We continued to gain market share in European Equities, and are broadening our product range to build on the success of our Retail distribution network.

Overall, a broad range of 12 Retail funds covering European Equities, Global Equities, Global Fixed Income and Alternatives saw net inflows of more than £100m in 1H14. The biggest selling fund in the period was Henderson Horizon Pan European Alpha.

Institutional flows remained marginally positive despite known maturing mandates. Institutional inflows are becoming increasingly global, with mandates funded in the period in the US, Australia and Japan as well as the UK.

Risk Management

The key risks within the Group fall into a number of distinct categories and the means adopted to mitigate them are both varied and relevant to the particular risk concerned. Information regarding the key risks and their mitigation is set out in the Group's 2013 Annual Report and Accounts on pages 30 to 33 and the related governance framework is set out on pages 44 to 51. These risks and the Group's response to them have not changed significantly from those described in the Group's 2013 Annual Report and Accounts.

On 1 April 2014, the Group completed the transactions in which it transferred its European and Asia-Pacific based real estate businesses into a joint venture with TIAA-CREF. In a simultaneous transaction, the Group sold its North American property business to TIAA-CREF. There are no longer any risks associated with the completion of these transactions.

On 30 June 2014, the Group announced the acquisition of Geneva Capital Management, a US based equity manager. This transaction is expected to complete on 1 October 2014. An appropriate governance structure has been established to oversee the integration of Geneva Capital Management with the Group's existing business; the risks have been assessed and appropriate resources assigned. The existing risk appetite thresholds have not been exceeded, nor are they likely to be.

Directors' Report

The directors of Henderson Group plc (the Directors) present their report for the six months ended 30 June 2014. The Board approved the financial results for the six months ended 30 June 2014 on 6 August 2014.

Directors

The Directors who served during the six months ended 30 June 2014 and up to the date of this report, unless otherwise stated, are shown below:

Richard Gillingwater (Chairman)
Andrew Formica (Chief Executive)
Roger Thompson (Chief Financial Officer)
Sarah Arkle
Kevin Dolan
Tim How
Robert Jeens
Angela Seymour-Jackson (appointed 23 January 2014).

All Directors are expected to stand for reappointment at the 2015 Annual General Meeting.

Business review and results

The Group's results for the six months ended 30 June 2014 are shown in the Interim Condensed Consolidated Income Statement on page 18. A review of the six months ended 30 June 2014 and future business developments is covered in the Business and Financial Reviews on pages 8 to 12.

Rounding

In accordance with the Australian Securities and Investments Commission Class Order 98/0100, amounts in the Interim Report and Accounts have been rounded to the nearest £0.1m sterling, unless stated otherwise.

Independent auditors

Following a tender process carried out in 2013, PricewaterhouseCoopers LLP were appointed as independent auditors on 1 May 2014 at the 2014 Annual General Meeting.

Directors' declaration

In the opinion of the Directors:

- the Interim Condensed Consolidated Financial Statements set out on pages 18 to 39:
 - give a true and fair view (as set out in section 305 of the Australian Corporations Act 2001) of the Group's consolidated financial position as at 30 June 2014 and of its performance for the six months ended on that date; and
 - have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Board:

Andrew Formica
Chief Executive
6 August 2014

Roger Thompson
Chief Financial Officer
6 August 2014

Statement of Directors' Responsibilities

The Directors confirm that to the best of their knowledge, in relation to the Interim Condensed Consolidated Financial Statements, that:

- the Interim Condensed Consolidated Financial Statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as adopted by the European Union;
- the Interim Report and Accounts include a fair review of the information required by Disclosure and Transparency Rule 4.2.7R, being an indication of important events that have occurred during the first six months of the current financial year, and their impact on the Interim Condensed Consolidated Financial Statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- the Interim Report and Accounts include a fair review of the information required by Disclosure and Transparency Rule 4.2.8R, being disclosure of related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period and of any changes in the related party transactions described in the last annual report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

Signed in accordance with a resolution of the Board:

Andrew Formica
Chief Executive
6 August 2014

Roger Thompson
Chief Financial Officer
6 August 2014

Independent Review Report to Henderson Group plc

Report on the Interim Condensed Consolidated Financial Statements

Our conclusion

We have reviewed the Interim Condensed Consolidated Financial Statements, defined below, in the Interim Report and Accounts of Henderson Group plc for the six months ended 30 June 2014. Based on our review, nothing has come to our attention that causes us to believe that the Interim Condensed Consolidated Financial Statements are 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.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The Interim Condensed Consolidated Financial Statements, which are prepared by Henderson Group plc, comprise:

- the Interim Condensed Consolidated Income Statement and Interim Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Interim Condensed Consolidated Statement of Financial Position as at 30 June 2014;
- the Interim Condensed Consolidated Statement of Changes in Equity for the period then ended;
- the Interim Condensed Consolidated Statement of Cash Flows for the period then ended; and
- the explanatory notes to the Interim Condensed Consolidated Financial Statements.

As disclosed in note 2, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards as adopted by the European Union.

The Interim Condensed Consolidated Financial Statements included in the Interim Report and Accounts have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of interim condensed consolidated financial statements involves

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.

We have read the other information contained in the Interim Report and Accounts and considered whether it contains any apparent misstatements or material inconsistencies with the information in the Interim Condensed Consolidated Financial Statements.

Independent Review Report to Henderson Group plc (continued)

Responsibilities for the Interim Condensed Consolidated Financial Statements and the review

Our responsibilities and those of the Directors

The Interim Report and Accounts, including the Interim Condensed Consolidated Financial Statements, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Report and Accounts in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the Company a conclusion on the Interim Condensed Consolidated Financial Statements in the Interim Report and Accounts based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

PricewaterhouseCoopers LLP
Chartered Accountants
6 August 2014

7 More London Riverside
London
SE1 2RT

Notes:

- The maintenance and integrity of the Henderson Group 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.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Interim Condensed Consolidated Income Statement

For the six months ended 30 June 2014

		6 months ended 30 June 2014			6 months ended 30 June 2013		
		Unaudited			Unaudited and Restated		
	Notes	Underlying profit £m	Acquisition related and non-recurring items (note 5) £m	Total £m	Underlying profit £m	Acquisition related and non-recurring items (note 5) £m	Total £m
Income							
Gross fee and deferred income	3	321.1	-	321.1	290.8	-	290.8
Commissions and deferred acquisition costs		(66.4)	-	(66.4)	(59.8)	-	(59.8)
Net fee income		254.7	-	254.7	231.0	-	231.0
Income/(loss) from associates and joint ventures	11	2.0	(2.6)	(0.6)	1.0	-	1.0
Finance income		5.2	-	5.2	4.3	-	4.3
Net income from continuing operations		261.9	(2.6)	259.3	236.3	-	236.3
Expenses							
Operating expenses		(163.4)	-	(163.4)	(141.0)	(2.5)	(143.5)
Amortisation and depreciation		(2.2)	(26.0)	(28.2)	(1.4)	(25.9)	(27.3)
Total operating expenses		(165.6)	(26.0)	(191.6)	(142.4)	(28.4)	(170.8)
Finance expenses		(5.6)	(0.6)	(6.2)	(5.4)	(0.6)	(6.0)
Total expenses from continuing operations		(171.2)	(26.6)	(197.8)	(147.8)	(29.0)	(176.8)
Profit/(loss) before tax from continuing operations		90.7	(29.2)	61.5	88.5	(29.0)	59.5
Tax (charge)/credit on continuing operations		(12.7)	5.2	(7.5)	(11.8)	6.9	(4.9)
Profit/(loss) after tax from continuing operations		78.0	(24.0)	54.0	76.7	(22.1)	54.6
Discontinued operation							
- Profit/(loss) before tax	7	6.3	141.9	148.2	12.6	(0.1)	12.5
- Tax charge	7	(1.0)	(14.6)	(15.6)	(1.3)	-	(1.3)
- Profit/(loss) after tax		5.3	127.3	132.6	11.3	(0.1)	11.2
Profit/(loss) before tax from total operations		97.0	112.7	209.7	101.1	(29.1)	72.0
Tax (charge)/credit on total operations	6	(13.7)	(9.4)	(23.1)	(13.1)	6.9	(6.2)
Profit/(loss) after tax attributable to equity holders of the parent		83.3	103.3	186.6	88.0	(22.2)	65.8
Total profit attributable to equity holders of the parent arises from:							
Continuing operations				54.0			54.6
Discontinued operation				132.6			11.2
				186.6			65.8
Basic and diluted earnings per share from continuing operations							
Basic	9.3			5.0p			5.2p
Diluted	9.3			4.7p			5.0p
Basic and diluted earnings per share from total operations							
Basic	9.4			17.3p			6.3p
Diluted	9.4			16.2p			6.0p

Interim Condensed Consolidated Income Statement (continued)

12 months ended 31 December 2013

			Audited	
	Notes	Underlying profit £m	Acquisition related and non-recurring items (note 5) £m	Total £m
Income				
Gross fee and deferred income	3	578.2	-	578.2
Commissions and deferred acquisition costs		(116.9)	-	(116.9)
Net fee income		461.3	-	461.3
Income from associates and joint ventures	11	1.8	-	1.8
Finance income		10.2	-	10.2
Net income from continuing operations		473.3	-	473.3
Expenses				
Operating expenses		(293.4)	(5.1)	(298.5)
Amortisation and depreciation		(3.3)	(51.8)	(55.1)
Total operating expenses		(296.7)	(56.9)	(353.6)
Finance expenses		(11.1)	(1.3)	(12.4)
Total expenses from continuing operations		(307.8)	(58.2)	(366.0)
Profit/(loss) before tax from continuing operations		165.5	(58.2)	107.3
Tax (charge)/credit on continuing operations		(17.9)	17.8	(0.1)
Profit/(loss) after tax from continuing operations		147.6	(40.4)	107.2
Discontinued operation				
- Profit/(loss) before tax	7	24.6	(4.5)	20.1
- Tax (charge)/credit	7	(2.9)	0.7	(2.2)
- Profit/(loss) after tax		21.7	(3.8)	17.9
Profit/(loss) before tax from total operations		190.1	(62.7)	127.4
Tax (charge)/credit on total operations	6	(20.8)	18.5	(2.3)
Profit/(loss) after tax attributable to equity holders of the parent		169.3	(44.2)	125.1
Total profit attributable to equity holders of the parent arises from:				
Continuing operations				107.2
Discontinued operation				17.9
				125.1
Basic and diluted earnings per share from continuing operations				
Basic	9.3			10.1p
Diluted	9.3			9.4p
Basic and diluted earnings per share from total operations				
Basic	9.4			11.8p
Diluted	9.4			11.0p

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2014

		6 months ended 30 June 2014 Unaudited £m	6 months ended 30 June 2013 Unaudited £m	12 months ended 31 December 2013 Audited £m
	Notes			
Profit after tax		186.6	65.8	125.1
Other comprehensive income				
Items that may be reclassified to the Interim Condensed Consolidated Income Statement				
Exchange differences on translation of foreign operations		(3.8)	2.2	(5.6)
Exchange differences transferred to the Interim Condensed Consolidated Income Statement on disposal of foreign operations		(1.9)	-	-
<i>Available-for-sale financial assets:</i>				
Net gains on revaluation		-	-	0.7
Net losses on revaluation transferred to the Consolidated Income Statement on impairment		0.6	-	-
Tax effect of revaluation	6	-	-	0.1
Items that will not be reclassified to the Interim Condensed Consolidated Income Statement				
<i>Actuarial losses:</i>				
Actuarial losses on defined benefit pension schemes	12.3	(0.9)	(9.4)	(26.4)
Tax effect of actuarial losses	6	0.1	-	0.1
Other comprehensive loss after tax		(5.9)	(7.2)	(31.1)
Total comprehensive income attributable to equity holders of the parent		180.7	58.6	94.0

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2014

		30 June 2014 Unaudited £m	30 June 2013 Unaudited (Restated) £m	31 December 2013 Audited (Restated) £m
	Notes			
Non-current assets				
Intangible assets		618.6	694.2	637.9
Investments accounted for using the equity method		79.1	10.5	5.5
Property and equipment		15.4	16.2	17.0
Retirement benefit assets	12.1	106.2	124.0	104.4
Deferred tax assets		40.1	35.5	39.3
Trade and other receivables		39.0	33.1	37.0
		898.4	913.5	841.1
Current assets				
Available-for-sale financial assets	13	63.0	72.5	62.1
Financial assets at fair value through profit or loss	13	29.1	17.5	19.2
Current tax assets		-	1.9	2.1
Trade and other receivables		300.6	222.7	217.2
Cash and cash equivalents	13	272.4	189.6	217.0
		665.1	504.2	517.6
Assets classified as held for sale	7	29.9	-	105.8
Total assets		1,593.4	1,417.7	1,464.5
Non-current liabilities				
Debt instrument in issue	13	149.2	148.7	148.9
Trade and other payables		45.7	32.3	50.1
Retirement benefit obligations	12.1	8.1	7.4	7.9
Provisions		11.7	11.3	11.6
Deferred tax liabilities		44.1	62.9	49.4
		258.8	262.6	267.9
Current liabilities				
Trade and other payables		348.5	329.5	337.7
Provisions		3.0	5.3	6.0
Current tax liabilities		30.7	18.4	11.0
		382.2	353.2	354.7
Liabilities classified as held for sale	7	-	-	5.6
Total liabilities		641.0	615.8	628.2
Net assets		952.4	801.9	836.3
Capital and reserves				
Share capital		141.6	139.8	140.4
Share premium		731.1	698.6	708.6
Own shares held		(85.1)	(79.0)	(69.4)
Translation reserve		(5.6)	7.9	0.1
Revaluation reserve		11.3	9.9	10.7
Profit and loss reserve		155.6	20.6	41.9
Shareholders' equity		948.9	797.8	832.3
Non-controlling interests		3.5	4.1	4.0
Total equity		952.4	801.9	836.3

Approved by the Board on 6 August 2014.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

	Share capital	Share premium	Own shares held	Translation reserve	Revaluation reserve	Profit and loss reserve	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2013 (Restated)	139.3	693.8	(100.8)	5.7	9.9	29.7	4.1	781.7
Profit after tax	-	-	-	-	-	65.8	-	65.8
Other comprehensive income/(loss) after tax	-	-	-	2.2	-	(9.4)	-	(7.2)
Total comprehensive income	-	-	-	2.2	-	56.4	-	58.6
Dividends paid to equity shareholders	-	-	-	-	-	(55.1)	-	(55.1)
Purchase of own shares	-	-	(4.6)	-	-	-	-	(4.6)
Vesting of share schemes	-	-	31.2	-	-	(31.2)	-	-
Issue of shares for share schemes	0.5	4.8	(4.8)	-	-	-	-	0.5
Movement in equity-settled share scheme expenses	-	-	-	-	-	19.0	-	19.0
Tax on equity-settled share schemes	-	-	-	-	-	1.8	-	1.8
At 30 June 2013 (Restated)	139.8	698.6	(79.0)	7.9	9.9	20.6	4.1	801.9
Profit after tax	-	-	-	-	-	59.3	-	59.3
Other comprehensive (loss)/income after tax	-	-	-	(7.8)	0.8	(16.9)	-	(23.9)
Total comprehensive (loss)/income	-	-	-	(7.8)	0.8	42.4	-	35.4
Dividends paid to equity shareholders	-	-	-	-	-	(23.5)	-	(23.5)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(0.1)	(0.1)
Purchase of own shares	-	-	(5.2)	-	-	-	-	(5.2)
Vesting of share schemes	-	-	25.2	-	-	(25.2)	-	-
Issue of shares for share schemes	0.6	10.0	(10.4)	-	-	-	-	0.2
Movement in equity-settled share scheme expenses	-	-	-	-	-	16.0	-	16.0
Tax on equity-settled share schemes	-	-	-	-	-	11.6	-	11.6
At 31 December 2013 (Restated)	140.4	708.6	(69.4)	0.1	10.7	41.9	4.0	836.3
Profit after tax	-	-	-	-	-	186.6	-	186.6
Other comprehensive (loss)/income after tax	-	-	-	(5.7)	0.6	(0.8)	-	(5.9)
Total comprehensive (loss)/income	-	-	-	(5.7)	0.6	185.8	-	180.7
Disposal of non-controlling interest	-	-	-	-	-	-	(0.5)	(0.5)
Dividends paid to equity shareholders	-	-	-	-	-	(64.0)	-	(64.0)
Purchase of own shares	-	-	(26.8)	-	-	-	-	(26.8)
Vesting of share schemes	-	-	34.4	-	-	(34.4)	-	-
Issue of shares for share schemes	1.2	22.5	(23.3)	-	-	-	-	0.4
Movement in equity-settled share scheme expenses	-	-	-	-	-	20.9	-	20.9
Tax on equity-settled share schemes	-	-	-	-	-	5.4	-	5.4
At 30 June 2014	141.6	731.1	(85.1)	(5.6)	11.3	155.6	3.5	952.4

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

		6 months ended 30 June 2014 Unaudited	6 months ended 30 June 2013 Unaudited (Restated)	12 months ended 31 December 2013 Audited (Restated)
	Notes	£m	£m	£m
Net cash flows from operating activities	10	22.6	58.5	174.9
Cash flows from investing activities				
Proceeds from disposals of:				
- Property business, net of cash disposed		101.7	-	-
- seed capital investments		15.1	6.2	12.2
Acquisition of subsidiaries, including cash acquired		-	-	(5.2)
Dividends from associates and distributions from joint ventures		2.4	1.9	4.2
Purchases of:				
- seed capital investments		(7.0)	(8.8)	(42.6)
- property and equipment		(0.3)	(0.2)	(2.8)
- computer software intangible assets		(2.2)	(2.6)	(5.3)
- investments in associates and joint ventures		(0.8)	(2.2)	(2.2)
Net cash flows from investing activities		108.9	(5.7)	(41.7)
Cash flows from financing activities				
Proceeds from issue of shares		3.6	2.4	6.0
Purchase of own shares		(23.4)	(4.6)	(9.8)
Dividends paid to equity shareholders	8	(64.0)	(55.1)	(78.6)
Interest paid on debt instrument in issue		(5.4)	(5.4)	(10.9)
Net cash flows from financing activities		(89.2)	(62.7)	(93.3)
Effects of exchange rate changes		(2.2)	2.0	(5.1)
Net increase/(decrease) in cash and cash equivalents		40.1	(7.9)	34.8
Cash and cash equivalents at beginning of period		232.3	197.5	197.5
Cash and cash equivalents at end of period		272.4	189.6	232.3

Reconciliation of cash and cash equivalents

	30 June 2014 Unaudited	30 June 2013 Unaudited (Restated)	31 December 2013 Audited (Restated)
	£m	£m	£m
Cash and cash equivalents	272.4	189.6	217.0
Cash and cash equivalents classified as held for sale	-	-	15.3
Total cash and cash equivalents	272.4	189.6	232.3

Notes to the Interim Condensed Consolidated Financial Statements

1. Corporate information

Henderson Group plc (the Company) is a public limited company incorporated in Jersey and tax resident in the United Kingdom. The Company's ordinary shares are traded on the LSE and CHESS Depositary Interests are traded on the ASX.

The Interim Condensed Consolidated Financial Statements of the Group for the six months ended 30 June 2014 were authorised for issue by the Board on 6 August 2014.

The results for the six months ended 30 June 2014 are unaudited but have been reviewed by the auditors, PricewaterhouseCoopers LLP. The results for the six months ended 30 June 2013 were also unaudited but were reviewed by the Group's previous auditors, Ernst & Young LLP. The condensed comparative figures for the full year ended 31 December 2013 have been taken from the Henderson Group plc Annual Report and Accounts, subject to the restatements as set out in notes 2 and 17 herein. The 2013 financial statements in the 2013 Annual Report and Accounts were audited by the Group's previous auditors, Ernst & Young LLP, and their report was unqualified. Henderson Group plc's 2013 Annual Report and Accounts have been filed with the Jersey Financial Services Commission Companies Registry. The Interim Condensed Consolidated Financial Statements do not constitute statutory accounts.

2. Basis of preparation and significant accounting policies

Basis of preparation

The Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2014 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements and therefore should be read in conjunction with Henderson Group plc's 2013 Annual Report and Accounts, which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The Directors are satisfied that the Group has and will maintain sufficient financial resources to enable it to continue operating in the foreseeable future and, therefore, they continue to adopt the going concern basis in preparing the Interim Report and Accounts.

Significant accounting policies

The accounting policies adopted in the preparation of the Interim Condensed Consolidated Financial Statements are consistent with those followed in the preparation of Henderson Group plc's 2013 Annual Report and Accounts with the following exceptions caused by the adoption of the following standards on 1 January 2014:

- IFRS 10 Consolidated Financial Statements (IFRS 10);
- IFRS 11 Joint Arrangements (IFRS 11); and
- IFRS 12 Disclosure of Interests in Other Entities (IFRS 12).

The adoption of IFRS 10 has caused an available-for-sale seed capital investment to be consolidated as a subsidiary, as it meets the definition of control under this standard. The adoption of IFRS 10 is required to be applied retrospectively and the impact of the restatement is set out in note 17.

A review of IFRS 11 has been performed and has not resulted in any changes to the consolidated financial statements for the current or previously reported periods. IFRS 12 is a disclosure only standard and will impact the Group's 2014 Annual Report and Accounts.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

3. Segmental information

Group fee income and non-current assets

Henderson is an investment manager, operating throughout Europe with operations in North America and Asia. The Group manages a broad range of actively managed investment products for institutional and retail investors, across five capabilities, comprising European Equities, Global Equities, Global Fixed Income, Multi-Asset and Alternatives. Management operates across product lines, distribution channels and geographic regions. All investment product types are sold in most, if not all, of these regions, and are managed in various locations.

Information is reported to the chief operating decision maker, the Board, on an aggregated basis. Strategic and financial management decisions are determined centrally by the Board and, on this basis, the Group is a single segment investment management business.

Entity-wide disclosures

Revenues by product on continuing operations

	6 months ended 30 June 2014 Unaudited £m	6 months ended 30 June 2013 Unaudited (Restated) £m	12 months ended 31 December 2013 Audited £m
UK OEICs/Unit Trusts	130.0	122.9	247.7
SICAVs	85.5	75.3	138.4
Offshore Absolute Return funds	30.0	28.1	61.9
US Mutuals	29.3	16.3	37.0
Institutional Segregated Mandates and cash funds	24.8	25.0	46.9
Other	21.5	23.2	46.3
Gross fee and deferred income	321.1	290.8	578.2

Geographic information

Revenues from clients on continuing operations

	6 months ended 30 June 2014 Unaudited £m	6 months ended 30 June 2013 Unaudited (Restated) £m	12 months ended 31 December 2013 Audited £m
UK	225.3	231.0	443.4
Luxembourg	62.2	38.0	83.1
Americas	30.8	18.5	44.1
Singapore	1.1	1.0	2.2
Japan	0.4	1.1	1.6
Other	1.3	1.2	3.8
Gross fee and deferred income	321.1	290.8	578.2

The geographical revenue information is split according to the country in which the revenue is generated, not necessarily where the client is based. The Group does not have a single client which accounts for more than 10% of revenues.

Non-current assets

	As at 30 June 2014 Unaudited £m	As at 30 June 2013 Unaudited £m	As at 31 December 2013 Audited £m
UK	700.1	710.4	653.2
Other	13.0	10.5	7.2
	713.1	720.9	660.4

Non-current assets for this purpose consist of intangible assets, investments accounted for using the equity method and property and equipment.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

4. Seasonality of operations

The Group's revenue streams are not generally seasonal in nature, with management fees and elements of finance income accruing evenly during the year. Other income accrues mainly throughout the year. Performance fees are recognised when the prescribed performance hurdles have been achieved and it is probable that the fee will crystallise as a result. The hurdles coincide with the underlying fund year ends. The year ends of Offshore Absolute Return funds and SICAVs are biased to the first half of the year. In addition, given the uncertain nature of performance fees, these can fluctuate from period to period.

5. Acquisition related and non-recurring items from continuing operations

	Acquisition related items		
	6 months ended 30 June 2014 Unaudited £m	6 months ended 30 June 2013 Unaudited £m	12 months ended 31 December 2013 Audited £m
Intangible amortisation	26.0	25.9	51.8
Void property finance charge	0.6	0.6	1.3
Gartmore related employee share award	-	2.5	5.1
Associate intangible amortisation	2.6	-	-
Total before tax from continuing operations	29.2	29.0	58.2
Tax credit	(5.2)	(6.9)	(17.8)
Total after tax from continuing operations	24.0	22.1	40.4

There were no non-recurring items from continuing operations. Acquisition related and non-recurring items relating to the discontinued operation are analysed in note 7.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

6. Tax

Tax recognised in the Interim Condensed Consolidated Income Statement

	6 months ended 30 June 2014 Unaudited £m	6 months ended 30 June 2013 Unaudited £m	12 months ended 31 December 2013 Audited £m
Current tax:			
- charge for the period	27.2	10.7	19.5
- prior period adjustments	0.1	(2.3)	(6.3)
Deferred tax:			
- credit for the period	(4.2)	(3.6)	(16.4)
- prior period adjustments	-	1.4	5.5
Total tax charged to the Interim Condensed Consolidated Income Statement	23.1	6.2	2.3

Tax recognised in the Interim Condensed Consolidated Statement of Comprehensive Income

	6 months ended 30 June 2014 Unaudited £m	6 months ended 30 June 2013 Unaudited £m	12 months ended 31 December 2013 Audited £m
Deferred tax credit in relation to available-for-sale financial assets	-	-	(0.1)
Deferred tax credit in relation to actuarial losses	(0.1)	-	(0.1)
Total tax credited to the Interim Condensed Consolidated Statement of Comprehensive Income	(0.1)	-	(0.2)

Reconciliation of profit before tax to tax charge

The tax charge for the period is reconciled to the profit before tax in the Interim Condensed Consolidated Income Statement as follows:

	6 months ended 30 June 2014 Unaudited £m	6 months ended 30 June 2013 Unaudited £m	12 months ended 31 December 2013 Audited £m
Profit before tax	209.7	72.0	127.4
Tax charge at the pro rata UK statutory corporation tax rate of 21.5% (1H13 and FY13: 23.25%)	45.1	16.7	29.6
<i>Factors affecting the tax charge:</i>			
Differences in effective tax rates on overseas profits	(2.7)	(7.6)	(9.8)
Non-taxable income and disallowable expenditure	(18.0)	(2.6)	(7.1)
Utilisation of previously unrecognised temporary difference	-	-	(6.1)
Changes in statutory tax rates	0.4	0.1	(3.4)
Prior period adjustments	0.1	(0.9)	(0.8)
Utilisation of previously unrecognised tax losses	(1.7)	(0.1)	-
Other items	(0.1)	0.6	(0.1)
Total tax charged in the Interim Condensed Consolidated Income Statement	23.1	6.2	2.3

Notes to the Interim Condensed Consolidated Financial Statements (continued)

7. Discontinued operation and assets and liabilities classified as held for sale

On 1 April 2014, the Group completed transactions which resulted in the disposal of the Property business and simultaneously recognised a 40% share in the newly formed joint venture – TH Real Estate. Prior to the disposal, the Group continued to consolidate the Property business and recognised a £5.3m profit after tax from trading operations in the three months to 31 March 2014. The Property business has been classified as a discontinued operation and the results of this business are presented below.

	6 months ended 30 June 2014 Unaudited £m	6 months ended 30 June 2013 Unaudited £m	12 months ended 31 December 2013 Audited £m
Net fee income	18.0	30.9	62.4
Income from associates and joint ventures	0.1	0.8	1.6
Finance income	0.2	-	-
Net income	18.3	31.7	64.0
Operating expenses	(12.0)	(19.1)	(39.3)
Depreciation	-	-	(0.1)
Underlying profit before tax from discontinued operation	6.3	12.6	24.6
Tax on underlying profit	(1.0)	(1.3)	(2.9)
Underlying profit after tax from discontinued operation	5.3	11.3	21.7
Acquisition related items – intangible amortisation	-	(0.1)	(0.2)
Non-recurring items – profit on disposal of Property business	150.6	-	-
Non-recurring items – deal costs	(8.7)	-	(4.3)
Tax (charge)/credit on acquisition related and non-recurring items	(14.6)	-	0.7
Profit after tax from discontinued operation	132.6	11.2	17.9

Profit on disposal of the Property business

	6 months ended 30 June 2014 Unaudited £m
Cash consideration	114.2
40% contribution of TH Real Estate joint venture	74.8
Amounts receivable in respect of net assets sold at net book value	9.5
Consideration receivable	198.5
Disposal of:	
- goodwill and intangible assets allocated to the Property business	(33.3)
- other net tangible assets	(14.6)
Net assets disposed	(47.9)
Profit on disposal before tax and deal costs	150.6
Deal costs	(8.7)
Tax on profit on disposal	(14.6)
Profit after tax on disposal	127.3

Notes to the Interim Condensed Consolidated Financial Statements (continued)

7. Discontinued operation and assets and liabilities classified as held for sale (continued)

Assets and liabilities classified as held for sale

	As at 30 June 2014 Unaudited			As at 31 December 2013 Audited		
	Seed capital £m	Property business £m	Total £m	Seed capital £m	Property business £m	Total £m
Intangible assets	-	-	-	-	38.7	38.7
Investments accounted for using the equity method	-	-	-	-	4.3	4.3
Financial assets at fair value through profit or loss	3.0	-	3.0	-	-	-
Property and equipment	-	-	-	-	0.2	0.2
Available-for-sale financial assets	26.9	-	26.9	38.0	0.2	38.2
Trade and other receivables	-	-	-	-	9.1	9.1
Cash and cash equivalents	-	-	-	-	15.3	15.3
Total assets classified as held for sale	29.9	-	29.9	38.0	67.8	105.8
Trade and other payables	-	-	-	-	5.0	5.0
Current tax liabilities	-	-	-	-	0.6	0.6
Total liabilities classified as held for sale	-	-	-	-	5.6	5.6

There were no assets or liabilities classified as held for sale as at 30 June 2013.

8. Dividends

	6 months to 30 June 2014 Unaudited £m	6 months to 30 June 2013 Unaudited £m	12 months to 31 December 2013 Audited £m
Dividends on ordinary shares declared and paid in the period:			
Final dividend in respect of 2012	-	55.1	55.1
Interim dividend in respect of 2013	-	-	23.5
Final dividend in respect of 2013	64.0	-	-
Total dividends paid and charged to equity	64.0	55.1	78.6
Dividends on ordinary shares declared post the reporting date:			
Interim dividend in respect of 1H14 profit: 2.60 pence per share payable in 2H14	29.5	n/a	n/a

An interim dividend of £29.5m (2.60 pence per share) was declared by the Board on 6 August 2014. This will be payable on 19 September 2014 to shareholders on the register at 29 August 2014.

The difference between the proposed final dividend as reported in the 2013 Annual Report and Accounts (£65.7m) and the dividend paid out during the period (£64.0m), represents the dividends waived by employee benefit trusts on shares held in the trust on behalf of Group employees partly offset by the dividends payable on the new shares issued between 31 December 2013 and the dividend record date. The amount waived in respect of the interim dividend declared for 2014 will be established by the trustees of the employee benefit trusts on 29 August 2014, being the dividend record date.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

9. Earnings per share

Weighted average number of shares

The weighted average number of shares for the purpose of calculating earnings per share is as follows:

	6 months ended 30 June 2014 Unaudited	6 months ended 30 June 2013 Unaudited	12 months ended 31 December 2013 Audited
Weighted average			
Issued share capital	1,126.0	1,115.1	1,117.7
Less: own shares held	(45.6)	(64.3)	(58.9)
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,080.4	1,050.8	1,058.8
Add: dilutive potential of share options and unconditional awards	73.0	52.2	78.2
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,153.4	1,103.0	1,137.0

Basic and diluted earnings per share have been calculated on the profit attributable to equity holders of the parent. The difference between the weighted average number of shares used in the basic earnings per share and the diluted earnings per share calculations reflects the dilutive impact of outstanding share options, which are anticipated to vest based on market conditions as at 30 June 2014.

9.1 On continuing underlying profit after tax attributable to equity holders of the parent

Earnings

	6 months ended 30 June 2014 Unaudited £m	6 months ended 30 June 2013 Unaudited £m	12 months ended 31 December 2013 Audited £m
Continuing profit after tax attributable to equity holders of the parent	54.0	54.6	107.2
Add back:			
Acquisition related and non-recurring items after tax (note 5)	24.0	22.1	40.4
Earnings for the purpose of basic and diluted earnings per share	78.0	76.7	147.6

Earnings per share

	6 months ended 30 June 2014 Unaudited pence	6 months ended 30 June 2013 Unaudited pence	12 months ended 31 December 2013 Audited pence
Basic	7.2	7.3	13.9
Diluted	6.8	7.0	13.0

Notes to the Interim Condensed Consolidated Financial Statements (continued)

9. Earnings per share (continued)

9.2 On total underlying profit after tax attributable to equity holders of the parent

Earnings

	6 months ended 30 June 2014 Unaudited £m	6 months ended 30 June 2013 Unaudited £m	12 months ended 31 December 2013 Audited £m
Total profit after tax attributable to equity holders of the parent	186.6	65.8	125.1
Add back:			
Acquisition related and non-recurring items after tax	(103.3)	22.2	44.2
Earnings for the purpose of basic and diluted earnings per share	83.3	88.0	169.3

Earnings per share

	6 months ended 30 June 2014 Unaudited pence	6 months ended 30 June 2013 Unaudited pence	12 months ended 31 December 2013 Audited pence
Basic	7.7	8.4	16.0
Diluted	7.2	8.0	14.9

9.3 On continuing profit after tax attributable to equity holders of the parent

Earnings

	6 months ended 30 June 2014 Unaudited £m	6 months ended 30 June 2013 Unaudited £m	12 months ended 31 December 2013 Audited £m
Earnings for the purpose of basic and diluted earnings per share	54.0	54.6	107.2

Earnings per share

	6 months ended 30 June 2014 Unaudited pence	6 months ended 30 June 2013 Unaudited pence	12 months ended 31 December 2013 Audited pence
Basic	5.0	5.2	10.1
Diluted	4.7	5.0	9.4

9.4 On total profit after tax attributable to equity holders of the parent

Earnings

	6 months ended 30 June 2014 Unaudited £m	6 months ended 30 June 2013 Unaudited £m	12 months ended 31 December 2013 Audited £m
Earnings for the purpose of basic and diluted earnings per share	186.6	65.8	125.1

Earnings per share

	6 months ended 30 June 2014 Unaudited pence	6 months ended 30 June 2013 Unaudited pence	12 months ended 31 December 2013 Audited pence
Basic	17.3	6.3	11.8
Diluted	16.2	6.0	11.0

Notes to the Interim Condensed Consolidated Financial Statements (continued)

9. Earnings per share (continued)

9.5 On discontinued profit after tax attributable to equity holders of the parent

Earnings

	6 months ended 30 June 2014 Unaudited £m	6 months ended 30 June 2013 Unaudited £m	12 months ended 31 December 2013 Audited £m
Earnings for the purpose of basic and diluted earnings per share	132.6	11.2	17.9

Earnings per share

	6 months ended 30 June 2014 Unaudited pence	6 months ended 30 June 2013 Unaudited pence	12 months ended 31 December 2013 Audited pence
Basic	12.3	1.1	1.7
Diluted	11.5	1.0	1.6

10. Operating cash flows reconciliation

	6 months ended 30 June 2014 Unaudited £m	6 months ended 30 June 2013 Unaudited £m	12 months ended 31 December 2013 Audited £m
Cash flows from operating activities			
Profit before tax	209.7	72.0	127.4
Adjustments to reconcile profit before tax to net cash flows from operating activities:			
- debt instrument interest expense, facility and arrangement fees	5.6	5.6	11.1
- share-based payment charges	17.6	17.1	29.6
- intangible amortisation	29.5	26.1	52.4
- share of profit of associates and joint ventures	(2.1)	(1.8)	(3.4)
- property and equipment depreciation	1.3	1.4	3.0
- gain on disposal of seed capital investments	(1.6)	(0.4)	(1.8)
- seed capital investment impairment	0.6	-	-
- loss on disposal of property and equipment	0.1	0.6	0.6
- contributions to retirement benefit schemes in excess of costs recognised	(2.6)	(3.1)	(6.7)
- return of pension surplus	-	-	6.8
- net movements on other provisions	-	(3.1)	(2.9)
- void property finance charge	0.6	0.6	1.3
- profit on disposal of Property business before deal costs	(150.6)	-	-
Cash flows from operating activities before changes in operating assets and liabilities	108.1	115.0	217.4
Changes in operating assets and liabilities	(84.1)	(55.5)	(32.2)
Net tax paid	(1.4)	(1.0)	(10.3)
Net cash flows from operating activities	22.6	58.5	174.9

Notes to the Interim Condensed Consolidated Financial Statements (continued)

11. Investments accounted for using the equity method

The Group holds interests in the following associates and joint ventures:

	Country of incorporation and principal place of operation	Functional currency	Percentage owned as at 30 June 2014	Percentage owned as at 30 June 2013	Percentage owned as at 31 December 2013
Asia Real Estate Fund Management BVI	British Virgin Islands	USD	-	50%	50%
Asia Real Estate Fund Management Limited	Singapore	SGD	-	50%	50%
Attunga Capital Pty Limited	Australia	AUD	-	30%	30%
HGI Immobilien GmbH	Germany	EUR	-	50%	50%
Intrinsic Cirilium Investment Company Limited	UK	GBP	50%	50%	50%
Northern Pines Henderson Capital GP LLC	USA	USD	50%	50%	50%
Northern Pines Henderson Capital LLC	USA	USD	50%	50%	50%
Optimum Investment Management Limited	UK	GBP	50%	50%	50%
TIAA Henderson Real Estate Limited	UK	GBP	40%	-	-
Warburg-Henderson Kapitalanlagegesellschaft für Immobilien mbH	Germany	EUR	-	50%	50%
90 West Asset Management Limited	Australia	AUD	42%	32%	32%

The Group's share of net assets and share of net (loss)/profit from associates and joint ventures from continuing operations are as follows:

	30 June 2014 Unaudited £m	30 June 2013 Unaudited £m	31 December 2013 Audited £m
Share of aggregate net assets	79.1	7.1	5.5
Share of (loss)/profit after tax	(0.6)	1.0	1.8

As set out in note 7, on 1 April 2014, the Group recognised an interest of £74.8m in TH Real Estate.

Amounts due from TH Real Estate

The Group is due £18.4m from TH Real Estate relating to trading and other assets and has also issued a loan of £3.3m bearing annual interest at 4.0% above the Bank of England base rate.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

12. Retirement benefits

12.1 Retirement benefit assets and obligations recognised in the Interim Condensed Consolidated Statement of Financial Position

The retirement benefit assets and obligations in respect of the pension schemes, after tax deducted at source, were as follows at 30 June 2014:

	As at 30 June 2014 Unaudited £m	As at 30 June 2013 Unaudited £m	As at 31 December 2013 Audited £m
Retirement benefit assets			
Henderson Group Pension Scheme	106.2	117.1	104.4
Gartmore Pension Scheme	-	6.9	-
	106.2	124.0	104.4
Retirement benefit obligations			
Henderson Group unapproved pension scheme	(8.1)	(7.4)	(7.9)
	98.1	116.6	96.5

12.2 Pension expense recognised in the Interim Condensed Consolidated Income Statement

The pension expense recognised in the Interim Condensed Consolidated Income Statement comprises the following:

	6 months ended 30 June 2014 Unaudited £m	6 months ended 30 June 2013 Unaudited £m	12 months ended 31 December 2013 Audited £m
Charges/(credits) relating to defined benefit and unapproved schemes			
Administration costs	0.5	0.5	1.0
Current service costs	0.5	0.9	1.8
Gartmore Pension Scheme administration expense in excess of reserve	-	0.4	0.3
Net interest credit	(2.4)	(3.2)	(6.4)
	(1.4)	(1.4)	(3.3)
Credits to money purchase members' accounts	2.6	2.6	5.3
Net charge to the Interim Condensed Consolidated Income Statement	1.2	1.2	2.0

12.3 Actuarial losses recognised in the Interim Condensed Consolidated Statement of Comprehensive Income

	6 months ended 30 June 2014 Unaudited £m	6 months ended 30 June 2013 Unaudited £m	12 months ended 31 December 2013 Audited £m
Actuarial losses	(0.2)	(12.9)	(36.9)
Tax at source	(0.7)	3.5	10.5
Actuarial losses recognised in the Interim Condensed Consolidated Statement of Comprehensive Income	(0.9)	(9.4)	(26.4)

Notes to the Interim Condensed Consolidated Financial Statements (continued)

13. Fair value of financial instruments

Total financial assets and liabilities

The following table sets out the financial assets and liabilities of the Group:

	Carrying value			Fair value		
	As at 30 June 2014 Unaudited £m	As at 30 June 2013 Unaudited (Restated) £m	As at 31 December 2013 Audited (Restated) £m	As at 30 June 2014 Unaudited £m	As at 30 June 2013 Unaudited (Restated) £m	As at 31 December 2013 Audited (Restated) £m
Financial assets at fair value through profit or loss	29.1	17.5	19.2	29.1	17.5	19.2
Financial assets at fair value through profit or loss classified as held for sale	3.0	-	-	3.0	-	-
Total financial assets at fair value through profit or loss	32.1	17.5	19.2	32.1	17.5	19.2
Available-for-sale financial assets	63.0	72.5	62.1	63.0	72.5	62.1
Available-for-sale financial assets classified as held for sale	26.9	-	38.2	26.9	-	38.2
Total available-for-sale financial assets	89.9	72.5	100.3	89.9	72.5	100.3
OEIC and unit trust debtors, accrued income and trade and other debtors	329.7	248.1	244.6	329.7	248.1	244.6
OEIC and unit trust debtors, accrued income and trade and other debtors classified as held for sale	-	-	9.0	-	-	9.0
Total loans and receivables	329.7	248.1	253.6	329.7	248.1	253.6
Derivative financial instruments	0.1	0.2	0.4	0.1	0.2	0.4
Cash and cash equivalents	272.4	189.6	217.0	272.4	189.6	217.0
Cash and cash equivalents classified as held for sale	-	-	15.3	-	-	15.3
Total cash and cash equivalents	272.4	189.6	232.3	272.4	189.6	232.3
Total financial assets	724.2	527.9	605.8	724.2	527.9	605.8
Debt instrument in issue	149.2	148.7	148.9	158.3	158.2	159.5
Trade and other payables (excluding deferred income)	390.7	355.7	382.4	390.7	355.7	382.4
Trade and other payables (excluding deferred income) classified as held for sale	-	-	4.3	-	-	4.3
Total other financial liabilities	390.7	355.7	386.7	390.7	355.7	386.7
Total financial liabilities	539.9	504.4	535.6	549.0	513.9	546.2

With the exception of the debt instrument in issue (being the senior, unrated, fixed rate notes due 2016), the fair value of the financial instruments measured at amortised cost is considered to be materially equal to their carrying value after taking into account any impairment.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

13. Fair value of financial instruments (continued)

Fair value hierarchy

The following asset types are carried at fair value after initial recognition. The Group uses the following hierarchy for determining and disclosing the fair value of financial assets and liabilities by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques where all inputs, which have a significant effect on the recorded fair value, are observable, either directly or indirectly; and
- Level 3: techniques where inputs which have a significant effect on the recorded fair value that are not based on observable market data. These are predominantly investments in property and private equity funds and valuations are derived by the relevant fund manager teams based on a variety of valuation techniques.

	As at 30 June 2014 Unaudited £m	Level 1 £m	Level 2 £m	Level 3 £m
Financial assets at fair value through profit or loss	32.1	25.7	6.4	-
Available-for-sale financial assets	89.9	27.6	-	62.3
Derivative financial instruments	0.1	0.1	-	-
Total financial instruments measured at fair value	122.1	53.4	6.4	62.3

	As at 30 June 2013 Unaudited (Restated) £m	Level 1 £m	Level 2 £m	Level 3 £m
Financial assets at fair value through profit or loss	17.5	14.1	3.4	-
Available-for-sale financial assets	72.5	10.6	-	61.9
Derivative financial instruments	0.2	0.2	-	-
Total financial instruments measured at fair value	90.2	24.9	3.4	61.9

	As at 31 December 2013 Audited (Restated) £m	Level 1 £m	Level 2 £m	Level 3 £m
Financial assets at fair value through profit or loss	19.2	14.6	4.6	-
Available-for-sale financial assets	100.3	38.9	-	61.4
Derivative financial instruments	0.4	0.4	-	-
Total financial instruments measured at fair value	119.9	53.9	4.6	61.4

During the period, there were no transfers in or out of Level 1, Level 2 and Level 3 (1H13: £nil; FY13: £nil).

The following is a reconciliation of the movements in the Group's financial instruments classified as Level 3 during the period:

	6 months ended 30 June 2014 Unaudited £m	6 months ended 30 June 2013 Unaudited (Restated) £m	12 months ended 31 December 2013 Audited (Restated) £m
Fair value at 1 January	61.4	62.5	62.5
Additions	1.7	0.4	0.7
Disposals	(0.2)	(2.2)	(2.2)
Transfer from Interim Condensed Consolidated Statement of Comprehensive Income to Interim Condensed Consolidated Income Statement	(0.6)	-	-
Fair value movements recognised in the Interim Condensed Consolidated Statement of Comprehensive Income	-	1.2	0.4
	62.3	61.9	61.4

Notes to the Interim Condensed Consolidated Financial Statements (continued)

14. Contingent liabilities

The 2013 Annual Report and Accounts presented full details of contingent liabilities that the Group was exposed to as at 31 December 2013. During the six months to 30 June 2014, the Group has become party to the following contingent liability:

- Under the Share Sale Agreement dated 30 April 2014 relating to the acquisition of Henderson Global Investors (Holdings) Limited's 50% shareholding in Intrinsic Cirilium Investment Company Limited (ICICL) by its joint venture partner, Intrinsic Financial Services Limited, (which is subject to certain conditions including Financial Conduct Authority approval) the Group provided certain warranties relating to its shareholding and the conduct of ICICL during the period during which it was a joint venture company and indemnified ICICL for (i) 39.7% of losses suffered post-completion relating to its conduct during this period; and (ii) all losses arising to it relating to the period before it became a joint venture company. The warranties (other than certain fundamental warranties) are subject to certain exclusions and limitations including a financial cap and will expire 18 months following completion.

As at the approval date of the Interim Condensed Consolidated Statement of Financial Position, the Group neither foresees nor has it been notified of any claims under outstanding warranties and indemnities from the abovementioned.

15. Movement in controlled entities

On 1 April 2014, the Group contributed its European and Asian property business to a new joint venture with TIAA-CREF. In addition, the Group sold its North American property business to TIAA-CREF. As part of these transactions the Group disposed of its controlling interests in the following entities:

- CLOF II (No1 Nominee) Limited
- Henderson Administration Services Limited
- Henderson Asia-Pacific Indirect Property Fund Management Sarl
- Henderson Beteiligung Verwaltungs GmbH
- Henderson CLOF II (GP) Limited
- Henderson CLOF II (No1 GP) Limited
- Henderson CLOF II (No2 GP) Limited
- Henderson CLOF II (No3 GP) Limited
- Henderson European Retail Property Fund Management Sarl
- Henderson Funds Management Jersey Limited
- Henderson Funds Management Vanquish (Jersey) Limited
- Henderson Funds Management Vanquish II (Jersey) Limited
- Henderson Global Investors (France) SAS
- Henderson Global Investors GP LLC
- Henderson Global Investors GP II LLC
- Henderson Global Investors GP IV LLC
- Henderson Global Investors Immobilien Austria GmbH
- Henderson Global Investors SGR Spa
- Henderson Indirect Property Fund (Europe) Management Sarl
- Henderson Joint Ventures Property Funds Management Sarl
- Henderson Matador LP General Partner Limited
- Henderson OMP (GP) Limited
- Henderson Property Holdings LLC
- Henderson Property Management Company (Lux) No1 Sarl
- Henderson Property Management (Jersey) Limited- Henderson Property Nominees Limited
- Henderson Property UK AIFM Limited
- Henderson Real Estate Asset Management Limited
- Henderson Real Estate Singapore Pte Ltd
- Henderson Shopping Centre Verwaltungs GmbH
- Henderson UK OM (LP1) (GP) Limited
- Henderson UK OM (LP1) Limited
- Henderson UK OM (LP2) (GP) Limited
- Henderson UK OM (LP2) Limited
- Henderson UK OM (LP3) (GP) Limited
- Henderson UK OM (LP3) Limited.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

16. Related parties

Disclosures relating to associates and joint ventures and Group pension schemes are covered in notes 11 and 12 respectively.

Compensation of key management personnel (including Directors)

The remuneration of Code Staff and all Directors, representing key management personnel, is disclosed below:

	6 months ended 30 June 2014 Unaudited £m	6 months ended 30 June 2013 Unaudited £m	12 months ended 31 December 2013 Audited £m
Short-term employee benefits	2.3	2.2	12.7
Post-employment benefits	0.2	0.2	0.4
Share-based payments	8.0	6.2	7.8
	10.5	8.6	20.9

17. Restatements

IFRS 10 restatement

As disclosed in note 2, the Group adopted IFRS 10 on 1 January 2014, which has led to the Interim Condensed Consolidated Statement of Financial Position and Interim Condensed Consolidated Statement of Changes in Equity to be restated. The impact on the six month period ended 30 June 2013 and year ended 31 December 2013 is set out below:

Consolidated Statement of Financial Position

	As at 30 June 2013 Reported £m	Adjustment £m	As at 30 June 2013 Restated £m	As at 31 December 2013 Reported £m	Adjustment £m	As at 31 December 2013 Restated £m
Impact on line items						
Available-for-sale financial assets	49.4	23.1	72.5	39.0	23.1	62.1
Current trade and other receivables	222.6	0.1	222.7	217.1	0.1	217.2
Cash and cash equivalents	189.0	0.6	189.6	216.4	0.6	217.0
Non-current trade and other payables	(9.0)	(23.3)	(32.3)	(26.8)	(23.3)	(50.1)
Impact on net assets						
Net assets	801.4	0.5	801.9	835.8	0.5	836.3

Consolidated Statement of Changes in Equity

	Share capital £m	Share premium £m	Own shares held £m	Translation reserve £m	Revaluation reserve £m	Profit and loss reserve £m	Non-controlling interests £m	Total equity £m
As at 1 January 2013 - reported	139.3	693.8	(100.8)	5.3	7.4	35.6	0.6	781.2
Adjustments	-	-	-	0.4	2.5	(5.9)	3.5	0.5
As at 1 January 2013 - restated	139.3	693.8	(100.8)	5.7	9.9	29.7	4.1	781.7

Notes to the Interim Condensed Consolidated Financial Statements (continued)

17. Restatements (continued)

2013 restatements

As disclosed in note 34 of the 2013 Annual Report and Accounts, the Group made a number of restatements to the Consolidated Income Statement relating to the change in presentation to a columnar format, discontinued operation and deferred income and acquisition costs. The impact of these restatements are reconciled below to the Interim Condensed Consolidated Income Statement reported in the 2013 Interim Report and Accounts:

	6 months ended 30 June 2013 Reported £m	Change in presentation to columnar format £m	Discontinued operation £m	Deferred income and acquisition costs £m	6 months ended 30 June 2013 Restated £m
Gross fee and deferred income	373.3	(1.8)	(34.5)	(46.2)	290.8
Commissions and deferred acquisition costs	(109.6)	-	3.6	46.2	(59.8)
Net fee income	263.7	(1.8)	(30.9)	-	231.0
Income from associates and joint ventures	-	1.8	(0.8)	-	1.0
Finance income	4.3	-	-	-	4.3
Net income from continuing operations	268.0	-	(31.7)	-	236.3
Operating expenses	(160.1)	(2.5)	19.1	-	(143.5)
Amortisation and depreciation	(1.4)	(26.0)	0.1	-	(27.3)
Finance expenses	(5.4)	(0.6)	-	-	(6.0)
Profit before tax from total operations	72.0	-	-	-	72.0
Profit after tax from total operations	65.8	-	-	-	65.8

18. Acquisitions

On 30 June 2014, the Group announced the purchase of the entire issued share capital of Geneva Capital Management for an up-front consideration of US\$130m and two tranches of deferred consideration, payable over six years if revenue retention and growth targets are achieved. The transaction is expected to complete on 1 October 2014, subject to customary client consents.

19. Events after the reporting date

The Board has not, as at the approval date of the Interim Condensed Consolidated Financial Statements, received any information concerning significant conditions in existence at the reporting date, which have not been reflected in the Interim Condensed Consolidated Financial Statements as presented. However, the Board has given due regard to the event described below which occurred after the reporting date.

On 6 August 2014, an interim dividend of 2.60 pence per share was declared by the Board payable on 19 September 2014 to shareholders on the register at 29 August 2014.

Glossary

ASX

Australian Securities Exchange

AUM

Assets under management

Board

The board of directors of Henderson Group plc

bps

Basis points

Code Staff

Employees who perform a significant influence function, senior management and risk takers whose professional activities could have a material impact on the Group's risk profile

Company

Henderson Group plc

compensation ratio

Employee compensation and benefits, divided by net income (excluding income from associates and joint ventures), all from continuing operations

Continuing operations

Continuing operations represent the Group's ongoing business operations excluding the property interests transferred as a result of transactions completed on 1 April 2014

Directors

The directors of Henderson Group plc

EPS

Earnings per share

FX

Foreign exchange

GAAP

Generally accepted accounting principles

Group or Henderson

Henderson Group plc and its controlled entities

IAS

International Accounting Standard

IFRS

International Financial Reporting Standard

LSE

London Stock Exchange

OEIC

Open-ended investment company

operating margin

Net fee income less operating expenses, divided by total net fee income, all from continuing operations

SICAV

Société d'investissement à capital variable (collective investment scheme)

TH Real Estate

TIAA Henderson Real Estate Limited, a property investment management joint venture business between TIAA-CREF and Henderson

underlying profit

Recurring profit before acquisition related and non-recurring items