

**HENDERSON FAR EAST INCOME LIMITED**  
**REPORT FOR THE HALF YEAR ENDED**  
**28 FEBRUARY 2015**

**HENDERSON FAR EAST INCOME LIMITED**  
**Unaudited Results for the half year ended 28 February 2015**

**This announcement contains regulated information**

| <b>Financial Highlights</b>  | <b>As at<br/>28 February<br/>2015</b>         |
|--|---|
| <b>Total net assets</b>  | <b>£363,654,000</b>                           |
| <b>Net asset value per ordinary share</b>                            | <b>329.41p</b>                                |
| <b>Market price per ordinary share</b>                               | <b>335.00p</b>                                |
| <b>Premium</b>   | <b>1.70%</b>                                  |
| <b>Dividends – first interim (paid 27 February 2015)</b>             | <b>4.70p</b>                                  |
| <b>– second interim (payable 29 May 2015)</b>                        | <b>4.70p</b>                                  |
| <b>Performance</b>   | <b>Six months to<br/>28 February<br/>2015</b> |
| <b>Net Asset Value Total Return</b>                                  | <b>3.3%</b>                                   |
| <b>Share Price Total Return +</b>                                    | <b>4.0%</b>                                   |
| <b>FTSE All -World Asia Pacific ex Japan Index (Total Return) +*</b> | <b>3.9%</b>                                   |
| <b>FTSE All - World Asia Pacific Index (Total Return) + *</b>        | <b>7.7%</b>                                   |
| <b>Dividends paid in the period</b>                                  | <b>9.4p</b>                                   |

+ Source: Fundamental Data/Datastream

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

**INTERIM MANAGEMENT REPORT**  
**Chairman's Statement**

- Net asset value total return was 3.3% and the share price total return was 4.0% compared to a 3.9% return on the FTSE All World Asia Pacific ex Japan Index (sterling adjusted).
- Asian markets have recovered well, especially in India and China
- Outlook for dividend growth in Asia remains positive

A net asset value total return of 3.3% and share price total return of 4.0% was a creditable performance given the weakness in Asian markets early in the period. Asian valuations are not excessive compared to history and the business environment has been improving across the region with significant reforms in China, India, Indonesia and Korea. Whilst income over the period has been lower than the equivalent period last year due to lower levels of special dividends, Asian companies continue to generate free cash flow which will translate into higher dividends over time. Gearing has remained modest throughout the period and was around 4% at the period end reflecting the volatility in markets.

**Dividends**

On 28 November 2014, your Company paid a fourth interim dividend of 4.70p per share in respect of the year ended 31 August 2014 making a total of 18.20p for the year, an increase of 7.0% over the previous year. In respect of the current financial year, a first interim dividend of 4.70p per share was paid on 27 February 2015 and a second interim dividend of the same amount has been declared and will be paid on 29 May 2015.

**HENDERSON FAR EAST INCOME LIMITED**  
**Unaudited Results for the half year ended 28 February 2015**

**Chairman's Statement (continued)**

**Material Events or Transactions**

A total of 2,300,000 new shares were issued in the six months to 28 February 2015 at a premium to net asset value, thereby enhancing the net asset value per share. Your Board will continue to allot shares where it is in the interests of shareholders to do so. Since the period end a further 300,000 shares have been issued.

**Board Composition**

I am pleased to report that Julia Chapman was appointed to the Board with effect from 30 January 2015. Julia is a solicitor qualified in England & Wales and in Jersey with over 25 years experience in the investment fund and capital markets sector. The Directors and I are delighted that Julia has agreed to join us, bringing to the Board her valuable experience from her extensive career in the investment fund sector.

**Cyber Crime**

We are aware that some companies' shareholders have received unsolicited phone calls or correspondence from bogus firms concerning investment matters and corporate actions. These are typically from overseas based 'brokers' who target UK shareholders; they can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice and correspondence relating to the Company. If you are in any doubt as to the veracity of any Company documentation or correspondence, please contact the Company Secretary.

**Outlook**

Given the macro environment, it is likely that Asian markets will remain volatile but valuations remain attractive, corporate fundamentals are sound and the outlook for dividend growth in the region remains positive. Looking forward, our portfolio managers will continue to concentrate on domestically focused companies that have sustainable and growing dividends and the potential for a positive dividend surprise. Against this background, we are optimistic of delivering good total returns for shareholders over the medium to long term.

**John Russell**  
**Chairman**  
**23 April 2015**

**HENDERSON FAR EAST INCOME LIMITED**  
**Unaudited Results for the half year ended 28 February 2015**

**Principal Risks and Uncertainties**

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

- Investment and strategy
- Market
- Accounting, legal and regulatory
- Operational
- Financial

Information on these risks and how they are managed is given in the Annual Report and Financial Statements for the year ended 31 August 2014. 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**

Other than the relationship between the Company and its Directors, the provision of services by Henderson Investment Funds Limited is the only related party arrangement currently in place. Other than fees payable by the Company in the ordinary course of business and the provision of marketing services, there have been no material transactions with this related party affecting the financial position or the performance of the Company during the period under review.

**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).

**For and on behalf of the Board**  
**John Russell, Chairman**  
**23 April 2015**

**HENDERSON FAR EAST INCOME LIMITED**  
**Unaudited Results for the half year ended 28 February 2015**

**Fund Manager's Report**

**Market**

Asian markets rose modestly over the period returning 3.9% in sterling terms as measured by the FTSE All World Asia Pacific ex Japan Index – a notable recovery considering the weakness early in the period.

The period was characterised by the dominance of global themes and events. After the strong performance towards the Company's year end in August the new financial year started cautiously. The end of the US Federal Reserve's bond buying programme in November combined with geo-political problems in the Middle East and Eastern Europe created uncertainty while volatility in emerging markets and economic weakness in Europe further sapped confidence. The recovery from the middle of December was prompted initially by comments from the European Central Bank about quantitative easing. This gathered pace as investors came to terms with how lower commodity prices and a 50% decline in the oil price would benefit economic growth and corporate earnings.

While global themes continued to dominate market direction for the region as a whole, some country specific events provided quite divergent returns. The best performing market was India where the honeymoon period for Prime Minister Narendra Modi continues. Reforms designed to breakdown bureaucracy and speed up investment are slowly having an impact despite the hindrance of a minority in the upper house which has delayed some of these measures being passed into law. The fall in inflation led to a half percent cut in interest rates while a successful first budget in February added to the optimism.

The second best performing market was China where falling inflation and a slowing economy prompted a 40 basis points cut in interest rates in November triggering a rally in locally traded shares. The Shanghai A share market rose over 30% in November and December of 2014 as retail investors anticipated the start of a period of policy easing.

Elsewhere in the region interest rates were cut in Australia, Korea and Indonesia with differing results. The Australian market remained buoyant in local currency terms although a 10% depreciation in the currency eroded any positive returns. The Indonesian Rupiah was also weak while in Korea disappointment that the reforms instigated by the finance ministry were not being adhered to by the corporate sector impacted performance.

Over the period the Net Asset Value total return was 3.3% which was a slight underperformance compared to the 3.9% return in the FTSE All World Asia Pacific ex Japan Index. This was mainly attributable to the strong performance of India where, through most of the period, we were only modestly weighted and the strength of large capitalisation technology stocks such as Samsung Electronics and Tencent which are not suitable for our income orientated process. The portfolio did benefit from the strength of telecommunications and the high weighting in China as well as positive stock contribution from Bank of China, Vanguard Semiconductor, Beijing Capital Airport, Bharti Infratel and Zhengzhou Yutong Bus.

**HENDERSON FAR EAST INCOME LIMITED**  
**Unaudited Results for the half year ended 28 February 2015**

**Fund Manager's Report**

In line with previous years the revenue in the Company's first half represents considerably less than 50% of the anticipated full year total as the seasonality of dividend distribution in Asia Pacific always favours the second half. The figure is lower than for the same period in 2014; however this reflects timing and currency rather than deterioration in the dividend stream. First half revenues in 2014 were bolstered by special dividends and in particular a 10% distribution from Coal India which is being replaced with a regular distribution which will appear in the Company's year end revenue statement. The weakness of the Australian dollar was also detrimental as many Australian dividends are paid in the first half. However this should be compensated for by the US dollar linked revenues which we expect to receive from our Hong Kong and China investments later in the year. The increase in option premium written in the half year is reflective of a small increase in the number of options written as a result of slightly higher volatility compared to the same period last year.

New positions have been initiated in Indian telecom tower operator Bharti Infratel and two Chinese A shares, Zhengtong Yutong Bus a manufacturer of electric buses and Gree Electric Appliances a manufacturer of air conditioners. Other notable additions were Korea Electric Power which is at the forefront of Korea's reforms of state owned enterprises and Singapore Telecom which has the best collection of ASEAN telecom assets.

**Outlook**

We remain positive on the outlook for the region in the medium to long term but recognise that market direction will be dictated by macro factors on a shorter time horizon. The recovery profile of the US economy and the success of quantitative easing in Europe will be key to determining returns. Asia is the biggest beneficiary of low material and energy prices and this will have a positive impact on economic growth, inflation and corporate earnings in the year ahead. Valuations in Asia are attractive, especially compared to other world markets, and companies are cash rich with significant potential to increase dividend pay outs over time. We will use any market volatility as an opportunity to acquire quality high yielding or high dividend growth companies at attractive prices.

**Michael Kerley**  
**Fund Manager**  
**23 April 2015**

**HENDERSON FAR EAST INCOME LIMITED**  
**Unaudited Results for the half year ended 28 February 2015**

**Investment Portfolio**  
As at 28 February 2015

| <b>Company</b>                                    | <b>Country of incorporation</b> | <b>Sector</b>      | <b>Valuation at<br/>28 February<br/>2015<br/>£'000</b> | <b>% of Portfolio</b> |
|---|---------------------------------|--------------------|--|-----------------------|
| Bank of China                                     | China                           | Financials         | 11,985   | 3.2                   |
| Taiwan Semiconductor Manufacturing <sup>(1)</sup> | Taiwan                          | Technology         | 10,075   | 2.7                   |
| SK Telecom <sup>(1)</sup>                         | South Korea                     | Telecommunications | 10,046   | 2.7                   |
| Agricultural Bank Of China                        | China                           | Financials         | 9,779  | 2.6                   |
| HKT Trust & HK                                    | Hong Kong                       | Telecommunications | 9,687  | 2.6                   |
| Bharti Infratel <sup>(2)</sup>                    | India                           | Telecommunications | 9,679  | 2.6                   |
| Spark New Zealand                                 | New Zealand                     | Telecommunications | 9,656  | 2.5                   |
| Vanguard International Semiconductor              | Taiwan                          | Technology         | 9,634  | 2.5                   |
| Commonwealth Bank of Australia                    | Australia                       | Financials         | 9,533  | 2.5                   |
| Rio Tinto   | Australia                       | Basic Materials    | 9,362  | 2.5                   |
| <b>Top Ten Investments</b>                        |                                 |                    | <b>99,436</b>  | <b>26.4</b>           |
| Telstra Corporation                               | Australia                       | Telecommunications | 9,324  | 2.5                   |
| Coal India <sup>(2)</sup>                         | India                           | Basic Materials    | 9,281  | 2.5                   |
| Korea Electric Power                              | South Korea                     | Utilities          | 9,208  | 2.4                   |
| Spark Infrastructure                              | Australia                       | Utilities          | 9,137  | 2.4                   |
| Scentre Group                                     | Australia                       | Property           | 8,896  | 2.3                   |
| Sands China                                       | China                           | Consumer Services  | 8,713  | 2.3                   |
| Insurance Australia Group                         | Australia                       | Financials         | 8,594  | 2.3                   |
| Beijing Capital Int. Airport                      | China                           | Industrials        | 8,520  | 2.3                   |
| Ascendas Real Estate                              | Singapore                       | Property           | 8,465  | 2.2                   |
| Netease <sup>(1)</sup>                            | China                           | Technology         | 8,427  | 2.2                   |
| <b>Top Twenty Investments</b>                     |                                 |                    | <b>188,001</b>   | <b>49.8</b>           |
| Intouch Holdings                                  | Thailand                        | Telecommunications | 8,424  | 2.2                   |
| Cheung Kong Holdings                              | Hong Kong                       | Property           | 8,241  | 2.2                   |
| CapitaMall Trust REIT                             | Singapore                       | Property           | 8,178  | 2.2                   |
| Singapore Telecommunications                      | Singapore                       | Telecommunications | 8,175  | 2.2                   |
| Shimao Property Holdings                          | China                           | Property           | 8,066  | 2.1                   |
| Casetek Holdings                                  | Taiwan                          | Technology         | 7,972  | 2.1                   |
| Ancor   | Australia                       | Industrials        | 7,882  | 2.1                   |
| Kangwon Land                                      | South Korea                     | Consumer Services  | 7,818  | 2.1                   |
| Mirvac Group                                      | Australia                       | Property           | 7,666  | 2.0                   |
| Hyundai Motor Preferred Shares                    | South Korea                     | Consumer Goods     | 7,545  | 2.0                   |
| <b>Top Thirty Investments</b>                     |                                 |                    | <b>267,968</b>   | <b>71.0</b>           |
| Macquarie Korea Infrastructure Fund               | South Korea                     | Financials         | 7,244  | 1.9                   |
| Mapletree Greater China                           | Hong Kong                       | Property           | 7,224  | 1.9                   |
| NWS Holdings                                      | Hong Kong                       | Industrials        | 7,165  | 1.9                   |
| Mizuho Financial                                  | Japan                           | Financials         | 7,151  | 1.9                   |
| Malayan Banking                                   | Malaysia                        | Financials         | 6,772  | 1.8                   |
| Wistron Corporation                               | Taiwan                          | Technology         | 6,657  | 1.8                   |
| Telekomunikasi Indonesia                          | Indonesia                       | Telecommunications | 6,613  | 1.7                   |
| Gree Electric Appliances <sup>(2)</sup>           | China                           | Consumer Goods     | 6,484  | 1.7                   |
| Zhengzhou Yutong Bus <sup>(2)</sup>               | China                           | Consumer Goods     | 5,995  | 1.6                   |
| CTCI Corporation                                  | Taiwan                          | Industrials        | 5,908  | 1.6                   |
| <b>Top Forty Investments</b>                      |                                 |                    | <b>335,181</b>   | <b>88.8</b>           |

**HENDERSON FAR EAST INCOME LIMITED**  
**Unaudited Results for the half year ended 28 February 2015**

**Investment Portfolio**

As at 28 February 2015 (continued)

| <b>Company</b>   | <b>Country of incorporation</b> | <b>Sector</b>   | <b>Valuation at<br/>28 February<br/>2015<br/>£'000</b> | <b>% of Portfolio</b> |
|--|---------------------------------|-----------------|--|-----------------------|
| Shanghai Industrial  | China                           | Industrials     | 5,635  | 1.5                   |
| Yuanta Financial Holdings                                      | Taiwan                          | Financials      | 5,608  | 1.5                   |
| Petrochina   | China                           | Oil & Gas       | 5,492  | 1.4                   |
| Duet Group   | Australia                       | Utilities       | 5,305  | 1.4                   |
| DBS Group  | Singapore                       | Financials      | 5,033  | 1.3                   |
| Charoen Pokphand Foods   | Thailand                        | Consumer Goods  | 4,812  | 1.3                   |
| Dongfeng Motor Group   | China                           | Consumer Goods  | 4,791  | 1.3                   |
| Rural Electrification Corporation <sup>(2)</sup>               | India                           | Financials      | 4,469  | 1.2                   |
| Asia Cement  | Taiwan                          | Basic Materials | 1,386  | 0.3                   |
| China Forestry Holdings  | China                           | Industrials     | -  | -                     |
| <b>Top Fifty Investments</b>                                   |                                 |                 | <b>377,712</b>   | <b>100.0</b>          |
| Netease Apr 15 Call 118.29 (Expiry 27/04/2014)                 | China                           | Technology      | (34)   | -                     |
| Dongfeng Motor H May 15 Put 11.3172 (Expiry 26/05/2015)        | China                           | Consumer Goods  | (84)   | -                     |
| Vanguard International Apr 15 Call 56.1354 (Expiry 09/04/2015) | Taiwan                          | Technology      | (121)  | -                     |
| Beijing Capital AI H Apr 15 Call 7.7777 (Expiry 15/04/2015)    | China                           | Industrials     | (122)  | -                     |
| <b>Total investments</b>                                       |                                 |                 | <b>377,351</b>   | <b>100.0</b>          |

(1) American Depositary Receipts

(2) Participation Notes

**Sector and Geographic Exposure**  
as at 28 February

| <b>Sector Exposure</b> | <b>Portfolio as at<br/>28 February<br/>2015<br/>%</b> | <b>Portfolio as at<br/>28 February<br/>2014<br/>%</b> | <b>Geographic exposure</b> | <b>Portfolio as at<br/>28 February<br/>2015<br/>%</b> | <b>Portfolio as at<br/>28 February<br/>2014<br/>%</b> |
|------------------------|---|---|----------------------------|---|---|
| Financials             | 20.2  | 19.9  | Australia                  | 20.0  | 15.6  |
| Telecommunications     | 19.0  | 12.4  | China                      | 22.2  | 18.2  |
| Property               | 14.9  | 12.8  | Hong Kong                  | 8.6   | 14.1  |
| Technology             | 11.3  | 10.1  | India                      | 6.3   | 3.8   |
| Industrials            | 9.4   | 19.3  | Indonesia                  | 1.7   | 1.7   |
| Consumer Goods         | 7.9   | 6.1   | Japan                      | 1.9   | 2.2   |
| Utilities              | 6.2   | -   | Malaysia                   | 1.8   | -   |
| Basic Materials        | 5.3   | 1.8   | New Zealand                | 2.5   | 2.4   |
| Consumer Services      | 4.4   | 9.2   | The Philippines            | -   | 1.7   |
| Oil & Gas              | 1.4   | 8.4   | Singapore                  | 7.9   | 9.0   |
|                        |   |   | South Korea                | 11.1  | 9.5   |
|                        |   |   | Taiwan                     | 12.5  | 14.4  |
| <b>Total</b>           | <b>100</b>  | <b>100</b>  | Thailand                   | 3.5   | 7.4   |
|                        |   |   | <b>Total</b>               | <b>100</b>  | <b>100</b>  |



**HENDERSON FAR EAST INCOME LIMITED**  
**Unaudited Results for the half year ended 28 February 2015**

**Statement of Comprehensive Income**  
for the half year ended 28 February 2015

|   | Half year ended 28 February 2015 (Unaudited) |                         |                | Half year ended 28 February 2014 (Unaudited) |                         |                | Year ended 31 August 2014 (Audited) |                         |                |
|---|--|-------------------------|----------------|--|-------------------------|----------------|-------------------------------------|-------------------------|----------------|
|   | Revenue return<br>£'000                      | Capital return<br>£'000 | Total<br>£'000 | Revenue return<br>£'000                      | Capital return<br>£'000 | Total<br>£'000 | Revenue return<br>£'000             | Capital return<br>£'000 | Total<br>£'000 |
| Investment income   | 5,606  | -                       | 5,606          | 6,820  | -                       | 6,820          | 23,021                              | -                       | 23,021         |
| Other income, including option premium income                           | 1,043  | -                       | 1,043          | 672  | -                       | 672            | 1,474                               | -                       | 1,474          |
| Gains/(losses) on investments held at fair value through profit or loss | -  | 7,446                   | 7,446          | -  | (13,177)                | (13,177)       | -                                   | 18,228                  | 18,228         |
| <b>Total income</b>   | <b>6,649</b>                                 | <b>7,446</b>            | <b>14,095</b>  | <b>7,492</b>                                 | <b>(13,177)</b>         | <b>(5,685)</b> | <b>24,495</b>                       | <b>18,228</b>           | <b>42,723</b>  |
| <b>Expenses</b>   |  |                         |                |  |                         |                |                                     |                         |                |
| Management fees   | (843)  | (843)                   | (1,686)        | (770)  | (770)                   | (1,540)        | (1,581)                             | (1,581)                 | (3,162)        |
| Other expenses  | (207)  | (207)                   | (414)          | (205)  | (205)                   | (410)          | (416)                               | (416)                   | (832)          |
| <b>Profit/(loss) before finance costs and taxation</b>                  | <b>5,599</b>                                 | <b>6,396</b>            | <b>11,995</b>  | <b>6,517</b>                                 | <b>(14,152)</b>         | <b>(7,635)</b> | <b>22,498</b>                       | <b>16,231</b>           | <b>38,729</b>  |
| Finance costs   | (66)   | (66)                    | (132)          | (57)   | (57)                    | (114)          | (114)                               | (114)                   | (228)          |
| <b>Profit/(loss) before taxation</b>                                    | <b>5,533</b>                                 | <b>6,330</b>            | <b>11,863</b>  | <b>6,460</b>                                 | <b>(14,209)</b>         | <b>(7,749)</b> | <b>22,384</b>                       | <b>16,117</b>           | <b>38,501</b>  |
| Taxation  | (479)  | -                       | (479)          | (353)  | -                       | (353)          | (1,951)                             | -                       | (1,951)        |
| <b>Profit/(loss) for the period and total comprehensive income</b>      | <b>5,054</b>                                 | <b>6,330</b>            | <b>11,384</b>  | <b>6,107</b>                                 | <b>(14,209)</b>         | <b>(8,102)</b> | <b>20,433</b>                       | <b>16,117</b>           | <b>36,550</b>  |
| <b>Earnings per ordinary share basic and diluted (note 2)</b>           | <b>4.62p</b>                                 | <b>5.79p</b>            | <b>10.41p</b>  | <b>5.84p</b>                                 | <b>(13.59p)</b>         | <b>(7.75p)</b> | <b>19.32p</b>                       | <b>15.23p</b>           | <b>34.55p</b>  |

The total column of this statement represents the Condensed Statement of Comprehensive Income of the Company, prepared in accordance with IAS34.

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 2015**

**Statement of Changes in Equity**  
for the half year ended 28 February 2015

|  | Half year ended 28 February 2015 (Unaudited) |                                   |                                       |                             |                       |
|--|--|-----------------------------------|---------------------------------------|-----------------------------|-----------------------|
|  | Stated<br>capital<br>£'000                   | Distributable<br>reserve<br>£'000 | Other<br>capital<br>reserves<br>£'000 | Revenue<br>reserve<br>£'000 | Total<br>£'000        |
| Total equity at 31 August 2014                           | 89,143                                       | 180,471                           | 67,422                                | 17,985                      | 355,021               |
| Total comprehensive income:                              |  |                                   |                                       |                             |                       |
| Profit for the period                                    | -  | -                                 | 6,330                                 | 5,054                       | 11,384                |
| Transaction with owners,<br>recorded directly to equity: |  |                                   |                                       |                             |                       |
| Dividends paid   | -  | -                                 | -                                     | (10,301)                    | (10,301)              |
| Shares issued  | 7,580  | -                                 | -                                     | -                           | 7,580                 |
| Share issue costs  | (30)   | -                                 | -                                     | -                           | (30)                  |
| <b>Total equity at 28 February 2015</b>                  | <b><u>96,693</u></b>                         | <b><u>180,471</u></b>             | <b><u>73,752</u></b>                  | <b><u>12,738</u></b>        | <b><u>363,654</u></b> |

|  | Half year ended 28 February 2014 (Unaudited) |                                   |                                       |                             |                       |
|--|--|-----------------------------------|---------------------------------------|-----------------------------|-----------------------|
|  | Stated<br>capital<br>£'000                   | Distributable<br>reserve<br>£'000 | Other<br>capital<br>reserves<br>£'000 | Revenue<br>reserve<br>£'000 | Total<br>£'000        |
| Total equity at 31 August 2013                           | 77,511                                       | 180,471                           | 51,305                                | 16,511                      | 325,798               |
| Total comprehensive income:                              |  |                                   |                                       |                             |                       |
| (Loss)/profit for the period                             | -  | -                                 | (14,209)                              | 6,107                       | (8,102)               |
| Transaction with owners,<br>recorded directly to equity: |  |                                   |                                       |                             |                       |
| Dividends paid   | -  | -                                 | -                                     | (9,202)                     | (9,202)               |
| Shares issued  | 2,864  | -                                 | -                                     | -                           | 2,864                 |
| Share issue costs  | (11)   | -                                 | -                                     | -                           | (11)                  |
| <b>Total equity at 28 February 2014</b>                  | <b><u>80,364</u></b>                         | <b><u>180,471</u></b>             | <b><u>37,096</u></b>                  | <b><u>13,416</u></b>        | <b><u>311,347</u></b> |

|  | Year ended 31 August 2014 (Audited) |                                   |                                       |                             |                       |
|--|-------------------------------------|-----------------------------------|---------------------------------------|-----------------------------|-----------------------|
|  | Stated<br>capital<br>£'000          | Distributable<br>reserve<br>£'000 | Other<br>capital<br>reserves<br>£'000 | Revenue<br>reserve<br>£'000 | Total<br>£'000        |
| Total equity at 31 August 2013                           | 77,511                              | 180,471                           | 51,305                                | 16,511                      | 325,798               |
| Total comprehensive income:                              |                                     |                                   |                                       |                             |                       |
| Profit for the year                                      | -                                   | -                                 | 16,117                                | 20,433                      | 36,550                |
| Transaction with owners,<br>recorded directly to equity: |                                     |                                   |                                       |                             |                       |
| Dividends paid   | -                                   | -                                 | -                                     | (18,959)                    | (18,959)              |
| Shares issued  | 11,679                              | -                                 | -                                     | -                           | 11,679                |
| Share issue costs  | (47)                                | -                                 | -                                     | -                           | (47)                  |
| <b>Total equity at 31 August 2014</b>                    | <b><u>89,143</u></b>                | <b><u>180,471</u></b>             | <b><u>67,422</u></b>                  | <b><u>17,985</u></b>        | <b><u>355,021</u></b> |

**HENDERSON FAR EAST INCOME LIMITED**  
**Unaudited Results for the half year ended 28 February 2015**

**Balance Sheet**  
as at 28 February 2015

|   | 28 February 2015<br>(Unaudited)<br>£'000 | 28 February<br>2014<br>(Unaudited)<br>£'000 | 31 August<br>2014<br>(Audited)<br>£'000 |
|---|--|---|---|
| <b>Non current assets</b>                             |  |   |   |
| Investments held at fair value through profit or loss | <u>377,712</u>                           | <u>326,534</u>                              | <u>367,396</u>                          |
| <b>Current assets</b>                                 |  |   |   |
| Other receivables                                     | 13,294                                   | 4,952                                       | 8,278                                   |
| Cash and cash equivalents                             | <u>9,275</u>                             | <u>3,116</u>                                | <u>7,445</u>                            |
|   | <u>22,569</u>                            | <u>8,068</u>                                | <u>15,723</u>                           |
| <b>Total assets</b>                                   | <u>400,281</u>                           | <u>334,602</u>                              | <u>383,119</u>                          |
| <b>Current liabilities</b>                            |  |   |   |
| Written options                                       | (361)                                    | (530)                                       | (136)                                   |
| Other payables  | (20,021)                                 | (646)                                       | (823)                                   |
| Bank loans and overdrafts                             | <u>(16,245)</u>                          | <u>(22,079)</u>                             | <u>(27,139)</u>                         |
|   | <u>(36,627)</u>                          | <u>(23,255)</u>                             | <u>(28,098)</u>                         |
| <b>Net assets</b>                                     | <u>363,654</u>                           | <u>311,347</u>                              | <u>355,021</u>                          |
| <b>Capital and reserves</b>                           |  |   |   |
| Stated capital  | 96,693                                   | 80,364                                      | 89,143                                  |
| Distributable reserve                                 | 180,471                                  | 180,471                                     | 180,471                                 |
| Retained earnings:                                    |  |   |   |
| Other capital reserves                                | 73,752                                   | 37,096                                      | 67,422                                  |
| Revenue reserve                                       | <u>12,738</u>                            | <u>13,416</u>                               | <u>17,985</u>                           |
| <b>Total equity</b>                                   | <u>363,654</u>                           | <u>311,347</u>                              | <u>355,021</u>                          |
| <b>Net asset value per ordinary share</b><br>(note 3) | <u>329.41p</u>                           | <u>295.76p</u>                              | <u>328.43p</u>                          |

The Company does not have any dilutive securities, therefore the basic and diluted returns per share are the same.

**HENDERSON FAR EAST INCOME LIMITED**  
**Unaudited Results for the half year ended 28 February 2015**

**Statement of Cash Flows**  
for the half year ended 28 February 2015

|  | Half year<br>ended<br>28 February<br>2015<br>(Unaudited)<br>£'000 | Half year<br>ended<br>28 February<br>2014<br>(Unaudited)<br>£'000 | Year<br>ended<br>31 August<br>2014<br>(Audited)<br>£'000 |
|--|---|---|--|
| <b>Operating activities</b>  |   |   |  |
| Net profit / (loss) before tax   | 11,863  | (7,749)   | 38,501   |
| (Less) / add (gains) / losses on investments held at fair value through profit or loss | (7,446)   | 13,177  | (18,228)   |
| Purchases of investments   | (132,500)   | (103,494)   | (259,147)  |
| Sales of investments   | 130,010   | 110,456   | 256,680  |
| Decrease / (increase) in prepayments and accrued income                                | 1,901   | 1,089   | (723)  |
| (Increase) / decrease in amounts due from brokers                                      | (6,944)   | 2,575   | 719  |
| Increase / (decrease) in other payables  | 876   | (130)   | 19   |
| Increase / (decrease) in amounts due to brokers  | 18,350  | (3,078)   | (3,078)  |
| Stock dividends included in investment income  | -   | -   | (199)  |
| Withholding tax on investment income   | (501)   | (353)   | (1,929)  |
|  | <hr/>   | <hr/>   | <hr/>  |
| Net cash inflow from operating activities  | 15,609  | 12,493  | 12,615   |
| <b>Financing activities</b>  |   |   |  |
| Net loans repayment  | (8,891)   | (9,103)   | (2,509)  |
| Equity dividends paid  | (10,301)  | (9,202)   | (18,959)   |
| Share issue proceeds   | 7,580   | 2,566   | 11,679   |
| Share issue costs  | (30)  | (11)  | (47)   |
|  | <hr/>   | <hr/>   | <hr/>  |
| Net cash outflow from financing  | (11,642)  | (15,750)  | (9,836)  |
| <b>Increase / (decrease) in cash and cash equivalents</b>                              |   |   |  |
|  | 3,967   | (3,257)   | 2,779  |
| <b>Cash and cash equivalents at the start of the period including bank overdrafts</b>  | <b>7,424</b>  | <b>4,256</b>  | <b>4,256</b>   |
| Exchange movements   | (2,132)   | 2,117   | 389  |
|  | <hr/>   | <hr/>   | <hr/>  |
| <b>Cash and cash equivalents at the period end including bank overdrafts</b>           | <b>9,259</b>  | <b>3,116</b>  | <b>7,424</b>   |

**HENDERSON FAR EAST INCOME LIMITED**  
**Unaudited Results for the half year ended 28 February 2015**

**Notes:**

**1. Accounting Policies:**

**(a) Basis of preparation**

The condensed interim financial information has been prepared on a going concern basis and in accordance with IAS 34.

The Annual Report and Financial Statements for the year ended 31 August 2014 were prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and the unaudited results for the half year ended 28 February 2015 have been prepared using the same accounting policies.

The condensed financial information for the half years ended 28 February 2015 and 28 February 2014 have not been audited.

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 August 2014.

IFRS 10, 11 and 12, Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities became effective on 1 January 2014. The Directors have assessed that the adoption of these standards has no impact on the preparation of the condensed interim financial information.

**(b) 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.

**HENDERSON FAR EAST INCOME LIMITED**  
**Unaudited Results for the half year ended 28 February 2015**

**Investments held at fair value through profit or loss (continued)**

The Company's holdings in Participation Notes are valued at £35.9 million (28 February 2014: £19.3 million, 31 August 2014: £8.0 million). These are valued by reference to the underlying quoted stock. The obligations relating to the options valued at £361,000 (28 February 2014: £530,000, 31 August 2014: £136,000) are valued by reference to the Black-Scholes model. The position in China Forestry was written down to zero value following a missed coupon payment, delayed publication of annual report and accounts and resignation of chief financial officer and company secretary in June 2014. The fair value of the Company's forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

**2. Earnings per ordinary share**

The earnings per ordinary share figure is based on the net profit after taxation of £11,384,000 (half year ended 28 February 2014: loss £8,102,000; year ended 31 August 2014: profit £36,550,000) and on 109,312,000 ordinary shares (half year ended 28 February 2014: 104,559,929; year ended 31 August 2014: 105,783,168) 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<br>28 February 2015<br>(Unaudited)<br>£'000 | Half year ended<br>28 February<br>2014<br>(Unaudited)<br>£'000 | Year ended<br>31 August 2014<br>(Audited)<br>£'000 |
|---|---|--|--|
| Net revenue gain  | 5,054   | 6,107  | 20,433   |
| Net capital gain / (loss)   | 6,330   | (14,209)   | 16,117   |
| Net total gain / (loss)   | <u>11,384</u>   | <u>(8,102)</u>   | <u>36,550</u>                                      |
| Weighted average number of ordinary shares in issue during the period | <b>109,312,000</b>  | 104,559,929  | 105,783,168  |
|   | <b>Pence</b>  | Pence  | Pence  |
| Revenue earnings per ordinary share                                   | 4.62  | 5.84   | 19.32  |
| Capital earnings per ordinary share                                   | 5.79  | (13.59)  | 15.23  |
| Total earnings per ordinary share                                     | <u>10.41</u>  | <u>(7.75)</u>  | <u>34.55</u>                                       |

**3. Net asset value per ordinary share**

The basic net asset value per ordinary share is based on a net asset value of £363,654,000 (28 February 2014: £311,347,000; 31 August 2014: £355,021,000) and on 110,395,564 (28 February 2014: 105,270,564; 31 August 2014: 108,095,564) 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 2015 were £247,000 (half year ended 28 February 2014: £201,000; year ended 31 August 2014: £478,000). These mainly comprise commission. Sales transaction costs for the half year ended 28 February 2015 were £291,000 (half year ended 28 February 2014: £272,000; year ended 31 August 2014: £684,000).

**HENDERSON FAR EAST INCOME LIMITED**  
**Unaudited Results for the half year ended 28 February 2015**

**5. Share capital**

During the six months under review the Company issued a total of 2,300,000 shares (half year ended 28 February 2014: 925,000; year ended 31 August 2014: 3,750,000) for net proceeds of £7,550,000 (half year ended 28 February 2014: £2,853,000; year ended 31 August 2014: £11,632,000) net of costs.

**6. Interim dividend**

On 28 November 2014, the Company paid a fourth interim dividend of 4.70p per share in respect of the year ended 31 August 2014. A first interim dividend of 4.70p per share was paid on 27 February 2015. The second interim dividend of 4.70p per share will be paid on 29 May 2015 to shareholders on the register on 29 May 2015. The Company's shares will be quoted ex-dividend on 7 May 2015. Based on the number of shares in issue on 23 April 2015, the cost of this dividend will be £5,203,000.

**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.

| <b>Financial assets and financial liabilities at fair value through profit or loss at 28 February 2015</b> | <b>Level 1<br/>£'000</b> | <b>Level 2<br/>£'000</b> | <b>Level 3<br/>£'000</b> | <b>Total<br/>£'000</b> |
|--|--------------------------|--------------------------|--------------------------|------------------------|
| Investments including derivatives:   |                          |                          |                          |                        |
| - Equity securities designated at fair value through profit or loss  | 341,804                  | 35,908                   | -                        | 377,712                |
| - Written options  | -                        | (361)                    | -                        | (361)                  |
| - Forward exchange contracts   | -                        | 51                       | -                        | 51                     |
| <b>Total financial assets and liabilities carried at fair value</b>  | <b>341,804</b>           | <b>35,598</b>            | <b>-</b>                 | <b>377,402</b>         |

| <b>Financial assets and financial liabilities at fair value through profit or loss at 28 February 2014</b> | <b>Level 1<br/>£'000</b> | <b>Level 2<br/>£'000</b> | <b>Level 3<br/>£'000</b> | <b>Total<br/>£'000</b> |
|--|--------------------------|--------------------------|--------------------------|------------------------|
| Investments including derivatives:   |                          |                          |                          |                        |
| - Equity securities designated at fair value through profit or loss  | 306,755                  | 19,303                   | 476                      | 326,534                |
| - Written options  | -                        | (530)                    | -                        | (530)                  |
| - Forward exchange contracts   | -                        | 101                      | -                        | 101                    |
| <b>Total financial assets and liabilities carried at fair value</b>  | <b>306,755</b>           | <b>18,874</b>            | <b>476</b>               | <b>326,105</b>         |

**HENDERSON FAR EAST INCOME LIMITED**  
**Unaudited Results for the half year ended 28 February 2015**

**Financial Instruments (continued)**

Level 3 investments relate to one holding of China Forestry, transferred into level 3 in 2012, written down to zero during the year ended 31 August 2014.

| <b>Level 3 investments at fair value through profit or loss</b>   | <b>£'000</b> |
|---|--------------|
| Opening balance   | -            |
| Transferred into Level 3  | -            |
|   | -            |
| Total unrealised losses included in losses on investments held at fair value through profit and loss in the Statement of Comprehensive Income - | -            |
| Closing balance   | -            |

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.

The Company's holdings in options and Participation Notes are included within Level 2. Also included here is a Japanese Yen forward exchange contract for 1,115,521,000 Yen which resulted in an unrealised gain of £51,000.

The valuation techniques used by the Company are explained in the accounting policies note of The Annual Report and Financial Statements for the year ended 31 August 2014.

Premium from written options during the half year ended 28 February 2015 was £1,042,000 (half year ended 28 February 2014: £672,000, year ended 31 August 2014: £1,472,000)

**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. In reviewing the position as at the date of this statement, the Board has considered the going concern and liquidity risk: 'Guidance for Directors of UK Companies 2009' issued by the Financial Reporting Council in October 2009.



**HENDERSON FAR EAST INCOME LIMITED**  
**Unaudited Results for the half year ended 28 February 2015**

**9. Half Year Report**

The Half Year Report will be available on the Company's website ([www.hendersonfareastincome.com](http://www.hendersonfareastincome.com)) or in hard copy format from the Company's registered office, Liberté House, 19-23 La Motte Street, St Helier, Jersey, JE2 4SY from 23 April 2015. Shareholders will be sent a copy of the Update, an abridged version of the half year results, in late April.

**10. 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. The Company is a Jersey fund which is regulated by the Jersey Financial Services Commission.

*c) Directors, Secretary and Registered Office*

The Directors of the Company are John Russell (Chairman), David Mashiter, Simon Meredith Hardy, Richard Povey, Julia Chapman and David Staples. The Secretary is BNP Paribas Securities Services S.C.A. Jersey Branch, represented by Jeremy Hamon and which is regulated by the Jersey Financial Services Commission. 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 the Company, monthly factsheets and data, copies of announcements, reports and details of general meetings can be found at [www.hendersonfareastincome.com](http://www.hendersonfareastincome.com)

**HENDERSON FAR EAST INCOME LIMITED**  
**Unaudited Results for the half year ended 28 February 2015**

**Half Year Review**

**Introduction**

We have been engaged by Henderson Far East Income Limited ('the Company') to review the condensed set of financial statements in the half-yearly financial report for the six months ended 28 February 2015 which comprises the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Statement of Cash Flows and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

**Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Company are prepared in accordance with IFRS as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

**Our responsibility**

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**HENDERSON FAR EAST INCOME LIMITED**  
**Unaudited Results for the half year ended 28 February 2015**

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 28 February 2015 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

**Heather J. MacCallum**

**For and on behalf of**

KPMG Channel Islands Limited  
Chartered Accountants and Recognized Auditor  
37 Esplanade  
St Helier  
Jersey  
JE4 8WQ  
23 April 2015

The maintenance and integrity of the Henderson Far East Income Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements or review report since they were initially presented on the website.

Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The directors shall remain responsible for establishing and controlling the process for doing so, and for ensuring that the financial statements are complete and unaltered in any way.

For further information please contact:

Mike Kerley  
Portfolio Manager, Henderson Far East Income Limited  
Telephone: 020 7818 5053

James de Sausmarez  
Director, Head of Investment Trusts, Henderson Global Investors  
Telephone: 020 7818 3349

Sarah Gibbons-Cook  
Investor Relations and PR Manager, Henderson Global Investors  
Telephone: 020 7818 3198

Jeremy Hamon  
BNP Paribas Securities Services S.C.A. Jersey Branch, Company Secretary  
Telephone: 01534 709108

*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.*