

HENDERSON FAR EAST INCOME LIMITED

REPORT FOR THE HALF YEAR ENDED

28 FEBRUARY 2011

13 April 2011

This announcement contains regulated information.

HENDERSON FAR EAST INCOME LIMITED
Unaudited Results for the half year ended 28 February 2011

Financial Highlights	As at 28 February 2011
Total net assets	£297,095,000
Net asset value per ordinary share	299.70p
Market price per ordinary share	305.50p
Premium	1.9%
Dividends – first interim (paid 28 February 2011)	3.60p
– second interim (payable 31 May 2011)	3.60p
Performance	Six months to 28 February 2011
Net Asset Value Total Return*	3.90%
Share Price Total Return+	4.78%
FTSE All-World Asia Pacific ex Japan Index (Total Return)+**	10.19%
FTSE All-World Asia Pacific Index (Total Return)+*	12.25%
Dividends paid in the period	7.20p

+ Source: Fundamental Data/Datastream

* Source: Henderson Global Investors

** There is no formal benchmark for the Company. These indices are shown purely for comparative purposes.

INTERIM MANAGEMENT REPORT

Chairman's Statement

- The pace of growth in the Asia Pacific region has slowed over the last six months but still delivered positive returns.
- Revenues have been better than expected and your Board is confident of paying at least a maintained dividend in this financial year.
- Whilst we might see some volatility in the six months ahead, the longer term case for Asia remains strong.

In the six months to 28 February 2011, the net asset value total return of the Company was 3.90 % and the share price total return was 4.78%. Concerns over inflation and policy uncertainties dented confidence in emerging markets; notably in China, in which your company is heavily invested. Across the same period the FTSE All-World Asia Pacific ex Japan Index, which has an important weighting towards Australia, Hong Kong and the more developed economies of the region, rose 10.19% on a total return basis. During the half year, the total return on the FTSE All-World Asia Pacific Index was 12.25%.

Dividends

On 30 November 2010, the Company paid a fourth interim dividend of 3.60p per share in respect of the year ended 31 August 2010, making a total of 13.60p for that year. A first interim dividend, also of 3.60p per share in respect of the current financial year, was paid on 28 February 2011, and I am pleased to report that your Board has declared a second interim dividend of the same amount to be paid on 31 May 2011.

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HENDERSON FAR EAST INCOME LIMITED
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INTERIM MANAGEMENT REPORT (continued)

Chairman's Statement (continued)

Material Events or Transactions

Your Board has continued to allot new shares as and when issuance enhances the net asset value of your company. In the six months under review the Company issued a further 2,550,000 shares and at 28 February 2011 the shares traded at a premium to net asset value of 1.9%. The portfolio continues to remain ungeared.

Chris Spencer, the Audit Committee Chairman resigned during the period and has been replaced by David Staples. The Board wishes to thank Chris for his considerable contribution to the Company over the past four years and welcomes David Staples to the Board and as Chairman of the Audit Committee.

Related Party Transactions

Details of related party transactions are contained in the annual report. There have been no material transactions with a related party during the six month period under review.

Outlook, risks and uncertainties

We remain positive on the outlook for Asian equities over the medium to long term as valuations remain attractive on an historic comparison and dividends are forecast to grow faster than inflation. In the short term, however, inflation remains the key risk and monetary and fiscal policy will need to be tightened. A failure to do so will be an impediment to further share price performance. The distressing events in Japan and the unrest in North Africa and the Middle East may add to short term volatility in Asia but in our view will have no effect on the long term positive outlook.

John Russell
Chairman
12 April 2011

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) the condensed set of financial statements has been prepared in accordance with IAS 34;
- (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 first six months 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).

John Russell
Chairman
12 April 2011

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Portfolio Manager's Report

Markets

Asian markets moved higher in the six months to the end of February, fuelled by strong economic growth in the region and continued recovery in the US. Despite positive returns from Asian equities the period was characterised by a flow of funds to developed markets as investors favoured the low interest rate and excess liquidity markets of the US and Europe over the inflationary pressure, rising rates and policy uncertainty of Asia's emerging markets. With policy risk to the fore as governments tried to curtail speculation and prevent asset bubbles, the sectors that outperformed were those exposed to the global cycle; namely materials, energy and technology, while financials and consumer sectors lagged. The political turmoil in the Middle East and North Africa, which sent oil prices rocketing past US\$100 a barrel only heightened inflationary fears and led to significant underperformance in the region's most oil sensitive markets of India and China.

Performance

Although the portfolio posted a positive return it failed to match the return in the broader market. The strength of the Australian economy and especially its currency continues to impact negatively on our relative performance. Our underweight position is compounded by our focus on companies that derive a large portion of their earnings from outside Australia and hence see lower returns as the currency rises. Nevertheless, three of our holdings Amcor, Incitec Pivot and Santos produced strong returns over the period.

The China portfolio disappointed over the period. Although the market is cheap relative to its own history and its regional peers, inflation fears persist. The government has shown its willingness to micro-manage liquidity conditions creating uncertainty and keeping investors sidelined. A strong showing from capital goods company Lonking helped boost returns.

On a more positive note, our positions in Thailand have been more beneficial and our zero weighting in India helped, as this market was the only one to post a negative return over the period.

Revenue

We are optimistic on the dividend outlook for Asia this year. Companies are cash rich and with global uncertainty curtailing capital expenditure we would not be surprised to see dividend growth exceed expectations. As in most previous years, the majority of the countries' dividend seasons occur during the second half of our financial year. Consequently, the Company's revenue generation is skewed towards the same period. Although the lower volatility in equity markets has led to less opportunity to raise additional revenue through the use of derivatives we remain confident that the revenue on a full year basis will be more than sufficient to maintain the dividend.

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Unaudited Results for the half year ended 28 February 2011

Portfolio Manager's Report (continued)

Strategy

The portfolio retains its emphasis on domestically focused sectors and away from global cyclical stocks. This strategy has not helped performance recently but we are confident that the sustainable growth story favours Asia over developed markets and that sentiment will shift as we move through 2011.

We believe that China offers the best combination of value and growth in Asia. Valuations are attractive and we believe that policy will become more favourable as inflation peaks later in the year. Most importantly, China offers very attractive yield opportunities. The banks are growing at around 20% per annum but are cheap enough to offer a dividend yield of around 4%. Other sectors also appeal, such as toll roads, distribution and capital goods.

We have continued to add to our position in Thailand. Although the market has done well it still looks cheap and is benefiting from a consumer boom based on significant pent-up demand and an improved political environment.

In recent months we have reduced our exposure to the property sector. Although we remain positive on the medium to long term outlook for property across the region, there is likely to be a headwind in the short term as governments initiate measures to cool speculation. This has been particularly noticeable in China, Hong Kong and Singapore where we have already reduced our exposure.

At the beginning of 2011 we initiated a position in Japan for the first time. The timing was unfortunate in light of the recent natural disasters and market falls but the decision was made based on a perceived change in the corporate attitude towards dividends. The market has been in the doldrums for over 20 years but improved housing and retail sales prompted us to make the move. Despite the terrible events of March 11th, we remain positively disposed towards Japan and may consider adding to our exposure if the right opportunity arises.

Outlook

We remain positive on the outlook for the region in the medium to long term but are more cautious in the short term due to the uncertainty in North Africa and the Middle East and the potential for sovereign default in peripheral Europe. Despite these fears we are confident in the outlook for the stocks we own both in terms of earnings growth and in their potential to continue to distribute sustainable and growing dividends.

Michael Kerley
Portfolio Manager
12 April 2011

HENDERSON FAR EAST INCOME LIMITED
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Investment Portfolio

As at 28 February 2011

	Valuation at 28 February 2011 £'000	% of portfolio		Valuation at 28 February 2011 £'000	% of portfolio
Australia					
Incitec Pivot	9,458				
Santos	9,304				
Amcor	8,015				
Telstra Corporation	7,869				
QBE Insurance Group	7,637				
	42,283	14.8			
China					
Bank of China	7,780				
Lonking Holdings	7,002				
Digital China Holdings	6,833				
Industrial & Commercial Bank of China	6,677				
Skyworth Digital Holdings	5,690				
China Railways Constructions	5,484				
Jiangsu Expressway*	4,808				
Shanghai Industrial*	3,763				
China Forestry Holdings	3,288				
Guangzhou R & F Properties (put options 23/03/2011)	(34)				
	51,291	17.9			
Hong Kong					
HSBC Holdings	8,044				
Link REIT	7,443				
Television Broadcasts	6,446				
NWS Holdings	6,443				
Sino Land	5,997				
Midland Holdings	4,325				
	38,698	13.5			
Indonesia					
Perusahaan Gas Negara	6,594				
Telekomunikasi Indonesia	5,890				
	12,484	4.4			
Japan					
Mizuho Financial Group	6,454	2.2			
Malaysia					
UMW Holdings	5,079	1.8			
Philippines					
Philippine Long Distance Telephone			6,141	2.1	
Singapore					
Singapore Press			6,986		
Fraser & Neave			6,633		
DBS Group			5,928		
Venture Corp			5,826		
Ascendas REIT			5,739		
			31,112	10.9	
South Korea					
Korean Reinsurance			7,334		
SK Telecom			7,146		
KT Corporation			6,768		
Kangwon Land			6,128		
Macquarie Korea Infrastructure Fund			2,875		
			30,251	10.6	
Taiwan					
Taiwan Semiconductor Manufacturing			8,372		
Yuanta Financial Holdings			7,408		
Chunghwa Telecom			7,225		
CTCI Corporation			6,265		
Compal Electronics			5,477		
			34,747	12.1	
Thailand					
Advanced Information Services			7,653		
Kasikornbank			7,314		
PTT Public Company Limited			6,777		
LPN Development			5,184		
			26,928	9.4	
USA					
Henderson Index Linked (Basket) (put options 11/04/2011)			776		0.3
			286,244	100.0	

*value adjusted for put options written

HENDERSON FAR EAST INCOME LIMITED
Unaudited Results for the half year ended 28 February 2011

Condensed Consolidated Statement of Comprehensive Income
for the half year ended 28 February 2011

	Half year ended 28 February 2011 (Unaudited)			Half year ended 28 February 2010 (Unaudited)			Year ended 31 August 2010 (Audited)		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Investment income	5,093	-	5,093	3,725	-	3,725	16,074	-	16,074
Other income	268	-	268	314	-	314	1,308	-	1,308
Gains on investments held at fair value through profit or loss	-	7,810	7,810	-	29,324	29,324	-	31,367	31,367
Total income	5,361	7,810	13,171	4,039	29,324	33,363	17,382	31,367	48,749
Expenses									
Management fees	(797)	(797)	(1,594)	(610)	(610)	(1,220)	(1,322)	(1,322)	(2,644)
Other expenses	(144)	(144)	(288)	(149)	(139)	(288)	(328)	(319)	(647)
Profit before finance costs and taxation	4,420	6,869	11,289	3,280	28,575	31,855	15,732	29,726	45,458
Finance costs	(12)	(12)	(24)	(7)	(7)	(14)	(11)	(11)	(22)
Profit before taxation	4,408	6,857	11,265	3,273	28,568	31,841	15,721	29,715	45,436
Taxation	(321)	-	(321)	(295)	-	(295)	(1,654)	-	(1,654)
Profit for the period	4,087	6,857	10,944	2,978	28,568	31,546	14,067	29,715	43,782
Basic and diluted earnings per ordinary share (note 2)	4.16p	6.99p	11.15p	3.39p	32.47p	35.86p	15.35p	32.43p	47.78p

The total column of this statement represents the Consolidated Statement of Comprehensive Income of the Group, prepared in accordance with IFRS.

The revenue return and capital return 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 Far East Income Limited. There are no minority interests.

HENDERSON FAR EAST INCOME LIMITED
Unaudited Results for the half year ended 28 February 2011

Condensed Consolidated Statement of Changes in Equity
for the half year ended 28 February 2011

	Half year ended 28 February 2011 (Unaudited)				
	Stated capital £'000	Distributable reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 31 August 2010	52,146	180,471	40,390	11,909	284,916
Total comprehensive income:					
Profit for the period	-	-	6,857	4,087	10,944
Transaction with owners, recorded directly to equity:					
Shares issued less costs	8,317	-	-	-	8,317
Receipt of unclaimed dividends	-	-	-	10	10
Dividends paid	-	-	-	(7,092)	(7,092)
Total equity at 28 February 2011	60,463	180,471	47,247	8,914	297,095

	Half year ended 28 February 2010 (Unaudited)				
	Stated capital £'000	Distributable reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 31 August 2009	14,323	180,471	10,675	10,027	215,496
Total comprehensive income:					
Profit for the period	-	-	28,568	2,978	31,546
Transactions with owners, recorded directly to equity:					
Shares issued less costs	30,954	-	-	-	30,954
Dividends paid	-	-	-	(5,684)	(5,684)
Total equity at 28 February 2010	45,277	180,471	39,243	7,321	272,312

	Year ended 31 August 2010 (Audited)				
	Stated capital £'000	Distributable reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 31 August 2009	14,323	180,471	10,675	10,027	215,496
Total comprehensive income:					
Profit for the year	-	-	29,715	14,067	43,782
Transaction with owners, recorded directly to equity:					
Shares issued less costs	37,823	-	-	-	37,823
Dividends paid	-	-	-	(12,185)	(12,185)
Total equity at 31 August 2010	52,146	180,471	40,390	11,909	284,916

HENDERSON FAR EAST INCOME LIMITED
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Condensed Consolidated Balance Sheet

as at 28 February 2011

	28 February 2011 (Unaudited) £'000	28 February 2010 (Unaudited) £'000	31 August 2010 (Audited) £'000
Non current assets			
Investments held at fair value through profit or loss	<u>286,244</u>	<u>261,278</u>	<u>280,760</u>
Current assets			
Other receivables	1,632	4,220	5,994
Cash and cash equivalents	<u>11,921</u>	<u>9,914</u>	<u>2,448</u>
	<u>13,553</u>	<u>14,134</u>	<u>8,442</u>
Total assets	<u>299,797</u>	<u>275,412</u>	<u>289,202</u>
Current liabilities			
Other payables	(2,689)	(2,897)	(658)
Bank overdrafts	<u>(13)</u>	<u>(203)</u>	<u>(3,628)</u>
	<u>(2,702)</u>	<u>(3,100)</u>	<u>(4,286)</u>
Net assets	<u>297,095</u>	<u>272,312</u>	<u>284,916</u>
Capital and reserves			
Stated capital	60,463	45,277	52,146
Distributable reserve	180,471	180,471	180,471
Retained earnings:			
Other capital reserves	47,247	39,243	40,390
Revenue reserve	8,914	7,321	11,909
Total equity	<u>297,095</u>	<u>272,312</u>	<u>284,916</u>
Net asset value per ordinary share (note 3)	<u>299.70p</u>	<u>288.75p</u>	<u>295.00p</u>

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Condensed Consolidated Cash Flow Statement
for the half year ended 28 February 2011

	Half year ended 28 February 2011 (Unaudited) £'000	Half year ended 28 February 2010 (Unaudited) £'000	Year ended 31 August 2010 (Audited) £'000
Net profit before tax	11,265	31,841	45,436
Less gains on investments held at fair value through profit or loss	(7,810)	(29,324)	(31,367)
Net sales/(purchases) of investments	2,282	(26,093)	(43,225)
Decrease/(increase) in other receivables	1,004	749	(390)
Decrease in amounts due from brokers	3,210	1,961	952
(Decrease)/increase in other payables	(58)	101	188
Increase/(decrease) in amounts due to brokers	2,090	2,236	(35)
Scrip dividends included in investment income	-	-	(24)
Taxation on investment income	(321)	(335)	(1,649)
Taxation (paid)/recovered	-	(10)	179
Net cash inflow/(outflow) from operating activities	11,662	(18,874)	(29,935)
Net cash inflow/(outflow) before use of financing	11,662	(18,874)	(29,935)
Net cash inflow from financing	1,383	25,305	25,758
Increase/(decrease) in cash and cash equivalents	13,045	6,431	(4,177)
Cash and cash equivalents at the start of the period	(1,180)	2,384	2,384
Exchange movements	43	896	613
Cash and cash equivalents at the period end	11,908	9,711	(1,180)

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HENDERSON FAR EAST INCOME LIMITED
Unaudited Results for the half year ended 28 February 2011

Notes:

1. Accounting Policies: Basis of preparation

The 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 August 2010 and in accordance with IAS 34.

The condensed interim financial information has not been audited or reviewed by the Company's auditors.

2. Earnings per ordinary share

The earnings per ordinary share figure is based on the net profit after taxation of £10,944,000 (half year ended 28 February 2010: £31,546,000; year ended 31 August 2010: £43,782,000) and on 98,163,713 ordinary shares (half year ended 28 February 2010: 87,973,231; year ended 31 August 2010: 91,639,804), 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:

	Half year ended 28 February 2011 (Unaudited) £'000	Half year ended 28 February 2010 (Unaudited) £'000	Year ended 31 August 2010 (Audited) £'000
Net revenue gain	4,087	2,978	14,067
Net capital gain	6,857	28,568	29,715
Net total gain	10,944	31,546	43,782
Weighted average number of ordinary shares in issue during the period	98,163,713	87,973,231	91,639,804
	Pence	Pence	Pence
Revenue earnings per ordinary share	4.16	3.39	15.35
Capital earnings per ordinary share	6.99	32.47	32.43
Total earnings per ordinary share	11.15	35.86	47.78

3. Net asset value per ordinary share

The basic net asset value per ordinary share is based on a net asset value of £297,095,000 (28 February 2010: £272,312,000; 31 August 2010: £284,916,000) and on 99,130,564 (28 February 2010: 94,305,564; 31 August 2010: 96,580,564) ordinary shares, being the number of ordinary shares in issue at each period end.

4. Transaction costs

Purchase transaction costs for the half year ended 28 February 2011 were £159,000 (half year ended 28 February 2010: £177,000; year ended 31 August 2010: £395,000). These mainly comprise commission. Sales transaction costs for the half year ended 28 February 2011 were £253,000 (half year ended 28 February 2010: £166,000; year ended 31 August 2010: £381,000).

HENDERSON FAR EAST INCOME LIMITED
Unaudited Results for the half year ended 28 February 2011

5. Share capital

During the six months under review the Company issued a total of 2,550,000 shares for net proceeds of £8,317,000. A further 100,000 shares have been issued since the period end.

6. Interim dividend

On 30 November 2010, the Company paid a fourth interim dividend of 3.60p per share in respect of the year ended 31 August 2010.

A first interim dividend of 3.60p per share was paid on 28 February 2011. The second interim dividend of 3.60p per share will be paid on 31 May 2011 to shareholders on the register on 6 May 2011. The Company's shares will be quoted ex-dividend on 4 May 2011. Based on the number of shares in issue on 12 April 2011, the cost of this dividend will be £3,572,000.

7. 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.

8. Half Year Report

The Half Year Report will be available in typed format on the Company's website (www.hendersonfareastincome.com) or from the Company's registered office, Liberté House, 19-23 la Motte Street, St Helier, Jersey, JE2 4SY. An abbreviated version, the 'Update', will be circulated to shareholders in late April.

9. General Information

a) Company Objective

To seek to provide a high level of dividends as well as capital appreciation over the long term, from a diversified portfolio of investments traded on the Pacific, Australasian, Japanese and Indian stock markets ('the Asia Pacific region').

b) Company Status

The Company is a Jersey domiciled closed-end investment company, number 95064, which was incorporated in 2006 and which is listed on the London and New Zealand Stock Exchanges. The ISIN number is JE00B1GXH751. The London Stock Exchange code is HFEL.

c) Directors, Secretary and Registered Office

The Directors of the Company are John Russell (Chairman), David Mashiter, Simon Meredith Hardy, Richard Povey and David Staples. The Secretary is BNP Paribas Securities Services Limited, 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.hendersonfareastincome.com

Henderson Far East 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.

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BNP Paribas Securities Services Fund Administration Limited, Company Secretary
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Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

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