

Company Number: 7549407

HENDERSON INTERNATIONAL INCOME TRUST PLC

REPORT
for the half-year ended 28 February 2017
(unaudited)

HENDERSON INTERNATIONAL INCOME TRUST PLC

Unaudited results for the half-year ended 28 February 2017

Investment objective

To provide a high and rising level of dividends as well as capital appreciation over the long-term from a focused and internationally diversified portfolio of securities outside the UK.

Performance highlights for the six months to 28 February 2017

- The first interim dividend payment for the year ending 31 August 2017 of 1.20p per ordinary share was paid to shareholders on 28 February 2017. A second interim dividend payment for the year ending 31 August 2017 of 1.20p per ordinary share has been declared and will be paid to shareholders on 31 May 2017.
- The net asset value per share as at 28 February 2017 was 151.9p compared to 121.9p as at 29 February 2016.
- The discount as at 28 February 2017 was 0.6% compared to a premium of 0.2% as at 31 August 2016.

Total return performance (including dividends reinvested and excluding transaction costs)

| | 6 months | 1 year | 3 years | Since launch |
|-----------------------------|----------|--------|-------------------|-------------------|
| | % | % | % | % |
| NAV ¹ | 9.1 | 28.5 | 47.1 ⁵ | 91.2 ⁵ |
| Sector average ² | 11.3 | 33.6 | 40.0 | 75.4 |
| Benchmark ³ | 14.0 | 37.6 | 63.4 | 112.9 |
| Share price ⁴ | 8.3 | 37.3 | 50.8 | 86.2 |

1 Calculated using published daily NAVs including current year revenue

2 The AIC Global Equity Income sector based on NAV

3 MSCI World (ex UK) Index (sterling adjusted)

4 Using mid-market share price

5 Incorporating the dilution resulting from the impact of the subscription shares which were exercised on 31 August 2014

Sources: AIC, Morningstar Direct, Henderson and Datastream

CHAIRMAN'S STATEMENT

Interim Management Report

Performance and markets

During the six months to 28 February 2017 the return on the net asset value ('NAV') per ordinary share (on a total return basis) was 9.1%. The Company's return on the ordinary share price (on the same basis) was 8.3%. In comparison, the Company's benchmark total return was 14.0% (MSCI World (ex UK) Index). This compares with a NAV total return of 91.2% and share price total return of 86.2% since launch.

Equity market returns have been very positive over the period. Economic growth has been more robust than expected and global growth expectations have been upgraded over the last six months. Of particular note were the better than expected Chinese growth, and a sharp pick up in commodity prices that have pushed back deflationary fear. It has been a period of considerable political change and uncertainty. The Italian referendum on constitutional reform resulted in a 'No' vote and a leadership change, the impact of Brexit on the United Kingdom and Europe remains unknown, and in the United States a new administration with radical policy proposals is in place.

Growth and corporate activity

The board is pleased to confirm that in the light of positive feedback from existing and potential new shareholders it has resolved to proceed with an issue of C shares. As in our previous C share issue, all shareholders will have the opportunity to participate in the issue. The issue will ensure that there is no material dilution to the net asset value per share for existing shareholders. The issue will be subject to the approval of shareholders at a general meeting to be convened in due course. The expected closing date for the C share issue is in early May 2017.

The Company remains unique as the only global income investment trust that invests exclusively outside the UK. The Company introduced a new management fee structure last year, which will see the ongoing charge fall year-on-year. A future increase in our share capital will benefit existing shareholders by reducing the ongoing charge further.

Earnings and dividends

The revenue return per ordinary share during the six months to 28 February 2017 was 1.65p. A fourth interim dividend of 1.20p per ordinary share, for the year ended 31 August 2016, was paid to shareholders on 30 November 2016, making a total dividend payment in respect of the year ended 31 August 2016 of 4.65p per ordinary share (year ended 31 August 2015: 4.50p per ordinary share).

The board declared a first interim dividend payment for the year ending 31 August 2017 of 1.20p per ordinary share that was paid to shareholders on 28 February 2017. Subsequently, we have declared a second interim dividend of 1.20p per ordinary share which will be paid to shareholders on 31 May 2017. The board continues to monitor the level of dividend paid out to shareholders and aims to maintain the same level of dividend for the remaining six months of this financial year.

Gearing

Well-judged gearing enhances returns to shareholders. The board's current policy is to permit the Fund Manager to gear up to 25% of net assets at the time of drawdown or investment as appropriate. Borrowing limits for this purpose include implied gearing through the use of derivatives. The gearing at the period end was 1.5% (31 August 2016: Nil).

Discount control

The Company's share price has traded close to its NAV over the period. The board continues to monitor the premium/discount to NAV and will consider appropriate action if the relationship between the NAV and share price moves and remains out of line with the Company's peer group. However, there is a distinct limit to the board's ability to influence the premium or discount to NAV. Accordingly we believe it is not in shareholders' interests to have a specific issuance or buy-back policy. We believe it sensible to retain flexibility; accordingly we shall consider issuance and/or buy-backs where appropriate and subject to market conditions.

Outlook

Economic growth has been improving around the world. Unemployment continues to fall in most major economies. Monetary policy in general remains focused on stimulating growth. Against this, the political landscape remains as uncertain as ever after an extraordinary year.

In these circumstances international diversification has a significant role to play in portfolio design. The board believes that the Company's mandate provides our Manager with the essential flexibility to adapt to the circumstances of the day and to position our portfolio in the light of their interpretation of them. The Manager is confident that the Company's portfolio has the ability to benefit from short-term volatilities and to deliver steady growth in dividend income and the potential to grow investors' capital in coming years.

Christopher Jonas, CBE

Chairman

4 April 2017

PRINCIPAL RISKS AND UNCERTAINTIES

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

- Investment activity and performance risks;
- Portfolio and market price risks;
- Tax and regulatory risks; and
- Operational risks.

Information on these risks and how they are managed is given in the annual report to 31 August 2016. In the view of the board, these principal risks and uncertainties were unchanged over the last six months and are as applicable to the remaining six months of the financial year as they were to the six months under review.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

- (a) the financial statements for the half-year ended 28 February 2017 have been prepared in accordance with 'FRS 104 Interim Financial Reporting';
- (b) the Interim Management Report includes a fair review of the information required by Disclosure Guidance 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 Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

For and on behalf of the board

Christopher Jonas, CBE
Chairman
4 April 2017

FUND MANAGER'S REPORT

Performance review

The portfolio produced positive returns over the period, generating a total return of 9.1% in net asset value ('NAV') per ordinary share, including the dividends of 2.40p per share, which increased by 4.3% as compared to the same period in 2016.

The Company's investment process focuses on companies with attractive dividend yields, strong cash flow generation, and the potential to grow both earnings and distributions in the future. Income generation from the portfolio during the period has remained robust. The majority of companies in the portfolio have increased or maintained their dividends. The dividend growth has been widely spread across sectors and regions. Examples of large increases in dividend pay-outs include technology company Samsung (36% increase year-on-year), telecommunications companies HKT (23%) and Orange (8%), and soft drink distributor Coca-Cola European Partners (23%). The outlook for dividend growth remains good.

The portfolio has generated strong capital returns over the period, but it has lagged the MSCI World (ex-UK) Index. The team's investment process is driven by stock selection, based on fundamental qualitative analysis and a strong valuation discipline. The team's objective is to provide investors with an attractive, rising level of dividends and capital appreciation over the long term. The dividend growth from the portfolio has been excellent over the period, but with the benefit of hindsight we have been cautiously optimistic on the outlook at a time when outright optimism would have been more rewarding. The market has moved quickly to factor in a significant pick up in global growth.

Over the period under review the strongest performing region has been the United States. The surprise election of Donald Trump on a platform of measures to promote domestic growth has been taken positively by markets. As yet the exact policies by which the administration means to achieve their aims are vague. The strongest performers across all regions have included financial services companies. Significant contributors to performance included private equity firm Blackstone, business development company Ares Capital, JPMorgan, and European banks Natixis and ING Groep. The portfolio has significant weights in the telecommunications and real estate sectors, mainly in Asia-Pacific and Europe. These have performed well in recent years, but have underperformed the market over this period as investors have rotated their portfolios towards more economically sensitive stocks. We have maintained our exposure as the holdings are delivering high dividend yields and remain attractively valued.

Portfolio positioning

The geographic weightings of the portfolio have not changed significantly over the period, and gearing remains low. Profits were taken in a number of long held positions after several years of strong performance in order to invest in new opportunities; positions closed include Chinese internet gaming company Netease, logistics company UPS, and US theme park operator Six Flags. Markets have risen considerably since the Company was launched but there are still a great number of interesting investment opportunities. Slow sales growth continues to encourage companies to focus on improving earnings and returns on capital via management action. New positions opened included industrial engineer Siemens, Netherlands private bank Van Lanschot, and US retailer Best Buy, all of which have turnaround plans in place.

Ben Lofthouse

Fund Manager

4 April 2017

INVESTMENT PORTFOLIO

at 28 February 2017

| Company | Country | Market value £'000 | % of portfolio |
|-----------------------------|-------------|-----------------------|-------------------|
| Basic materials | | | |
| Bayer | Germany | 5,339 | 2.2 |
| | | 5,339 | 2.2 |
| Consumer goods | | | |
| Coca-Cola | US | 5,791 | 2.4 |
| Samsung | Korea | 4,482 | 1.9 |
| Coca-Cola European Partners | US | 4,348 | 1.8 |
| General Motors | US | 3,721 | 1.5 |
| Toyota | Japan | 3,488 | 1.5 |
| Anta Sports | China | 3,165 | 1.3 |
| Panasonic | Japan | 2,698 | 1.1 |
| Zhengzhou Yutong | China | 2,234 | 0.9 |
| Hanesbrands | US | 1,761 | 0.7 |
| | | 31,688 | 13.1 |
| Consumer services | | | |
| Nielsen | US | 4,472 | 1.8 |
| Las Vegas Sands | US | 3,950 | 1.6 |
| NOS | Portugal | 3,576 | 1.5 |
| Fairfax | Australia | 3,136 | 1.3 |
| Best Buy | US | 2,553 | 1.1 |
| | | 17,687 | 7.3 |
| Financials | | | |
| Wells Fargo | US | 5,971 | 2.5 |
| Natixis | France | 5,548 | 2.3 |
| ING Groep | Netherlands | 4,390 | 1.8 |
| AXA | France | 3,701 | 1.5 |
| Macquarie | Australia | 3,661 | 1.5 |
| Bank of China | China | 3,457 | 1.4 |
| Nordea Bank | Sweden | 3,213 | 1.3 |
| Van Lanschot | Netherlands | 2,969 | 1.2 |
| JPMorgan Chase | US | 2,459 | 1.0 |
| Ares Capital | US | 2,410 | 1.0 |
| Synchrony Financial | US | 2,383 | 1.0 |
| Blackstone | US | 2,283 | 1.0 |
| Deutsche Boerse | Germany | 2,283 | 1.0 |
| | | 44,728 | 18.5 |
| Health care | | | |
| Novartis | Switzerland | 8,120 | 3.3 |
| Roche | Switzerland | 7,710 | 3.2 |
| Pfizer | US | 4,762 | 2.0 |
| | | 20,592 | 8.5 |
| Industrials | | | |
| Siemens | Germany | 5,167 | 2.2 |
| Amcor | Australia | 3,197 | 1.3 |
| Jiangsu Expressway | China | 2,973 | 1.2 |
| Deutsche Post | Germany | 2,533 | 1.1 |
| Lockheed Martin | US | 2,450 | 1.0 |
| General Electric | US | 2,210 | 0.9 |
| | | 18,530 | 7.7 |

| | | | |
|---|-------------|----------------|--------------|
| Oil & gas | | | |
| Chevron | US | 6,262 | 2.6 |
| Statoil | Norway | 4,006 | 1.6 |
| Total | France | 3,590 | 1.5 |
| Star Petroleum Refining | Thailand | 3,146 | 1.3 |
| | | 17,004 | 7.0 |
| Property | | | |
| Icade | France | 4,816 | 2.0 |
| Eurocommercial | Netherlands | 3,515 | 1.4 |
| Scentre | Australia | 3,039 | 1.3 |
| Iron Mountain | US | 2,646 | 1.1 |
| Crown Castle | US | 2,584 | 1.1 |
| Nexity | France | 2,102 | 0.9 |
| Mapletree Greater China | Singapore | 2,027 | 0.8 |
| | | 20,729 | 8.6 |
| Technology | | | |
| Microsoft | US | 8,554 | 3.6 |
| Taiwan Semiconductor Manufacturing | Taiwan | 6,485 | 2.7 |
| Cisco Systems | US | 6,194 | 2.6 |
| HP Inc | US | 2,818 | 1.2 |
| | | 24,051 | 10.1 |
| Telecommunications | | | |
| Deutsche Telekom | Germany | 5,935 | 2.4 |
| Orange | France | 5,716 | 2.4 |
| Telenor | Norway | 4,754 | 2.0 |
| Bezeq The Israeli Telecommunication Corporation | Israel | 4,343 | 1.8 |
| Verizon Communications | US | 3,385 | 1.4 |
| HKT Trust and HKT Ltd | Hong Kong | 3,335 | 1.4 |
| Spark New Zealand | New Zealand | 3,243 | 1.3 |
| SK Telecom | Korea | 2,872 | 1.2 |
| China Mobile | China | 2,437 | 1.0 |
| | | 36,020 | 14.9 |
| Utilities | | | |
| Enel | Italy | 3,085 | 1.3 |
| Korea Electric Power | Korea | 2,006 | 0.8 |
| | | 5,091 | 2.1 |
| Total investments | | 241,459 | 100.0 |

Sector exposure as a percentage of the investment portfolio excluding cash

| | 28 February 2017 | 31 August 2016 |
|--------------------|-------------------------|----------------|
| | % | % |
| Financials | 18.5 | 19.6 |
| Telecommunications | 14.9 | 16.5 |
| Consumer goods | 13.1 | 3.3 |
| Technology | 10.1 | 9.8 |
| Property | 8.6 | 9.9 |
| Health care | 8.5 | 12.9 |
| Industrials | 7.7 | 10.8 |
| Consumer services | 7.3 | 8.1 |
| Oil & gas | 7.0 | 4.9 |
| Basic materials | 2.2 | 1.9 |
| Utilities | 2.1 | 2.3 |
| | 100.0 | 100.0 |

Geographic exposure as a percentage of the investment portfolio excluding cash

| | 28 February 2017 | 31 August 2016 |
|-------------|-------------------------|----------------|
| | % | % |
| US | 34.9 | 34.4 |
| France | 10.6 | 14.5 |
| Germany | 8.9 | 7.8 |
| Switzerland | 6.5 | 8.6 |
| China | 5.8 | 6.0 |
| Australia | 5.4 | 5.9 |
| Netherlands | 4.4 | 4.4 |
| Korea | 3.9 | 2.4 |
| Norway | 3.6 | 2.3 |
| Taiwan | 2.7 | 2.7 |
| Japan | 2.6 | 1.1 |
| Israel | 1.8 | 1.9 |
| Portugal | 1.5 | 1.7 |
| Hong Kong | 1.4 | 2.5 |
| New Zealand | 1.3 | 1.6 |
| Italy | 1.3 | - |
| Thailand | 1.3 | 1.2 |
| Sweden | 1.3 | - |
| Singapore | 0.8 | 1.0 |
| | 100.0 | 100.0 |

Source: Henderson

CONDENSED INCOME STATEMENT

| | (Unaudited) Half-year ended 28 February 2017 | | | (Unaudited) Half-year ended 29 February 2016 | | | (Audited) Year ended 31 August 2016 | | |
|---|--|----------------------------|----------------|--|----------------------------|----------------|---|----------------------------|----------------|
| | Revenue return £'000 | Capital return £'000 | Total £'000 | Revenue return £'000 | Capital return £'000 | Total £'000 | Revenue return £'000 | Capital return £'000 | Total £'000 |
| Gains on investments held at fair value through profit or loss | - | 18,071 | 18,071 | - | 6,189 | 6,189 | - | 31,899 | 31,899 |
| Income from investments held at fair value through profit or loss | 3,217 | - | 3,217 | 2,062 | - | 2,062 | 7,684 | - | 7,684 |
| (Loss) on foreign exchange | - | (23) | (23) | - | (401) | (401) | - | (50) | (50) |
| Other income | 176 | - | 176 | 97 | - | 97 | 325 | - | 325 |
| Gross revenue and capital gains | 3,393 | 18,048 | 21,441 | 2,159 | 5,788 | 7,947 | 8,009 | 31,849 | 39,858 |
| Management fee (note 3) | (188) | (564) | (752) | (90) | (271) | (361) | (244) | (731) | (975) |
| Other administrative expenses | (258) | - | (258) | (168) | (318) | (486) | (395) | - | (395) |
| Net return before finance costs and taxation | 2,947 | 17,484 | 20,431 | 1,901 | 5,199 | 7,100 | 7,370 | 31,118 | 38,488 |
| Finance costs | (5) | (16) | (21) | (9) | (27) | (36) | (49) | (58) | (107) |
| Net return on ordinary activities before taxation | 2,942 | 17,468 | 20,410 | 1,892 | 5,172 | 7,064 | 7,321 | 31,060 | 38,381 |
| Taxation on net return on ordinary activities | (363) | - | (363) | (228) | - | (228) | (800) | (11) | (811) |
| Net return on ordinary activities after taxation (note 5) | 2,579 | 17,468 | 20,047 | 1,664 | 5,172 | 6,836 | 6,521 | 31,049 | 37,570 |
| Return per ordinary share | 1.65p | 11.16p | 12.81p | 2.08p | 6.47p | 8.55p | 6.12p | 29.14p | 35.26p |

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 recognised gains or losses other than those disclosed in the Income Statement and Statement of Changes in Equity.

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

| Half-year ended 28 February 2017 (unaudited) | Called up share capital £'000 | Share premium account £'000 | Special reserve £'000 | Other capital reserves £'000 | Revenue reserve £'000 | Total £'000 |
|--|----------------------------------|--------------------------------|--------------------------|---------------------------------|--------------------------|----------------|
| At 31 August 2016 | 1,561 | 131,328 | 45,732 | 37,915 | 4,368 | 220,904 |
| New shares allotted (note 9) | 5 | 678 | - | - | - | 683 |
| Issue costs | - | (4) | - | - | - | (4) |
| Net return on ordinary activities after taxation | - | - | - | 17,468 | 2,579 | 20,047 |
| Dividends paid (note 6) | - | - | - | - | (3,758) | (3,758) |
| As at 28 February 2017 | 1,566 | 132,002 | 45,732 | 55,383 | 3,189 | 237,872 |

| Half-year ended 29 February 2016 (unaudited) | Called up share capital £'000 | Share premium account £'000 | Special reserve £'000 | Other capital reserves £'000 | Revenue reserve £'000 | Total £'000 |
|--|----------------------------------|--------------------------------|--------------------------|---------------------------------|--------------------------|----------------|
| At 31 August 2015 | 793 | 35,796 | 45,732 | 6,866 | 2,407 | 91,594 |
| New shares allotted (note 9) | 10 | 1,192 | - | - | - | 1,202 |
| Issue costs | - | (5) | - | - | - | (5) |
| Net return on ordinary activities after taxation | - | - | - | 5,172 | 1,664 | 6,836 |
| Dividends paid (note 6) | - | - | - | - | (1,844) | (1,844) |
| As at 29 February 2016 | 803 | 36,983 | 45,732 | 12,038 | 2,227 | 97,783 |

| Year ended 31 August 2016 (audited) | Called up share capital £'000 | Share premium account £'000 | Special reserve £'000 | Other capital reserves £'000 | Revenue reserve £'000 | Total £'000 |
|-------------------------------------|----------------------------------|--------------------------------|--------------------------|---------------------------------|--------------------------|----------------|
| At 31 August 2015 | 793 | 35,796 | 45,732 | 6,866 | 2,407 | 91,594 |
| New shares allotted (note 9) | 768 | 95,933 | - | - | - | 96,701 |
| Issue costs | - | (401) | - | - | - | (401) |
| Net return for the year | - | - | - | 31,049 | 6,521 | 37,570 |
| Dividends paid | - | - | - | - | (4,560) | (4,560) |
| As at 31 August 2016 | 1,561 | 131,328 | 45,732 | 37,915 | 4,368 | 220,904 |

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

CONDENSED STATEMENT OF FINANCIAL POSITION

| | (Unaudited) As at 28 February 2017 £'000 | (Unaudited) As at 29 February 2016 £'000 | (Audited) As at 31 August 2016 £'000 |
|--|--|--|--|
| Investments held at fair value through profit or loss (note 4) | | | |
| Fixed asset investments held at fair value through profit or loss | 241,459 | 107,164 | 214,168 |
| Current assets | | | |
| Debtors | 838 | 523 | 831 |
| Cash at bank | 815 | - | 12,183 |
| | <u>1,653</u> | <u>523</u> | <u>13,014</u> |
| Creditors: amounts falling due within one year | (5,240) | (9,904) | (6,278) |
| Net current (liabilities)/assets | (3,587) | (9,381) | 6,736 |
| Total net assets | 237,872 | 97,783 | 220,904 |
| Capital and reserves | | | |
| Called up share capital (note 9) | 1,566 | 803 | 1,561 |
| Share premium account | 132,002 | 36,983 | 131,328 |
| Special reserve | 45,732 | 45,732 | 45,732 |
| Other capital reserves | 55,383 | 12,038 | 37,915 |
| Revenue reserve | 3,189 | 2,227 | 4,368 |
| Total shareholders' funds | 237,872 | 97,783 | 220,904 |
| Net asset value per ordinary share – basic and diluted (note 7) | 151.9p | 121.9p | 141.5p |

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

CONDENSED STATEMENT OF CASH FLOWS

| | (Unaudited) Half-year ended 28 February 2017 £'000 | (Unaudited) Half-year ended 29 February 2016 £'000 | (Audited) Year ended 31 August 2016 £'000 |
|--|--|--|---|
| Cash flows from operating activities | | | |
| Net return on ordinary activities before taxation | 20,410 | 7,064 | 38,381 |
| Add back: finance costs | 21 | 36 | 107 |
| Less: gains on investments held at fair value through profit or loss | (18,071) | (6,189) | (31,899) |
| Add: loss on foreign exchange | 23 | 401 | 50 |
| Withholding tax on dividends deducted at source | (363) | (228) | (1,136) |
| Taxation recovered | 23 | 34 | 193 |
| Increase in debtors | (30) | (167) | (291) |
| (Decrease)/increase in creditors | (363) | 422 | 463 |
| Net cash inflow from operating activities | 1,650 | 1,373 | 5,868 |
| Cash flows from investing activities | | | |
| Purchase of investments | (64,246) | (24,563) | (139,050) |
| Sale of investments | 55,026 | 21,130 | 148,976 |
| Net cash (outflow)/inflow from investing activities | (9,220) | (3,433) | 9,926 |
| Cash flows from financing activities | | | |
| Equity dividends paid (net of refund of unclaimed distributions and reclaimed distributions) | (3,758) | (1,844) | (4,560) |
| Proceeds from issue of ordinary shares | 679 | 1,197 | 1,618 |
| Interest paid | (21) | (32) | (107) |
| Net cash outflow from financing activities | (3,100) | (679) | (3,049) |
| Net (decrease)/increase in cash and cash equivalents | (10,670) | (2,739) | 12,745 |
| Cash and cash equivalents at start of year | 6,657 | (6,030) | (6,030) |
| Effect of foreign exchange rates | (23) | (409) | (58) |
| Cash and cash equivalents at end of year | (4,036) | (9,178) | 6,657 |
| Comprising: | | | |
| Cash at bank | 815 | - | 12,183 |
| Bank overdraft | (4,851) | (9,178) | (5,526) |
| | (4,036) | (9,178) | 6,657 |

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

NOTES TO THE FINANCIAL STATEMENTS

The half-year financial statements cover the period from 1 September 2016 to 28 February 2017 and have not been audited or reviewed by the Company's auditor.

1. Principal activity

The Company is an investment company as defined in section 833 of the Companies Act 2006 and operates as an investment trust in accordance with section 1158 of the Corporation Tax Act 2010.

2. Accounting policies – basis of preparation

The condensed set of financial statements has been prepared in accordance with FRS 104, Interim Financial Reporting, issued in March 2015, the revised reporting standard for half-year reporting that was issued following the introduction of 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. The Statement of Recommended Practice for "Financial Statements of Investment Trust Companies and Venture Capital Trusts", in accordance with which the Company's financial statements are also prepared, was reissued by the Association of Investment Companies in November 2014 and updated in January 2017 with consequential amendments.

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

3. Management fee

The management fee is payable quarterly in arrears at the rate of 0.65% per annum of the Company's net assets up to £250 million and the rate reduces to 0.60% per annum of net assets in excess of £250 million (2016: quarterly in arrears at the rate of 0.65% per annum of the Company's net asset value). In accordance with the directors' policy on the allocation of expenses between income and capital, in each financial year 75% of the management fee payable is charged to capital and the remaining 25% to income.

4. Investments held at fair value through profit or loss

The table below analyses fair value measurements for investments held at fair value through profit or loss. These fair value measurements are categorised into different levels in the fair value hierarchy based on the valuation techniques used and are defined as follows under FRS 102:

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.

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

Financial assets at fair value through profit or loss at 28 February 2017

| | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|---|------------------|------------------|------------------|----------------|
| Equity investments | 241,459 | - | - | 241,459 |
| Traded option contracts | - | (40) | - | (40) |
| Total financial assets carried at fair value | 241,459 | (40) | - | 241,419 |

Financial assets at fair value through profit or loss at 29 February 2016

| | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|--|------------------|------------------|------------------|----------------|
| Equity investments | 107,164 | - | - | 107,164 |
| Total financial assets carried at fair value | 107,164 | - | - | 107,164 |

Financial assets at fair value through profit or loss at 31 August 2016

| | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|--|------------------|------------------|------------------|----------------|
| Equity investments | 214,168 | - | - | 214,168 |
| Traded option contracts | - | (77) | - | (77) |
| Total financial assets carried at fair value | 214,168 | (77) | - | 214,091 |

The Company has early adopted the amendments to FRS 102 in respect of fair value hierarchy disclosures as published in March 2016, which is applicable to accounting periods beginning on or after 1 January 2017 with earlier adoption being permitted.

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

5. Return per ordinary share

| | (Unaudited) Half-year ended 28 February 2017 £'000 | (Unaudited) Half-year ended 29 February 2016 £'000 | (Audited) Year ended 31 August 2016 £'000 |
|---|---|---|---|
| The return per ordinary share is based on the following figures: | | | |
| Revenue return | 2,579 | 1,664 | 6,521 |
| Capital return | 17,468 | 5,172 | 31,049 |
| Total | 20,047 | 6,836 | 37,570 |
| Weighted average number of ordinary shares in issue for each period | 156,490,689 | 79,993,665 | 106,540,906 |
| Revenue return per ordinary share | 1.65p | 2.08p | 6.12p |
| Capital return per ordinary share | 11.16p | 6.47p | 29.14p |
| Total return per ordinary share | 12.81p | 8.55p | 35.26p |

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

6. Dividends

| | £'000 |
|--|--------------|
| Fourth interim dividend of 1.20p for the year ended 31 August 2016 (paid 30 November 2016) | 1,879 |
| First interim dividend of 1.20p for the year ending 31 August 2017 (paid 28 February 2017) | 1,879 |
| Total | 3,758 |

The board has declared a second interim dividend of 1.20p per ordinary share to be paid on 31 May 2017 to shareholders registered at the close of business on 28 April 2017. The shares will be quoted ex-dividend on 27 April 2017.

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

The net asset value per ordinary share as at 28 February 2017 is calculated on the net assets attributable to shareholders funds of £237,872,000 (29 February 2016: £97,783,000; 31 August 2016: £220,904,000) and on 156,555,606 ordinary shares in issue as at 28 February 2017 (29 February 2016: 80,246,550; 31 August 2016: 156,080,606).

8. **Bank overdraft**

At 28 February 2017, the Company had an overdraft with HSBC of £4,851,000 (29 February 2016: £9,178,000; 31 August 2016: £5,526,000).

9. **Called up share capital**

| | Number of shares in issue | Nominal value £'000 |
|---------------------------------------|----------------------------------|--------------------------------|
| Ordinary shares of 1p each | | |
| In issue at start of year | 156,080,606 | 1,561 |
| Allotment of new shares in the period | 475,000 | 5 |
| As at 28 February 2017 | 156,555,606 | 1,566 |

During the half-year to 28 February 2017 the Company issued 475,000 ordinary shares for a total consideration of £679,000 (29 February 2016: £1,197,000; 31 August 2016: £96,300,000) after deduction of issue costs.

10. **Related party transactions**

The Company's current related parties are its directors and Henderson. There have been no material transactions between the Company and its directors during the period. The only amounts paid to them were in respect of expenses and remuneration for which there were no outstanding amounts payable at the period end.

In relation to the provision of services by Henderson (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 Henderson affecting the financial position of the Company during the period under review.

11. **Going concern**

The assets of the Company consist of securities that are readily realisable and, accordingly, the directors believe that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Having assessed these factors and the principal risks, the board has determined that it is appropriate for the financial statements to be prepared on a going concern basis.

12. **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 August 2016 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 auditor, which was unqualified and did not include a statement under either section 498(2) or 498(3) of the Companies Act 2006.

13. **Half-year report**

The half-year report will shortly be available on the Company's website (www.hendersoninternationalincometrust.com) or in hard copy from the Company's registered office. An abbreviated version of this half-year report, the 'update', will be circulated to shareholders in mid-April 2017.

14. **General information**

Company status

The Company is a UK domiciled investment trust company.

London Stock Exchange Daily Official List (SEDOL)/ISIN is B3PHCS8/GB00B3PHC586

Global Intermediary Identification Number (GIIN) is WRGF5X.99999.SL.826

Legal Entity Identifier (LEI) is 2138006N35XWVK2YUK38

Registered office

201 Bishopsgate, London EC2M 3AE

Company registration number

7549407

Directors

The directors of the Company are Christopher Jonas, CBE (Chairman), Simon Jeffreys (Chairman of the Audit Committee), William Eason, Richard Hills and Aidan Lisser.

Corporate Secretary

Henderson Secretarial Services Limited, represented by Wendy King, FCIS.

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.hendersoninternationalincometrust.com