

HENDERSON HIGH INCOME TRUST PLC

**REPORT
for the six months ended 30 June 2016
(unaudited)**

HENDERSON HIGH INCOME TRUST PLC

Unaudited results for the half year ended 30 June 2016

Investment objective

The Company invests in a prudently diversified selection of both well-known and smaller companies to provide investors with a high dividend income stream while also maintaining the prospect of capital growth.

Performance highlights for the six months ended 30 June 2016

- Net asset value ('NAV') total return¹ of -0.65% compared to a total return from the benchmark² of 4.87%.
- The mid-market share price total return (including dividends reinvested) of -4.72%.

	As at 30 June 2016	As at 31 December 2015
Net Asset Value per ordinary share (debt at par)	171.9p	177.5p
Mid-market price per share	167.5p	180.5p
Net assets	£191.2m	£197.1m
Dividends paid	4.55p	8.90p
Dividend yield	5.4%	4.9%
Gearing	22.9%	22.7%
(Discount)/Premium	(2.6%)	1.7%

Total return performance for the six months ended 30 June 2016 (including dividends reinvested and excluding transaction costs)

	6 months	1 year	3 years	5 years	10 years
	%	%	%	%	%
NAV Total Return	-0.65	1.31	31.06	70.45	99.79
Share Price Total Return	-4.72	-2.24	22.35	60.56	100.06
Benchmark ²	4.87	3.50	20.00	37.84	74.25
FTSE All-Share Index	4.27	2.21	18.62	35.52	68.82
Merrill Lynch Sterling Non-Gilts Index	7.28	8.88	23.96	44.31	80.16

¹ Net asset value total return including dividends reinvested and excluding transaction costs

² A composite of 80% of the FTSE All-Share Index (total return) and 20% of the Merrill Lynch Sterling Non-Gilts Index (total return)

Sources: Morningstar, Henderson and Datastream

Interim Management Report

Chairman's Statement

Performance

During the challenging six months to 30 June 2016, the Company delivered a net asset value total return of -0.65%, underperforming the benchmark total return of 4.87% for the same period. The premium at which the Company's shares traded to their net asset value narrowed and fell to a discount of 2.6% as at the end of the period, giving a total return to shareholders of -4.72%. The fears of a global recession followed by the uncertainties in the run up to the Brexit referendum and the surprise outcome of the vote have all created significant volatility in the markets.

In search of a well-diversified portfolio and a wider range of opportunities for income, the Company has a greater proportion of mid cap and small cap investments than its benchmark and it is these more domestically focused businesses whose share prices have been negatively affected by the UK's decision to leave the European Union. As my predecessor, Hugh Twiss, correctly predicted at the beginning of the year it has been much harder to generate the positive returns enjoyed in recent years and this has been true for many active UK fund managers who have also had difficulty beating their benchmark indices. That said, despite short term weakness in performance, the longer term track record of the Company remains strong.

Gearing

We believe that gearing enhances the returns to shareholders and is particularly useful for generating additional income. Our policy, as set out in our Annual Report for the year ended 31 December 2015, remains the same. The level of gearing employed during this period has not changed materially from year end and is currently 22.9%, with about half of this currently being used to finance the fixed interest holdings in the portfolio.

Dividend

On 29 January 2016, the Company paid a fourth interim dividend of 2.275p per share in respect of the year ended 31 December 2015 making a total of 8.9p for the year, an increase of 3.5% over the previous year. The first interim dividend of 2.275p for our current financial year was paid on 29 April 2016 and the second interim dividend for the same amount will be paid on 29 July 2016. Although the vote to exit the European Union has created further economic uncertainty we are confident that this level of dividend can at least be maintained throughout the next six months.

Consequently we have declared a third interim dividend of 2.275p per share which will be paid on 28 October 2016. We will continue to monitor the impact of Brexit on the businesses in which the Company invests and, in particular, their ability to grow earnings and pay dividends in order to assess our own prospects. We have increased our revenue reserves over the last 5 years, while also gradually increasing our dividend distributions, and this will provide us with some future flexibility if required.

Board composition

Hugh Twiss, our Chairman since 2006, retired at our Annual General Meeting in May. I am very honoured to succeed Hugh as Chairman while recognising that he will be a hard act to follow. Vivian Bazalgette who joined as a director in 2004 also retired at the same time. The Company has benefited enormously from the wisdom, experience and commitment of them both through some turbulent market conditions. Their contribution has been invaluable to the Company and their participation will be missed by their fellow directors.

We would like to thank them both for their many years of service and wish each of them well for the future. We are very pleased to welcome on to the Board Zoe King whose specialist knowledge of private client wealth management will be a great asset to the Company.

Outlook

At this early stage it is impossible to assess the long term economic impact of Brexit as we are entering uncharted territory. It will take years to determine our new relationship with Europe and only time will tell whether the ensuing uncertainty will lead to a significant decline in consumer confidence and business investment and result in another economic recession. However, the chief constituents of the UK stock market operate globally and may be largely unaffected by this domestic event, assuming its ripples do not spread wider. Indeed the slide in sterling is likely to be an advantage to such businesses.

Undoubtedly investors will continue to focus on income as interest rates remain lower for longer following the Bank of England's recent indications. I am sure that in these market conditions our Fund Manager will be able to put to good use his stock picking skills and hunt out undervalued investment opportunities with attractive and sustainable yields to enhance the portfolio.

Margaret Littlejohns
Chairman
28 July 2016

Fund Manager's report

Markets

Despite the FTSE All-Share returning 4.3% over the first half of the year, this masked increased volatility and a large divergence between sectors. Early in the year, equity markets experienced a sharp sell-off as disappointing economic data in the US and China raised fears over a slowing global economy. Markets staged a recovery, however, as US interest rates were kept stable, and the ECB President, Mario Draghi, announced a cut to the European Central Bank's deposit rate and increased quantitative easing. The oil price also rebounded, rising from its low of \$30 to finish the period at \$50 a barrel.

However, these events were overshadowed by the UK's vote to leave the European Union. Although the FTSE 100 has returned 2.7% from 23 June to the end of the period, the positive gains were skewed toward multinational companies with large dollar earnings, which benefited from the weak pound. Sterling has now fallen to a 30 year low against the dollar. The more domestically exposed FTSE 250 fell sharply post the result and underperformed the FTSE 100 by almost 12% in the first half of the year. Divergence in performance was also evident at the sector level. Domestic cyclicals, property and financials all significantly underperformed as fears over the uncertain pathway to the UK's exit from the EU and the potential impact on the economy weighed on sentiment. By contrast defensive sectors such as consumer staples, tobacco and health care outperformed. Bond yields fell to historic lows as investors sought their safe haven status.

The UK market and economy have now entered a period of uncertainty as the UK negotiates an exit from the EU. The unknowns surrounding future trade agreements and access to the single market could impact business and consumer confidence and curtail investment. In this environment, UK economic growth will slow and the economy may fall into recession.

Portfolio Activity

Within the equity portfolio new positions were initiated in Johnson Matthey and Next. Johnson Matthey is a specialty chemical company with market leading positions in emissions controls for the automotive industry and precious metals refining, fabrication and marketing. The valuation is attractive for a high quality and well invested company with long term growth underpinned by increased emissions control regulation especially within emerging markets. Retailer Next is a good quality company with high returns and a management team that demonstrate strong capital discipline. The company also has a robust balance sheet and is very cash generative with surplus cash likely to be returned to shareholders.

We took advantage of market weakness post the EU referendum vote to increase our holdings in stocks where we felt the share price reaction was overdone, such as BT, ITV, Go-Ahead and Persimmon. BT's earnings should prove relatively resilient, while profit growth will be supported by the large cost cutting program announced by management, as well as synergies and cross selling opportunities from the EE acquisition. Since the last recession, ITV has diversified its business away from TV advertising into content production, which is less cyclical. Given the cash generative profile of the company and the strong balance sheet, ITV should continue to grow the dividend, even in the face of declines in the advertising market. Go-Ahead has a robust balance sheet and attractive dividend yield which is covered by profits from its stable bus operations. Even assuming a fall in housing transactions and prices, Persimmon's dividend should be sustainable given the strong balance sheet, long land bank and continued supportive actions from the government via the Help to Buy scheme.

Performance

The Company's NAV fell slightly during the period but this underperformed the benchmark return of 4.9%. Stock selection within equities detracted from returns as despite the portfolio owning a number of defensive companies that have performed well, such as British American Tobacco, Diageo and National Grid, the Company's exposure to domestic cyclicals was detrimental. The market was quick to discount fears over a UK recession after the EU referendum result, hence the Company's holdings in housebuilders Galliford Try and Persimmon, pub operator Marston's and broadcaster ITV all significantly underperformed.

Another consequence of "Brexit" is the potential impact on London as the leading international financial centre. The UK has materially benefited from EU rights on 'passporting', whereby institutions based in the UK can export financial services across the EU. A loss of these rights would have significant implications for the banking, insurance and asset management industry, hence the portfolio's holdings in Standard Life, Legal & General and Jupiter were negative for performance. Despite these fears we believe that some form of access to the single market will be maintained.

Although the performance of the Company over the first half relative to the benchmark is disappointing, it is important to place it in the context of strong outperformance over a number of years. Despite the uncertainty over the economic outlook, credit markets are functioning well, UK banks all have strong capital positions, the Bank of England has outlined measures to provide liquidity while corporate balance sheets are strong. The Company is well diversified owning positions in defensive sectors such as telecoms, utilities and tobacco while the domestically exposed stocks in the portfolio have good balance sheets and are strong cash generative businesses.

David Smith
Fund Manager
28 July 2016

Investment portfolio
Classification of investments by sector

	Total 30 June 2016 %	Total 30 June 2015 %
FIXED INTEREST		
Preference shares	1.6	1.7
Other fixed interest	9.3	8.9
	-----	-----
Total Fixed Interest	10.9	10.6
	-----	-----
EQUITIES		
Oil & Gas		
Oil & gas producers	6.2	5.0
	-----	-----
Total Oil & Gas	6.2	5.0
	-----	-----
Basic Materials		
Chemicals	1.7	-
Mining	1.4	3.0
	-----	-----
Total Basic Materials	3.1	3.0
	-----	-----
Industrials		
Construction & materials	0.9	1.0
Aerospace & defence	1.4	1.3
General industrials	0.8	0.8
Industrial engineering	-	0.5
Industrial transportation	-	0.6
Support services	0.8	0.9
	-----	-----
Total Industrials	3.9	5.1
	-----	-----
Consumer Goods		
Beverages	3.2	0.8
Food producers	3.3	2.9
Household goods & home construction	2.2	4.0
Tobacco	7.5	5.6
	-----	-----
Total Consumer Goods	16.2	13.3
	-----	-----
Health Care		
Pharmaceuticals & biotechnology	6.1	4.9
	-----	-----
Total Health Care	6.1	4.9
	-----	-----

Investment portfolio
Classification of investments by sector continued

	Total 30 June 2016 %	Total 30 June 2015 %
Consumer Services		
Food & drug retailers	-	0.3
General retailers	1.6	1.8
Media	8.1	8.1
Travel & leisure	4.8	4.4
	-----	-----
Total Consumer Services	14.5	14.6
	-----	-----
Telecommunications		
Fixed line telecommunications	5.0	5.1
Mobile telecommunications	4.2	4.4
	-----	-----
Total Telecommunications	9.2	9.5
	-----	-----
Utilities		
Electricity	1.2	1.7
Gas, water & multi-utilities	6.7	6.2
	-----	-----
Total Utilities	7.9	7.9
	-----	-----
Financials		
Banks	3.8	5.2
Non-life insurance	1.4	1.8
Life insurance	5.2	7.2
Real estate investment trusts	2.4	1.7
Financial services	4.0	4.9
Equity investment instruments	4.1	4.2
	-----	-----
Total Financials	20.9	25.0
	-----	-----
Technology		
Software & computer services	1.1	1.1
	-----	-----
Total Technology	1.1	1.1
	-----	-----
	-----	-----
TOTAL INVESTMENTS	100.0	100.0
	=====	=====

Twenty largest investments at 30 June 2016

Company	Sector	Fair value as at 30 June 2016 £'000	% of portfolio 2016	Fair value as at 30 June 2015 £'000	% of portfolio 2015
British American Tobacco	Consumer Goods	10,673	4.5	8,630	3.6
AstraZeneca	Health Care	9,817	4.2	7,928	3.3
Royal Dutch Shell B	Oil & Gas	8,129	3.5	5,648	2.4
Diageo	Consumer Goods	7,496	3.2	1,841	0.8
Imperial Brands*	Consumer Goods	6,857	2.9	4,695	1.9
Vodafone	Telecommunications	6,646	2.8	6,220	2.6
BT	Telecommunications	6,535	2.8	7,158	3.0
National Grid	Utilities	6,469	2.8	6,251	2.6
BP	Oil & Gas	6,429	2.7	6,165	2.6
RELX	Consumer Services	5,056	2.2	3,981	1.7
HSBC**	Financials	5,006	2.1	5,490	2.3
Legal & General**	Financials	4,927	2.1	6,576	2.8
GlaxoSmithKline	Health Care	4,537	1.9	3,739	1.6
Standard Life**	Financials	4,388	1.9	4,780	2.0
Severn Trent	Utilities	4,160	1.8	3,736	1.6
Pearson	Consumer Services	3,941	1.7	3,406	1.4
Informa	Consumer Services	3,723	1.6	2,951	1.2
Galliford Try	Consumer Goods	3,389	1.4	6,674	2.8
Sky	Consumer Services	3,264	1.4	3,773	1.6
Rio Tinto	Basic Materials	3,144	1.3	3,582	1.5

These investments total £114,586,000 or 48.8% of the portfolio.

* name changed from Imperial Tobacco

** includes fixed interest

Sector underweights/overweights (using average weights)

	Equity Portfolio Weight %	FTSE All-Share %
Oil & Gas	5.60	10.44
Basic Materials	3.08	4.83
Industrials	4.21	10.73
Consumer Goods	18.26	17.49
Health Care	6.15	8.68
Consumer Services	16.72	12.54
Telecommunications	10.15	5.18
Utilities	8.58	4.00
Financials	26.09	24.55
Technology	1.16	1.56
Total	100.00	100.00

Top ten holdings by contribution to income during the six month period ended 30 June 2016

Position	 Holding	 Sector	 £'000
1	AstraZeneca	Health Care	288
2	British American Tobacco	Consumer Goods	264
3	Royal Dutch Shell B	Oil & Gas	241
4	Legal & General*	Financials	233
5	HSBC*	Financials	227
6	Vodafone	Telecommunications	227
7	ITV	Consumer Services	217
8	BP	Oil & Gas	204
9	National Grid	Utilities	184
10	Standard Life*	Financials	176
	Total		2,261

These constitute 32.9% of the total income from investments during the period.

*Includes fixed interest income

Principal risks and uncertainties

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

- Investment
- Market/Financial
- Operational
- Legal and Regulatory

Information on these risks and how they are managed is given in the Company's 2015 Annual Report. In the Board's opinion, an additional uncertainty to those outlined in the Annual Report and Financial Statements now exists. In a referendum held on 23 June 2016, the United Kingdom resolved to leave the European Union (the 'EU'). The referendum results may affect the Company's risk profile through introducing potentially significant new uncertainties and instability in financial markets as the United Kingdom negotiates its exit from the EU. These uncertainties could have a material effect on the Company's business, financial condition and operations. The process of a major country leaving the EU has no precedent, so we expect an ongoing period of market uncertainty as implications are digested.

In the view of the Board, there have not been any other changes to the fundamental nature of these risks since the previous report and these principal risks and uncertainties are equally 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 is the only related party arrangement currently in place. Other than fees payable by the Company in the ordinary course of business there have been no material transactions with the Company's related parties affecting the financial position or performance of the Company during the half year.

Statement of Director's Responsibilities

Each of the Directors confirms that, to the best of his or her knowledge:

- a) the condensed set of financial statements has been prepared in accordance with FRS 104 "Interim Financial Reporting" issued by the Financial Reporting Council.
- b) this 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) this 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

Margaret Littlejohns

Chairman

28 July 2016

Condensed Income Statement

	(Unaudited) Half year ended 30 June 2016			(Unaudited) Half year ended 30 June 2015			(Audited) Year ended 31 December 2015		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
	return £'000	return £'000		return £'000	return £'000		return £'000	return £'000	
(Losses)/gains on investments held at fair value through profit or loss	-	(6,645)	(6,645)	-	5,709	5,709	-	5,376	5,376
Income from investments held at fair value through profit or loss	6,873	-	6,873	6,610	-	6,610	12,067	-	12,067
Other interest receivable and similar income	8	-	8	9	-	9	27	-	27
Gross revenue and capital (losses)/gains	6,881	(6,645)	236	6,619	5,709	12,328	12,094	5,376	17,470
Management and performance fees (note 2)	(240)	(360)	(600)	(237)	(1,320)	(1,557)	(469)	(1,949)	(2,418)
Other administrative expenses	(188)	-	(188)	(198)	-	(198)	(385)	-	(385)
Net return on ordinary activities before finance costs and taxation	6,453	(7,005)	(552)	6,184	4,389	10,573	11,240	3,427	14,667
Finance costs	(141)	(424)	(565)	(71)	(214)	(285)	(206)	(616)	(822)
Net return on ordinary activities before taxation	6,312	(7,429)	(1,117)	6,113	4,175	10,288	11,034	2,811	13,845
Taxation on net return on ordinary activities	(79)	31	(48)	(30)	12	(18)	(97)	67	(30)
Net return on ordinary activities after taxation	6,233	(7,398)	(1,165)	6,083	4,187	10,270	10,937	2,878	13,815
Return per ordinary share (note 3)	5.60p	(6.65)p	(1.05)p	5.57p	3.83p	9.40p	9.96p	2.62p	12.58p

The total columns of this statement represent the income statement of the Company, prepared in accordance with FRS 104. The revenue and capital columns are supplementary to this and are published under guidance from the Association of Investment Companies.

The Company has no other comprehensive income items recognised other than those disclosed in the Income Statement.

All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

The accompanying notes are an integral part of the condensed financial statements.

Condensed Statement of Changes in Equity

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
Half year ended 30 June 2016 (unaudited)						
At 31 December 2015	5,553	94,038	26,302	64,581	6,637	197,111
Net return on ordinary activities after taxation	-	-	-	(7,398)	6,233	(1,165)
Issue of new shares	10	343	-	-	-	353
Fourth interim dividend (2.275p per share) for the year ended 31 December 2015, paid 29 January 2016	-	-	-	-	(2,527)	(2,527)
First interim dividend (2.275p per share) for the year ending 31 December 2016, paid 29 April 2016	-	-	-	-	(2,531)	(2,531)
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At 30 June 2016	5,563	94,381	26,302	57,183	7,812	191,241
	=====	=====	=====	=====	=====	=====

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
Half year ended 30 June 2015 (unaudited)						
At 31 December 2014	5,444	90,198	26,302	61,703	5,340	188,987
Net return on ordinary activities after taxation	-	-	-	4,187	6,083	10,270
Issue of new shares	33	1,151	-	-	-	1,184
Fourth interim dividend (2.175p per share) for the year ended 31 December 2014, paid 30 January 2015	-	-	-	-	(2,368)	(2,368)
First interim dividend (2.175p per share) for the year ending 31 December 2015, paid 30 April 2015	-	-	-	-	(2,378)	(2,378)
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At 30 June 2015	5,477	91,349	26,302	65,890	6,677	195,695
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	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
Year ended 31 December 2015 (audited)						
At 31 December 2014	5,444	90,198	26,302	61,703	5,340	188,987
Net return on ordinary activities after taxation	-	-	-	2,878	10,937	13,815
Issue of new shares	109	3,840	-	-	-	3,949
Fourth interim dividend (2.175p per share) for the year ended 31 December 2014, paid 30 January 2015	-	-	-	-	(2,368)	(2,368)
First interim dividend (2.175p per share) for the year ended 31 December 2015, paid 30 April 2015	-	-	-	-	(2,378)	(2,378)
Second interim dividend (2.175p per share) for the year ended 31 December 2015, paid 31 July 2015	-	-	-	-	(2,383)	(2,383)
Third interim dividend (2.275p per share) for the year ended 31 December 2015, paid 30 October 2015	-	-	-	-	(2,511)	(2,511)
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At 31 December 2015	5,553	94,038	26,302	64,581	6,637	197,111
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The accompanying notes are an integral part of the condensed financial statements.

Condensed Statement of Financial Position

	(Unaudited) 30 June 2016 £'000	(Unaudited) 30 June 2015 £'000	(Audited) 31 December 2015 £'000
Investments held at fair value through profit or loss (note 6)	235,016	238,078	241,912
Current assets			
Debtors	1,976	1,626	1,349
Cash at bank and in hand	1,888	2,194	1,223
	3,864	3,820	2,572
Creditors: amounts falling due within one year	(27,838)	(46,203)	(27,577)
Net current liabilities	(23,974)	(42,383)	(25,005)
Creditors: amounts falling due after more than one year	(19,801)	-	(19,796)
Net assets	191,241	195,695	197,111
Capital and reserves			
Share capital (note 5)	5,563	5,477	5,553
Share premium account	94,381	91,349	94,038
Capital redemption reserve	26,302	26,302	26,302
Other capital reserves	57,183	65,890	64,581
Revenue reserve	7,812	6,677	6,637
Total shareholders' funds	191,241	195,695	197,111
Net asset value per ordinary share (note 4)	171.87p	178.66p	177.47p

The accompanying notes are an integral part of the condensed financial statements.

Condensed Cash Flow Statement

	(Unaudited) Half year ended 30 June 2016 £'000	(Unaudited) Half year ended 30 June 2015 £'000	(Audited) Year ended 31 December 2015 £'000
Cash flows from operating activities			
Net return on ordinary activities before taxation	(1,117)	10,288	13,845
Add back: finance costs	565	285	822
Add/(less): losses/(gains) on investments held at fair value through profit and loss	6,645	(5,709)	(5,376)
Withholding tax on dividends deducted at source	(48)	(22)	(29)
Taxation recovered	-	-	1
(Increase)/decrease in prepayments and accrued income	(626)	(263)	12
(Decrease)/ increase in accruals and deferred income	(1,351)	(264)	121
	-----	-----	-----
Net cash inflow from operating activities	4,068	4,315	9,396
	-----	-----	-----
Cash flows from investing activities			
Sales of investments held at fair value through profit or loss	25,406	22,383	39,240
Purchases of investments held at fair value through profit or loss	(24,257)	(23,277)	(43,905)
	-----	-----	-----
Net cash inflow/(outflow) from investing activities	1,149	(894)	(4,665)
	-----	-----	-----
Cash flows from financing activities			
Issue of ordinary share capital	353	1,184	3,949
Equity dividends paid (net of refund of unclaimed dividends)	(5,058)	(4,746)	(9,640)
(Repayment)/ drawdown of loans	753	773	(18,664)
Issue of private placement notes	-	-	19,796
Interest paid	(560)	(319)	(822)
	-----	-----	-----
Net cash outflow in financing activities	(4,512)	(3,108)	(5,381)
	-----	-----	-----
Net increase/ (decrease) in cash and cash equivalents	705	313	(650)
Cash and cash equivalents at beginning of period	1,223	1,860	1,860
Exchange movements	(40)	21	13
	-----	-----	-----
Cash and cash equivalents at end of period	1,888	2,194	1,223
	=====	=====	=====
Comprising:			
Cash at bank	1,888	2,194	1,223
	=====	=====	=====

The accompanying notes are an integral part of the condensed financial statements.

Notes

1. Accounting policies – basis of accounting

The condensed set of financial statements has been prepared in accordance with FRS 104, Interim Financial Reporting, issued in March 2015, the reporting standard for half year reporting that accompanies FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, which is effective for periods commencing on or after 1 January 2015, and the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ('the SORP') issued by the Association of Investment Companies in November 2014. The Company has early adopted the amendments to FRS 102 in respect of fair value hierarchy disclosures as published in March 2016.

The condensed set of financial statements has been neither audited nor reviewed by the Company's auditors.

2. Management and performance fees – performance fee provision

For the half year ended 30 June 2016 no provision (30 June 2015: £965,000 and 31 December 2015: £1,246,000) has been made for a performance fee based on the Company's under performance against the benchmark in the first six months of the financial year. The actual performance fee, if any, payable to Henderson for the year to 31 December 2016 will depend on outperformance above a hurdle of 1% over the full financial year, subject to a cap on the total fees paid to Henderson of 1.0% of the average of gross assets less current liabilities (other than loans or other debt for investment purposes treated as current liabilities), over the four quarter ends in the year. Details of the management and performance fee arrangements are set out in the Company's 2015 Annual Report.

3. Return per ordinary share

	(Unaudited) Half year ended 30 June 2016 £'000	(Unaudited) Half year ended 30 June 2015 £'000	(Audited) Year ended 31 December 2015 £'000
The return per share is based on the following figures:			
Net revenue return	6,233	6,083	10,937
Net capital return	(7,398)	4,187	2,878
Total	(1,165)	10,270	13,815
Weighted average number of ordinary shares	111,261,871	109,286,155	109,794,009
Revenue return per share	5.60p	5.57p	9.96p
Capital return per share	(6.65p)	3.83p	2.62p
Total	(1.05p)	9.40p	12.58p

The Company does not have any dilutive securities. The term dilutive securities refer to financial instruments that are not in the form of common stock but can be converted to common stock. The most common examples of dilutive securities are: stock options, warrants, convertible debt and convertible preferred stock.

4. Net asset value per ordinary share

The net asset value per ordinary share is based on the net assets attributable to the shares of £191,241,000 (30 June 2015: £195,695,000; 31 December 2015: £197,111,000) and on the 111,267,365 shares in issue (30 June 2015: 109,532,287; 31 December 2015: 111,067,365).

5. Called-up share capital

During the half year ended 30 June 2016, 200,000 new ordinary shares were issued for net proceeds of £353,000 (half year ended 30 June 2015: 650,000 issued for net proceeds of £1,184,000; year ended 31 December 2015: 2,185,078 issued for net proceeds of £3,949,000). At 30 June 2016 there were 111,267,365 ordinary shares of 5p nominal value in issue. Since 30 June 2016, no further shares have been issued. The Company has no shares held in Treasury.

6. Investments held at fair value through profit or loss

The table below sets out fair value measurements using the FRS 102 fair value hierarchy.

Financial assets at fair value through profit or loss at 30 June 2016	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	208,642	-	-	208,642
Convertibles	737	-	-	737
Fixed interest investments				
- Preference shares	3,917	-	-	3,917
- Other	21,720	-	-	21,720
Total financial assets carried at fair value	235,016	-	-	235,016

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:

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; and

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

The valuation techniques used by the Company are explained in the accounting policies note 1 (c) in the Company's Annual Report for the year ended 31 December 2015.

There have been no transfers between levels of the fair value hierarchy during the period.

7. Dividends

In respect of the year ended 31 December 2015, a fourth interim dividend of 2.275p per share (2014: fourth interim dividend of 2.175p) was paid on 29 January 2016 to shareholders on the register at close of business on 18 December 2015.

In respect of the year ending 31 December 2016, a first interim dividend of 2.275p per share (2015: 2.175p) was paid on 29 April 2016 to shareholders on the register at close of business on 8 April 2016.

These dividends are reflected in these half year financial statements.

A second interim dividend of 2.275p per share (2015: 2.175p) will be paid on 29 July 2016 to shareholders on the register at close of business on 24 June 2016.

A third interim dividend of 2.275p per share (2015: 2.275p) will be paid on 28 October 2016 to shareholders on the register on 23 September 2016. The shares will go ex-dividend on 22 September 2016.

In accordance with FRS 102, the second and third interim dividends have not been accrued for in the half year financial statements as they are paid after the period end.

8. Going concern

Having reassessed the principal risks and uncertainties the Directors believe that it is appropriate to adopt the going concern basis in preparing the financial statements.

9. Investment objective

The Company invests in a prudently diversified selection of both well-known and smaller companies to provide investors with a high dividend income stream while also maintaining the prospect of capital growth.

10. Comparative information

The financial information contained in this half year report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The figures and financial information for the year ended 31 December 2015 are extracted from the latest published accounts, and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the Report of the Independent Auditors, which was unqualified and did not include a statement under either section 498(2) or 498(3) of the Companies Act 2006.

11. Half year report

An update containing extracts from this half year report will be posted to Shareholders in early August 2016. Copies of the Half Year Update will be available to download shortly from the Company's website (www.hendersonhighincome.com) or can be requested from the Corporate Secretary at the registered office, 201 Bishopsgate, London EC2M 3AE.

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