

The Group completed the sale of its Life Services business to Pearl Group Limited (formerly Life Company Investor Group Limited) on 13 April 2005 for a cash consideration of £1.070bn. As a result of this transaction, the Group returned £871m of the proceeds to shareholders. The name of the Company was changed from HHG PLC to Henderson Group plc on 22 April 2005.

The remaining Group comprises Henderson Global Investors, a pan-European investment manager, and Towry Law, a financial advisory business based in the UK.

- Profit from ordinary activities before tax from continuing operations¹ of £37.0m (1H2004: £28.7m)
- Henderson Global Investors operating profit before tax¹ of £38.0m (1H2004: £36.2m)
- Towry Law UK operating profit¹ of £1.6m (1H2004: £0.1m loss)
- Corporate costs¹ of £2.6m before tax net of investment income (1H2004: £4.7m)
- Henderson Global Investors assets under management of £66.5bn (31 Dec 2004: £69.1bn)

Henderson Global Investors – growth in profits

Operating profit before tax for Henderson Global Investors in first half 2005

was £38.0m, up 5% from £36.2m in first half 2004. This performance reflects management's focus on improving fee margins on assets managed. Despite a decline in assets under management, continued growth in higher margin business lines resulted in a further improvement in the total fee margin for Henderson Global Investors from 36bps in first half 2004 to 37bps in first half 2005.

A reduction in expenditure delivered an improvement in the cost to income ratio to 70.6% in first half 2005 compared to 71.9% in first half 2004.

Towry Law UK – return to profit

Towry Law UK continues to show a steady improvement in performance, with a return to profit in the period. The benefits of a number of restructuring initiatives undertaken in 2004 have started to come through, with lower costs in all areas of the business.

Other business

A reduction in Corporate costs was enhanced by higher investment income from the sale of the Life Services business in first half 2005. The results of the Life Services business are incorporated into the Consolidated Income Statement up to the date of disposal under discontinued operations. Comparative figures have been restated accordingly, including all figures

in respect of Virgin holdings, Towry Law International and Cogent transactions.

Net cash inflows for the continuing operations were £156m (total Group £3,027m outflows), including £199m proceeds retained following the sale of the Life Services business, less net cash outflows in respect of the costs of the transaction. Operational cash flows were positive for the continuing business. The effective tax rate on continuing operations decreased from 32.8% in first half 2004 to 17.8% in first half 2005, due to the recognition of previously disallowed tax assets and the utilisation of prior year tax losses. No ordinary dividends are proposed for first half 2005 (1H2004: nil).



Rupert Pennant-Rea
Chairman
24 August 2005

Summarised Consolidated Income Statement

	Unaudited half year 2005				Unaudited half year 2004			
	Continuing operations £m	Discontinued operations £m	Eliminations £m	Total £m	Continuing operations £m	Discontinued operations £m	Eliminations £m	Total £m
Continuing operations								
Net fee income	141.7	–	(7.3)	134.4	144.2	–	(23.0)	121.2
Finance income	15.9	–	(2.1)	13.8	9.4	–	(5.1)	4.3
Operating expenses	(117.0)	–	0.4	(116.6)	(120.0)	–	(0.4)	(120.4)
Operating profit	40.6	–	(9.0)	31.6	33.6	–	(28.5)	5.1
Finance costs	(3.6)	–	3.0	(0.6)	(4.9)	–	4.9	0.0
Net profit before tax from continuing operations	37.0	–	(6.0)	31.0	28.7	–	(23.6)	5.1
Taxation	(6.6)	–	–	(6.6)	(9.4)	–	–	(9.4)
Net profit/(loss) after tax from continuing operations	30.4	–	(6.0)	24.4	19.3	–	(23.6)	(4.3)
Discontinued operations								
Net (loss)/profit after tax on discontinued operations	–	(6.7)	6.0	(0.7)	–	(12.4)	21.8	9.4
Net profit/(loss) before taxation from all operations	37.0	(1.9)	–	35.1	28.7	(5.7)	(1.8)	21.2
Total taxation	(6.6)	(4.8)	–	(11.4)	(9.4)	(6.7)	–	(16.1)
Net profit/(loss) after taxation from all operations	30.4	(6.7)	–	23.7	19.3	(12.4)	(1.8)	5.1
Attributable to:								
Equity holders of the parent				27.2				(40.9)
Minority interests – discontinued operations				(3.5)				46.0
				23.7				5.1
Basic earnings per share (pence)	1.5	(0.2)	–	1.3	0.7	(2.2)	(0.1)	(1.6)
Basic and diluted earnings per share (pence)	1.5	(0.2)	–	1.3	0.7	(2.2)	(0.1)	(1.6)

Consolidated Statement of Recognised Income and Expense

	Unaudited half year 2005 £m	Unaudited half year 2004 £m
Exchange differences on translation of foreign operations	(0.1)	(1.1)
(Losses)/gains on revaluation of available-for-sale investments	(3.7)	0.5
Actuarial losses on defined benefit pension schemes	(11.1)	(8.0)
Tax on items taken directly to equity	4.5	–
Revaluation reserve transfer on sale of available-for-sale investments	3.4	–
Net expense recognised directly in equity	(7.0)	(8.6)
Net profit after tax from all operations	23.7	5.1
Total recognised income and expense	16.7	(3.5)

Summarised Consolidated Balance Sheet

	Unaudited at 30 June 2005 £m	Audited at 31 December 2004 £m	Unaudited at 30 June 2004 £m
Assets			
Intangibles	247.9	249.0	292.5
Investments	84.4	59.7	26,832.2
Receivables and prepayments	148.3	100.2	705.6
Cash and cash equivalents	448.8	292.6	1,863.0
Taxation assets	26.3	10.2	32.7
Other assets	27.0	24.8	521.5
Total continuing group assets	982.7	736.5	30,247.5
Disposal group assets	–	31,879.1	–
Total assets	982.7	32,615.6	30,247.5
Liabilities			
Borrowings	0.2	0.2	1,513.4
Obligations under finance leases	1.2	1.3	62.2
Provisions	126.6	125.2	290.0
Trade and other payables	168.7	144.9	911.9
Taxation liabilities	44.2	27.3	127.2
Other liabilities	22.0	19.0	25,242.4
Total continuing group liabilities	362.9	317.9	28,147.1
Disposal group liabilities	–	30,405.4	–
	362.9	30,723.3	28,147.1
Equity			
Share capital and premium	482.0	1,352.0	1,351.8
Reserves	151.5	127.0	321.0
Own shares	(13.7)	(4.0)	(2.3)
	619.8	1,475.0	1,670.5
Minority interests – disposal group	–	417.3	429.9
Total equity	619.8	1,892.3 ²	2,100.4

Reconciliation of Movement in Shareholders' Equity for the continuing operations

	Unaudited half year to 30 June 2005 £m	Unaudited half year to 31 December 2004 £m	Unaudited half year to 30 June 2004 £m
Opening shareholders' equity	416.2³	2,100.4	1,906.4
Movement in Consolidated Income Statement after tax for total Group	27.2	(179.2)	(40.9)
Movement in Statement of Recognised Income and Expense	(7.0)	(15.6)	(8.6)
Movements in capital net of related expenses	(870.5)	–	114.7
Movements in relation to Henderson Group share schemes	(4.9)	(0.7)	(1.7)
Movements in minority interests	–	(429.9)	130.5
Disposal of assets held for sale	1,058.8	(1,058.8)	–
Closing shareholders' equity	619.8	416.2³	2,100.4

Summarised Consolidated Cash Flow Statement

	Unaudited half year to 30 June 2005 £m	Unaudited half year to 31 December 2004 £m	Unaudited half year to 30 June 2004 £m
Net cash flows from operating activities	(340.7)	(523.7)	(600.7)
Net cash flows from investing activities	(2,231.8)	(48.2)	(1,927.9)
Net cash flows from financing activities	(455.2)	2,172.1	328.1
Effects of exchange rate changes	0.7	12.6	(54.8)
Net decrease in cash and cash equivalents	(3,027.0)	1,612.8	(2,255.3)
Cash and cash equivalents at beginning of period	3,475.8	1,863.0	4,118.3
Cash and cash equivalents at end of period (total group)	448.8	3,475.8	1,863.0

1. Excluding discontinued operations and eliminations.
2. Total equity of £1,892.3m as at 31 December 2004 in the Summarised Consolidated Balance Sheet represents the balance for the entire Group. The Reconciliation of Movement in Shareholders' Equity excludes both assets held for sale and minority interests in respect of the disposal group, in order to provide a meaningful Shareholders' Equity comparative for continuing operations as at that date.
3. Closing Shareholders' Equity as at 31 December 2004 in the Reconciliation of Movement in Shareholders' Equity of £416.2m differs by £2.4m from the £418.6m net assets attributable to equity holders for continuing operations as at 31 December 2004, as can be deduced in the Summarised Consolidated Balance Sheet. The difference arises on cancellation of intercompany balances between continuing and discontinuing operations on consolidation, and is eliminated by the disposal of the Life Services business in first half 2005.

BASIS OF PREPARATION

The results for the half year ended 30 June 2005 have been prepared on an International Financial Reporting Standards (IFRS) basis using the accounting policies set out in Henderson Group plc's 2004 Preliminary IFRS Financial Statements. These included a reconciliation of the consolidated equity and consolidated profit/(loss) position as stated in the 2004 HHG PLC Full Annual Financial Report and Accounts on a UK GAAP basis to the IFRS basis now used. These financial statements, along with accompanying analyst presentations, are available on the Group website. There have been no changes to the Group's accounting policies since the 2004 Preliminary IFRS Financial Statements were released. The Group has elected to early adopt the recently issued amendment to IAS 19. It is expected that the amendment will be endorsed by the European Union in time for adoption in the Group's 2005 full year results.

STATUTORY ACCOUNTS

The financial information contained in this interim statement is unaudited and does not constitute statutory accounts. The 2004 HHG PLC Full Annual Financial Report and Accounts have been delivered to the UK Registrar of Companies; the report of the auditors on those accounts was unqualified. The auditors have carried out a review of the interim financial information and their report follows.

INDEPENDENT REVIEW REPORT TO HENDERSON GROUP PLC

Introduction We have been instructed by the Company to review the financial information for the half year ended 30 June 2005 which comprises the Summarised Consolidated Income Statement, Consolidated Statement of Recognised Income and Expense, Summarised Consolidated Balance Sheet, Reconciliation of Movement in Shareholders' Equity for the continuing operations and the Summarised Consolidated Cash Flow Statement. We have read the other information contained in the interim statement and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority.

The accounting policies are consistent with those that the Directors intend to use in the next financial statements. There is, however, a possibility that the Directors may determine that some changes to these policies are necessary when preparing the full annual financial statements for the first time in accordance with those IFRS adopted for use by the European Union. This is because, as disclosed, the Directors have anticipated that revised IFRS 19, which has yet to be formally adopted for use in the European Union will be so adopted in time to be applicable to the next annual financial statements.

Review work performed We conducted our review in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion On the basis of our review, we are not aware of any material modifications that should be made to the financial information as presented for the half year ended 30 June 2005.



Ernst & Young LLP
Registered Auditor, London
24 August 2005

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Company registration number: 2072534

This advertisement is a summary of certain information contained in the stock exchange announcements dated 24 August 2005 (relating to the interim results for the half year ended 30 June 2005 of the Group). All announcements are posted on the Group website at www.henderson.com for shareholders to access.

For enquiries, shareholders can contact the registrar:
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