Henderson GROUP PLC

2015 Interim Results

30 July 2015

Henderson Group plc (Henderson or the Group) published its Interim Results for the six months ended 30 June 2015 on 30 July 2015. The comments below refer to the period from 1 January to 30 June 2015 (the period) unless otherwise stated.

Financial highlights

- Assets under management (AUM) at 30 June 2015 up 10% to £82.1bn (30 June 2014: £74.7bn)
- Net inflows for the period of £5.6bn (30 June 2014: £5.0bn)
- Underlying profit before tax from continuing operations up 29% to £117.4m (30 June 2014: £90.7m)
- Underlying continuing diluted EPS of 8.9p (30 June 2014: 6.8p)
- Capital surplus of £113m without recourse to the waiver from consolidated supervision
- Interim dividend of 3.10p per share (30 June 2014: 2.60p per share)
- Share buyback programme to be initiated in 2H15, with shares to the value of £25.0m to be purchased by year end.

Business update

- Consistently strong investment performance: 83% of funds outperforming relevant metrics over three years as at 30 June 2015
- Annualised net new money growth of 14% in the period (30 June 2014: 15%)
- Sale of 40% stake in TH Real Estate in June 2015
- Acquisitions of Perennial Fixed Interest, Perennial Growth Management and 90 West in Australia announced in June 2015.

Andrew Formica, Chief Executive of Henderson, said: "We are very pleased to have delivered another six months of record net inflows, built on consistently strong investment performance for our clients which highlights the strength of our active approach.

"During the period, we continued to deliver on our strategy and attracted inflows from an increasingly global client base and product line. The acquisitions of Perennial Fixed Interest, Perennial Growth Management and 90 West will accelerate the growth of our Australian business and firmly establish our presence in this important market.

"We remain relatively positive on the market outlook, but are conscious that lingering investor caution during the northern hemisphere summer could affect flows across the industry in the third quarter. Nevertheless, Henderson remains well positioned. With strong sales momentum, increased brand recognition, excellent investment performance and disciplined investment in new initiatives, we are focused on outperforming the market and delivering our ambitious plans for future growth."

Results for Announcement to the Market

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

Amounts in £m unless otherwise stated	**6 months ended 30 June 2015 Unaudited**	6 months ended 30 June 2014 Unaudited & restated[1]	Change %
Management fees (net of commissions)	230.4	193.7	19
Performance fees	48.8	45.2	8
Other income	16.9	15.8	7
Underlying net fee income from continuing operations	**296.1**	254.7	16
Income from associates and joint ventures	0.4	2.0	(80)
Finance income	15.3	5.2	194
Underlying net income from continuing operations	**311.8**	261.9	19
Fixed employee compensation and benefits[1]	(47.6)	(43.0)	(11)
Variable employee compensation and benefits	(84.3)	(71.0)	(19)
Employee compensation and benefits	(131.9)	(114.0)	(16)
Non-staff operating expenses[1]	(56.7)	(51.6)	(10)
Total underlying operating expenses from continuing operations	**(188.6)**	(165.6)	(14)
Finance expenses	(5.8)	(5.6)	(4)
Total underlying expenses from continuing operations	**(194.4)**	(171.2)	(14)
Underlying profit before tax from continuing operations[2]	**117.4**	90.7	29
Underlying profit before tax from discontinued operation	-	6.3	(100)
Underlying profit before tax from total operations	**117.4**	97.0	21
Acquisition related and non-recurring items from total operations	(19.3)	112.7	(117)
Profit before tax from total operations	98.1	209.7	(53)
Tax charge on underlying profit from continuing operations	(15.6)	(12.7)	(23)
Tax charge on underlying profit from discontinued operation	-	(1.0)	100
Tax credit/(charge) on acquisition related and non-recurring items	8.1	(9.4)	186
Total tax charge	(7.5)	(23.1)	68
Profit after tax	90.6	186.6	(51)
Operating margin[3]	36.3%	35.0%	4
Compensation ratio[1,4]	44.5%	44.8%	1
Earnings per share (non-GAAP)[2,5]			
Basic on continuing underlying profit[6]	9.3p	7.2p	29
Diluted on continuing underlying profit[7]	8.9p	6.8p	31

1. Certain items (including training and recruitment agency costs) have been reclassified from employee compensation and benefits to other expenses. There is no impact on prior year profits. Prior full year comparatives were restated in the 2014 Annual Report and Accounts.
2. 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.
3. Net fee income from continuing operations less total operating expenses from continuing operations, divided by net fee income from continuing operations.
4. Employee compensation and benefits from continuing operations, divided by net fee income from continuing operations.
5. Based on continuing underlying profit after tax attributable to owners of the parent.
6. Based on weighted average number of shares in issue less weighted average number of own shares held during the period.
7. 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)

Dividend

On 29 July 2015, the board of directors of Henderson Group plc (the Board) declared an interim dividend in respect of the six months ended 30 June 2015 of 3.10p per share (1H14: 2.60p per share). Henderson Group plc does not offer a dividend reinvestment plan.

	Amount per security pence	**Franked amount per security pence**
2015 interim dividend per share	3.10	-
Record date	28 August 2015	
Payment date	18 September 2015	

Net tangible assets per ordinary share

	30 June 2015 pence	30 June 2014 pence
Net tangible assets per ordinary share	**31**	29

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.

Results for Announcement to the Market (continued)

Market briefing

Management will present these results on 30 July 2015 at 4.45pm (Sydney time)/7.45am (London time).

Webcast details

You can log on to a webcast of the results briefing which will start at 4.45pm (Sydney time)/7.45am (London time). Go to www.henderson.com/ir 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 4.45pm (Sydney time)/7.45am (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	78501636
Chairperson	Andrew Formica
Replay number from:	
United Kingdom	0800 953 1533 Access code: 78501636
All other countries	+44 (0) 1452 550 000 Access code: 78501636
	(available from 30 July to 13 August 2015)

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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 900 employees worldwide and assets under management of £82.1bn (30 June 2015). 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 £3.0bn (28 July 2015).

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

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 website 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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Business Review

In 1H15, we delivered strong investment performance for our clients, record net inflows of £5.6bn, a 29% increase in underlying profit on continuing operations and an increase in continuing underlying diluted EPS of 31%. Our interim dividend has risen to 3.10p per share, and we will initiate a share buyback programme to the value of £25.0m in 2H15, to reflect our strong business performance and improving capital position.

Strategically, we made good progress on our organic growth initiatives, rationalised our involvement in property with the sale of our 40% stake in TH Real Estate and accelerated our growth plans in Australia with the announcement of the acquisitions of Perennial Fixed Interest Pty Ltd (Perennial Fixed Interest), Perennial Growth Management Pty Ltd (Perennial Growth Management) and 90 West Management Limited (90 West).

Assets under management (AUM)

£m	1Q15					2Q15			
	Opening AUM 1 Jan 2015	Net flows	Market/ FX	Acqs & displs[1]	Closing AUM 31 Mar 2015	Net flows	Market/ FX	Acqs & displs[2]	Closing AUM 30 Jun 2015
Retail	46,007	2,898	2,969	470	52,344	1,791	(1,593)	(1,041)	51,501
Institutional	35,155	656	1,196	-	37,007	249	(1,035)	(5,626)	30,595
Total	**81,162**	**3,554**	**4,165**	**470**	**89,351**	**2,040**	**(2,628)**	**(6,667)**	**82,096**

1. Represents the merger of the Old Mutual property fund into Henderson UK Property OEIC.
2. Represents the net impact of the property transactions completed on 1 June 2015 (£5.7bn), the transfer of Richard Pease's European Special Situations fund (£1.0bn) and the additional stake taken by the Group in 90 West in May 2015 (£0.1bn).

AUM increased to £82.1bn at 30 June 2015, reflecting net inflows of £5.6bn, market and FX movements of £1.5bn and a net £6.2bn reduction from acquisitions and disposals.

Net inflows of client money of £5.6bn in the period were ahead of the previous record £5.0bn achieved in the same period in 2014. We benefited from excellent investment performance from European assets during a period of strong client demand. The increasing diversity of our funds meant that our top 10 best-selling funds in the period included long/short equity, fixed income, property and global equity as well as European equities.

Market and FX movements contributed a positive £1.5bn for the period. Markets suffered reversals in June, driven by political uncertainty in Europe and market declines in China. The effect of these reversals was exaggerated by the significant increase in the value of sterling after the unexpected UK election result.

Acquisitions and disposals in the period saw us restructure our involvement in property as an asset class and accelerate our growth plans in Australia. The £470m Old Mutual property fund was merged into the Henderson UK Property OEIC (HUKPOEIC) in 1Q15, and in 2Q15 we sold our 40% stake in TH Real Estate to TIAA-CREF. HUKPOEIC remains one of our best-selling funds, with AUM of £3.7bn, and it will continue to be sub-advised by TH Real Estate. Richard Pease departed with his £1.0bn European Special Situations fund in June 2015, honouring a one-off arrangement struck at the time of the New Star acquisition in 2009. Also in June, we announced the acceleration of our Australian growth plan with three Australian acquisitions. The 90 West transaction closed in May and the Perennial transactions are expected to close in 4Q15.

Business Review (continued)

Investment performance

Investment performance remained strong in the period, with 83% of our funds outperforming on a three year basis.

Percentage of funds at or exceeding benchmark as at 30 June 2015			
Core capability	**AUM**	**1 year**	**3 years**
European Equities	£18.2bn	90%	91%
Global Equities	£26.0bn	79%	69%
Global Fixed Income	£20.6bn	54%	80%
Multi-Asset	£5.1bn	70%	93%
Alternatives	£12.2bn	87%	100%
Total	**£82.1bn**	**76%**	**83%**

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.

Progress on strategic priorities

In our 2013 Annual Report, we described a strategy focused on growth and globalisation which, if implemented successfully, will see us deliver a sustained period of organic growth supplemented by value accretive acquisitions. Assuming market growth in line with the long-term average, the output of our strategy will see a doubling of our assets under management by 2018.

We identified four key areas of focus to achieve our strategic objectives and have made progress in each area during the period.

Deliver first-class investment performance and service to our clients

Investment performance remained strong, with 83% of funds outperforming on a three year basis. Of particular note was our European Equities performance, with 91% of funds outperforming over three years. We continue to strive to put our clients' interests at the heart of every business decision, and were particularly pleased to have built goodwill with our UK retail clients by handling all aspects of Richard Pease's departure in a client-focused manner. By contrast, the flotation of the John Laing Group represented the best possible exit for the private equity funds invested, but we were very disappointed in the outcome for some of our clients.

Shape our global product offering to meet the current and future needs of our clients

Our investments in new capabilities showed good early progress in the period, with our US high yield team delivering top decile performance and our new emerging markets teams attracting client interest earlier than we expected. We continue to develop our global product range, with a greater focus this year on alternatives styles, institutional offerings and our growing businesses in Australia and the US.

Diversify our global business

In the US, integration of Geneva Capital Management LLC (Geneva) is proceeding well, with investment performance improving and outflows slowing as client demand for Geneva's quality growth investment style rebuilds. In June 2015, we announced the acquisitions of Perennial Fixed Interest, Perennial Growth Management and 90 West in Australia, which together will add c£5.6bn of AUM, combine domestic investment management capabilities with our globally-focused offerings and provide exposure to a broader institutional and retail client base. The 90 West transaction closed in May 2015 and the Perennial transactions are due to close in 4Q15.

Operate efficiently

Building operating leverage and capital strength are key components of our growth and globalisation strategy. A key area of focus this year is to deliver an improvement in our operating margin after a period of carefully targeted investment in our business, so we are pleased to be able to report a 1H15 operating margin of 36.3%, up from 35.0% in 1H14. We are also pleased to have delivered a regulatory capital surplus of £113m, without recourse to our waiver from consolidated supervision. Given strong business results and an improved capital position, we have decided to initiate a share buyback programme in 2H15 to the value of £25.0m.

Financial Review

The commentary below refers to continuing underlying profit which, while not a GAAP measure, in the opinion of the Directors gives relevant information on the profitability of the Group and its ongoing operations.

Financial performance

Underlying profit before tax on continuing operations for the period was £117.4m, up 29% compared to 1H14. The most significant contributor to this growth was a 19% increase in management fees, driven by continued strong inflows in 1H15.

With investment in new capabilities having peaked in 2014, we delivered an improved operating margin in 1H15 of 36.3% (1H14: 35.0%).

Income drivers

Underlying net income from continuing operations for the period was £311.8m, up 19%. Management fees increased to £230.4m (1H14: £193.7m), reflecting a sustained period of strong inflows and investment performance. Management fee margins averaged 56.7bps compared to 57.8bps for FY14, with the reduction driven by changes in business mix. Recent fixed income mandate wins and the run-off of our private equity business reduced average institutional margins, while strength in our retail equities business had a positive mix effect.

Performance fees of £48.8m (1H14: £45.2m) reflected continued strong investment returns for our clients, with a strong contribution from the SICAV range and good absolute return performance.

Other income, largely administration fees charged on UK funds, was up slightly at £16.9m.

Income from associates and joint ventures reduced significantly to £0.4m (1H14: £2.0m), reflecting lower profits from TH Real Estate before we sold our 40% stake on 1 June 2015, together with the impact of the disposal of the Intrinsic Cirilium Investment Company Limited joint venture on 1 December 2014.

Finance income increased to £15.3m (1H14: £5.2m), boosted by a £9.1m gain on the seed capital we had invested in property funds which we have now sold.

Expense drivers

Total expenses from continuing operations were £194.4m, up 14%.

Fixed employee compensation and benefits were up 11% to £47.6m. This reflects the integration of Geneva, wage increases and the full year effect of last year's investments, as well as a limited number of new hires.

Variable employee compensation and benefits were up 19% to £84.3m – the outcome of our remuneration schemes being structured to reward strong business results, particularly investment performance and flows. Despite the rise in variable compensation, our compensation ratio fell from 44.8% in 1H14 to 44.5% in 1H15.

Non-staff operating expenses increased by 10% to £56.7m as we capitalised on strong sales momentum and continued to build out our global infrastructure, in part to accommodate regulatory change.

Tax

The tax charge on the Group's continuing underlying profit for the period was £15.6m, with one-off credits in 1H15 resulting in an effective tax rate of 13.3%.

Earnings per share (EPS)

Diluted underlying EPS on continuing operations was 8.9p per share, up 31%. This increase reflects a number of factors, the largest of which being higher underlying profits, with a lower tax rate and the reduction in the weighted average number of shares in issue also contributing to the rise.

Acquisition related and non-recurring items

Acquisition related and non-recurring items are disclosed separately from the Group's underlying profit to provide a clearer view of the components of total profit. Total losses from these items were £11.2m in 1H15. Acquisition related losses of £23.6m after tax were offset by a non-recurring gain of £12.4m after tax, which mainly relates to the sale of the Group's 40% stake in TH Real Estate.

Financial Review (continued)

Capital and liquidity management

Total cash and cash equivalents at 30 June 2015 were £282.9m. Unrestricted cash stood at £269.1m after excluding manager dealing accounts, restricted cash and cash held in consolidated structured entities.
With gross debt at par amounting to £150.0m, the Group had a net cash position of £119.1m at 30 June 2015 (30 June 2014: £102.8m). We intend to repay our £150.0m senior notes maturing in March 2016 from cash resources.

With regard to our regulatory capital position, we will continue to operate under an investment firm waiver from consolidated supervision until April 2016. However, based on our own calculations, we had a regulatory capital surplus of £113m at 30 June 2015 without recourse to the waiver (31 December 2014: £44.0m). This includes deductions for the interim dividend and share buyback.

Dividend

The Board declared an interim dividend of 3.10p per share in respect of the six months ended 30 June 2015 (30 June 2014: 2.60p per share). In setting the interim dividend, the Board considered earnings excluding the one-off profit on the sale of seed capital investments in property funds. We continue to operate a progressive ordinary dividend policy and expect to grow ordinary dividends broadly in line with earnings growth over the medium term.

Share buyback

In the last six months, our capital position has significantly strengthened and is now at a satisfactory level. This gives us increased flexibility around how we choose to redeploy cash flow and capital, whether that be through organic investment, acquisitions or returns to shareholders. Reflecting our strong business performance and improved capital position, we are now in a position to consider enhancing returns to shareholders, in addition to the ordinary dividend policy. In light of this, the Board has decided to implement a share buyback programme of £25.0m during the course of 2H15.

Financial Review (continued)

Summary of movements in AUM

£m	Opening AUM[1] 1 Jan 2015	Net flows 1H15	Market/FX 1H15	Acquisitions & disposals[2,6] 1H15	Closing AUM 30 Jun 2015[2]	Closing AUM net management fee bps 30 Jun 2015[3]
Retail						
UK OEICs/Unit Trusts/Other[4]	20,615	703	736	(571)	21,483	
SICAVs	14,171	2,585	43	-	16,799	
US Mutuals	6,005	1,346	301	-	7,652	
Investment Trusts	5,216	55	296	-	5,567	
Total Retail	**46,007**	**4,689**	**1,376**	**(571)**	**51,501**	**74**
Institutional						
UK OEICs/Unit Trusts	9,093	(114)	90	-	9,069	
SICAVs	1,266	334	(14)	-	1,586	
Offshore Absolute Return funds	2,513	(29)	66	(249)	2,301	
Segregated Mandates	15,530	767	281	340	16,918	
TH Real Estate (40% share)	5,650	154	(87)	(5,717)	-	
Private Equity funds	823	(128)	(179)	-	516	
Other[5]	280	(79)	4	-	205	
Total Institutional	**35,155**	**905**	**161**	**(5,626)**	**30,595**	**28**
TOTAL GROUP	**81,162**	**5,594**	**1,537**	**(6,197)**	**82,096**	**57**

By capability						
European Equities	15,265	2,748	1,193	(1,041)	18,165	
Global Equities	25,731	(782)	934	91	25,974	
Global Fixed Income	19,196	1,861	(476)	-	20,581	
Multi-Asset	5,211	(191)	98	-	5,118	
Alternatives	15,759	1,958	(212)	(5,247)	12,258	
TOTAL GROUP	**81,162**	**5,594**	**1,537**	**(6,197)**	**82,096**	

By asset class						
Equity	50,706	3,049	2,187	(950)	54,992	**69**
Fixed Income	21,322	2,035	(484)	-	22,873	**32**
Property	8,295	637	14	(5,247)	3,699	**n/a**
Private Equity	839	(127)	(180)	-	532	**n/a**
TOTAL GROUP	**81,162**	**5,594**	**1,537**	**(6,197)**	**82,096**	**57**

Absolute Return sub analysis						
Retail	3,395	967	(100)	-	4,262	
Institutional	3,222	213	(118)	-	3,317	
TOTAL ABSOLUTE RETURN	**6,617**	**1,180**	**(218)**	**-**	**7,579**	

1. 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 joint venture partner, the Group 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, 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.
2. Acquisitions and disposals reflect the merger of the Old Mutual property fund into Henderson UK Property OEIC, £0.5bn, the net impact of the property transactions completed on 1 June 2015, (£5.7bn), the transfer of Richard Pease's European Special Situations fund, (£1.0bn), and the additional stake taken by the Group in 90 West in May 2015, £0.1bn.
3. AUM used for margin purposes excludes joint venture and associate AUM (except where either Henderson sub-advises the AUM or where the AUM is contracted to Henderson and sub-advised by the joint venture partner).
4. Other includes Australian managed investment schemes and Singapore Mutuals.
5. Includes US Mutuals and Managed Collateralised Debt Obligations (CDOs).
6. Includes a reclassification from Segregated Mandates to Offshore Absolute Return of £0.2bn. The acquisition of the additional stake in 90 West, representing £0.1bn, is included in the £0.3bn for Segregated Mandates.

Consolidated Financial Results

	1H15	1H14	FY14	FY13	FY12	FY11
	Unaudited	Unaudited & restated[1]	Audited	Audited	Unaudited	Unaudited
	£m	£m	£m	£m	£m	£m
Income						
Management fees (net of commissions)	**230.4**	193.7	403.5	331.9	301.9	309.8
Performance fees	**48.8**	45.2	82.8	94.5	30.4	63.4
Other income	**16.9**	15.8	32.5	34.9	39.2	48.3
Underlying net fee income from continuing operations	**296.1**	254.7	518.8	461.3	371.5	421.5
Income/(loss) from associates and joint ventures	**0.4**	2.0	5.1	1.8	-	(0.9)
Finance income	**15.3**	5.2	10.1	10.2	14.1	11.6
Underlying net income from continuing operations	**311.8**	261.9	534.0	473.3	385.6	432.2
Expenses						
Fixed employee compensation and benefits[1]	**(47.6)**	(43.0)	(88.4)	(80.6)	(83.3)	(82.3)
Variable employee compensation and benefits	**(84.3)**	(71.0)	(143.6)	(128.8)	(70.6)	(96.5)
Employee compensation and benefits	**(131.9)**	(114.0)	(232.0)	(209.4)	(153.9)	(178.8)
Investment administration	**(15.4)**	(15.0)	(30.2)	(24.4)	(24.8)	(27.2)
Information technology	**(9.8)**	(8.2)	(17.1)	(17.1)	(14.4)	(13.5)
Office expenses	**(8.1)**	(7.0)	(15.0)	(13.7)	(13.3)	(13.3)
Depreciation	**(2.6)**	(2.2)	(4.7)	(3.2)	(2.8)	(2.9)
Other expenses[1]	**(20.8)**	(19.2)	(35.6)	(28.9)	(35.5)	(39.0)
Total underlying operating expenses from continuing operations	**(188.6)**	(165.6)	(334.6)	(296.7)	(244.7)	(274.7)
Finance expenses	**(5.8)**	(5.6)	(11.6)	(11.1)	(14.3)	(17.2)
Total underlying expenses from continuing operations	**(194.4)**	(171.2)	(346.2)	(307.8)	(259.0)	(291.9)
Underlying profit before tax from continuing operations[2]	**117.4**	90.7	187.8	165.5	126.6	140.3
Underlying profit before tax from discontinued operation	**-**	6.3	7.6	24.6	26.4	19.7
Underlying profit before tax from total operations[2]	**117.4**	97.0	195.4	190.1	153.0	160.0
Tax on underlying profit from continuing operations	**(15.6)**	(12.7)	(20.6)	(17.9)	(15.3)	(30.2)
Tax on underlying profit from discontinued operation	**-**	(1.0)	(1.3)	(2.9)	(4.2)	(3.4)
Total underlying profit after tax	**101.8**	83.3	173.5	169.3	133.5	126.4
Acquisition related items	**(30.3)**	(29.2)	(57.0)	(58.4)	(64.1)	(77.0)
Non-recurring items	**11.0**	141.9	145.0	(4.3)	13.8	(69.2)
Tax on acquisition related items	**6.7**	5.2	11.2	17.9	18.5	19.4
Tax on non-recurring items	**1.4**	(14.6)	(14.2)	0.6	4.7	16.2
Non-recurring tax credit	**-**	-	-	-	-	18.9
Total acquisition related and non-recurring items after tax	**(11.2)**	103.3	85.0	(44.2)	(27.1)	(91.7)
Total profit	**90.6**	186.6	258.5	125.1	106.4	34.7
Attributable to:						
Owners of the parent	**90.6**	186.6	258.5	125.1	106.2	34.8
Non-controlling interests	**-**	-	-	-	0.2	(0.1)
Continuing key performance indicators (unaudited)						
Operating margin[3] (%)	**36.3**	35.0	35.5	35.7	34.1	34.8
Compensation ratio[1,4] (%)	**44.5**	44.8	44.7	45.4	41.4	42.4
Average number of full-time employees	**929**	857	875	812	861	838
Assets under management (AUM) at period end (£bn)	**82.1**	74.7	81.2	63.7	53.9	52.7
Average AUM for the period (£bn) for margin calculations on continuing basis	**81.8**	66.7	69.9	59.0	53.4	56.2
Management fee margin (bps)	**56.7**	58.1	57.8	56.3	56.5	55.1
Total fee margin (bps)	**72.4**	76.4	74.3	78.2	69.6	75.0
Net margin[5] (bps)	**28.7**	27.2	26.9	28.1	23.7	25.0
Basic and diluted earnings per share (EPS)						
Weighted average number of ordinary shares for basic EPS (m)	**1,095.4**	1,080.4	1,085.2	1,058.8	1,034.0	954.1
Weighted average number of ordinary shares for diluted EPS (m)	**1,146.7**	1,153.4	1,139.8	1,137.0	1,082.0	1,012.7
Basic on continuing underlying profit[2,6] (p)	**9.3**	7.2	15.4	13.9	10.8	11.6
Basic on total underlying profit[2,6] (p)	**9.3**	7.7	16.0	16.0	12.9	13.3
Basic (p)	**8.3**	17.3	23.8	11.8	10.3	3.6
Diluted on continuing underlying profit[2,6] (p)	**8.9**	6.8	14.7	13.0	10.3	10.9
Diluted on total underlying profit[2,6] (p)	**8.9**	7.2	15.2	14.9	12.3	12.5
Diluted (p)	**7.9**	16.2	22.7	11.0	9.8	3.4
Dividend per share (p)	**3.10**	2.60	9.00	8.00	7.15	7.00
Investment performance[7] (unaudited)						
Funds at or exceeding benchmark over one year (%)	**76**	69	66	78	73	59
Funds at or exceeding benchmark over three years (%)	**83**	86	83	82	69	66

1. Certain items (including training and recruitment agency costs) have been reclassified from employee compensation and benefits to other expenses. There is no impact on prior year profits. Prior full year comparatives were restated in the 2014 Annual Report and Accounts.
2. 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.
3. Net fee income from continuing operations less total operating expenses from continuing operations, divided by net fee income from continuing operations.
4. Employee compensation and benefits from continuing operations, divided by net fee income from continuing operations.
5. Net margin calculated on underlying profit before tax.
6. Based on underlying profit after tax attributable to equity holders of the parent.
7. Asset-weighted investment performance of funds measured over one and three years.

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 2014 Annual Report and Accounts on pages 36 to 39 and the related governance framework is set out on pages 44 to 56. These risks and the Group's response to them have not changed significantly from those described in the Group's 2014 Annual Report and Accounts.

On 2 June 2015, the Group announced the acquisition of Perennial Fixed Interest and Perennial Growth Management, fixed income and equity managers respectively based in Australia. In a separate transaction, the Group completed the acquisition of the remaining equity that it did not already own in the Australian equity manager, 90 West. The Perennial transactions are expected to close in 4Q15. An appropriate governance structure has been established to oversee the steps necessary for the Perennial acquisitions to be completed and for these, and the 90 West businesses to be managed in accordance with the Group's standard operating model. 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 2015. The Board approved the financial results for the six months ended 30 June 2015 on 29 July 2015.

Directors

The Directors who served during the six months ended 30 June 2015 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.

All Directors are expected to stand for reappointment at the 2016 Annual General Meeting.

Business review and results

The Group's results for the six months ended 30 June 2015 are shown in the Interim Consolidated Income Statement on page 19. A review of the six months ended 30 June 2015 and future business developments is covered in the Business and Financial Reviews on pages 7 to 11.

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

PricewaterhouseCoopers LLP were reappointed as independent auditors on 30 April 2015 at the 2015 Annual General Meeting.

Directors' declaration

In the opinion of the Directors:

- the Interim Condensed Consolidated Financial Statements set out on pages 19 to 41:

  - 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 2015 and of its performance for the six months ended on that date; and

  - have been prepared in accordance with the Disclosure and Transparency Rule 4.2.6R of the United Kingdom's 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;

- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due; and

- the financial records of the Group have been properly maintained and the Interim Condensed Consolidated Financial Statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Group and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Directors’ Report (continued)

Signed in accordance with a resolution of the Board:

Andrew Formica
Chief Executive
29 July 2015

Roger Thompson
Chief Financial Officer
29 July 2015

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
29 July 2015

Roger Thompson
Chief Financial Officer
29 July 2015

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 2015. 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 Consolidated Statement of Financial Position as at 30 June 2015;
- the Interim Consolidated Income Statement and Interim Consolidated Statement of Comprehensive Income for the period then ended;
- the Interim Consolidated Statement of Changes in Equity for the period then ended;
- the Interim Consolidated Statement of Cash Flows for the period then ended; and
- the 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 (IFRS) 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.

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.

Independent Review Report to Henderson Group plc (continued)

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
29 July 2015

7 More London Riverside
London
SE1 2RT

Notes:

- The maintenance and integrity of the Henderson Group plc website are 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 Consolidated Income Statement

For the six months ended 30 June 2015

		6 months ended 30 June 2015 Unaudited			6 months ended 30 June 2014 Unaudited		
	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	**365.4**	**-**	**365.4**	321.1	-	321.1
Commissions and deferred acquisition costs		**(69.3)**	**-**	**(69.3)**	(66.4)	-	(66.4)
Net fee income		**296.1**	**-**	**296.1**	254.7	-	254.7
Income/(loss) from associates and joint ventures	11	**0.4**	**(0.5)**	**(0.1)**	2.0	(2.6)	(0.6)
Finance income		**15.3**	**11.5**	**26.8**	5.2	-	5.2
Net income from continuing operations		**311.8**	**11.0**	**322.8**	261.9	(2.6)	259.3
Expenses							
Operating expenses		**(186.0)**	**(0.8)**	**(186.8)**	(163.4)	-	(163.4)
Amortisation and depreciation		**(2.6)**	**(28.6)**	**(31.2)**	(2.2)	(26.0)	(28.2)
Total operating expenses		**(188.6)**	**(29.4)**	**(218.0)**	(165.6)	(26.0)	(191.6)
Finance expenses		**(5.8)**	**(0.9)**	**(6.7)**	(5.6)	(0.6)	(6.2)
Total expenses from continuing operations		**(194.4)**	**(30.3)**	**(224.7)**	(171.2)	(26.6)	(197.8)
Profit/(loss) before tax from continuing operations		**117.4**	**(19.3)**	**98.1**	90.7	(29.2)	61.5
Tax (charge)/credit on continuing operations		**(15.6)**	**8.1**	**(7.5)**	(12.7)	5.2	(7.5)
Profit/(loss) after tax from continuing operations		**101.8**	**(11.2)**	**90.6**	78.0	(24.0)	54.0
Discontinued operation							
- Profit before tax	7	**-**	**-**	**-**	6.3	141.9	148.2
- Tax charge	7	**-**	**-**	**-**	(1.0)	(14.6)	(15.6)
- Profit after tax from discontinued operation		**-**	**-**	**-**	5.3	127.3	132.6
Profit/(loss) before tax from total operations		**117.4**	**(19.3)**	**98.1**	97.0	112.7	209.7
Tax (charge)/credit on total operations	6	**(15.6)**	**8.1**	**(7.5)**	(13.7)	(9.4)	(23.1)
Profit/(loss) after tax attributable to owners of the parent		**101.8**	**(11.2)**	**90.6**	83.3	103.3	186.6
Total profit attributable to owners of the parent arises from:							
Continuing operations				**90.6**			54.0
Discontinued operation				**-**			132.6
				90.6			186.6
Basic and diluted earnings per share from continuing operations							
Basic	9.3			**8.3p**			5.0p
Diluted	9.3			**7.9p**			4.7p
Basic and diluted earnings per share from total operations							
Basic	9.4			**8.3p**			17.3p
Diluted	9.4			**7.9p**			16.2p

Interim Consolidated Income Statement (continued)

		12 months ended 31 December 2014 Audited		
	Notes	Underlying profit £m	Acquisition related and non-recurring items (note 5) £m	Total £m
Income				
Gross fee and deferred income	3	651.2	-	651.2
Commissions and deferred acquisition costs		(132.4)	-	(132.4)
Net fee income		518.8	-	518.8
Income/(loss) from associates and joint ventures	11	5.1	(7.2)	(2.1)
Finance income		10.1	11.5	21.6
Net income from continuing operations		534.0	4.3	538.3
Expenses				
Operating expenses		(329.9)	(1.3)	(331.2)
Amortisation and depreciation		(4.7)	(53.7)	(58.4)
Total operating expenses		(334.6)	(55.0)	(389.6)
Finance expenses		(11.6)	(1.5)	(13.1)
Total expenses from continuing operations		(346.2)	(56.5)	(402.7)
Profit/(loss) before tax from continuing operations		187.8	(52.2)	135.6
Tax (charge)/credit on continuing operations		(20.6)	11.9	(8.7)
Profit/(loss) after tax from continuing operations		167.2	(40.3)	126.9
Discontinued operation				
- Profit before tax	7	7.6	140.2	147.8
- Tax charge	7	(1.3)	(14.9)	(16.2)
- Profit after tax from discontinued operation		6.3	125.3	131.6
Profit before tax from total operations		195.4	88.0	283.4
Tax charge on total operations	6	(21.9)	(3.0)	(24.9)
Profit after tax attributable to owners of the parent		173.5	85.0	258.5

Total profit attributable to owners of the parent arises from:		
Continuing operations		126.9
Discontinued operation		131.6
		258.5
Basic and diluted earnings per share from continuing operations		
Basic	9.3	11.7p
Diluted	9.3	11.1p
Basic and diluted earnings per share from total operations		
Basic	9.4	23.8p
Diluted	9.4	22.7p

Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

	Notes	**6 months ended 30 June 2015 Unaudited £m**	6 months ended 30 June 2014 Unaudited £m	12 months ended 31 December 2014 Audited £m
Profit after tax		**90.6**	186.6	258.5
Other comprehensive (expense)/income				
Items that may be reclassified to the Consolidated Income Statement				
Exchange differences on translation of foreign operations		**(7.9)**	(3.8)	0.1
Exchange differences transferred to the Consolidated Income Statement on disposal of foreign operations		**0.5**	(1.9)	(1.9)
Available-for-sale financial assets:				
Net gains on revaluation		**13.5**	-	3.5
Reclassification to the Consolidated Income Statement on impairment due to distribution		**-**	0.6	0.6
Reclassification to the Consolidated Income Statement on disposal		**(9.2)**	-	(6.7)
Tax effect of revaluation	6	**-**	-	0.1
Items that will not be reclassified to the Consolidated Income Statement				
Actuarial (losses)/gains:				
On defined benefit pension schemes (after tax deducted at source)	12.3	**(2.7)**	(0.9)	17.6
On other items		**-**	-	0.1
Tax effect of actuarial (losses)/gains	6	**-**	0.1	0.1
Other comprehensive (expense)/income after tax		**(5.8)**	(5.9)	13.5
Total comprehensive income after tax		**84.8**	180.7	272.0
Attributable to:				
Owners of the parent		**78.6**	180.7	273.6
Non-controlling interests		**6.2**	-	(1.6)
		84.8	180.7	272.0

Interim Consolidated Statement of Financial Position

As at 30 June 2015

	Notes	30 June 2015 Unaudited £m	30 June 2014 Unaudited £m	31 December 2014 Audited £m
Non-current assets				
Intangible assets		**657.9**	618.6	677.9
Investments accounted for using the equity method	11	**2.8**	79.1	74.4
Property and equipment		**14.5**	15.4	15.1
Retirement benefit assets	12.1	**127.9**	106.2	128.1
Deferred tax assets		**32.4**	40.1	36.0
Trade and other receivables		**0.1**	39.0	1.3
		835.6	898.4	932.8
Current assets				
Available-for-sale financial assets	13	**62.0**	63.0	71.0
Financial assets at fair value through profit or loss	13	**123.7**	29.2	35.9
Current tax assets		**0.9**	-	2.3
Trade and other receivables		**342.3**	300.5	275.9
Cash and cash equivalents	13	**282.9**	272.4	234.5
		811.8	665.1	619.6
Assets classified as held for sale	7	**-**	29.9	84.8
Total assets		**1,647.4**	1,593.4	1,637.2
Non-current liabilities				
Debt instrument in issue	13	**-**	149.2	149.4
Trade and other payables		**49.6**	45.7	44.6
Retirement benefit obligations	12.1	**8.6**	8.1	8.5
Provisions		**11.6**	11.7	9.7
Deferred tax liabilities		**33.6**	44.1	38.9
		103.4	258.8	251.1
Current liabilities				
Debt instrument in issue	13	**149.7**	-	-
Trade and other payables		**362.8**	348.5	316.0
Provisions		**1.1**	3.0	3.1
Current tax liabilities		**17.1**	30.7	23.0
		530.7	382.2	342.1
Liabilities classified as held for sale	7	**-**	-	26.0
Total liabilities		**634.1**	641.0	619.2
Net assets		**1,013.3**	952.4	1,018.0
Capital and reserves				
Share capital		**142.6**	141.6	142.4
Share premium		**747.9**	731.1	743.9
Own shares held		**(101.4)**	(85.1)	(94.7)
Translation reserve		**(9.1)**	(5.6)	(1.7)
Revaluation reserve		**7.9**	11.3	9.8
Profit and loss reserve		**217.3**	155.6	216.4
Equity attributable to owners of the parent		**1,005.2**	948.9	1,016.1
Non-controlling interests		**8.1**	3.5	1.9
Total equity		**1,013.3**	952.4	1,018.0

Approved by the Board on 29 July 2015.

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Share capital	Share premium	Own shares held	Translation reserve	Revaluation reserve	Profit and loss reserve	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2014	140.4	708.6	(69.4)	0.1	10.7	41.9	832.3	4.0	836.3
Profit after tax	-	-	-	-	-	186.6	186.6	-	186.6
Other comprehensive (expense)/income after tax	-	-	-	(5.7)	0.6	(0.8)	(5.9)	-	(5.9)
Total comprehensive (expense)/income	-	-	-	(5.7)	0.6	185.8	180.7	-	180.7
Disposal of non-controlling interest	-	-	-	-	-	-	-	(0.5)	(0.5)
Dividends paid to equity shareholders	-	-	-	-	-	(64.0)	(64.0)	-	(64.0)
Purchase of own shares	-	-	(26.8)	-	-	-	(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	-	0.4
Movement in equity-settled share scheme expenses	-	-	-	-	-	20.9	20.9	-	20.9
Tax on equity-settled share schemes	-	-	-	-	-	5.4	5.4	-	5.4
At 30 June 2014	141.6	731.1	(85.1)	(5.6)	11.3	155.6	948.9	3.5	952.4
Profit after tax	-	-	-	-	-	71.9	71.9	-	71.9
Other comprehensive income/(expense) after tax	-	-	-	3.9	(1.5)	18.6	21.0	(1.6)	19.4
Total comprehensive income/(expense)	-	-	-	3.9	(1.5)	90.5	92.9	(1.6)	91.3
Dividends paid to equity shareholders	-	-	-	-	-	(28.9)	(28.9)	-	(28.9)
Purchase of own shares	-	-	(6.2)	-	-	-	(6.2)	-	(6.2)
Vesting of share schemes	-	-	9.8	-	-	(9.8)	-	-	-
Issue of shares for share schemes	0.8	12.8	(13.2)	-	-	-	0.4	-	0.4
Movement in equity-settled share scheme expenses	-	-	-	-	-	14.4	14.4	-	14.4
Tax on equity-settled share schemes	-	-	-	-	-	(5.4)	(5.4)	-	(5.4)
At 31 December 2014	142.4	743.9	(94.7)	(1.7)	9.8	216.4	1,016.1	1.9	1,018.0
Profit after tax	**-**	**-**	**-**	**-**	**-**	**90.6**	**90.6**	**-**	**90.6**
Other comprehensive (expense)/income after tax	**-**	**-**	**-**	**(7.4)**	**(1.9)**	**(2.7)**	**(12.0)**	**6.2**	**(5.8)**
Total comprehensive (expense)/income	**-**	**-**	**-**	**(7.4)**	**(1.9)**	**87.9**	**78.6**	**6.2**	**84.8**
Dividends paid to equity shareholders	**-**	**-**	**-**	**-**	**-**	**(70.9)**	**(70.9)**	**-**	**(70.9)**
Purchase of own shares	**-**	**-**	**(50.5)**	**-**	**-**	**-**	**(50.5)**	**-**	**(50.5)**
Vesting of share schemes	**-**	**-**	**48.0**	**-**	**-**	**(48.0)**	**-**	**-**	**-**
Issue of shares for share schemes	**0.2**	**4.0**	**(4.2)**	**-**	**-**	**-**	**-**	**-**	**-**
Movement in equity-settled share scheme expenses	**-**	**-**	**-**	**-**	**-**	**25.0**	**25.0**	**-**	**25.0**
Tax on equity-settled share schemes	**-**	**-**	**-**	**-**	**-**	**6.9**	**6.9**	**-**	**6.9**
At 30 June 2015	**142.6**	**747.9**	**(101.4)**	**(9.1)**	**7.9**	**217.3**	**1,005.2**	**8.1**	**1,013.3**

Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Notes	**6 months ended 30 June 2015 Unaudited £m**	6 months ended 30 June 2014 Unaudited £m	12 months ended 31 December 2014 Audited £m
Net cash flows generated from operating activities	10	**63.6**	22.6	123.0
Cash flows from investing activities				
Proceeds from disposals of:				
- Property business, net of cash disposed		**-**	101.7	104.7
- seed capital investments		**30.2**	15.1	37.9
- interests in associates		**84.0**	-	13.7
- plant and equipment		**-**	-	0.4
Acquisition of subsidiaries, including cash acquired		**(1.6)**	-	(76.1)
Dividends from associates and distributions from joint ventures		**-**	2.4	3.8
Purchases of:				
- seed capital investments		**(12.3)**	(7.0)	(77.1)
- property and equipment		**(0.7)**	(0.3)	(1.6)
- computer software intangible assets		**(2.4)**	(2.2)	(4.1)
- investments in associates and joint ventures		**(4.0)**	(0.8)	(0.8)
- investment management contracts		**(2.6)**	-	-
Net cash flows generated from investing activities		**90.6**	108.9	0.8
Cash flows from financing activities				
Proceeds from issue of shares		**8.0**	3.6	7.3
Purchase of own shares for share schemes		**(50.5)**	(23.4)	(33.0)
Dividends paid to equity shareholders	8	**(70.9)**	(64.0)	(92.9)
Interest paid on debt instrument in issue		**(5.4)**	(5.4)	(10.9)
Non-controlling interests' investments in consolidated funds		**5.9**	-	28.8
Payments to non-controlling interests on seed capital investments		**-**	-	(12.2)
Net cash flows used in financing activities		**(112.9)**	(89.2)	(112.9)
Effects of exchange rate changes		**(1.2)**	(2.2)	(0.4)
Net increase in cash and cash equivalents		**40.1**	40.1	10.5
Cash and cash equivalents at beginning of period		**242.8**	232.3	232.3
Cash and cash equivalents at end of period		**282.9**	272.4	242.8

Reconciliation of cash and cash equivalents

	As at 30 June 2015 Unaudited £m	As at 30 June 2014 Unaudited £m	As at 31 December 2014 Audited £m
Cash and cash equivalents	**282.9**	272.4	234.5
Cash and cash equivalents classified as held for sale	**-**	-	8.3
Total cash and cash equivalents	**282.9**	272.4	242.8

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 2015 were authorised for issue by the Board on 29 July 2015.

The results for the six months ended 30 June 2015 are unaudited but have been reviewed by the auditors, PricewaterhouseCoopers LLP. The results for the six months ended 30 June 2014 were also unaudited but were reviewed by PricewaterhouseCoopers LLP. The condensed comparative figures for the full year ended 31 December 2014 have been taken from the Henderson Group plc Annual Report and Accounts. The 2014 financial statements in the 2014 Annual Report and Accounts were audited by PricewaterhouseCoopers LLP and their report was unqualified. Henderson Group plc's 2014 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 2015 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 2014 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 for at least 12 months from the date of approval of the 2015 Interim Results. The Directors closely monitored the material uncertainties inherent in current and expected market conditions, the trading performance of the Group and the debt instruments issued by the Group in 2011. After thorough examination, 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, continue to adopt the going concern basis in preparing the Interim Report and Accounts. This has been considered as part of the Group's Risk Management procedures set out in the Risk Management section of the Interim Report and Accounts. 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 2014 Annual Report and Accounts.

3. Segmental information

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, being European Equities, Global Equities, Global Fixed Income, Multi-Asset and Alternatives, including Private Equity and Property. 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 from continuing operations

	6 months ended 30 June 2015 Unaudited £m	6 months ended 30 June 2014 Unaudited £m	12 months ended 31 December 2014 Audited £m
UK OEICs/unit trusts	**135.4**	130.0	254.9
SICAVs	**125.4**	85.5	178.7
US mutuals	**32.2**	29.3	57.1
Segregated mandates	**30.1**	24.8	51.8
Offshore absolute return funds	**20.5**	30.0	63.3
Other	**21.8**	21.5	45.4
Gross fee and deferred income	**365.4**	321.1	651.2

Geographic information

Revenues from clients from continuing operations

	6 months ended 30 June 2015 Unaudited £m	6 months ended 30 June 2014 Unaudited £m	12 months ended 31 December 2014 Audited £m
UK	**234.9**	225.3	447.2
Luxembourg	**83.5**	62.2	132.3
Americas	**44.6**	30.8	66.5
Japan	**0.9**	0.4	0.8
Singapore	**0.7**	1.1	1.9
Australia	**0.5**	0.3	1.1
Other	**0.3**	1.0	1.4
Gross fee and deferred income	**365.4**	321.1	651.2

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 2015 Unaudited £m	As at 30 June 2014 Unaudited £m	As at 31 December 2014 Audited £m
UK	**578.9**	700.1	670.4
Americas	**84.3**	3.4	88.3
Other	**12.0**	9.6	8.7
	675.2	713.1	767.4

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 other income accruing evenly during 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. Finance income includes gains on disposal of seed capital investments and consequently can fluctuate.

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

Acquisition related and non-recurring items relating to the discontinued operation are analysed in note 7.

	6 months ended 30 June 2015			6 months ended 30 June 2014		
	Acquisition related items Unaudited £m	**Non-recurring items Unaudited £m**	**Total Unaudited £m**	Acquisition related items Unaudited £m	Non-recurring items Unaudited £m	Total Unaudited £m
Loss from associates and joint ventures						
Associate intangible amortisation	**0.8**	**-**	**0.8**	2.6	-	2.6
TH Real Estate establishment costs	**-**	**(0.3)**	**(0.3)**	-	-	-
	0.8	**(0.3)**	**0.5**	2.6	-	2.6
Finance income						
TH Real Estate gain on sale	**-**	**(11.4)**	**(11.4)**	-	-	-
Australian acquisitions	**-**	**(0.1)**	**(0.1)**	-	-	-
	-	**(11.5)**	**(11.5)**	-	-	-
Operating expenses and amortisation						
Intangible amortisation	**28.6**	**-**	**28.6**	26.0	-	26.0
Australian acquisitions	**-**	**0.8**	**0.8**	-	-	-
	28.6	**0.8**	**29.4**	26.0	-	26.0
Finance expenses						
Void property finance charge	**0.4**	**-**	**0.4**	0.6	-	0.6
Geneva deferred consideration finance charge	**0.5**	**-**	**0.5**	-	-	-
	0.9	**-**	**0.9**	0.6	-	0.6
Total loss/(profit) before tax from continuing operations	**30.3**	**(11.0)**	**19.3**	29.2	-	29.2
Tax credit	**(6.7)**	**(1.4)**	**(8.1)**	(5.2)	-	(5.2)
Total loss/(profit) after tax from continuing operations	**23.6**	**(12.4)**	**11.2**	24.0	-	24.0

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

	12 months ended 31 December 2014		
	Acquisition related items Audited £m	Non-recurring items Audited £m	Total Audited £m
Loss from associates and joint ventures			
Associate intangible amortisation	1.8	-	1.8
TH Real Estate establishment costs	-	5.4	5.4
	1.8	5.4	7.2
Finance income			
ICICL disposal	-	(11.5)	(11.5)
	-	(11.5)	(11.5)
Operating expenses and amortisation			
Intangible amortisation	53.7	-	53.7
FSCS refund	-	(2.9)	(2.9)
Geneva deal and integration costs	-	4.2	4.2
	53.7	1.3	55.0
Finance expenses			
Void property finance charge	1.2	-	1.2
Geneva deferred consideration finance charge	0.3	-	0.3
	1.5	-	1.5
Total loss/(profit) before tax from continuing operations	57.0	(4.8)	52.2
Tax credit	(11.2)	(0.7)	(11.9)
Total loss/(profit) after tax from continuing operations	45.8	(5.5)	40.3

5.1 Non-recurring items

Six months ended 30 June 2015

TH Real Estate

Loss from associates and joint ventures

A £0.3m adjustment to the £5.4m one-off establishment costs recognised in 2H14 has been made in the period.

Finance income

On 1 June 2015, the Group sold its 40% stake in TH Real Estate, resulting in an £11.4m gain. Refer to note 11 for further detail regarding the transaction.

Australia acquisitions

Finance income

A £0.1m gain has been recognised on the revaluation of the Group's previous 41.4% stake in 90 West, based on the transaction price on 29 May 2015 when the Group acquired the remaining 58.6% of shares. Refer to note 15 for further detail regarding the transaction.

Operating expenses and amortisation

The Group has incurred costs of £0.8m in the period relating to the acquisition of 90 West and the proposed acquisition of Perennial Fixed Interest Partners Pty Ltd and Perennial Growth Management Pty Ltd. Refer to note 15 for further detail regarding the transactions.

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

5.1 Non-recurring items (continued)

12 months ended 31 December 2014

TH Real Estate establishment costs
TH Real Estate incurred one-off establishment costs, of which £5.4m is the Group's share (after tax where applicable), for the year ended 31 December 2014.

Intrinsic Cirilium Investment Company Limited (ICICL) disposal
The Group completed the sale of its 50% stake in ICICL, resulting in an £11.5m gain.

FSCS refund
The Financial Services Compensation Scheme (FSCS) has made a partial refund to the Group of £2.9m relating to the 2010/2011 Keydata cross subsidy levy. This amount was recognised as a credit in operating expenses to reflect the original treatment of the expense recognised in 2010 and 2012.

Geneva deal and integration costs
Deal and integration costs of £4.2m were incurred by the Group during the year ended 31 December 2014 relating to the acquisition of Geneva.

6. Tax

Tax recognised in the Interim Consolidated Income Statement

	6 months ended 30 June 2015 Unaudited £m	6 months ended 30 June 2014 Unaudited £m	12 months ended 31 December 2014 Audited £m
Current tax:			
- charge for the period	**12.1**	27.2	42.1
- adjustments in respect of prior period	**(3.3)**	0.1	(5.4)
Deferred tax:			
- credit for the period	**(1.0)**	(4.2)	(13.4)
- adjustments in respect of prior period	**(0.3)**	-	1.6
Total tax charged to the Interim Consolidated Income Statement	**7.5**	23.1	24.9

Tax recognised in the Interim Consolidated Statement of Comprehensive Income

	6 months ended 30 June 2015 Unaudited £m	6 months ended 30 June 2014 Unaudited £m	12 months ended 31 December 2014 Audited £m
Deferred tax credit in relation to available-for-sale financial assets	**-**	-	(0.1)
Deferred tax credit in relation to actuarial (losses)/gains	**-**	(0.1)	(0.1)
Total tax credited to the Interim 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 Consolidated Income Statement as follows:

	6 months ended 30 June 2015 Unaudited £m	6 months ended 30 June 2014 Unaudited £m	12 months ended 31 December 2014 Audited £m
Profit before tax	**98.1**	209.7	283.4
Tax charge at the pro rata UK statutory corporation tax rate of 20.25% (1H14 and FY14: 21.5%)	**19.9**	45.1	60.9
Factors affecting the tax charge:			
Differences in effective tax rates on overseas profits	**(5.8)**	(2.7)	(11.2)
Adjustments in respect of prior period	**(3.6)**	0.1	(3.8)
Non-taxable income and disallowable expenditure	**(3.0)**	(18.0)	(20.0)
Utilisation of previously unrecognised temporary difference	**(1.4)**	(1.7)	(2.2)
Changes in statutory tax rates	**-**	0.4	0.9
Other items	**1.4**	(0.1)	0.3
Total tax charged in the Interim Consolidated Income Statement	**7.5**	23.1	24.9

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. The Property business was classified as a discontinued operation and the results of this business are presented below.

	6 months ended 30 June 2015 Unaudited £m	6 months ended 30 June 2014 Unaudited £m	12 months ended 31 December 2014 Audited £m
Net fee income	-	18.0	19.3
Income from associates and joint ventures	-	0.1	0.1
Finance income	-	0.2	0.2
Net income	-	18.3	19.6
Operating expenses	-	(12.0)	(12.0)
Underlying profit before tax from discontinued operation	-	6.3	7.6
Tax on underlying profit	-	(1.0)	(1.3)
Underlying profit after tax from discontinued operation	-	5.3	6.3
Non-recurring items – profit on disposal of Property business	-	150.6	148.9
Non-recurring items – deal costs	-	(8.7)	(8.7)
Tax charge on non-recurring items	-	(14.6)	(14.9)
Profit after tax from discontinued operation	-	132.6	131.6

Assets and liabilities classified as held for sale

	As at 30 June 2015 Unaudited £m	As at 30 June 2014 Unaudited £m	As at 31 December 2014 Audited £m
Financial assets at fair value through profit or loss	-	3.0	71.7
Available-for-sale financial assets	-	26.9	4.8
Cash and cash equivalents	-	-	8.3
Total assets classified as held for sale	-	29.9	84.8
Trade and other payables	-	-	26.0
Total liabilities classified as held for sale	-	-	26.0

Asset and liabilities classified as held for sale in the prior year related to seed capital investments.

As at 31 December 2014, the Group classified assets and liabilities of consolidated seed capital investments invested in 2014 as held for sale, on the basis that the seed capital investments would be redeemed within a year. During the period, it has been identified that redeeming a seed capital investment within a year is less than probable unless there is specific information available about a redemption on a certain seed capital investment. Based on this change in assumption, the Group has transferred the assets and liabilities that were held for sale as at 31 December 2014 to their respective lines in the Interim Consolidated Statement of Financial Position as at 30 June 2015.

Notes to the Interim Condensed Consolidated Financial Statements
(continued)

8. Dividends

	6 months to 30 June 2015 Unaudited £m	6 months to 30 June 2014 Unaudited £m	12 months to 31 December 2014 Audited £m
Dividends on ordinary shares declared and paid in the period:			
Final dividend in respect of 2013	**-**	64.0	64.0
Interim dividend in respect of 2014	**-**	-	28.9
Final dividend in respect of 2014	**70.9**	-	-
Total dividends paid and charged to equity	**70.9**	64.0	92.9
Dividends on ordinary shares declared post the reporting date:			
Interim dividend in respect of 1H15 profit: 3.10p per share payable in 2H15	**35.4**	n/a	n/a

An interim dividend of £35.4m (3.10p per share) was declared by the Board on 29 July 2015. This will be payable on 18 September 2015 to shareholders on the register at 28 August 2015.

The difference between the proposed final dividend as reported in the 2014 Annual Report and Accounts (£72.9m) and the dividend paid out during the period (£70.9m), 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 2014 and the dividend record date. The amount waived in respect of the interim dividend declared for 2015 will be established by the trustees of the employee benefit trusts on 28 August 2015, being the dividend record date.

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 2015 Unaudited no. (millions)	6 months ended 30 June 2014 Unaudited no. (millions)	12 months ended 31 December 2014 Audited no. (millions)
Weighted average			
Issued share capital	**1,140.4**	1,126.0	1,130.9
Less: own shares held	**(45.0)**	(45.6)	(45.7)
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,095.4**	1,080.4	1,085.2
Add: dilutive potential of share options and unconditional awards	**51.3**	73.0	54.6
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,146.7**	1,153.4	1,139.8

Basic and diluted earnings per share have been calculated on the profit attributable to owners 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 2015.

9. Earnings per share (continued)

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

Earnings

	6 months ended 30 June 2015 Unaudited £m	6 months ended 30 June 2014 Unaudited £m	12 months ended 31 December 2014 Audited £m
Continuing profit after tax attributable to owners of the parent	**90.6**	54.0	126.9
Add back:			
Acquisition related and non-recurring items after tax (note 5)	**11.2**	24.0	40.3
Earnings for the purpose of basic and diluted earnings per share	**101.8**	78.0	167.2

Earnings per share

	6 months ended 30 June 2015 Unaudited pence	6 months ended 30 June 2014 Unaudited pence	12 months ended 31 December 2014 Audited pence
Basic	**9.3**	7.2	15.4
Diluted	**8.9**	6.8	14.7

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

Earnings

	6 months ended 30 June 2015 Unaudited £m	6 months ended 30 June 2014 Unaudited £m	12 months ended 31 December 2014 Audited £m
Total profit after tax attributable to owners of the parent	**90.6**	186.6	258.5
Add back:			
Acquisition related and non-recurring items after tax	**11.2**	(103.3)	(85.0)
Earnings for the purpose of basic and diluted earnings per share	**101.8**	83.3	173.5

Earnings per share

	6 months ended 30 June 2015 Unaudited pence	6 months ended 30 June 2014 Unaudited pence	12 months ended 31 December 2014 Audited pence
Basic	**9.3**	7.7	16.0
Diluted	**8.9**	7.2	15.2

9.3 On continuing profit after tax attributable to owners of the parent

Earnings

	6 months ended 30 June 2015 Unaudited £m	6 months ended 30 June 2014 Unaudited £m	12 months ended 31 December 2014 Audited £m
Earnings for the purpose of basic and diluted earnings per share	**90.6**	54.0	126.9

Earnings per share

	6 months ended 30 June 2015 Unaudited pence	6 months ended 30 June 2014 Unaudited pence	12 months ended 31 December 2014 Audited pence
Basic	**8.3**	5.0	11.7
Diluted	**7.9**	4.7	11.1

9. Earnings per share (continued)

9.4 On total profit after tax attributable to owners of the parent

Earnings

	6 months ended 30 June 2015 Unaudited £m	6 months ended 30 June 2014 Unaudited £m	12 months ended 31 December 2014 Audited £m
Earnings for the purpose of basic and diluted earnings per share	**90.6**	186.6	258.5

Earnings per share

	6 months ended 30 June 2015 Unaudited pence	6 months ended 30 June 2014 Unaudited pence	12 months ended 31 December 2014 Audited pence
Basic	**8.3**	17.3	23.8
Diluted	**7.9**	16.2	22.7

9.5 On discontinued profit after tax attributable to owners of the parent

Earnings

	6 months ended 30 June 2015 Unaudited £m	6 months ended 30 June 2014 Unaudited £m	12 months ended 31 December 2014 Audited £m
Earnings for the purpose of basic and diluted earnings per share	**-**	132.6	131.6

Earnings per share

	6 months ended 30 June 2015 Unaudited pence	6 months ended 30 June 2014 Unaudited pence	12 months ended 31 December 2014 Audited pence
Basic	**-**	12.3	12.1
Diluted	**-**	11.5	11.5

10. Operating cash flows reconciliation

	6 months ended 30 June 2015 Unaudited £m	6 months ended 30 June 2014 Unaudited £m	12 months ended 31 December 2014 Audited £m
Cash flows from operating activities			
Profit before tax	**98.1**	209.7	283.4
Adjustments to reconcile profit before tax to net cash flows generated from operating activities:			
- debt instrument interest expense	**5.8**	5.6	11.6
- share-based payment charges	**16.7**	17.6	28.8
- intangible amortisation	**30.7**	29.5	57.6
- share of (income)/loss from associates and joint ventures	**(0.7)**	(2.1)	0.3
- property and equipment depreciation	**1.3**	1.3	2.6
- gain on disposal of seed capital investments	**(9.2)**	(1.6)	(3.7)
- seed capital investment impairment	**-**	0.6	0.6
- loss on disposal of property and equipment	**-**	0.1	0.8
- contributions to retirement benefit schemes in excess of costs recognised	**(2.5)**	(2.6)	(5.5)
- other finance income	**(0.9)**	-	-
- net movements on other provisions	**0.2**	-	0.1
- finance expenses	**0.9**	0.6	1.5
- gain on disposal of associates	**(11.4)**	-	(11.5)
- profit on disposal of Property business before deal costs	**-**	(150.6)	(148.9)
Cash flows generated from operating activities before changes in operating assets and liabilities	**129.0**	108.1	217.7
Net changes in operating assets and liabilities	**(58.9)**	(84.1)	(74.7)
Net tax paid	**(6.5)**	(1.4)	(20.0)
Net cash flows generated from operating activities	**63.6**	22.6	123.0

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 managed through shareholder agreements with third party investors, accounted for under the equity method.

	Country of incorporation and principal place of operation	**Functional currency**	**Percentage owned as at 30 June 2015**	Percentage owned as at 30 June 2014	Percentage owned as at 31 December 2014
Intrinsic Cirilium Investment Company Limited	UK	GBP	-	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%	40%
90 West Asset Management Limited	Australia	AUD	-	41%	41%

On 29 May 2015, the Group acquired the remaining 58.6% of the share capital of 90 West. As a result, this investment has been transferred from an investment in associate to an investment in subsidiary. See note 15 for further details.

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

	30 June 2015 Unaudited £m	30 June 2014 Unaudited £m	31 December 2014 Audited £m
Share of aggregate net assets	**2.8**	79.1	74.4
Share of loss after tax	**(0.1)**	(0.6)	(2.1)

Disposal of TH Real Estate

On 1 June 2015, the Group sold its 40% stake in TH Real Estate, with a carrying value of £73.3m, for consideration of £84.0m. The Group was due £15.5m at FY14 (1H14: £21.7m) from TH Real Estate relating to trading and other assets. This was fully repaid in 1H15 prior to or as a part of the 1 June 2015 transaction.

Notes to the Interim Condensed Consolidated Financial Statements
(continued)

12. Retirement benefits

12.1 Retirement benefit assets and obligations recognised in the Interim 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 2015:

	As at 30 June 2015 Unaudited £m	As at 30 June 2014 Unaudited £m	As at 31 December 2014 Audited £m
Retirement benefit assets			
Henderson Group Pension Scheme	**127.9**	106.2	128.1
Retirement benefit obligations			
Henderson Group unapproved pension scheme	**(8.6)**	(8.1)	(8.5)
	119.3	98.1	119.6

12.2 Pension expense recognised in the Interim Consolidated Income Statement

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

	6 months ended 30 June 2015 Unaudited £m	6 months ended 30 June 2014 Unaudited £m	12 months ended 31 December 2014 Audited £m
Charges/(credits) relating to defined benefit and unapproved pension schemes			
Administration costs	**0.5**	0.5	0.8
Current service costs	**0.6**	0.5	1.1
Net interest credit	**(2.6)**	(2.4)	(4.5)
	(1.5)	(1.4)	(2.6)
Contributions to money purchase members' accounts	**2.6**	2.6	5.1
Net charge to the Interim Consolidated Income Statement	**1.1**	1.2	2.5

12.3 Actuarial (losses)/gains recognised in the Interim Consolidated Statement of Comprehensive Income

	6 months ended 30 June 2015 Unaudited £m	6 months ended 30 June 2014 Unaudited £m	12 months ended 31 December 2014 Audited £m
Actuarial (losses)/gains	**(2.4)**	(0.2)	29.4
Tax at source	**(0.3)**	(0.7)	(11.8)
Actuarial (losses)/gains recognised in the Interim Consolidated Statement of Comprehensive Income	**(2.7)**	(0.9)	17.6

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 2015 Unaudited £m	As at 30 June 2014 Unaudited £m	As at 31 December 2014 Audited £m	**As at 30 June 2015 Unaudited £m**	As at 30 June 2014 Unaudited £m	As at 31 December 2014 Audited £m
Financial assets at fair value through profit or loss	**123.7**	29.2	35.9	**123.7**	29.2	35.9
Financial assets at fair value through profit or loss classified as held for sale	**-**	3.0	71.7	**-**	3.0	71.7
Total financial assets at fair value through profit or loss	**123.7**	32.2	107.6	**123.7**	32.2	107.6
Available-for-sale financial assets	**62.0**	63.0	71.0	**62.0**	63.0	71.0
Available-for-sale financial assets classified as held for sale	**-**	26.9	4.8	**-**	26.9	4.8
Total available-for-sale financial assets	**62.0**	89.9	75.8	**62.0**	89.9	75.8
Accrued income, OEIC and unit trust debtors and trade and other debtors	**331.0**	329.7	267.6	**331.0**	329.7	267.6
Cash and cash equivalents	**282.9**	272.4	234.5	**282.9**	272.4	234.5
Cash and cash equivalents classified as held for sale	**-**	-	8.3	**-**	-	8.3
Total loans receivable and cash	**613.9**	602.1	510.4	**613.9**	602.1	510.4
Total financial assets	**799.6**	724.2	693.8	**799.6**	724.2	693.8
Debt instrument in issue	**149.7**	149.2	149.4	**156.3**	158.3	157.4
Trade and other payables (excluding deferred income)	**345.7**	367.4	327.0	**345.7**	367.4	327.0
Total loans and payables carried at amortised cost	**495.4**	516.6	476.4	**502.0**	525.7	484.4
Trade and other payables at fair value through profit or loss	**65.0**	23.3	31.1	**65.0**	23.3	31.1
Trade and other payables at fair value through profit or loss classified as held for sale	**-**	-	26.0	**-**	-	26.0
Provisions	**12.7**	14.7	12.8	**12.7**	14.7	12.8
Total other financial liabilities	**77.7**	38.0	69.9	**77.7**	38.0	69.9
Total financial liabilities	**573.1**	554.6	546.3	**579.7**	563.7	554.3

Financial assets at fair value through profit or loss mainly consist of seed capital investments and investments in the Group's fund products which are held, in employee benefit trusts, against outstanding deferred compensation arrangements. Any movement in the fair value of the assets held against deferred compensation liabilities is offset by a corresponding movement in the deferred compensation liability. Both movements are recognised through the Consolidated Income Statement. Available-for-sale financial assets consist of seed capital investments.

The Group enters into forward foreign exchange contracts to hedge seed capital investments classified as available-for-sale and as fair value through profit or loss financial assets denominated in foreign currency. Forward foreign exchange contracts are also used to hedge the translation of certain consolidated structured entities. In addition, the Group entered into a number of contracts for difference, credit default indices, futures and total return swaps to hedge the market movements of specific available-for-sale and fair value through profit or loss financial assets. The Group applies fair value hedge accounting in certain circumstances. These derivatives are disclosed in financial assets at fair value through profit or loss.

13. Fair value of financial instruments (continued)

Total financial assets and liabilities (continued)

Current loans receivable and trade and other payables carried at amortised cost, included in the table, represent balances mainly settling in a short timeframe, and accordingly, the fair value of these assets and liabilities is considered to be materially equal to their carrying value after taking into account any impairment.

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 2015 Unaudited £m	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**
Financial assets at fair value through profit or loss	**123.7**	110.0	13.7	-
Available-for-sale financial assets	**62.0**	24.7	-	37.3
Total financial instruments measured at fair value	**185.7**	134.7	13.7	37.3

	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	32.2	25.8	6.4	-
Available-for-sale financial assets	89.9	27.6	-	62.3
Total financial instruments measured at fair value	122.1	53.4	6.4	62.3

	As at 31 December 2014 Audited £m	Level 1 £m	Level 2 £m	Level 3 £m
Financial assets at fair value through profit or loss	107.6	98.7	8.9	-
Available-for-sale financial assets	75.8	28.0	-	47.8
Total financial instruments measured at fair value	183.4	126.7	8.9	47.8

At 30 June 2015, the Group held £77.7m (1H14: £38.0m; FY14: £69.9m) of Level 3 financial liabilities at fair value through profit or loss. These represent non-controlling interests in consolidated structured entities, contingent deferred consideration and provisions. With respect to non-controlling interests in consolidated structured entities, the fair value movements are primarily driven by fair value changes in investments held in these funds. Sensitivity analysis around likely possible changes to the inputs into the valuations of these liabilities has been performed and resulted in no significant difference to the fair values recognised that, if adjusted for, would impact the profit attributable to the owners of the parent.

During the period, there were no transfers in or out of Level 1, Level 2 and Level 3 (1H14: £nil; FY14: £nil).

13. Fair value of financial instruments (continued)

Fair value hierarchy (continued)

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

	6 months ended 30 June 2015 Unaudited £m	6 months ended 30 June 2014 Unaudited £m	12 months ended 31 December 2014 Audited £m
Fair value at 1 January	**47.8**	61.4	61.4
Additions	**-**	1.7	1.9
Disposals	**(11.4)**	(0.2)	(22.8)
Movements recognised in the Consolidated Income Statement	**(1.5)**	-	-
Transfer from Consolidated Statement of Comprehensive Income to Consolidated Income Statement	**(9.1)**	(0.6)	(0.6)
Fair value movements recognised in the Consolidated Statement of Comprehensive Income	**11.5**	-	7.9
	37.3	62.3	47.8

Level 3 investments at 30 June 2015 mainly comprise private equity investments. Private equity investments are valued using a combination of the enterprise value/EBITDA multiple method and the discounted cash flow method. Significant unobservable inputs include long-term revenue growth rates and pre-tax operating margin, taking into account management's experience and knowledge of market conditions of the specific industries. As the fair value measurement of the financial assets included in Level 3 is based on unobservable inputs, a change in one or more underlying assumptions could result in a significant change in fair value. However, due to the numerous different factors affecting the assets, the impact cannot be quantified.

The fair value of the Level 3 financial assets are based on 31 March 2015 valuations. The events between valuation date and reporting date have been considered with respect to the 31 March 2015 valuations and no adjustments were considered necessary.

14. Contingent liabilities

The 2014 Annual Report and Accounts presented full details of contingent liabilities that the Group was exposed to as at 31 December 2014. During the six months to 30 June 2015, the Group has become party to the following additional contingent liability:

- Under the Share Sale Agreement dated 27 April 2015 relating to the acquisition by entities controlled by TIAA-CREF of Henderson Global Investors (Holdings) Limited's remaining 40% shareholding in TIAA Henderson Real Estate Limited, the Group gave certain warranties relating to itself and its shareholding in TIAA Henderson Real Estate Limited. These warranties are subject to certain exclusions and limitations (including a financial cap) and will expire on 1 June 2017.

As at the approval date of the Interim Condensed Consolidated Financial Statements, the Group neither foresees nor has it been notified of any claims under outstanding warranties and indemnities from the abovementioned or those set out in the 2014 Annual Report and Accounts.

15. Movement in controlled entities

Acquisitions

Proposed acquisition of Perennial Fixed Interest Partners Pty Ltd and Perennial Growth Management Pty Ltd

On 2 June 2015, the Group announced that it has agreed to acquire Perennial Fixed Interest and Perennial Growth Management. The sellers will receive upfront consideration and a deferred component dependent on future business performance, payable after two and four years. The transactions are expected to complete in 4Q15 subject to certain conditions being satisfied by both parties.

Acquisition of 90 West Asset Management Limited

On 29 May 2015, the Group acquired the remaining 58.6% of the shares of 90 West. The acquisition of 90 West will enable the Group to fully benefit from the pipeline of new business the Group and 90 West created together, this being the main driver of the goodwill recognised. 90 West was previously equity accounted for as an associate and has now been fully consolidated. The total cost of the acquisition recognised is A$12.2m (£6.1m) comprising: an upfront payment of A$4.3m (£2.2m); deferred consideration of A$2.8m (£1.4m); and the fair value of the Group's previously held 41.4% interest at A$5.1m (£2.5m). Contingent payments linked to the continuing employment of the sellers will be recognised through the Consolidated Income Statement over the period of the earn-out as an acquisition related charge. The consideration of A$12.2m (£6.1m) less net assets acquired of A$0.7m (£0.3m) has been recognised provisionally as goodwill.

Disposal

On 27 January 2015, the Group disposed of its controlling interests in the following entity:

- Anglo-Sino Henderson Investment Consultancy (Beijing) Co Ltd.

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 all Executive and Non-Executive Directors, other members of the Executive Committee, certain other members of senior management and heads of control functions, representing key management personnel, is disclosed below:

	6 months ended 30 June 2015 Unaudited £m	6 months ended 30 June 2014 Unaudited £m	12 months ended 31 December 2014 Audited £m
Short-term employee benefits	**2.5**	2.3	15.0
Post-employment benefits	**0.2**	0.2	0.4
Share-based payments	**7.4**	8.0	5.9
	10.1	10.5	21.3

17. 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 has not been reflected in the Interim Condensed Consolidated Financial Statements as presented. However, the Board has given due regard to the events described below which occurred after the reporting date.

On 29 July 2015, an interim dividend of 3.10p per share was declared by the Board payable on 18 September 2015 to shareholders on the register at 28 August 2015.

On 29 July 2015, the Board approved a share buyback programme, with shares to the value of £25.0m to be purchased before 31 December 2015.

Glossary

ASX
Australian Securities Exchange

AUM
Assets under management

Board
The board of directors of Henderson Group plc

bps
Basis points

Company
Henderson Group plc

compensation ratio
Employee compensation and benefits from continuing operations, divided by net fee income 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

EBITDA
Earnings before interest, tax, depreciation and amortisation

EPS
Earnings per share

FX
Foreign exchange

GAAP
Generally accepted accounting principles

Geneva
Geneva Capital Management LLC

Group or **Henderson**
Henderson Group plc and its controlled entities carrying out core investment management activities

IAS
International Accounting Standard

LSE
London Stock Exchange

management fee margin
Management fees divided by average assets under management

net margin
Underlying profit from continuing operations divided by average assets under management

New Star
New Star Asset Management Group PLC and its controlled entities

OEIC
Open-ended investment company

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

Perennial Fixed Interest
Perennial Fixed Interest Partners Pty Ltd

Glossary (continued)

Perennial Growth Management
Perennial Growth Management Pty Ltd

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

total fee margin
Net fee income from continuing operations divided by average assets under management

underlying profit
Recurring profit before acquisition related and non-recurring items

90 West
90 West Asset Management Limited