HENDERSON DIVERSIFIED INCOME LIMTED
REPORT FOR THE HALF YEAR ENDED
30 APRIL 2014

HENDERSON DIVERSIFIED INCOME LIMITED

Report for the half year ended 30 April 2014

Highlights	**As at 30 April 2014**
Total net assets	**£115,567,000**
Net asset value per ordinary share	**89.4p**
Market price per ordinary share	**92.0p**
Dividends – first interim (paid 21 March 2014)	**1.25p**
– second interim (payable 30 June 2014)	**1.25p**

Performance	**Six months to 30 April 2014**
Net Asset Value Total Return*	**4.73%**
Share Price Total Return+	**3.46%**

*Source: Henderson Global Investors.
+Source: Fundamental Data/Datastream.

Interim Management Report

Chairman's Statement

I am pleased to report a positive period for your company with a successful placing and offer for subscription, strong ongoing demand for the shares and earnings which continued to comfortably exceed the target of 1.25% over three month sterling LIBOR. At the period end the ordinary shares were yielding 5.4%

Performance
The net asset value total return per ordinary share for the six month period under review was 4.7% whilst the share price total return per ordinary share was 3.5% reflecting a slight narrowing of the premium to net asset value at which the shares trade.

Dividends and Dividend Policy
On 31 December 2013 a fourth interim dividend of 1.30p per share for the year ended 31 October 2013 was paid. In relation to this financial year, your Board paid a first interim dividend of 1.25p per share on 21 March 2014, and has declared a second interim dividend also of 1.25p per share to be paid on 30 June 2014.

As was the case in the last financial year, your Board will consider declaring a larger fourth interim dividend in order to maintain your Board's modest progressive dividend policy.

Material Events or Transactions during the Period
On 6 February 2014, an aggregate of 23,751,762 new shares were issued pursuant to the placing and offer for subscription by the Company at an issue price of 88.5p per share. The gross proceeds of this issue were £21,020,309. From 6 February 2014 to 30 April 2014 the Company has issued a further 13,475,000 new ordinary shares for cash at a premium to net asset value. A further 2,200,000 new ordinary shares have been issued since 30 April 2014.

Demand for the shares continues to be strong and your Board will continue to issue shares at a premium to net asset value thereby giving shareholders a modest uplift in the net asset value per ordinary share, improved liquidity in the shares and the fixed costs spread over a wider shareholder base.

Outlook

The low default environment continues to be very supportive but spreads have compressed a long way and some credit valuations are getting a little stretched. Consequently, whilst income returns will continue to be strong, capital growth will be harder to achieve as both our bond and loan investments look fully valued. It still seems unlikely that interest rates will rise before the end of this year so there will continue to be a preference for fixed rate bonds over floating rate secured loans for the time being.

Paul Manduca
Chairman
3 June 2014

Principal Risks and Uncertainties
The principal risks and uncertainties associated with the Company's business can be divided into the following main areas:

- Investment activity and performance risk
- Financial risk
- Regulatory risk
- Operational risk

Information on these risks and how they are managed is given in the Annual Report and Financial Statements for the year ended 31 October 2013. In the view of the Board these principal risks and uncertainties are as applicable to the remaining six months of the financial year as they were to the six months under review.

Related Party Transactions
Details of related party transactions are contained in the Annual Report and Financial Statements for the year ended 31 October 2013. Other than fees payable in the ordinary course of business, there have been no material transactions with related parties during the six month period under review, which have materially affected the financial position or performance of the Company.

Directors' Responsibility Statement
The Directors confirm that, to the best of their knowledge:

(a) the set of financial statements has been prepared in accordance with the Accounting Standards Board's statement 'Half-Yearly Financial Reports';
(b) the Interim Management Report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7R (indication of important events during the six month period and description of principal risks and uncertainties for the remaining six months of the year); and
(c) the Interim Management Report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

Paul Manduca
Chairman
3 June 2014

Managers' Report

The Company's NAV made steady progress over the six month period. In addition the Company achieved a successful share placing in early February 2014 with significant additional demand thereafter. The Board was keen to reduce the fees for shareholders given the larger size of the Company and to enhance liquidity for shareholders – both of these objectives have been met. The Company's shares have traded at a healthy premium to NAV over the period which was pleasing – reflecting, we think, the persistent demand for income with a degree of potential protection in a rising interest rate environment unlike the majority of mainstream bond fund offerings. Indeed, whilst meeting shareholders over the fundraising period we described this Company as an antithesis of a Gilt fund – i.e. being highly exposed to credit risk, with limited exposure to interest rate sensitivity – a gently rising interest rate could enhance distributions over time.

Turning to markets, the final months of the 2013 calendar provided strong returns for credit sensitive areas of the fixed income markets but not interest rate sensitive areas i.e. Gilts. The reduction in the amount of quantitative easing stimulus announced by the US Federal Reserve or 'tapering' was taken positively by equity markets but less so by sovereign bond markets – this caused US and UK benchmark 10-year bond yields to breach the existing September highs for the year, exceeding the psychological 3% levels at year-end. This provided an opportunity for those higher yielding assets that are not highly correlated to government bonds (loans, high yield bonds and higher yielding financials) to rally - the type of assets the Company is heavily invested in. The higher yielding corporate and financial bonds provided strong income returns and also some capital appreciation, whilst loans made steady but not spectacular progress. Additional credit risk was gained through the use of credit derivatives and more traditional bank gearing. This environment is almost perfect for being exposed to credit risk – relatively low growth, low inflation and very low defaults (see graph below). The Gilt market reversed its severe weakness of late 2013 in January of this year, as it was felt that global bond markets had over discounted the threat of future rate rises. This bounce back in lower Gilt yields and higher Gilt prices was exacerbated by extreme positioning (a lot of people had already sold the market) and some weaker than expected Chinese and weather induced weak US data. This bounce back has helped all bond assets to perform. The Gilt rally has helped the best quality investment grade bonds to perform, where the portfolio is relatively underweight, whilst financial bonds and high yield bonds, where we are significant holders, have seen spreads tighten significantly, causing an uplift in prices.

On the asset allocation side, we are very conscious of one potential benchmark risk: - not having enough floating note assets if interest rates were to rise. Longer term, subject to the interest rate environment we would expect to have more floating rate assets but in the short term we expect rate rises to be fairly muted and are broadly priced in and that better value can be gained for shareholders from fixed rate bonds. So far this has been the correct strategy as junior banking bonds and high yield bonds have materially outperformed the more stable but steady loan performance.

Regarding stock selection, two major themes pervaded through the investment portfolio. Firstly, we increased the Company's exposure to long dated old style tier 1 bonds – these bonds lose their ability to be treated as regulatory capital over time. However from a bond holders perspective these bonds are not redundant in any way – given their long maturities, these bonds have been hugely sought after and have performed very well. We locked in some very appealing long term yields in names such as Lloyds at yields of around 7% for over 20 years. In addition, we have selectively participated in the new CoCo market, (capital contingent convertible securities).

Managers' Report (continued)

These bonds do qualify as loss absorbing capital for the banks as in a severe downturn they either get converted to equity or are written down to zero. We see this market as a structural growth story i.e. the banks need to issue these securities but we also see them as a highly cyclical and should not be seen as a permanent asset class. Nationwide, the building society, issued an equity-like instrument with a yield of 10.25% in late November - this proved to be one of the best performing bonds of the year. Other names include Credit Suisse, UBS, Barclays and Credit Agricole.

The other major theme was one of selectivity regarding stock selection for high yield bonds. The team have examined many high yield new deals but we have only bought a small percentage. We have had a major bias to large deals over smaller deals – small deals tend to have worse liquidity, be more cyclical and have historically had a much higher default rate. Larger deals tend to come with a bigger new issue concession. Over the period we invested in the largest high yield deal ever, being Altice Numericable, this was a takeover by France's cable TV operator of the second largest mobile phone operator, SFR at yields of 7.25%. Telecom convergence continues to be a major theme pervading the bond and equity markets. For example we have invested in two US mobile operators, Sprint and T-Mobile amongst others. Other big issuers we favour include the AA, the roadway service company and Arqiva, the UK broadcast towers transmission business. The proceeds of the share placings were swiftly re-invested in a broadly pro rata way so as to not disturb the underlying shape nor to dilute the income stream of the portfolio. However, over time we have had a leaning towards bonds at the expense of loans.

Secured Loan Portfolio

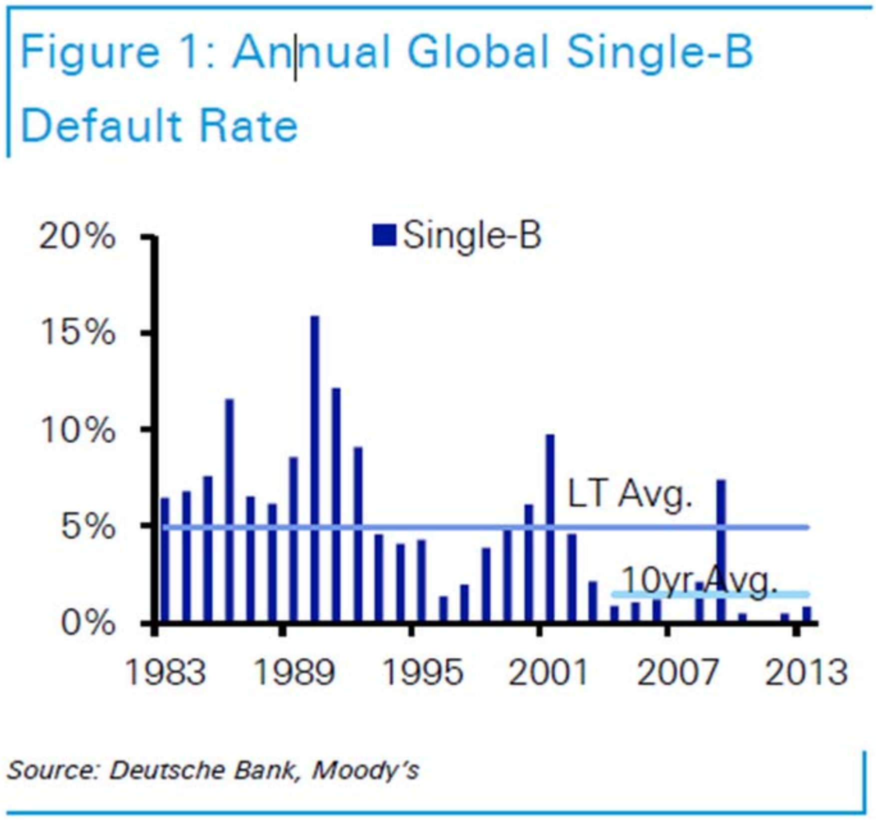
In terms of the market activity, after a hiatus at the beginning of the year, primaries have provided some good investment opportunities for the fund allowing us to choose the best risk and best return available. The pipeline has been rich in particular after the first two months and has seen a significant jump in jumbo issuance with names in the cable, leisure and broadcasting sectors. As a result April saw a record level of issuance totalling €11.5 Billion (source S&P Capital IQ), the highest since 2007. The five largest deals during the month were Altice Numericable (cable, listed, France) that represented €1.9 Billion of loans, Saga £1.4 Billion (insurance, UK, sponsored deal), Nets €1.4 Billion (payment processing service, Scandinavia), Telenet (cable, the Netherlands), and Virgin Media (cable, UK). These new transactions all pay credit spreads above LIBOR in the range 3.5 – 4.25%.

The loan market 12-month return to April was 5.5%. Returns from the loans in 2014 have been a little soft given some volatility in the prices of a few distressed credits in the market. These distressed credits were not part of the Company's loan portfolio.

Given the buoyant UK equity market mood, a number of loan issuers have raised funds via an Initial Public Offering ("IPO"), which has led to the loans being repaid or refinanced at a lower rate of return. The Company is / was invested in both Merlin (UK, Leisure) and Pets at Home (UK, Retail) both of which successfully concluded an IPO in the last 6 months. An existing loan holding, Saga (UK, Insurance) has now undertaken an IPO.

We continue to see strong demand for loan assets. Therefore even though opportunities for appreciation are going to be few and far between, the outlook for the loan portfolio appears very solid going forward.

Managers' Report (continued)



Our investment philosophy remains focussed on adding good quality names to the portfolio. There has been a decent level of new loan issuance in 2014, but we have invested in less than 50% of the new opportunities we have reviewed given our views on the relative risk reward offered by a number of the new transactions.

Outlook

After a strong first 6 months we feel some credit valuations are getting a little stretched. The default environment continues to be very supportive but spreads have compressed a long way. We sense that the majority of returns, going forward, will be provided from the yield. Most commentators expect a pick-up in USA activity post the extreme winter weather while the inflation and default environment remains remarkably subdued. The other slightly contradictory economic policies we need to manage are the impending interest rate cut and quantitative easing programme in continental Europe compared to a reducing QE programme in America versus an expected interest rate rise in the UK.

John Pattullo & Jenna Barnard
Portfolio Managers
3 June 2014

HENDERSON DIVERSIFIED INCOME LIMITED

Report for the half year ended 30 April 2014

Summary of Portfolio

At 30 April 2014	%
Secured Loans (SL)+	44
High Yield Bonds (HY)+	41
Investment Grade Bonds (IGB)+	9
Equities+	6

	100

Top Twenty Investments
as at 30 April 2014

	Value £'000	**Type**	**Currency**	**Country**	**Industry**
Lloyds Group *	2,568	HY	£/US	UK	Banks
Iglo Bird’s Eye	2,508	SL	£	UK	Beverages, Food & Tobacco
Arqiva	2,311	HY	£	UK	Media
Gala Clubs	2,161	SL	£	UK	Leisure
AA	2,126	HY	£	UK	Commercial Services
Nationwide	2,107	HY/Equity	£	UK	Diversified Banking
Sam Finance	2,042	SL	€	Spain	Finance
Alliance Boots	1,997	SL	£	UK	Retail
Intertrust	1,995	SL	€	Luxembourg	Diversified Financial services
Numericable	1,971	SL/HY	€	France	Media
Dell	1,928	SL	£	US	Computers
Brake Brothers	1,852	SL	£	UK	Food
Wind	1,799	SL/HY	€	Italy	Telecommunications
Ziggo	1,765	HY	€	Netherlands	Cable TV
Scottish Widows	1,729	IG	£	UK	Insurance
Snai	1,718	HY	€	Italy	Entertainment
Firth Rixon	1,714	SL	£	UK	Engineering
Iceland Foods	1,704	SL	£	UK	Food
BMC Software	1,683	SL	€/US	US	Software
Scandlines	1,656	SL	€	Denmark	Cargo Transport

These investments total £ 39,334,000 or 31.5% of the portfolio.

* Lloyds Group is made up of the following stocks: Bank of Scotland 7.281%; HBOS Capital Funding 6.461%; Lloyds Banking Group 6.657% and HBOS Sterling Finance 7.881%
+See above for Key.

HENDERSON DIVERSIFIED INCOME LIMITED

Report for the half year ended 30 April 2014

Consolidated Statement of Comprehensive Income

for the half year ended 30 April 2014

	(Unaudited) Half year ended 30 April 2014			(Unaudited) Half year ended 30 April 2013			(Audited) Year ended 31 October 2013		
	Revenue return £'000	**Capital return £'000**	**Total £'000**	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Gains on investments designated as fair value through profit or loss	**-**	**588**	**588**	-	5,657	5,657	-	5,785	5,785
Gains/(losses) on foreign exchange transactions	**-**	**1,932**	**1,932**	-	(1,928)	(1,928)	-	(1,076)	(1,076)
Investment income	**3,421**	**-**	**3,421**	2,661	-	2,661	5,493	-	5,493
Other income	**1**	**-**	**1**	1	-	1	1	-	1
Total income	**3,422**	**2,520**	**5,942**	2,662	3,729	6,391	5,494	4,709	10,203
Expenses									
Management and performance fees	**(177)**	**(1,229)**	**(1,406)**	(142)	(829)	(971)	(294)	(997)	(1,291
Other expenses	**(235)**	**-**	**(235)**	(243)	-	(243)	(484)	-	(484)
Profit before finance costs and taxation	**3,010**	**1,291**	**4,301**	2,277	2,900	5,177	4,716	3,712	8,428
Finance costs	**(30)**	**(30)**	**(60)**	(45)	(44)	(89)	(86)	(86)	(172)
Profit before taxation	**2,980**	**1,261**	**4,241**	2,232	2,856	5,088	4,630	3,626	8,256
Taxation	**38**	**-**	**38**	(24)	-	(24)	(42)	-	(42)
Profit for the period	**3,018**	**1,261**	**4,279**	2,208	2,856	5,064	4,588	3,626	8,214
Earnings per ordinary share (note 3)	**2.88p**	**1.21p**	**4.09p**	2.62p	3.40p	6.02p	5.32p	4.20p	9.52p

The total column of this statement represents the Consolidated Statement of Comprehensive Income, prepared in accordance with IFRS. The revenue and capital columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All items in the above statement derive from continuing operations.

All income is attributable to the equity holders of Henderson Diversified Income Limited. There are no minority interests.

The Group does not have any income or expense that is not included in the profit for the period and therefore the 'profit for the period' is also the 'total comprehensive income for the period'.

The net profit of the Company for the period was £4,279,000 (half year ended 30 April 2013: net profit of £5,064,000: year ended 31 October 2013: net profit of £8,214,000)

The notes on pages 12 to 16 form an integral part of this condensed interim financial information.

Report for the half year ended 30 April 2014

Consolidated Statement of Changes in Equity
for the half year ended 30 April 2014

	(Unaudited) Half year ended 30 April 2014				
	Stated capital £'000	**Distributable reserve £'000**	**Capital reserves £'000**	**Revenue reserve £'000**	**Total £'000**
Balance at 31 October 2013	**45,008**	**39,862**	**(6,114)**	**2,133**	**80,889**
Total comprehensive income:					
Profit for the period	**-**	**-**	**1,261**	**3,018**	**4,279**
Proceeds from issue of shares	**32,745**	**-**	**-**	**-**	**32,745**
Transactions with owners recorded directly to equity:					
Dividends paid (note 6)	**-**	**-**	**-**	**(2,346)**	**(2,346)**
At 30 April 2014	**77,753**	**39,862**	**(4,853)**	**2,805**	**115,567**

	(Unaudited) Half year ended 30 April 2013				
	Stated capital £'000	Distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Balance at 31 October 2012	37,677	39,862	(9,740)	1,848	69,647
Total comprehensive income:					
Profit for the period	-	-	2,856	2,208	5,064
Proceeds from issue of shares	1,876	-	-	-	1,876
Transactions with owners recorded directly to equity:					
Dividends paid (note 6)	-	-	-	(2,103)	(2,103)
At 30 April 2013	39,553	39,862	(6,884)	1,953	74,484

	(Audited) Year ended 31 October 2013				
	Stated capital £'000	Distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Balance at 31 October 2012	37,677	39,862	(9,740)	1,848	69,647
Total comprehensive income: Profit for the year	-	-	3,626	4,588	8,214
Proceeds from issue of shares	7,331	-	-	-	7,331
Transactions with owners recorded directly to equity:					
Dividends paid (note 6)	-	-	-	(4,303)	(4,303)
At 31 October 2013	45,008	39,862	(6,114)	2,133	80,889

The notes on pages 12 to 16 form an integral part of this condensed interim financial information.

HENDERSON DIVERSIFIED INCOME LIMITED

Report for the half year ended 30 April 2014

Consolidated Balance Sheet
as at 30 April 2014

	(Unaudited) 30 April 2014 £'000	(Unaudited) 30 April 2013 £'000	(Audited) 31 October 2013 £'000
Non current assets			
Investments designated as fair value through profit or loss	**124,922**	81,979	88,347
	---------	---------	---------
Current assets			
Other receivables	**7,554**	3,532	3,416
Cash and cash equivalents	**591**	1,471	733
	---------	---------	---------
	8,145	5,003	4,149
	---------	---------	---------
Total assets	**133,067**	86,982	92,496
	---------	---------	---------
Current liabilities			
Other payables	**(10,458)**	(6,222)	(5,911)
	---------	---------	---------
Total assets less current liabilities	**122,609**	80,760	86,585
Non current liabilities			
Bank Loan (net of issue costs)	**(7,042)**	(6,276)	(5,696)
Net assets	**115,567**	74,484	80,889
	======	======	======
Capital and reserves			
Stated capital	**77,753**	39,553	45,008
Distributable reserve	**39,862**	39,862	39,862
Retained earnings:			
Capital reserves	**(4,853)**	(6,884)	(6,114)
Revenue reserve	**2,805**	1,953	2,133
	---------	---------	---------
Total equity	**115,567**	74,484	80,889
	======	======	======
Net asset value per ordinary share (note 4)	**89.4p**	86.8p	87.9p
	======	======	======

The notes on pages 12 to 16 form an integral part of this condensed interim financial information.

HENDERSON DIVERSIFIED INCOME LIMITED

Report for the half year ended 30 April 2014

Consolidated Cash Flow Statement
for the half year ended 30 April 2014

	(Unaudited) Half year ended 30 April 2014 £'000	(Unaudited) Half year ended 30 April 2013 £'000	(Audited) Year ended 31 October 2013 £'000
Net profit before taxation	**4,241**	5,088	8,256
Add back interest paid	**60**	89	172
Less: gains on investments held at fair value through profit or loss	**(588)**	(5,657)	(5,785)
(Less)/add: (gains)/losses on foreign exchange transactions at fair value through profit or loss	**(1,932)**	1,928	1,076
(Increase)/decrease in prepayments and accrued income	**(728)**	247	143
Increase in other payables	**326**	261	302
Net (purchases)/sales of investments	**(36,638)**	1,218	(5,442)
Increase in sales settlement debtor	**(495)**	(644)	(746)
Increase in purchase settlement creditor	**4,205**	2,874	2,522
Amortisation of Loan expenses	**10**	37	71
	---------	---------	---------
Net cash (outflow)/inflow from operating activities before finance costs	**(31,539)**	5,441	569
Interest paid	**(60)**	(89)	(172)
Taxation on investment income	**17**	(59)	(99)
	---------	---------	---------
Net cash (outflow)/inflow from operating activities	**(31,582)**	5,293	298
	---------	---------	---------
Financing activities			
Equity dividends paid	**(2,346)**	(2,103)	(4,303)
Proceeds from issue of shares	**30,509**	1,876	7,331
Loan expenses paid	**-**	-	(21)
Drawdown/(repayment) of loan	**1,336**	(1,496)	(2,089)
	---------	---------	---------
Net cash inflow/(outflow) from financing	**29,499**	(1,723)	918
	---------	---------	---------
(Decrease)/increase in cash and cash equivalents	**(2,083)**	3,570	1,216
Exchange movements	**1,941**	(2,471)	(855)
	---------	---------	---------
Movement in cash and cash equivalents during the period	**(142)**	1,099	361
Cash and cash equivalents at the start of the period	**733**	372	372
	---------	---------	---------
Cash and cash equivalents at the end of the period	**591**	1,471	733
	======	======	======

The notes on pages 12 to 16 form an integral part of this condensed interim financial information.

Notes to the Consolidated Interim Financial Information:

1. General Information

The entity is a closed-ended company, registered as a no par value company under the Companies (Jersey) Law 1991, with its shares listed on the London Stock Exchange. The Company was incorporated on 5 June 2007.

2. Accounting Policies: Basis of Preparation

This condensed interim financial information has been prepared using the same accounting policies as set out in the Company's Financial Statements for the year ended 31 October 2013 and in accordance with International Accounting Standards (IAS) 34 Interim Financial Reporting. The consolidated financial information comprises the financial information of Henderson Diversified Income Limited ('the Company') and its subsidiary undertaking Henderson Diversified Income (Luxembourg) S.à.r.l. ('the Group').

The condensed interim financial information for the half years ended 30 April 2014 and 30 April 2013 has not been audited or reviewed by the Company's auditors.

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Company's financial statements as at and for the year ended 31 October 2013. The following changes in accounting policies are also expected to be reflected in the Company's financial statements as at and for the year ending 31 October 2014.

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

IFRS 13 Fair Value Measurement: IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 *Financial Instruments: Disclosures*. Some of these disclosures are specifically required in interim financial statements for financial instruments; accordingly, the Company has included additional disclosures in this regard (see Note 7).

In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Company's assets and liabilities.

Notes to the Consolidated Interim Financial Information:

2. Accounting Policies: Basis of Preparation (cont)

(a) Investments held at fair value through profit or loss
All investments are designated upon initial recognition as held at fair value through profit or loss. These financial assets are designated on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis. Financial assets are recognised/de-recognised at the trade date of the purchase/disposal. Proceeds will be measured at fair value, which will be regarded as the proceeds of sale less any transaction costs. The fair value of the financial instruments is based on their quoted bid price at the balance sheet date, without deduction of the estimated future selling costs. The fair values of unquoted financial instruments within the portfolio are based on their last audited net asset values discounted where necessary to arrive at a fair value.

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Statement of Comprehensive Income as 'Gains or losses on investments held at fair value through profit or loss'. Also included within this caption are transaction costs in relation to the purchase or sale of investments, including the difference between the purchase price of an investment and its bid price at the date of purchase.

Significant accounting judgments and estimates
The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the amounts recognised in the financial statements; however, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future. As the majority of the Company's financial assets are quoted securities, in the opinion of the Directors, the amounts included as assets and liabilities in the financial statements are not subject to significant judgments, estimates or assumptions.

3. Earnings per ordinary share

The earnings per ordinary share is based on the net profit after taxation of £4,279,000 (half year ended 30 April 2013: profit of £5,064,000; year ended 31 October 2013: profit of £8,214,000) and on 104,683,762 (84,173,474: half year ended 30 April 2013; 86,285,257: year ended 31 October 2013) ordinary shares, being the weighted average number of ordinary shares in issue during each of the periods.

The earnings per ordinary share detailed above can be further analysed between revenue and capital, as below:

	(Unaudited) Half year ended 30 April 2014 £'000	(Unaudited) Half year ended 30 April 2013 £'000	(Audited) Year ended 31 October 2013 £'000
Net revenue profit	**3,018**	2,208	4,588
Net capital profit	**1,261**	2,856	3,626
Net total profit	**4,279**	5,064	8,214
Weighted average number of ordinary shares in issue during the period	104,683,762	84,173,474	86,285,257
	Pence	Pence	Pence
Revenue earnings per ordinary share	**2.88**	2.62	5.32
Capital earnings per ordinary share	**1.21**	3.40	4.20
Total earnings per ordinary share	**4.09**	6.02	9.52

Notes to the Consolidated Interim Financial Information:

4. Net Asset Value per ordinary share

The basic net asset value per ordinary share is based on a net asset value of £115,567,000 (30 April 2013: £74,484,000; 31 October 2013: £80,889,000) and on 129,231,726 (30 April 2013: 85,790,877; 31 October 2013: 92,004,964) ordinary shares, being the number of ordinary shares in issue at each period end.

5. Share Capital

During the six months under review the Company issued a total of 37,226,762 shares (half year ended 30 April 2013: 2,150,000; year ended 31 October 2013: 8,364,087) for proceeds of £32,745,000 net of costs.

6. Dividends paid

The fourth interim dividend of 1.30p per share in respect of the year ended 31 October 2013 was paid on 31 December 2013.

A first interim dividend in respect of the year ending 31 October 2014 of 1.25p per share was paid on 21 March 2014. The second interim dividend of 1.25p per share was declared on 27 May 2014 and will be paid on 30 June 2014 to shareholders on the register on 6 June 2014. The shares will be quoted ex-dividend on 4 June 2013. The cost of this dividend will be £1,643,000 based on the number of shares in issue on the 2 June 2014.

7. Financial Instruments

At the period end the carrying value of financial assets and financial liabilities approximates their fair value.

Financial instruments carried at fair value

Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Financial assets and financial liabilities at fair value through profit or loss at 30 April 2014	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Investments including derivatives:				
- Equity securities designated at fair value through profit or loss	70,205	54,717	-	124,922
- Forward exchange contracts	-	21	-	21
Total financial assets and liabilities carried at fair value	70,205	54,738	-	124,943

Notes to the Consolidated Interim Financial Information (cont)

7. Financial Instruments (cont)

There have been no transfers between levels of the fair value hierarchy during the period. Transfers between levels of fair value hierarchy are deemed to have occurred at the date of the event or change in circumstances that caused the transfer.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices in active markets for identical assets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included in Level 1.

Included in Level 2 are forward exchange contracts which resulted in an unrealised gain of £21,000.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

The valuation techniques used by the Company are explained in the accounting policies note 1 (b)

8. Going Concern

The Directors believe that it is appropriate to adopt the going concern basis in preparing the financial statements. The assets of the Company consist mainly of securities that are readily realisable and, accordingly, the company has adequate financial resources to continue in operational existence for the foreseeable future.

9. General Information

a) Company Objective

To seek to provide shareholders with a high level of income, and capital growth over the longer term. The Company aims to deliver these outcomes by investing selectively across the full spectrum of fixed asset classes including secured loans, high yield corporate bonds and investment grade corporate bonds.

The manager is incentivised to provide shareholders with ongoing total returns of at least three month sterling LIBOR plus 1.25%.

b) Company Status

Henderson Diversified Income Limited is a Jersey fund with its registered office at Liberté House, 19-23 La Motte Street, St Helier, Jersey and is regulated by the Jersey Financial Services Commission.

The Company is a Jersey domiciled closed-end investment company, number 97669, which was incorporated in 2007 and which is listed on the London Stock Exchange. The ISIN number is JE00B1Y1NS49. The London Stock Exchange code is HDIV.

c) Directors, Secretary and Registered Office

The Directors of the Company are Paul Manduca (Chairman), Helen Green, Nigel Parker and David Smith. The Secretary is BNP Paribas Securities Services S.C.A, Jersey Branch, represented by Jeremy Hamon. The registered office is Liberté House, 19-23 La Motte Street, St.Helier, Jersey, JE2 4SY.

d) Website

Details of the Company's share price and net asset value, together with general information about company, monthly factsheets and data, profiles of the Board, copies of announcements, reports and details of general meetings can be found at www.hendersondiversifiedincome.com.