

2016 Interim Results

28 July 2016

Henderson Group plc (Henderson or the Group) published its Interim Results for the six months ended 30 June 2016 on 28 July 2016. The comments below refer to the period from 1 January 2016 to 30 June 2016 (the period) unless otherwise stated.

Financial highlights

- Assets under management (AUM) at 30 June 2016 up 3% to £95.0bn (31 Dec 2015: £92.0bn)
- Net outflows for the period of £2.0bn
- Underlying profit before tax¹ of £100.5m (30 June 2015: £117.4m)
- Underlying diluted EPS¹ of 7.1p (30 June 2015: 8.9p)
- Capital above regulatory requirement of £105m
- Interim dividend of 3.20p per share (30 June 2015: 3.10p per share).

Business update

- Consistently strong investment performance: 77% of funds outperforming relevant metrics over three years as at 30 June 2016.
- New investment teams performing well, notably Global Emerging Markets Equity, Henderson Geneva US Small-Cap Growth, US High Yield.
- Increasingly global client base: c.50% of AUM is managed for clients outside the UK (FY13: c.30%).
- Strong financial position: debt free following repayment of £150m senior notes in March 2016.
- Minimal operational impact anticipated following the UK vote to leave the European Union.

Andrew Formica, Chief Executive of Henderson, said: “The first half was dominated by widespread market uncertainty in the run up to the UK referendum. Clients pulled back from investing in European assets and UK property, particularly after the referendum result, but we saw good demand for absolute return and income generating investment styles. Our Institutional flows turned positive in the second quarter, with a positive pipeline. Across our Retail product range since the end of June, outflows have moderated and investment performance has improved.

“At the mid-point of our five year growth and globalisation strategy, we are a fundamentally stronger business. Our new investment teams continue to deliver excellent performance and half of our assets are now managed for clients outside the UK. The dislocation caused by the UK referendum result demonstrates the importance of continuing to diversify our business. Our plan is to stay close to our clients, stay vigilant on costs and stay true to our strategy. Outstanding investment management, strong client relationships and growing brand recognition remain the key drivers of future growth.”

1. Underlying profit, while not a GAAP measure, in the opinion of the Directors gives relevant information on the profitability of the Group and its ongoing operations. Statutory profit before tax was £68.4m (30 June 2015: £98.1m). Statutory diluted EPS was 4.8p (30 June 2015: 7.9p). A reconciliation between underlying profit and total GAAP profit is presented in the Interim Consolidated Income Statement.

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.

	6 months ended 30 June 2016	6 months ended 30 June 2015	
Amounts in £m unless otherwise stated	Unaudited	Unaudited	Change %
Management fees (net of commissions)	239.7	230.4	4
Performance fees	20.1	48.8	(59)
Net other income	19.0	16.9	12
Underlying net fee income	278.8	296.1	(6)
Income from associates and joint ventures	0.5	0.4	25
Finance income	5.5	15.3	(64)
Underlying net income	284.8	311.8	(9)
Fixed employee compensation and benefits	(55.7)	(47.6)	(17)
Variable employee compensation and benefits	(67.0)	(84.3)	21
Employee compensation and benefits	(122.7)	(131.9)	7
Non-staff operating expenses	(58.3)	(56.7)	(3)
Total underlying operating expenses	(181.0)	(188.6)	4
Finance expenses	(3.3)	(5.8)	43
Total underlying expenses	(184.3)	(194.4)	5
Underlying profit before tax¹	100.5	117.4	(14)
Acquisition related and non-recurring items	(32.1)	(19.3)	(66)
Profit before tax	68.4	98.1	(30)
Tax charge on underlying profit	(21.0)	(15.6)	(35)
Tax credit on acquisition related and non-recurring items	5.7	8.1	(30)
Total tax charge	(15.3)	(7.5)	(104)
Profit after tax	53.1	90.6	(41)
Operating margin ²	35.1%	36.3%	
Compensation ratio ³	44.0%	44.5%	
Earnings per share (non-GAAP) ^{1,4}			
Basic on underlying profit ⁵	7.3p	9.3p	(22)
Diluted on underlying profit ⁶	7.1p	8.9p	(20)
Earnings per share (Statutory)			
Basic	4.9p	8.3p	(41)
Diluted	4.8p	7.9p	(39)

- 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. A reconciliation between underlying profit and total GAAP profit is presented in the Interim Consolidated Income Statement.
- Underlying net fee income less total underlying operating expenses, divided by underlying net fee income.
- Employee compensation and benefits, divided by underlying net fee income.
- Based on underlying profit after tax attributable to owners of the parent.
- Based on weighted average number of shares in issue less weighted average number of own shares held during the period.
- 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 27 July 2016, the board of directors of Henderson Group plc (the Board) declared an interim dividend in respect of the six months ended 30 June 2016 of 3.20p per share (1H15: 3.10p per share). Henderson Group plc does not offer a dividend reinvestment plan.

	Amount per security pence	Franked amount per security pence
2016 interim dividend per share	3.20	-
Record date	26 August 2016	
Payment date	16 September 2016	

Net tangible assets per ordinary share

	30 June 2016 pence	30 June 2015 pence
Net tangible assets per ordinary share	34	31

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.

Risk Management

The principal risks within the Group fall into a number of distinct categories and the actions undertaken to mitigate them are both varied and relevant to the particular risk concerned. Information regarding the principal risks and their mitigation is set out in the Group's 2015 Annual Report and Accounts on pages 23 to 27 and the related governance framework is set out on pages 54 to 65. The risks facing the Group have not changed significantly from those described in the Group's 2015 Annual Report and Accounts. However, as noted on page 27 of the Group's Annual Report and Accounts, the implications of a vote for the UK to leave the European Union were a significant component of Regulatory Change risk in 2016. The build-up to, and then result of, the UK referendum in June led to increases in specific risks including Market, Liquidity and Fund Flows risks during the period and these risks together with Regulatory Change risk continue to be at higher levels than at the time of publication of the Group's 2015 Annual Report and Accounts. Mitigation of these risks follows the processes described on pages 26 and 27 in the Group's 2015 Annual Report and Accounts.

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.

Results for Announcement to the Market (continued)

Market briefing

Management will present these results on 28 July 2016 at 5.00pm (Sydney time)/8.00am (London time).

Webcast details

You can log on to a webcast of the results briefing which will start at 5.00pm (Sydney time)/8.00am (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:	
<i>United Kingdom</i>	0800 376 7922 (free call)
<i>Australia</i>	1800 092 439 (free call)
<i>All other countries</i>	+44 (0) 207 192 8000 (this is not a free call number)
Conference title	Henderson Group, Interim Results Briefing
Conference ID	46204034
Chairperson	Andrew Formica

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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 1,000 employees worldwide and assets under management of £95.0bn (30 June 2016). Its core areas of investment expertise are European Equities, Global Equities, Global Fixed Income, Multi-Asset and Alternatives.

Henderson is dual-listed on the Australian Securities Exchange (ASX) and the London Stock Exchange (LSE) and has a market capitalisation of approximately £2.5bn (26 July 2016).

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

Business Review

Assets under management (AUM)

£m	1Q16				2Q16		
	Opening AUM 1 Jan 2016	Net flows	Market/FX	Closing AUM 31 Mar 2016	Net flows	Market/FX	Closing AUM 30 Jun 2016
Retail	56,915	90	342	57,347	(1,444)	1,674	57,577
Institutional	35,070	(769)	1,081	35,382	85	1,995	37,462
Total	91,985	(679)	1,423	92,729	(1,359)	3,669	95,039

AUM increased to £95.0bn at 30 June 2016, reflecting net outflows of £2.0bn and market and FX movements of £5.1bn¹.

Retail outflows accelerated considerably in the immediate aftermath of the UK's referendum on EU membership, particularly from the Henderson UK Property Fund and funds focused on European assets. Trading was suspended in the Henderson UK Property Fund from mid-day 5 July 2016 to give the fund time to dispose of assets and rebuild liquidity. The diversity of Henderson's product range helped mitigate the effect of EU referendum related outflows, with continued client demand for absolute return and income-focused investment strategies.

Institutional flows recovered in the second quarter, driven by inflows into Henderson Geneva in the US, Henderson Fixed Income and Henderson Growth Equities in Australia and fixed income strategies in the UK. Henderson's institutional client base is becoming increasingly diverse, with over 40% of institutional clients now based outside the UK.

Negative market movements in the period were counterbalanced by FX translation gains as Henderson's business becomes increasingly global, with USD, EUR and AUD strengthening 9%, 11% and 11% respectively, against GBP.

Investment performance

Investment performance remained strong in the period, with 77% of funds outperforming on a three year basis. 55% of funds outperformed on a one year basis.

Percentage of funds at or exceeding benchmark as at 30 June 2016			
Core capability	AUM	1 year	3 years
European Equities	£19.4bn	45%	93%
Global Equities	£28.9bn	59%	76%
Global Fixed Income	£27.5bn	63%	65%
Multi-Asset	£4.9bn	47%	91%
Alternatives	£14.3bn	50%	72%
Total	£95.0bn	55%	77%

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.

1. Not adjusted for rounding.

Financial Review

Income drivers

Underlying net income was £284.8m, down 9%. This reduction was driven by lower performance fees in a period of significant market volatility (£20.1m compared to £48.8m in 1H15), partially offset by higher management fees. Management fees grew 4% to £239.7m. The principal positive drivers were strong flows in late 2015, the Australian acquisitions in 2H15 and currency translation benefits, while negatives included market movements, rebates and adjustments to fees. Other income rose slightly to £19.0m, reflecting a re-allocation of income from management fees. Finance income decreased to £5.5m (1H15: £15.3m), after a £9.1m one-off seed capital gain in 1H15 that arose in the sale of the Property joint venture.

Expense drivers

Underlying expenses totalled £184.3m, down 5%. This reduction was driven by lower variable employee compensation and benefits, which were down 21% at £67.0m. Fixed employee compensation and benefits rose 17% compared to 1H15 to £55.7m, reflecting investments made in 2H15, an annual wage increase averaging 3% and staff increases to support growth and regulatory initiatives. Non-staff operating expenses were 3% higher at £58.3m and finance expenses reduced to £3.3m, reflecting the repayment of £150.0m of debt in March 2016.

Profit

Underlying profit before tax for the period was £100.5m (1H15: £117.4m), with the reduction driven primarily by lower performance fees.

Key ratios

Operating margin for the period was 35.1%, broadly in line with 2H15 but lower than in 1H15 (36.3%). Compensation ratio reduced to 44.0% (1H15: 44.5%).

Tax

The tax charge on the Group's underlying profit for the period was £21.0m, resulting in an effective tax rate of 20.9% (1H15: 13.3%). In February 2016, Henderson confirmed that it expects its tax rate to rise to near to 20%, reflecting changes in the company's global tax profile, growth in higher tax jurisdictions and non-recurrence of one-off credits which reduced the tax rate in prior periods.

Earnings per share (EPS)

Diluted underlying EPS was 7.1 pence per share (1H15: 8.9 pence per share). This reduction reflects Henderson's higher effective tax rate as well as a reduction in underlying profits.

Liquidity and capital management

Total cash and cash equivalents at 30 June 2016 were £181.3m. Unrestricted cash stood at £150.8m after excluding manager dealing accounts, restricted cash and cash held in structured entities. Following repayment of the £150.0m 2016 Loan Notes in March 2016, gross debt at par was nil and the Group had a net cash position of £150.8m at 30 June 2016 (1H15: £119.1m).

The Group is subject to regulatory oversight by the FCA and international regulatory bodies. The Group ensures it is compliant with its regulatory obligations at all times. Following expiry of the investment firm waiver from consolidated supervision in April 2016, based on Henderson's calculations, capital above regulatory requirement was £105m as at 30 June 2016 (31 December 2015: £100m). This includes deductions for the interim dividend and share buyback.

Pension schemes

During the period, the Henderson Group Pension Scheme 2014 triennial valuation was finalised on a technical provision basis. While on an accounting basis the scheme records a surplus, on the 2014 technical provision basis, the scheme showed a deficit of £29m. As a result, Henderson has agreed with the Trustee to fund additional contributions, commencing in January 2017, to remove the deficit. The contribution will be £8.4m per annum and will be spread over four years to the end of 2020. These payments will be made out of cash resources but will not impact the Consolidated Income Statement.

Financial Review (continued)

Dividend

The Board declared an interim dividend of 3.20 pence per share for the six months ending 30 June 2016 (30 June 2015: 3.10 pence per share). The Group continues to operate a progressive ordinary dividend policy and expects to grow ordinary dividends broadly in line with earnings over the medium term.

Share buyback

Henderson is committed to the active management of its cash and capital resources. The strength of its capital position gives flexibility around the deployment of cash and capital, be that via organic growth, inorganic investment or returns to shareholders. Reflecting the Group's strong capital position, in April 2016, Henderson announced that it intends to continue its share buyback programme and buy back shares to the value of £25m in the second half of 2016.

Presentation of the Interim Consolidated Income Statement

Acquisition related and non-recurring items are disclosed separately from the Group's underlying profit to enable the users of the financial statements to better understand the components of total profit. 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. A reconciliation between underlying profit and total GAAP profit is presented in the Interim Consolidated Income Statement.

Charges from acquisition related and non-recurring items totalled £26.4m after tax (1H15: £11.2m) and are primarily attributable to intangible amortisation of previously acquired investment management contracts. Explanations of all items categorised as acquisition related and non-recurring are shown in note 5 to the financial statements.

Financial Review (continued)

Summary of movements in AUM

£m	Opening AUM ¹ 1 Jan 2016	Net flows 1H16	Market/FX 1H16	Closing AUM 30 Jun 2016	Closing AUM net management fee bps 30 Jun 2016 ²
Retail					
UK OEICs/Unit Trusts/Other ³	23,358	(584)	424	23,198	
SICAVs	19,328	(817)	1,190	19,701	
US Mutuals	8,647	14	454	9,115	
Investment Trusts	5,582	33	(52)	5,563	
Total Retail	56,915	(1,354)	2,016	57,577	72
Institutional					
UK OEICs/Unit Trusts	9,742	909	450	11,101	
SICAVs	1,565	(259)	62	1,368	
Australian MIS	1,499	(143)	198	1,554	
Offshore Absolute Return Funds	2,397	(372)	198	2,223	
Managed CDOs	102	(9)	12	105	
Segregated Mandates	19,653	(807)	2,151	20,997	
Private Equity Funds	58	(2)	(2)	54	
Other ⁴	54	(1)	7	60	
Total Institutional	35,070	(684)	3,076	37,462	26
TOTAL GROUP	91,985	(2,038)	5,092	95,039	54

By capability					
European Equities	20,442	(1,228)	211	19,425	
Global Equities	28,212	(950)	1,665	28,927	
Global Fixed Income	24,797	378	2,341	27,516	
Multi-Asset	4,890	(290)	299	4,899	
Alternatives	13,644	52	576	14,272	
TOTAL GROUP	91,985	(2,038)	5,092	95,039	54

By asset class					
Equities	60,891	(1,928)	2,772	61,735	67
Fixed Income	26,841	331	2,422	29,594	27
Property	4,171	(425)	(103)	3,643	n/a
Private Equity	82	(16)	1	67	n/a
TOTAL GROUP	91,985	(2,038)	5,092	95,039	54

Absolute Return sub analysis					
Retail	5,549	734	396	6,679	
Institutional	3,402	(453)	236	3,185	
TOTAL ABSOLUTE RETURN	8,951	281	632	9,864	

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. 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).

3. Other includes Australian Managed Investment Schemes, Singapore Mutual funds and Retail Segregated Mandates.

4. Includes US Mutuals and Singapore Mutuals.

Interim Consolidated Income Statement

For the six months ended 30 June 2016

6 months ended 30 June 2016				6 months ended 30 June 2015			
		Unaudited			Unaudited		
		Underlying profit	Acquisition related and non-recurring items		Underlying profit	Acquisition related and non-recurring items	
Notes	£m	(note 5)	Total	£m	(note 5)	Total	
	£m	£m	£m	£m	£m	£m	
Income							
Gross fee and deferred income	3	356.8	-	356.8	365.4	-	365.4
Commissions and deferred acquisition costs		(78.0)	-	(78.0)	(69.3)	-	(69.3)
Net fee income		278.8	-	278.8	296.1	-	296.1
Income/(loss) from associates and joint ventures		0.5	(2.7)	(2.2)	0.4	(0.5)	(0.1)
Finance income		5.5	-	5.5	15.3	11.5	26.8
Net income		284.8	(2.7)	282.1	311.8	11.0	322.8
Expenses							
Operating expenses		(178.4)	(2.1)	(180.5)	(186.0)	(0.8)	(186.8)
Amortisation and depreciation		(2.6)	(26.4)	(29.0)	(2.6)	(28.6)	(31.2)
Total operating expenses		(181.0)	(28.5)	(209.5)	(188.6)	(29.4)	(218.0)
Finance expenses		(3.3)	(0.9)	(4.2)	(5.8)	(0.9)	(6.7)
Total expenses		(184.3)	(29.4)	(213.7)	(194.4)	(30.3)	(224.7)
Profit/(loss) before tax		100.5	(32.1)	68.4	117.4	(19.3)	98.1
Tax (charge)/credit	6	(21.0)	5.7	(15.3)	(15.6)	8.1	(7.5)
Profit/(loss) after tax attributable to the owners of the parent		79.5	(26.4)	53.1	101.8	(11.2)	90.6
Basic and diluted earnings per share							
Basic	9.2			4.9p			8.3p
Diluted	9.2			4.8p			7.9p

Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2016

	6 months ended 30 June 2016 Unaudited £m	6 months ended 30 June 2015 Unaudited £m
Profit after tax	53.1	90.6
Other comprehensive income/(expense)		
Items that may be reclassified to the Consolidated Income Statement		
Exchange differences on translation of foreign operations	30.1	(7.9)
Exchange differences transferred to the Consolidated Income Statement on disposal of foreign operations	-	0.5
Tax effect of exchange differences	0.1	-
<i>Available-for-sale financial assets:</i>		
Net (loss)/gain on revaluation	(4.1)	13.5
Reclassification to the Consolidated Income Statement on disposal	-	(9.2)
Items that will not be reclassified to the Consolidated Income Statement		
<i>Actuarial gains/(losses):</i>		
On defined benefit pension schemes (after tax deducted at source)	28.9	(2.7)
Other comprehensive income/(expense) after tax	55.0	(5.8)
Total comprehensive income after tax	108.1	84.8
Attributable to:		
Owners of the parent	101.9	78.6
Non-controlling interests	6.2	6.2
	108.1	84.8

Interim Consolidated Statement of Financial Position

As at 30 June 2016

		30 June 2016 Unaudited	30 June 2015 Unaudited	31 December 2015 Audited
	Notes	£m	£m	£m
Non-current assets				
Intangible assets		671.7	657.9	680.6
Investments accounted for using the equity method		0.7	2.8	2.9
Property and equipment		14.4	14.5	14.4
Retirement benefit assets		161.9	127.9	130.0
Deferred tax assets		20.6	32.4	37.5
Trade and other receivables		-	0.1	0.1
		869.3	835.6	865.5
Current assets				
Available-for-sale financial assets	12	62.4	62.0	64.6
Financial assets at fair value through profit or loss	12	216.3	123.7	145.7
Current tax assets		0.9	0.9	0.9
Trade and other receivables		545.9	342.3	232.7
Cash and cash equivalents	12	181.3	282.9	381.6
		1,006.8	811.8	825.5
Total assets		1,876.1	1,647.4	1,691.0
Non-current liabilities				
Financial liabilities at fair value through profit or loss		31.1	39.0	22.6
Trade and other payables		2.8	10.6	10.7
Retirement benefit obligations		8.3	8.6	8.1
Provisions		9.5	11.6	10.0
Deferred tax liabilities		26.9	33.6	31.6
		78.6	103.4	83.0
Current liabilities				
Debt instrument in issue		-	149.7	149.9
Financial liabilities at fair value through profit or loss		137.0	52.4	96.7
Trade and other payables		579.4	310.4	291.3
Provisions		2.2	1.1	1.9
Current tax liabilities		17.0	17.1	20.5
		735.6	530.7	560.3
Total liabilities		814.2	634.1	643.3
Net assets		1,061.9	1,013.3	1,047.7
Capital and reserves				
Share capital		141.5	142.6	141.5
Share premium		747.9	747.9	747.9
Own shares held		(93.2)	(101.4)	(106.9)
Translation reserve		28.2	(9.1)	6.3
Revaluation reserve		5.6	7.9	7.6
Profit and loss reserve		215.1	217.3	240.7
Equity attributable to owners of the parent		1,045.1	1,005.2	1,037.1
Non-controlling interests		16.8	8.1	10.6
Total equity		1,061.9	1,013.3	1,047.7

Approved by the Board on 27 July 2016.

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Share capital £m	Share premium £m	Own shares held £m	Translation reserve £m	Revaluation reserve £m	Profit and loss reserve £m	Equity attributable to owners of the parent £m	Non-controlling interests £m	Total equity £m
At 1 January 2015	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 for employee share schemes	-	-	(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
Profit after tax	-	-	-	-	-	70.6	70.6	-	70.6
Other comprehensive income/(expense) after tax	-	-	-	15.4	(0.3)	(0.3)	14.8	2.5	17.3
Total comprehensive income/(expense)	-	-	-	15.4	(0.3)	70.3	85.4	2.5	87.9
Dividends paid to equity shareholders	-	-	-	-	-	(34.5)	(34.5)	-	(34.5)
Purchase of own shares for employee share schemes	-	-	(12.5)	-	-	-	(12.5)	-	(12.5)
Vesting of share schemes	-	-	7.0	-	-	(7.0)	-	-	-
Movement in equity-settled share scheme expenses	-	-	-	-	-	14.2	14.2	-	14.2
Tax on equity-settled share schemes	-	-	-	-	-	4.3	4.3	-	4.3
Purchase and cancellation of shares	(1.1)	-	-	-	-	(23.9)	(25.0)	-	(25.0)
At 31 December 2015	141.5	747.9	(106.9)	6.3	7.6	240.7	1,037.1	10.6	1,047.7
Profit after tax	-	-	-	-	-	53.1	53.1	-	53.1
Other comprehensive income/(expense) after tax	-	-	-	21.9	(2.0)	28.9	48.8	6.2	55.0
Total comprehensive income/(expense)	-	-	-	21.9	(2.0)	82.0	101.9	6.2	108.1
Dividends paid to equity shareholders	-	-	-	-	-	(80.9)	(80.9)	-	(80.9)
Purchase of own shares for employee share schemes	-	-	(32.2)	-	-	-	(32.2)	-	(32.2)
Vesting of share schemes	-	-	45.9	-	-	(45.9)	-	-	-
Movement in equity-settled share scheme expenses	-	-	-	-	-	23.1	23.1	-	23.1
Tax on equity-settled share schemes	-	-	-	-	-	(3.9)	(3.9)	-	(3.9)
At 30 June 2016	141.5	747.9	(93.2)	28.2	5.6	215.1	1,045.1	16.8	1,061.9

Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

		6 months ended 30 June 2016 Unaudited £m	6 months ended 30 June 2015 Unaudited £m	12 months ended 31 December 2015 Audited £m
	Notes			
Net cash flows generated from operating activities	10	63.3	63.6	269.8
Cash flows from investing activities				
Acquisition of subsidiaries, including cash acquired		-	(1.6)	(37.8)
Proceeds from disposals of:				
- interests in associates		-	84.0	84.3
- available-for-sale financial assets – seed capital		3.6	24.3	26.6
- financial assets at fair value through profit or loss – seed capital		-	-	3.5
- available-for-sale financial instruments in consolidated funds		0.1	-	-
Dividends from associates and distributions from joint ventures and funds		0.2	-	1.6
Purchases of:				
- net financial assets at fair value through profit or loss – consolidated funds		(25.5)	(6.4)	(26.4)
- available-for-sale financial assets – seed capital		(0.5)	-	-
- property and equipment		(1.4)	(0.7)	(1.9)
- computer software intangible assets		(5.3)	(2.4)	(6.0)
- investment management contracts		-	(2.6)	(2.6)
- interests in associates and joint ventures		-	(4.0)	(4.0)
Net cash paid on realised hedges		(11.5)	-	-
Net cash flows (used in)/generated from investing activities		(40.3)	90.6	37.3
Cash flows from financing activities				
Proceeds from issue of shares		5.9	8.0	10.3
Purchase of own shares for employee share schemes		(32.2)	(50.5)	(63.0)
Dividends paid to equity shareholders	8	(80.9)	(70.9)	(105.4)
Interest paid on debt instrument in issue		(5.4)	(5.4)	(10.9)
Repayment of debt instruments in issue		(150.0)	-	-
Non-controlling interests' investments in consolidated funds		28.4	5.9	21.5
Purchase of shares		-	-	(25.0)
Net cash flows used in financing activities		(234.2)	(112.9)	(172.5)
Effects of exchange rate changes		10.9	(1.2)	4.2
Net (decrease)/increase in cash and cash equivalents		(200.3)	40.1	138.8
Cash and cash equivalents at beginning of period		381.6	242.8	242.8
Cash and cash equivalents at end of period		181.3	282.9	381.6

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 2016 were authorised for issue by the Board on 27 July 2016.

The results for the six months ended 30 June 2016 are unaudited but have been reviewed by the auditors, PricewaterhouseCoopers LLP. The results for the six months ended 30 June 2015 were also unaudited but were reviewed by PricewaterhouseCoopers LLP. The condensed comparative figures for the full year ended 31 December 2015 have been taken from the Henderson Group plc Annual Report and Accounts. The 2015 financial statements in the 2015 Annual Report and Accounts were audited by PricewaterhouseCoopers LLP and their report was unqualified. Henderson Group plc's 2015 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 2016 have been prepared in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union and in accordance with the Disclosure and Transparency Rule 4.2.6R of the United Kingdom's Financial Conduct Authority.

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 2015 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 2016 Interim Results. The Directors closely monitored the material uncertainties inherent in current and expected market conditions and the trading performance of the Group. 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.

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 2015 Annual Report and Accounts.

In 2015, the Consolidated Statement of Financial Position presented financial liabilities at fair value through profit or loss, excluding provisions, separately from within trade and other payables where they have been previously presented. As a result, £39.0m and £52.4m have been transferred from non-current and current trade and other payables respectively in the 30 June 2015 Consolidated Statement of Financial Position to reflect this change.

In 2015, the Consolidated Statement of Cash Flows presented additions and disposals in financial instruments made by consolidated funds on a net basis within investing activities as these funds invest and divest investments frequently for trading purposes. The 30 June 2015 Consolidated Statement of Cash Flows has been re-presented to reflect this change with the reported figures relating to seed capital additions of £12.3m and disposals of £30.2m separated out on the following lines: (a) proceeds from disposals of available-for-sale financial assets – seed capital; and (b) purchases of net financial assets at fair value through profit or loss – consolidated funds. There is no impact on reported cash flows from investing activities.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

3. Segmental information

Henderson is an investment manager, operating throughout Europe with operations in North America, Asia and Australia. 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

	6 months ended 30 June 2016 Unaudited £m	6 months ended 30 June 2015 Unaudited £m
UK OEICs/unit trusts	116.8	135.4
SICAVs	123.2	125.4
US mutuals	46.1	32.2
Institutional segregated mandates and cash funds	34.6	30.1
Offshore absolute return funds	14.0	20.5
Other	22.1	21.8
Gross fee and deferred income	356.8	365.4

Geographic information

Revenues by region

	6 months ended 30 June 2016 Unaudited £m	6 months ended 30 June 2015 Unaudited £m
UK	186.4	234.9
Luxembourg	101.6	83.5
Americas	59.1	44.6
Australia	7.2	0.5
Singapore	1.5	0.7
Japan	1.0	0.9
Other	-	0.3
Gross fee and deferred income	356.8	365.4

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 2016 Unaudited £m	As at 30 June 2015 Unaudited £m	As at 31 December 2015 Audited £m
UK	540.9	578.9	558.1
Americas	87.2	84.3	85.2
Australia	57.8	11.3	53.9
Other	0.9	0.7	0.7
	686.8	675.2	697.9

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 movements on seed capital investments and consequently can fluctuate.

5. Acquisition related and non-recurring items

	6 months ended 30 June 2016			6 months ended 30 June 2015		
	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						
Transactions relating to joint ventures	-	2.7	2.7	-	-	-
Associate intangible amortisation	-	-	-	0.8	-	0.8
TH Real Estate establishment costs	-	-	-	-	(0.3)	(0.3)
	-	2.7	2.7	0.8	(0.3)	0.5
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	26.4	-	26.4	28.6	-	28.6
Australian acquisitions	1.5	0.4	1.9	-	0.8	0.8
Transactions relating to joint ventures	-	0.2	0.2	-	-	-
	27.9	0.6	28.5	28.6	0.8	29.4
Finance expenses						
Void property finance charge	0.3	-	0.3	0.4	-	0.4
Deferred consideration finance charge	0.6	-	0.6	0.5	-	0.5
	0.9	-	0.9	0.9	-	0.9
Total loss/(profit) before tax	28.8	3.3	32.1	30.3	(11.0)	19.3
Tax (credit)/charge	(6.1)	0.4	(5.7)	(6.7)	(1.4)	(8.1)
Total loss/(profit) after tax	22.7	3.7	26.4	23.6	(12.4)	11.2

5.1 Acquisition related items

Intangible amortisation

Investment management contracts have been identified as separately identifiable intangible assets arising on the acquisition of subsidiaries or the purchase of stand-alone contracts. They are amortised on a straight-line basis over the expected life of the contracts, currently estimated at between three and eight years.

Australian acquisitions

Amounts included in operating expenses and amortisation represent deferred consideration relating to the Perennial Fixed Interest Partners Pty Ltd and Perennial Growth Management Pty Ltd (together 'Perennial') and 90 West Asset Management Limited ('90 West') acquisitions treated as compensation expense due to the acquisition contract requiring service conditions for the employee vendor.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

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

5.1 Acquisition related items (continued)

Void property finance charge

Upon the acquisition of Gartmore and New Star, certain property leases acquired became onerous contracts and provisions were established at the point of acquisition, reflecting the net present value of the excess lease rentals and other payments over the amounts expected to be recovered from subletting these properties. The finance charge is unwound during the term of the underlying leases through finance expenses.

Deferred consideration finance charge

The acquisitions of Geneva and Perennial provide for contingent consideration payable to vendors subject to certain revenue and growth targets being achieved. The deferred consideration is recorded at its net present value and the finance charge is charged over the period until the consideration is payable should the condition be met.

5.2 Non-recurring items

Six months ended 30 June 2016

Transactions relating to joint ventures

Loss from associates and joint ventures

An impairment on the investment in Northern Pines of £2.7m was made in the current period ahead of its wind up in the second half of the year.

Operating expenses and amortisation

Final expenses of £0.2m related to the disposal of TH Real Estate on 1 June 2015 have been recognised in the period.

Australian acquisitions

Operating expenses and amortisation

The Group incurred costs of £0.4m in the period related to the integration of Perennial and 90 West.

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 was made in the six month period to 30 June 2015.

Finance income

On 1 June 2015, the Group sold its 40% stake in TH Real Estate, resulting in an £11.4m gain.

Australian acquisitions

Finance income

A £0.1m gain was 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.

Operating expenses and amortisation

The Group incurred costs of £0.8m in the six month period to 30 June 2015 relating to the acquisition of 90 West and the acquisition of Perennial.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

6. Tax

Tax recognised in the Interim Consolidated Income Statement

	6 months ended 30 June 2016 Unaudited £m	6 months ended 30 June 2015 Unaudited £m
Current tax:		
- charge for the period	11.7	12.1
- adjustments in respect of prior period	(0.6)	(3.3)
Deferred tax:		
- charge/(credit) for the period	3.8	(1.0)
- adjustments in respect of prior period	0.4	(0.3)
Total tax charged to the Interim Consolidated Income Statement	15.3	7.5

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 2016 Unaudited			6 months ended 30 June 2015 Unaudited £m
	Underlying profit £m	Acquisition related and non- recurring items £m	Total £m	
Profit/(loss) before tax	100.5	(32.1)	68.4	98.1
Tax charge/(credit) at the UK corporation tax rate of 20% (1H15: pro rata 20.25%)	20.1	(6.4)	13.7	19.9
<i>Factors affecting the tax charge/(credit):</i>				
Differences in effective tax rates on overseas profits	1.1	(0.8)	0.3	(5.8)
Non-taxable income and disallowable expenditure	1.9	1.0	2.9	(3.0)
Adjustments in respect of prior period	(0.7)	0.5	(0.2)	(3.6)
Utilisation of previously unrecognised tax losses	(0.3)	-	(0.3)	(1.4)
Changes in statutory tax rates	(0.4)	-	(0.4)	-
Other items	(0.7)	-	(0.7)	1.4
Total tax charged/(credited) to the Interim Consolidated Income Statement	21.0	(5.7)	15.3	7.5

The UK corporation tax rate reduced from 21% to 20% with effect from 1 April 2015. Accordingly, the UK corporation tax rate for the period is 20% (2015: pro rata 20.25%).

Notes to the Interim Condensed Consolidated Financial Statements (continued)

7. Debt instrument in issue

On 24 March 2011, the Group issued, at par, £150.0m of 2016 Notes which were listed on the LSE, unsecured and unrated, and which yielded interest at a fixed rate of 7.25% per annum. The notes were repaid in full at their maturity on 24 March 2016.

On 10 February 2016, the Group entered into a revolving credit facility for £30.0m for a one year period. Currently, no amounts have been drawn down.

8. Dividends

	6 months to 30 June 2016 Unaudited £m	6 months to 30 June 2015 Unaudited £m	12 months to 31 December 2015 Audited £m
Dividends on ordinary shares declared and paid in the period:			
Final dividend in respect of 2014	-	70.9	70.9
Interim dividend in respect of 2015	-	-	34.5
Final dividend in respect of 2015	80.9	-	-
Total dividends paid and charged to equity	80.9	70.9	105.4
Dividends on ordinary shares declared post the reporting date:			
Interim dividend in respect of 1H16 profit: 3.20p per share payable in 2H16	36.2	n/a	n/a

An interim dividend of £36.2m (3.20p per share) was declared by the Board on 27 July 2016. This will be payable on 16 September 2016 to shareholders on the register at 26 August 2016.

The difference between the proposed final dividend as reported in the 2015 Annual Report and Accounts (£81.5m) and the dividend paid out during the period (£80.9m), represents the dividends waived by employee benefit trusts on shares held in the trust on behalf of Group employees. The amount waived in respect of the interim dividend declared for 2016 will be established by the trustees of the employee benefit trusts on 26 August 2016, being the dividend record date.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

9. Earnings per share

Weighted average number of shares

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

	6 months ended 30 June 2016 Unaudited no. (millions)	6 months ended 30 June 2015 Unaudited no. (millions)
Weighted average		
Issued share capital	1,131.8	1,140.4
Less: own shares held	(42.8)	(45.0)
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,089.0	1,095.4
Add: dilutive potential of share options and unconditional awards	28.1	51.3
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,117.1	1,146.7

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 and awards, which are anticipated to vest based on market conditions as at 30 June 2016.

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

Earnings

	6 months ended 30 June 2016 Unaudited £m	6 months ended 30 June 2015 Unaudited £m
Total profit after tax attributable to owners of the parent	53.1	90.6
Add back:		
Acquisition related and non-recurring items after tax	26.4	11.2
Earnings for the purpose of basic and diluted earnings per share	79.5	101.8

Earnings per share

	6 months ended 30 June 2016 Unaudited pence	6 months ended 30 June 2015 Unaudited pence
Basic	7.3	9.3
Diluted	7.1	8.9

9.2 On profit after tax attributable to owners of the parent

Earnings

	6 months ended 30 June 2016 Unaudited £m	6 months ended 30 June 2015 Unaudited £m
Earnings for the purpose of basic and diluted earnings per share	53.1	90.6

Earnings per share

	6 months ended 30 June 2016 Unaudited pence	6 months ended 30 June 2015 Unaudited pence
Basic	4.9	8.3
Diluted	4.8	7.9

Notes to the Interim Condensed Consolidated Financial Statements (continued)

10. Operating cash flows reconciliation

	6 months ended 30 June 2016 Unaudited £m	6 months ended 30 June 2015 Unaudited £m	12 months ended 31 December 2015 Audited £m
Cash flows from operating activities			
Profit before tax	68.4	98.1	167.9
Adjustments to reconcile profit before tax to net cash flows generated from operating activities:			
- debt instrument interest expense	3.0	5.8	11.3
- share-based payment charges	17.2	16.7	28.9
- intangible amortisation	27.6	30.7	59.6
- share of income from associates and joint ventures	(0.5)	(0.7)	(0.1)
- property and equipment depreciation	1.4	1.3	2.6
- gain on disposal of seed capital investments	-	(9.2)	(11.0)
- contributions to retirement benefit schemes in excess of costs recognised	(3.0)	(2.5)	(5.0)
- net movements on other provisions	0.2	0.2	0.4
- other finance expenses	0.9	0.9	2.7
- other finance income	(2.3)	(0.9)	(0.2)
- seed capital investment impairment	-	-	1.0
- impairment of joint venture	2.7	-	-
- gain on sale of associates	-	(11.4)	(12.4)
Cash flows generated from operating activities before changes in operating assets and liabilities	115.6	129.0	245.7
Changes in operating assets and liabilities	(42.5)	(58.9)	33.5
Net tax paid	(9.8)	(6.5)	(9.4)
Net cash flows generated from operating activities	63.3	63.6	269.8

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 2016	Percentage owned as at 30 June 2015	Percentage owned as at 31 December 2015
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%

Notes to the Interim Condensed Consolidated Financial Statements (continued)

12. 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		
	As at 30 June 2016 Unaudited £m	As at 30 June 2015 Unaudited £m	As at 31 December 2015 Audited £m
Financial assets at fair value through profit or loss	216.3	123.7	145.7
Available-for-sale financial assets	62.4	62.0	64.6
Accrued income, OEIC and unit trust debtors and trade and other debtors	532.9	331.0	221.4
Cash and cash equivalents	181.3	282.9	381.6
Total loans and receivables	714.2	613.9	603.0
Total financial assets	992.9	799.6	813.3
Debt instrument in issue	-	149.7	149.9
Trade and other payables (excluding deferred income)	581.6	319.3	301.0
Total loans and payables carried at amortised cost	581.6	469.0	450.9
Financial liabilities at fair value through profit or loss	168.1	91.4	119.3
Provisions	11.7	12.7	11.9
Total financial liabilities at fair value through profit or loss	179.8	104.1	131.2
Total financial liabilities	761.4	573.1	582.1

Fair value

The carrying value of these assets and liabilities is considered to be materially equal to their fair value with the exception of the Group's debt instrument which had a fair value of £156.3m at 30 June 2015 and £151.4m at 31 December 2015. The Group's debt instrument was fully repaid on 24 March 2016 at its par value of £150.0m.

Financial assets at fair value through profit or loss mainly consist of seed capital investments, derivative instruments, underlying investments in consolidated structured entities and investments in the Group's fund products which are held, in employee benefit trusts, against outstanding deferred compensation arrangements. Available-for-sale financial assets consist of seed capital investments and underlying investments held in consolidated structured entities.

The Group enters into forward foreign exchange contracts to hedge 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. These derivatives are disclosed in financial assets and financial liabilities at fair value through profit or loss.

Financial liabilities at fair value through profit or loss represent non-controlling interests in consolidated structured entities, contingent deferred consideration, derivative instruments, bonuses deferred into funds 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.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

12. Fair value of financial instruments (continued)

Fair value hierarchy

The fair value hierarchy is applicable to financial assets and liabilities which are measured at fair value. 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 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 2016			
	Unaudited	Level 1	Level 2	Level 3
	£m	£m	£m	£m
Financial assets at fair value through profit or loss	216.3	120.6	95.1	0.6
Available-for-sale financial assets	62.4	7.3	16.8	38.3
Total financial assets at fair value	278.7	127.9	111.9	38.9
Total financial liabilities at fair value through profit or loss	179.8	18.8	5.5	155.5

	As at 30 June 2015			
	Unaudited	Level 1	Level 2	Level 3
	£m	£m	£m	£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 assets at fair value	185.7	134.7	13.7	37.3
Total financial liabilities at fair value through profit of loss	104.1	-	-	104.1

	As at 31 December 2015			
	Audited	Level 1	Level 2	Level 3
	£m	£m	£m	£m
Financial assets at fair value through profit or loss	145.7	79.0	66.2	0.5
Available-for-sale financial assets	64.6	10.1	15.5	39.0
Total financial assets at fair value	210.3	89.1	81.7	39.5
Total financial liabilities at fair value through profit of loss	131.2	8.8	5.4	117.0

Level 3 investments at 30 June 2016 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 is based on 31 March 2016 valuations. The events between valuation date and reporting date have been considered with respect to the 31 March 2016 valuations and no adjustments were considered necessary. During the period, there were no transfers in or out of Level 1, Level 2 and Level 3 (1H15: £nil; FY15: £nil).

Notes to the Interim Condensed Consolidated Financial Statements (continued)

12. 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 2016 Unaudited £m	6 months ended 30 June 2015 Unaudited £m	12 months ended 31 December 2015 Audited £m
Fair value at 1 January	39.5	47.8	47.8
Additions	0.3	-	0.5
Disposals	-	(11.4)	(23.9)
Movements recognised in the Consolidated Income Statement	-	(1.5)	9.9
Transfer from Consolidated Statement of Comprehensive Income to the Consolidated Income Statement	-	(9.1)	(9.6)
Fair value movements recognised in the Consolidated Statement of Comprehensive Income	(0.9)	11.5	14.8
	38.9	37.3	39.5

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

	6 months ended 30 June 2016 Unaudited £m	6 months ended 30 June 2015 Unaudited £m	12 months ended 31 December 2015 Audited £m
Fair value at 1 January	117.0	96.0	96.0
Net movement on bonuses deferred into funds	11.8	0.3	2.1
Other net additions	28.4	5.9	21.5
Other movements	(1.7)	1.9	(2.6)
	155.5	104.1	117.0

13. Contingent liabilities

The 2015 Annual Report and Accounts presented full details of contingent liabilities that the Group was exposed to as at 31 December 2015. During the six months to 30 June 2016, the Group has not become party to any additional contingent liabilities.

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 set out in the 2015 Annual Report and Accounts.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

14. Movement in controlled entities

There have been no acquisitions or disposals of controlled entities in the period.

15. Related parties

Compensation of key management personnel (including Directors)

The remuneration of the Executive Committee and all Directors, representing key management personnel, is disclosed below. (All Code Staff were classified as key management personnel for the six months ended 30 June 2015. The remuneration of the additional staff members disclosed in the Interim 2015 accounts amounted to £3.8m).

	6 months ended 30 June 2016 Unaudited £m	6 months ended 30 June 2015 Unaudited £m
Short-term employee benefits	1.7	2.5
Post-employment benefits	0.1	0.2
Share-based payments	3.0	7.4
	4.8	10.1

16. Events after the reporting date

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

On 27 July 2016, an interim dividend of 3.20p per share was declared by the Board payable on 16 September 2016 to shareholders on the register at 26 August 2016.

Directors' Report

The directors of Henderson Group plc (the Directors) present their report for the six months ended 30 June 2016. The Board approved the financial results for the six months ended 30 June 2016 on 27 July 2016.

Directors

The Directors who served during the six months ended 30 June 2016 and up to the date of this report, unless otherwise stated, are shown below. All Directors are expected to stand for reappointment at the 2017 Annual General Meeting.

Richard Gillingwater (Chairman)
Andrew Formica (Chief Executive)
Roger Thompson (Chief Financial Officer)
Philip Wagstaff (Executive Director) (appointed 24 May 2016)
Sarah Arkle
Kalpana Desai
Kevin Dolan
Tim How
Robert Jeens
Angela Seymour-Jackson.

Business review and results

The Group's results for the six months ended 30 June 2016 are shown in the Interim Consolidated Income Statement on page 9. A review of the six months ended 30 June 2016 and future business developments is covered in the Business and Financial Reviews on pages 5 to 8.

Rounding

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 28 April 2016 at the 2016 Annual General Meeting.

Directors' declaration

In the opinion of the Directors:

- the Interim Condensed Consolidated Financial Statements set out on pages 9 to 25:
 - 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 2016 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 requires 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 the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Signed in accordance with a resolution of the Board:

Andrew Formica
Chief Executive
27 July 2016

Roger Thompson
Chief Financial Officer
27 July 2016

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
27 July 2016

Roger Thompson
Chief Financial Officer
27 July 2016

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 2016 Interim Results of Henderson Group plc for the six months ended 30 June 2016. 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 2016;
- the Interim Consolidated Income Statement and Interim Consolidated Statement of Comprehensive Income for the period then ended;
- the Interim Consolidated Statement of Cash Flows for the period then ended;
- the Interim Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the Interim Condensed Consolidated Financial Statements.

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

The Interim Condensed Consolidated Financial Statements included in the 2016 Interim Results 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 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 2016 Interim Results 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 2016 Interim Results, 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 2016 Interim Results 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 2016 Interim Results 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
27 July 2016
7 More London Riverside, London, SE1 2RT

Notes:

- (a) The maintenance and integrity of the Henderson Group plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.