

2008 INTERIM RESULTS

28 August 2008

Financial highlights

	6 months to 30 June 2008	6 months to 30 June 2007	12 months to 31 December 2007
Earnings per share ¹			
Basic, before non-recurring items	6.7p	6.0p	11.7p
Basic, after non-recurring items ²	6.3p	10.4p	16.4p
Diluted, after non-recurring items ²	5.8p	10.0p	15.6p
Total ordinary dividend per share	1.85p	1.66p	6.10p
Return on equity ³	38%	20%	23%
Profit before tax			
Group, before non-recurring items	£50.8m	£60.5m	£106.7m
Group, after non-recurring items	£47.0m	£101.0m	£147.2m
Operating profit before tax			
Henderson Global Investors	£60.6m	£61.4m	£109.6m
Profit after tax			
Group, including non-recurring items ²	£41.2m	£89.5m	£132.2m
Henderson Global Investors cost to income ratio	59.8%	65.6%	67.5%
Assets under management (AUM) ⁴	£52.6bn	£61.6bn	£59.2bn

¹ Based on the weighted average number of shares in issue less the weighted average number of own shares held during the period.

² Includes non-recurring costs in 1H08 and non-recurring gains in 1H07 and FY07.

³ Before tax excluding non-recurring items.

⁴ £6.6 billion decline in AUM from 31 December 2007 to 30 June 2008 due to £4.8 billion net fund outflows from Pearl, £3.1 billion unfavourable market and foreign exchange rate movements, partly offset by net fund inflows of £1.3 billion.

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Key points on the results

- 12% increase in basic earnings per share before non-recurring items.
- 90% increase in pre-tax return on equity from recurring operations.
- Henderson Global Investors ('Henderson') profit before tax similar to 1H07, achieved by stringent cost control.
- Management fee margin 43.2bps (1H07: 41.7bps) and net fee margin 21.9bps (1H07: 19.8bps) on average AUM.
- Henderson cost to income ratio 59.8% (1H07: 65.6%).
- On track to meet 2008 financial objectives, assuming current market levels.
- Three year investment performance track record satisfactory.
- £1.3 billion net fund inflows (excluding Pearl).

Other important points

- Proposed Scheme of Arrangement to achieve an effective corporate tax rate of approximately 20% per annum from 2009.
- Roger Yates to step down as Chief Executive, to be succeeded by Andrew Formica.

Comments from Chief Executive, Roger Yates

"The economic environment in the first six months of 2008 was extremely hostile compared with the same period last year. Weaker markets and subdued demand for investment products, particularly from retail investors, put pressure on our fee income. Nevertheless, earnings per share increased by 12% to 6.7 pence in the first half of 2008 (1H07: 6.0 pence per share) due to the special dividend paid to shareholders in October 2007 and prudent gearing of the balance sheet in May 2007. Assuming markets do not fall materially from here, Henderson is still aiming to meet or beat its pre-tax operating profit from last year of £109.6 million and achieve an expense ratio of below 65% in 2008. This is facilitated by the prompt action we took on costs earlier this year, together with further net fund inflows into our Institutional business and some of our higher margin products.

We will be writing to shareholders shortly with proposals to change the corporate structure of the Henderson Group ('Group'). This will involve a scheme of arrangement to create a new holding company, which will be incorporated in Jersey and tax-resident in the Republic of Ireland. As our business becomes increasingly global, we have concluded that the Group and its shareholders would be better served by having an international holding company with a group structure that is designed to help protect the Group's taxation position and better facilitate its financial management.

I will be stepping down as Chief Executive effective November this year. Henderson is a strong and successful independent fund management business and it has been a great privilege to lead this business over the past nine years.

I am pleased to announce the Board has chosen as my successor Andrew Formica, currently Head of Equities. Having worked with Andrew for a number of years, I know he is the right person to take Henderson forward."

Group result

Operating profit before tax and non-recurring items, amounted to £50.8 million in the first half of 2008 ('the period'), down 16% from the first half of 2007. This decline was largely due to debt servicing costs in the period associated with the debt raised in May 2007.

Operating profit after tax and non-recurring items, was £41.2 million in the period, 54% lower than the first half of 2007. This decline was largely due to non-recurring gains in the first half of 2007, when the Group recognised an accounting gain on its investment in Banco Popolare Gruppo Bancario ("BP") and a past service credit in its staff pension scheme.

Tax in the period consisted of a £6.7 million charge on recurring operations and a £0.9 million credit on non-recurring items. The effective tax rate for all operations, excluding non-recurring items, was 13.3% (1H07:14.7%) and including non-recurring items was 12.4% (1H07: 11.4%).

Henderson result

Operating profit before tax for Henderson was £60.6 million in the period, similar to the £61.4 million achieved in the first half of 2007. Lower fee income was offset by lower expenditure.

Management fee income decreased by 8% to £119.2 million in the period, mostly due to weaker equity markets and the absence in 2008 of make-whole fees earned on structured products in the first half of 2007.

Transaction fee income decreased by 13% to £8.7 million in the period, largely due to a slower pace of investment in Property. Net performance fees were £15.5 million in the period, £19.4 million or 56% lower compared with the first half of 2007. Net performance fees continue to be sourced from a range of products, with Hedge funds, Property and Institutional being the largest contributors in the period. We are confident of achieving our guidance of £30 million for transaction and net performance fees combined in 2008.

As a result of the lower management, transaction and net performance fees, total fee income in the period decreased to £143.4 million, down 18% from £174.4 million in the first half of 2007.

Investment income increased 70%, from £4.3 million in the first half of 2007 to £7.3 million in the period. This was mostly due to a dividend received from BP (nil in 1H07) and interest earned on higher cash balances held in Henderson.

Recurring operating expenses decreased by £26.9 million or 23%, from £115.9 million in the first half of 2007 to £89.0 million in the period. This was achieved through savings in all expense categories, including a £21.1 million or 26% decline in staff costs, mainly due to lower variable pay in line with the weaker revenue environment.

Total expenditure, including depreciation and amortisation charges, declined from £117.3 million in the first half of 2007 to £90.1 million in the period.

Overall, the decline in total income was offset by lower expenditure, resulting in an improvement in the cost to income ratio to 59.8%, from 65.6% in the first half of 2007.

Further inflows into higher margin products and outflows from Pearl meant that average management fee margins continued to rise, from 41.7bps of AUM in the first half of 2007 to 43.2bps in the period. The net margin on average AUM also improved, to 21.9bps in the period compared with 19.8bps in the first half of 2007.

Summary of movements in AUM				
	Opening AUM 1 Jan 2008	Net flows 1 Jan 2008 – 30 Jun 2008	Market/FX 1 Jan 2008 – 30 Jun 2008	Closing AUM 30 Jun 2008
	£bn	£bn	£bn	£bn
Higher margin				
Investment Trusts	4.3	(0.2)	(0.6)	3.5
Horizon funds	3.5	(0.2)	(0.3)	3.0
UK Wholesale	3.8	(0.1)	(0.4)	3.3
US Wholesale	3.5	0.2	(0.4)	3.3
Hedge funds	1.2	0.0	0.1	1.3
Property (UK/Europe)	7.4 ¹	0.6	(0.1)	7.9
Property (US)	1.3	0.0	(0.1)	1.2
Private Equity	1.1	0.0	0.1	1.2
Structured Products	1.8	0.0	0.0	1.8
	27.9	0.3	(1.7)	26.5
Lower margin				
Institutional	11.7	1.0	(0.7)	12.0
Total AUM ex Pearl	39.6	1.3	(2.4)	38.5
Pearl	17.7	(3.0)	(0.6)	14.1
Pearl Staff Pension Scheme	1.9 ²	(1.8)	(0.1)	0.0
Total AUM	59.2	(3.5)	(3.1)	52.6

¹ £0.2 billion previously included in 31 Dec 2007 disclosure now included in Pearl Staff Pension Scheme.

² Includes £0.2 billion of Property (UK/Europe).

AUM declined to £52.6 billion at 30 June 2008, compared to £59.2 billion at 31 December 2007. Net inflows into higher margin business totalled £0.3 billion and comprised: net inflows into US Wholesale funds (£0.2 billion) and Property (£0.6 billion), partially offset by net outflows from UK and European Wholesale funds (£0.3 billion) and Investment Trusts (£0.2 billion). AUM in Hedge funds (£1.3 billion), Private Equity (£1.2 billion) and structured products (£1.8 billion) remained stable during the period. Property client commitments, pending investment, totalled £2.0 billion at 30 June 2008 (£2.3 billion at 31 December 2007).

In lower margin Institutional, we achieved net inflows of £1.0 billion, mostly into Fixed Income products, a significant improvement on recent years.

We experienced net outflows of £3.0 billion from Pearl in the period, comprising £0.8 billion from the run-off of Pearl's closed life books and £2.2 billion in respect of previously notified withdrawals. We continue to manage £14.1 billion of assets for Pearl, including £6.3 billion under notice of withdrawal on a care and maintenance basis.

The investment management and other related agreements, entered into with Pearl in June 2006, allow Pearl flexibility to withdraw and/or reallocate its assets. As such, we cannot predict movements in Pearl funds. However, if actual fees fall below certain thresholds, Pearl has agreed to make compensation payments to Henderson to make

good the shortfall, until April 2015. The Pearl fund movements mentioned above, therefore, do not have any material impact on Henderson's future revenues.

The Pearl Staff Pension Scheme withdrew its mandate of £1.8 billion in the period, as previously flagged, resulting in a future revenue loss of approximately £2 million per annum.

Total net fund outflows of £3.5 billion, therefore, together with unfavourable market and foreign exchange rate movements of £3.1 billion in the period, resulted in total assets under management of £52.6 billion at 30 June 2008.

Investment performance

Henderson's three year investment performance remains satisfactory. Short-term performance, however, has been more challenging, largely due to market volatility.

In Listed Assets, which consists of our Equity and Fixed Income business, 61% of funds by value beat their benchmark in the three year period. Over one year, 53% of funds by value beat their benchmark, which reflects a stronger performance from Fixed Income but weaker Equity returns.

In Property, our three year record remains good, although investment performance in 2007, particularly in Pan-European Property, was disappointing.

Corporate result

Corporate costs were £4.1 million in the period, £0.9 million lower than the first half of 2007, due to reduced Group insurance costs and legal expenses. We now expect Corporate costs in 2008 to be lower than in 2007, at approximately £8.0 million.

Corporate net interest expense was £5.7 million in the period, compared with corporate net interest income of £4.1 million in the first half of 2007, because of the introduction last year of some debt and the payment of the special dividend. We expect Corporate net interest in 2008 to comprise mainly debt servicing costs of approximately £11.5 million, assuming an interest rate of 6.5% per annum. Interest cover remains healthy at eight times.

Restructuring costs

A charge of £2.5 million pre-tax was incurred in the first half of 2008, as previously flagged, as a result of the headcount and related restructuring we undertook at the start of this year. This cost has been disclosed as a non-recurring item in the Group income statement.

Third party administration arrangements review

A review of most of our third party administration arrangements began in the period and should be completed by the end of this year. The primary purpose of the review is to secure excellent investment administration for our diverse range of Listed Asset funds, both current and future.

As part of this review, we have incurred some one-off expenditure in the period of £0.6 million before tax relief, which has been disclosed as a non-recurring item in the Group income statement. We anticipate further costs in the second half of 2008 of up to £2 million before tax relief. On completion, we expect a proportion of these costs to be

recovered from our Listed Assets funds, with the balance to be capitalised and amortised over the life of the new administration contracts.

We will provide shareholders with a further update when we announce our full-year 2008 results in February 2009.

Scheme of Arrangement

The Group is proposing a change in the corporate structure and organisation of Henderson Group, including its intention to create a new holding company for Henderson Group ("New Henderson Group") which will be incorporated in Jersey. As its business becomes increasingly global, Old Henderson Group has concluded that it and its shareholders would be better served by having an international holding company and a group structure that is designed to help protect Henderson Group's taxation position, and better facilitate its financial management. Notwithstanding recent suggestions concerning possible changes to UK tax laws, the Directors believe that the most appropriate structure is for the new parent company of Henderson Group to be tax-resident in the Republic of Ireland.

Implementation of the proposals referred to above will include putting in place a new holding company of Henderson Group by means of a scheme of arrangement under sections 895 to 899 of the UK Companies Act ("the Scheme") which will facilitate further restructuring of Henderson Group intended to enable Henderson Group to maintain an effective corporate tax rate on profits before non-recurring items that is lower than the current UK corporate tax rate (the "Proposals"). If the Proposals are implemented, Henderson Group aims to achieve an effective corporate tax rate of approximately 20% per annum from 2009. As previously indicated, we expect the effective tax rate in 2008, to remain at between 10% and 15%.

The implementation of the Proposals will not result in any changes in the day-to-day conduct of the business of Henderson Group, its strategy or dividend policy. New Henderson Group will have listing arrangements which are substantially the same as those of Old Henderson Group and will be dual-listed on the LSE and the ASX and, upon listing, its Ordinary Shares will be included in the FTSE's UK Series and its CDIs will be traded on the ASX and included in the S&P/ASX200.

The Scheme will require the approval of the Group's shareholders at the Court Meeting and the passing of resolutions at the General Meeting scheduled for 30 September 2008. If all the conditions to the Scheme are met, it is anticipated that the Scheme will become effective on 31 October 2008.

More information on the Scheme, including a detailed implementation timetable, will be available on our website on 5 September 2008 and we expect to post all relevant Scheme documents to shareholders by 15 September 2008.

In preparing the Scheme, we have incurred £0.7 million of costs in the period. These have been disclosed as a non-recurring item in the Group income statement. Our current expectation is that the total cost of implementing the Scheme in 2008 will be £4.5 million, considerably less than the expected tax benefits over the longer term.

Balance sheet

The balance sheet remains strong, with Group net assets at 30 June 2008 of £271.4 million, including cash balances and investments of £270.7 million.

Interim dividend

The Board recently reviewed its dividend policy and has increased the dividend pay-out ratio in 2008 from 50% to 55% of net profits after tax before non-recurring items. Beyond that, we intend to increase the dividend pay-out ratio by five percentage points a year, bringing the ratio to about 65% from 2010 onwards.

The Directors have declared an ordinary dividend in respect of the six months ended 30 June 2008 of 1.85 pence per share (1H07: 1.66 pence per share). We plan to pay the dividend on 26 September 2008 to shareholders on the register on 5 September 2008.

Board of Directors

After nine years in charge, Roger Yates will step down as Chief Executive of Henderson Group and Managing Director of Henderson on 4 November 2008. He will be replaced by Andrew Formica, Head of Equities and co-head of Listed Assets, who will also join the Board on that date.

Rupert Pennant-Rea, Chairman, said: "Roger has built Henderson into a strong and successful independent fund management business since the demerger from AMP in 2003. The Board is sorry to see him go, but we wish him well for the future.

We are appointing a strong successor in Andrew Formica, who has been with the Group in its various guises since 1998. He is an experienced fund manager, with proven skills as a leader. Andrew and Roger have worked closely together over the years, particularly in the last four years when Andrew joined the Senior Management Team and we expect a seamless transition. We are confident that he will take the Group from strength to strength."

Outlook

We do not expect market conditions to improve in 2008. We assume that retail investor confidence will remain fragile, so are cautious about net flows into our Wholesale funds during 2008 and probably into 2009. Although there are current opportunities in Hedge funds, Property and Institutional overall we expect fund flows to be subdued in the second half of 2008.

It remains our goal in 2008 to meet or beat Henderson Global Investors' operating profit before tax and non-recurring items for FY07 of £109.6 million, despite markets having worsened materially since our FY07 announcement on 27 February 2008. During the first two months of the year, the average level of the FTSE100 was 5,968, compared to an average level during the two months of July and August of 5,400. Nevertheless, the prompt action we took on costs earlier in the year, should enable us to achieve our financial objectives for 2008, on the assumption that average equity, fixed income and real property market levels for the second half of 2008 remain at or above those levels seen during July and August; foreign exchange rates remain at average levels seen during July and August; net fund flows in the second half of 2008 (excluding Pearl) are flat or better, with no significant change in the underlying mix of AUM from the first half of 2008; and costs remain in line with normal operating activity.

In addition, we now expect Henderson to deliver a cost to income ratio of below 65% in 2008.

We expect Corporate costs in 2008 to be lower than in 2007, at approximately £8 million and Corporate net interest in 2008 to comprise mainly debt servicing costs of approximately £11.5 million, assuming an interest rate of 6.5% per annum.

Therefore, based on the assumptions above, our goal in 2008 is for Henderson Group to meet or beat a profit figure before tax and non-recurring items of approximately £90 million.

We will continue to look for other opportunities that meet our strategic criteria, though our focus will remain on profitable organic growth, mainly through revenue creation.

In any upturn in markets, our broad range of products, good long term investment performance and high degree of operating leverage should stand us in good stead. Overall, the Group is in good shape despite the economic environment – a testament to the diversity of the business.

Approved by the Board of Directors on 27 August 2008.

For further detail on the 2008 interim results, please see the Interim Report and Accounts, lodged together with this announcement.

Forward-looking statements

This announcement contains forward-looking statements with respect to the financial condition, results and business of Henderson Group. 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 Group's actual future results may differ materially from the results expressed or implied in these forward-looking statements.

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Details of market briefing: Thursday, 28 August 2008

For a telephone link to the briefing, dial one of the following numbers five to 10 minutes prior to the start of the call:

Conference title Henderson Group, interim results market briefing
Chairperson Roger Yates

9.00am (London time)/6.00pm (Sydney time)

From

United Kingdom 0500 1016 30 (free call)

Australia 1800 9889 41 (free call)

All other countries +44 (0) 20 7162 0025 (this is not a free call)

Replay number

From

United Kingdom 020 7031 4064 Access code: 805637

Australia +61 (0) 2 8223 9748 Access code: 805637

(available from 28 August to 4 September 2008)

Alternatively, you can listen to a live audiocast of the briefing. To listen to the briefing, go to www.henderson.com and click on the relevant link on the home page.

Notes to editors

About Henderson Group plc

Henderson Group plc (“Henderson Group” or “Group”) is the holding company of the investment management group Henderson Global Investors (Henderson). Henderson Group is headquartered in London and since December 2003 has been dual-listed on the London Stock Exchange and Australian Securities Exchange. Henderson Group is a constituent of the FTSE 250 and S&P/ASX200 indices.

Established in 1934, Henderson is a leading independent global asset management business. Henderson provides its institutional, retail and high net-worth clients with access to skilled investment professionals representing a broad range of asset classes, including equities, fixed income, property and private equity. Henderson is one of Europe’s largest investment managers, with £52.6 billion of AUM (as at 30 June 2008) and employs around 970 people worldwide.

About CHESSE Depository Interests

In this announcement, the term “shareholders” refers to all holders of Henderson Group plc shares, including those whose holdings are in the form of CHESSE Depository Interests on the ASX.

CHESSE Depository Interests, or CDIs, are a way of allowing securities of foreign companies to be traded on the ASX. CDIs afford shareholders all the same direct economic benefits as ordinary shares, like the right to dividends and the right to participate in rights offers.

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