

HENDERSON HIGH INCOME TRUST PLC

**HALF-YEAR REPORT
(unaudited)
for the six months ended 30 June 2018**

HENDERSON HIGH INCOME TRUST PLC

Unaudited results for the half-year ended 30 June 2018

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 2018

- Net asset value ('NAV')¹ total return (debt at fair value) of -1.6% compared to a total return from the benchmark² of +1.1%.
- Mid-market share price total return (including dividends reinvested) of -2.7%.

	As at 30 June 2018	As at 31 December 2017
NAV per share ³	187.5p	195.7p
Mid-market price per share	180.0p	190.0p
Net assets	£246.7m	£257.2m
Dividends paid/payable	4.75p	9.40p
Dividend yield	5.3%	4.9%
Gearing	21.4%	21.0%

Total return performance over the ten years to 30 June 2018

	6 months	1 year	3 years	5 years	10 years
	%	%	%	%	%
NAV ¹ Total Return (debt at fair value)	-1.6	+5.6	+23.9	+58.6	+158.5
Share Price Total Return	-2.7	-1.3	+16.2	+45.3	+175.6
Benchmark ²	+1.1	+7.4	+28.4	+48.8	+115.0
FTSE All-Share Index	+1.7	+9.0	+31.6	+52.8	+111.2
ICE BofAML Sterling Non-Gilts Index	-1.3	+0.7	+15.6	+31.7	+90.7

¹ Net asset value total return (including dividends reinvested and excluding transaction costs) with debt at fair value

² A composite of 80% of the FTSE All-Share Index (total return) and 20% of the ICE BofAML Sterling Non-Gilts Index (total return) rebalanced annually

³ Net asset value per share with debt at fair value as published by the AIC

Sources: Morningstar for the AIC, Janus Henderson and Datastream

INTERIM MANAGEMENT REPORT

CHAIRMAN'S STATEMENT

Performance

Following a year of strong positive UK equity returns in 2017, the Company's net asset value total return (with debt at fair value) fell by 1.6% during the first six months of 2018. This compares with the Company's benchmark which rose marginally by 1.1% for the half-year, masking a significant market fall in the first quarter and subsequent rally during the second quarter. The discount at which the Company's shares traded to their net asset value (with debt at fair value) widened from 2.9% at 31 December 2017 to 4.0% at the end of this period, giving shareholders a total return of -2.7%. While the more recent fall in the Company's share price is disappointing, it should be viewed in the context of the Company's longer term track record which remains strong. As at 30 June 2018 the dividend yield on the Company's share price of 5.3% outstripped the 3.6% yield on the FTSE All-Share Index.

Gearing

In June 2018 we signed a new two year multi-currency loan facility of up to £57 million at an improved margin over LIBOR with our existing lender, Scotiabank. Our gearing policy, as set out in our Annual Report for the year ended 31 December 2017, remains unchanged. The ability to borrow differentiates closed-ended investment companies from their open-ended counterparts and, when applied judiciously, provides the potential for generating additional income and enhancing total returns to shareholders. The level of gearing employed by the Company over the period has remained fairly constant and was 21.4% at 30 June 2018 (21.0% at 31 December 2017). Approximately half of the borrowing is still being used to finance the Company's fixed interest holdings which currently represent nearly 10% of the investment portfolio and effectively yield 4.5% compared to the Company's average cost of borrowing of 2.2%.

Dividends

The first interim dividend of 2.375p per share was paid on 27 April 2018 and the second interim dividend for the same amount will be paid on 27 July 2018. Although the UK economy still faces significant economic and political challenges in the coming months, we still have confidence in our investee companies' ability to sustain and grow their underlying earnings. Therefore, I am pleased to announce that we have declared an increase in the third dividend to 2.425p for this financial year. This third dividend will be paid on 26 October 2018.

Board of directors

Following many years of service to the Company, Andrew Bell retired from the Board at the Annual General Meeting in May. The Board and the Company benefited enormously from Andrew's commitment and guidance over the years and we wish him well for the future.

We are delighted that Jeremy Rigg joined the Board as a Director in April. More detail on Jeremy's investment skills and experience can be found in the last annual report.

Outlook

While global equity markets have recovered from their sharp falls earlier in the year, considerable uncertainty still remains ahead. In the US President Trump continues to court controversy and fears of an escalating tit-for-tat trade war have risen following his introduction of specific trade tariffs, particularly aimed at China. That said, current global economic growth is still relatively strong and inflationary pressures are beginning to prompt some central banks to consider increasing interest rates gradually, with the Federal Reserve leading the way. However, inflation in Japan and the Eurozone remains low.

Given the slow progress on Brexit negotiations and the recent sluggish performance of the UK economy, UK equities are still generally unpopular with international investors and sentiment is particularly negative towards domestic facing companies in this environment. This continues to provide our Fund Manager, David Smith, with some interesting opportunities to select overlooked, lower valued companies with solid cash generative business models. We have every confidence in David's ability to identify such companies to add to the Company's well diversified portfolio.

Margaret Littlejohns
Chairman
24 July 2018

FUND MANAGER'S REPORT

Markets

Although the FTSE All-Share Index returned +1.7% during the first half of the year, it masked a distinct increase in volatility with the UK market down almost 10% in the first quarter before staging a strong recovery in Q2. Concerns over a rise in wage growth and its subsequent impact on the pace of US monetary tightening, further fuelled by the rising trade tensions between the US and China, led to a sell-off in global equity markets. A good corporate results season, however, aided by the robust global economy drove the market rebound. With rising inflation expectations, bonds underperformed equities during the period with UK Gilts down 0.25%.

Economic data in the UK continued to slow with Q1 GDP growing at only 0.1% (quarter-on-quarter), its slowest in five years. While poor weather was partially responsible for the slowdown, it highlighted underlying signs of weakness amongst households and a lack of corporate investment. The rise in bond yields globally put pressure on traditional income sectors with the likes of tobacco, telecoms and utilities underperforming which impacted on the FTSE 100 Index return (+1.4%) versus the FTSE 250 Index (+1.9%). Sectors exposed to the robust global economy performed well, such as mining, oil & gas and industrials. While the outlook for the UK economy remains uncertain, this did not put off some overseas companies from investing as there was a notable increase in mergers and acquisitions activity. Sky, Hammerson and Shire were bid for while foreign activist investors took stakes in Barclays and Whitbread in the first half of the year.

Portfolio activity

Within the equity portfolio, new positions were purchased in Bunzl and Ibstock. Distribution group Bunzl is the market leader in supplying non-food consumables to end markets such as food retail, food service, cleaning & hygiene, safety and health care. The valuation appears attractive for a high quality and resilient business with a strong balance sheet and good dividend growth prospects. Ibstock is the leading brick manufacturer in the UK. Volumes should be driven by the positive outlook for new build residential construction, underpinned by government support, while capacity constraints in the UK brick market should help prices. The company has a strong balance sheet and cash flow which could lead to increased cash returns to shareholders. Elsewhere we sold the holding in education publisher Pearson. With the shares having partially recovered, we felt the valuation reached a level that did not reflect the ongoing structural pressures facing the company.

Performance

The Company's NAV was down 1.6% during the period, underperforming the benchmark return of +1.1%. While the underperformance of traditional income sectors created a headwind for performance, disappointing stock selection within the equity portfolio was the main detractor of returns. Holdings in Standard Life Aberdeen ('SLA') and housebuilder Galliford Try were both negative to performance. SLA's shares came under pressure from the loss of a major client and the sale of its insurance division which raised concerns over its dividend sustainability. Galliford Try suffered from woes in its construction division ultimately leading the company to cut its dividend and raise equity. Elsewhere the Company's holdings in Hilton Food Group and Tesco benefitted performance. Both companies announced strong results in the period with dividend growth ahead of expectations.

David Smith
Fund Manager
24 July 2018

INVESTMENT PORTFOLIO

Classification of investments by sector

	30 June 2018	31 December 2017
	%	%
FIXED INTEREST		
Preference shares	1.4	1.6
Other fixed interest	8.3	8.7
	-----	-----
Total Fixed Interest	9.7	10.3
	-----	-----
EQUITIES		
Oil & Gas		
Oil & gas producers	7.3	6.5
	-----	-----
Total Oil & Gas	7.3	6.5
	-----	-----
Basic Materials		
Chemicals	2.8	2.6
Mining	2.0	2.0
	-----	-----
Total Basic Materials	4.8	4.6
	-----	-----
Industrials		
Aerospace & defence	1.6	1.4
Construction & materials	0.8	0.2
General industrials	2.5	2.2
Support services	2.6	1.8
	-----	-----
Total Industrials	7.5	5.6
	-----	-----
Consumer Goods		
Beverages	4.6	4.5
Food producers	4.4	4.2
Household goods & home construction	1.4	1.5
Personal goods	1.5	1.5
Tobacco	5.7	6.5
	-----	-----
Total Consumer Goods	17.6	18.2
	-----	-----
Health Care		
Pharmaceuticals & biotechnology	6.7	5.3
	-----	-----
Total Health Care	6.7	5.3
	-----	-----

	30 June 2018	31 December 2017
	%	%
Consumer Services		
Food & drug retailers	1.8	1.1
General retailers	1.7	2.3
Media	5.1	6.0
Travel & leisure	3.9	3.8
	-----	-----
Total Consumer Services	12.5	13.2
	-----	-----
Telecommunications		
Fixed line telecommunications	2.6	3.4
Mobile telecommunications	2.9	3.2
	-----	-----
Total Telecommunications	5.5	6.6
	-----	-----
Utilities		
Electricity	1.0	0.9
Gas, water & multiutilities	3.4	3.9
	-----	-----
Total Utilities	4.4	4.8
	-----	-----
Financials		
Banks	7.0	6.9
Nonlife insurance	2.5	2.3
Life insurance	4.0	4.6
Real estate investment trusts	3.3	2.5
Financial services	3.3	4.7
Equity investment instruments	3.0	2.9
	-----	-----
Total Financials	23.1	23.9
	-----	-----
Technology		
Software & computer services	0.9	1.0
	-----	-----
Total Technology	0.9	1.0
	-----	-----
	-----	-----
TOTAL INVESTMENTS	100.0	100.0
	=====	=====

TWENTY LARGEST INVESTMENTS

Company	Sector	Fair value as at 30 June 2018 £'000	% of portfolio 2018	Fair value as at 31 December 2017 £'000	% of portfolio 2017
Royal Dutch Shell B	Oil & Gas	12,228	4.1	11,304	3.6
Diageo	Consumer Goods	10,649	3.6	10,923	3.5
BP	Oil & Gas	9,723	3.2	8,789	2.8
British American Tobacco	Consumer Goods	9,499	3.2	12,446	4.0
GlaxoSmithKline	Health Care	8,931	3.0	4,846	1.6
AstraZeneca	Health Care	8,480	2.8	9,281	3.0
Tesco*	Consumer Services	7,687	2.6	5,669	1.8
Imperial Brands	Consumer Goods	7,547	2.5	7,910	2.5
HSBC [†]	Financials	7,371	2.5	8,943	2.9
Lloyds Banking Group*	Financials	7,273	2.4	7,556	2.4
Standard Life Aberdeen*	Financials	6,830	2.3	7,855	2.5
RELX	Consumer Services	6,548	2.2	6,905	2.2
Vodafone	Telecommunications	6,361	2.1	7,862	2.5
Rio Tinto	Basic Materials	6,040	2.0	6,175	2.0
Hilton Food Group	Consumer Goods	5,702	1.9	4,956	1.6
Informa	Consumer Services	5,263	1.8	5,025	1.6
BT	Telecommunications	4,691	1.6	5,180	1.7
Johnson Matthey	Basic Materials	4,497	1.5	3,821	1.2
National Grid	Utilities	4,202	1.4	4,103	1.3
Phoenix	Financials	4,151	1.4	4,786	1.5
		-----	-----	-----	-----
Total Investments		143,673	48.1	144,335	46.2
		=====	=====	=====	=====

*includes fixed interest

[†]includes fixed interest (2017 only)

EQUITY PORTFOLIO SECTOR EXPOSURE AT 30 JUNE 2018

	Equity Portfolio Weight %	FTSE All-Share Index %
Financials	25.8	25.7
Consumer Goods	19.5	13.8
Consumer Services	13.8	11.8
Oil & Gas	8.1	14.2
Industrials	8.1	11.4
Health Care	7.4	8.8
Telecommunications	6.1	2.9
Basic Materials	5.3	7.8
Utilities	4.9	2.7
Technology	1.0	0.9
Total	100.0	100.0

TOP TEN HOLDINGS BY CONTRIBUTION TO INCOME DURING THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

Position	Holding	Sector	£'000
1	Royal Dutch Shell B	Oil & Gas	311
2	Vodafone	Telecommunications	307
3	Standard Life Aberdeen*	Financials	264
4	HSBC*	Financials	251
5	BP	Oil & Gas	246
6	GlaxoSmithKline	Health Care	245
7	AstraZeneca	Health Care	242
8	British American Tobacco	Consumer Goods	242
9	Imperial Brands	Consumer Goods	235
10	Lloyds Banking Group*	Financials	230
	Total		2,573

* Includes fixed interest income.

These constitute 33.0% of the total income from investments during the period.

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 Annual Report for the year ended 31 December 2017. 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.

RELATED PARTY TRANSACTIONS

The Company's transactions with related parties in the half-year were with the Directors and Janus Henderson ('the Manager'). There have been no material transactions between the Company and its Directors during the period. The only amounts paid to the Directors were in respect of remuneration for which there were no outstanding amounts payable at the period end. In relation to the provision of services by the Manager, other than fees payable by the Company in the ordinary course of business and the provision of sales and marketing services, there have been no material transactions with the Manager affecting the financial position of the Company during the period under review.

STATEMENT OF DIRECTORS' 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 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) this 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
Margaret Littlejohns
Chairman
24 July 2018

CONDENSED INCOME STATEMENT

	(Unaudited) Half-year ended 30 June 2018			(Unaudited) Half-year ended 30 June 2017			(Audited) Year ended 31 December 2017		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
(Losses)/gains on investments held at fair value through profit or loss		- (10,620)	(10,620)	-	4,806	4,806	-	17,779	17,779
Income from investments held at fair value through profit or loss	7,804	-	7,804	7,337	-	7,337	13,512	-	13,512
Other interest receivable and similar income	30	-	30	12	-	12	12	-	12
Gross revenue and capital (losses)/gains	7,834	(10,620)	(2,786)	7,349	4,806	12,155	13,524	17,779	31,303
Management and performance fees (note 2)	(295)	(443)	(738)	(250)	(375)	(625)	(532)	(798)	(1,330)
Other administrative expenses	(204)	-	(204)	(179)	-	(179)	(385)	-	(385)
Net return before finance costs and taxation	7,335	(11,063)	(3,728)	6,920	4,431	11,351	12,607	16,981	29,588
Finance costs	(160)	(481)	(641)	(136)	(407)	(543)	(287)	(860)	(1,147)
Net return before taxation	7,175	(11,544)	(4,369)	6,784	4,024	10,808	12,320	16,121	28,441
Taxation on net return	(85)	25	(60)	(82)	20	(62)	(119)	40	(79)
Net return after taxation	7,090	(11,519)	(4,429)	6,702	4,044	10,746	12,201	16,161	28,362
Return per ordinary share (note 3)	5.51p	(8.95)p	(3.44)p	5.98p	3.60p	9.58p	10.13p	13.42p	23.55p

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 2018 (unaudited)						
At 1 January 2018	6,430	126,783	26,302	88,818	8,910	257,243
Net return after taxation	-	-	-	(11,519)	7,090	(4,429)
Fourth interim dividend (2.375p per share) for the year ended 31 December 2017, paid 26 January 2018	-	-	-	-	(3,054)	(3,054)
First interim dividend (2.375p per share) for the year ending 31 December 2018, paid 27 April 2018	-	-	-	-	(3,054)	(3,054)
At 30 June 2018	6,430	126,783	26,302	77,299	9,892	246,706

	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 2017 (unaudited)						
At 1 January 2017	5,597	95,595	26,302	72,657	7,572	207,723
Net return after taxation	-	-	-	4,044	6,702	10,746
Issue of new shares	833	31,213	-	-	-	32,046
Fourth interim dividend (2.325p per share) for the year ended 31 December 2016, paid 27 January 2017	-	-	-	-	(2,603)	(2,603)
First interim dividend (2.325p per share) for the year ended 31 December 2017, paid 28 April 2017	-	-	-	-	(2,603)	(2,603)
At 30 June 2017	6,430	126,808	26,302	76,701	9,068	245,309

	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 2017 (audited)						
At 1 January 2017	5,597	95,595	26,302	72,657	7,572	207,723
Net return after taxation	-	-	-	16,161	12,201	28,362
Issue of new shares	833	31,188	-	-	-	32,021
Fourth interim dividend (2.325p per share) for the year ended 31 December 2016, paid 27 January 2017	-	-	-	-	(2,603)	(2,603)
First interim dividend (2.325p per share) for the year ended 31 December 2017, paid 28 April 2017	-	-	-	-	(2,603)	(2,603)
Second interim dividend (2.325p per share) for the year ended 31 December 2017, paid 28 July 2017	-	-	-	-	(2,603)	(2,603)
Third interim dividend (2.375p per share) for the year ended 31 December 2017, paid 27 October 2017	-	-	-	-	(3,054)	(3,054)
At 31 December 2017	6,430	126,783	26,302	88,818	8,910	257,243

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

CONDENSED STATEMENT OF FINANCIAL POSITION

	(Unaudited) 30 June 2018 £'000	(Unaudited) 30 June 2017 £'000	(Audited) 31 December 2017 £'000
Investments held at fair value through profit or loss (note 6)	299,555	297,188	311,295
Current assets			
Debtors	2,812	2,578	1,680
Cash at bank and in hand	3,317	2,506	1,245
	6,129	5,084	2,925
Creditors: amounts falling due within one year	(39,161)	(37,154)	(37,164)
Net current liabilities	(33,032)	(32,070)	(34,239)
Creditors: amounts falling due after more than one year	(19,817)	(19,809)	(19,813)
Net assets	246,706	245,309	257,243
Capital and reserves			
Share capital (note 5)	6,430	6,430	6,430
Share premium account	126,783	126,808	126,783
Capital redemption reserve	26,302	26,302	26,302
Other capital reserves	77,299	76,701	88,818
Revenue reserve	9,892	9,068	8,910
Total shareholders' funds	246,706	245,309	257,243
Net asset value per ordinary share (note 4)	191.85p	190.76p	200.04p

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

CONDENSED CASH FLOW STATEMENT

	(Unaudited) Half-year ended 30 June 2018 £'000	(Unaudited) Half-year ended 30 June 2017 £'000	(Audited) Year ended 31 December 2017 £'000
Cash flows from operating activities			
Net return before taxation	(4,369)	10,808	28,441
Add back: finance costs	641	543	1,147
Add/(less): losses/(gains) on investments held at fair value through profit or loss	10,620	(4,806)	(17,779)
Withholding tax on dividends deducted at source	(60)	(62)	(79)
Taxation recovered	9	8	8
Increase in prepayments and accrued income	(588)	(768)	(348)
(Decrease)/increase in accruals and deferred income	(403)	24	438
	-----	-----	-----
Net cash inflow from operating activities	5,850	5,747	11,828
	-----	-----	-----
Cash flows from investing activities			
Sales of investments held at fair value through profit or loss	21,902	24,294	46,265
Purchases of investments held at fair value through profit or loss	(21,051)	(46,734)	(71,289)
	-----	-----	-----
Net cash inflow/(outflow) from investing activities	851	(22,440)	(25,024)
	-----	-----	-----
Cash flows from financing activities			
Issue of ordinary share capital	-	16,062	16,516
Equity dividends paid	(6,108)	(5,206)	(10,863)
Drawdown of loans	1,909	7,049	8,078
Interest paid	(637)	(539)	(1,139)
	-----	-----	-----
Net cash (outflow)/inflow from financing activities	(4,836)	17,366	12,592
	-----	-----	-----
Net increase/(decrease) in cash and cash equivalents	1,865	673	(604)
Cash and cash equivalents at beginning of period	1,245	1,742	1,742
Exchange movements	207	91	107
	-----	-----	-----
Cash and cash equivalents at end of period	3,317	2,506	1,245
	=====	=====	-----
Comprising:			
Cash at bank	3,317	2,506	1,245
	=====	=====	=====

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS:

1. Accounting policies – basis of accounting

Henderson High Income Trust plc (“the Company”) is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006.

The condensed set of financial statements has been prepared in accordance with FRS 104, Interim Financial Reporting, the reporting standard for half-year reporting that accompanies FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts (‘the SORP’) which was updated by the Association of Investment Companies in November 2014 and in February 2018 with consequential amendments.

For the period under review the Company’s accounting policies have not varied from those described in the Annual Report for the year ended 31 December 2017.

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

2. Management and performance fees

Management and performance fees are charged in accordance with the terms of the management agreement which are set out in the Company’s Annual Report for the year ended 31 December 2017. Performance fees are provided for based on the out-performance against the Company’s net asset value versus the benchmark index. For the half-year ended 30 June 2018 there was no provision for a performance fee (half-year ended 30 June 2017: no provision and year ended 31 December 2017: no provision). The actual performance fee, if any, payable to the Manager for the year to 31 December 2018 requires outperformance above a hurdle of 1% over the full financial year. The performance fee is subject to a 0.4% cap of the average gross assets in any one year.

3. Return per ordinary share

	(Unaudited) Half-year ended 30 June 2018 £’000	(Unaudited) Half-year ended 30 June 2017 £’000	(Audited) Year ended 31 December 2017 £’000
The return per share is based on the following figures:			
Net revenue return	7,090	6,702	12,201
Net capital return	(11,519)	4,044	16,161
Total	(4,429)	10,746	28,362
Weighted average number of ordinary shares	128,596,278	112,126,387	120,429,018
Revenue return per share	5.51p	5.98p	10.13p
Capital return per share	(8.95)p	3.60p	13.42p
Total	(3.44)p	9.58p	23.55p

The Company does not have any dilutive securities.

4. Net asset value per ordinary share

The net asset value per ordinary share is based on the net assets attributable to the ordinary shares of £246,706,000 (30 June 2017: £245,309,000; 31 December 2017: £257,243,000) and on the 128,596,278 ordinary shares in issue at 30 June 2018 (30 June 2017: 128,596,278; 31 December 2017: 128,596,278).

5. Share capital

During the half-year ended 30 June 2018, no ordinary shares were issued (half-year ended 30 June 2017: 16,653,913 new ordinary shares were issued for net proceeds of £32,046,000; year ended 31 December 2017: 16,653,913 new ordinary shares were issued for net proceeds of £32,021,000). At 30 June 2018 there were 128,596,278 ordinary shares of 5p nominal value in issue. Since 30 June 2018, no further shares have been issued. The Company has no shares held in Treasury.

6. Fair values of financial assets and financial liabilities

The fair values of the financial assets and liabilities are either carried in the statement of financial position at their fair value (investments and derivatives) or the statement of financial position amount is a reasonable approximation of fair value (due from brokers, dividends, and interest receivable, due to brokers, accruals, cash at bank, bank overdrafts and amounts due under the multi-currency loan facility). At 30 June 2018 the fair value of the senior unsecured note has been estimated to be £22,559,000 (30 June 2017: £22,124,000; 31 December 2017: £22,727,000) and is categorised as Level 3 in the fair value hierarchy.

The fair value of the senior unsecured note is calculated using a discount rate which reflects the yield on a UK Gilt of similar maturity plus a suitable credit spread.

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 market data.

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 2017. The Company does not hold any Level 2 or Level 3 financial assets.

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

Fair value hierarchy disclosures

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 2018	Level 1 £'000	Total £'000
Equity investments	269,617	269,617
Convertibles	724	724
Fixed interest investments		
- Preference shares	4,262	4,262
- Other	24,952	24,952
Total	299,555	299,555

Financial assets at fair value through profit or loss at 30 June 2017	Level 1 £'000	Total £'000
Equity investments	265,282	265,282
Convertibles	771	771
Fixed interest investments		
- Preference shares	4,713	4,713
- Other	26,422	26,422
Total	297,188	297,188

Financial assets at fair value through profit or loss at 31 December 2017	Level 1 £'000	Total £'000
Equity investments	278,601	278,601
Convertibles	747	747
Fixed interest investments		
- Preference shares	5,025	5,025
- Other	26,922	26,922
Total	311,295	311,295

7. Dividends

In respect of the year ended 31 December 2017, a fourth interim dividend of 2.375p per share (2016: 2.325p) was paid on 26 January 2018 to shareholders on the register at close of business on 15 December 2017.

In respect of the year ending 31 December 2018, a first interim dividend of 2.375p per share (2017: 2.325p) was paid on 27 April 2018 to shareholders on the register at close of business on 6 April 2018.

These dividends are reflected in these half-year financial statements.

A second interim dividend of 2.375p per share (2017: 2.325p) will be paid on 27 July 2018 to shareholders on the register at close of business on 22 June 2018. The shares went ex-dividend on 21 June 2018.

A third interim dividend of 2.425p per share (2017: 2.375p) will be paid on 26 October 2018 to shareholders on the register on 21 September 2018. The shares will go ex-dividend on 20 September 2018.

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

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. The Company's shareholders are asked every five years to vote for the continuation of the Company. An ordinary resolution to this effect was passed by the shareholders at the Annual General Meeting held on 5 May 2015. Having assessed these factors, the principal risks and other matters discussed in connection with the viability statement, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

9. 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 2017 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.

10. Half-year report

The half-year report is available on the Company's website (www.hendersonhighincome.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 August 2018.

11. General Information

Company Status

The Company is a UK domiciled investment trust company. Registered number: 02422514
London Stock Exchange Daily Official List (SEDOL): 0958057 / ISIN number is GB0009580571
London Stock Exchange (TIDM) Code: HHI
Global Intermediary Identification Number (GIIN): JBA08I.99999.SL.826
Legal Entity Identifier (LEI): 213800OEXAGFSF7Y6G11

Registered Office

201 Bishopsgate, London EC2M 3AE.

Directors

The Directors of the Company are Margaret Littlejohns (Chairman), Janet Walker (Audit Committee Chair), Zoe King, Anthony Newhouse and Jeremy Rigg.

Corporate Secretary

Henderson Secretarial Services Limited, represented by Hannah Gibson ACIS.

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.hendersonhighincome.com**.

For further information please contact:

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Director & Head of Investment Trusts
Janus Henderson Investors
Telephone: 020 7818 3349

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 report.