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Henderson EuroTrust plc

Report & Accounts for the year ended 31 July 2000

Contents

Performance

The statistics in this report have been obtained from various sources namely: WM & Factset, AITC and Datastream. Hence there may be slight differences between similarly defined figures. Figures stated to be total return include the dividend amounts. Capital only figures do not include dividend amounts.

*Previously known as Financial Times/Standard & Poor's World Europe (ex UK) Index.

Cover photo: The Mary Helen. A six ton gaff cutter, designed by John Tew, built by Percy Mitchell, Mevagissey, launched 1937. Photograph by James Tew.

Henderson EuroTrust plc invests predominantly in large and medium sized companies which are perceived to be undervalued in view of their growth prospects or on account of significant changes in management or structure. The Company's aim is to achieve a superior total return from a portfolio of high quality European investments.

Performance	£100 of net assets attributable to ordinary shareholders at 2 July 1992 have grown to £576 as at 31 July 2000.
Stock selection	Stocks are selected, without particular reference to country, for their long term growth potential. Companies are reviewed carefully to assess the quality of management, balance sheet strength and growth prospects. The fund manager visits companies regularly to assess performance.
Prudent balance sheet	The zero dividend preference shares provide modest gearing for the equity shareholders, with the redemption liability nearly 7 times covered as at 31 July 2000.
Independent board of directors	The directors, a majority of whom are independent of the management company, meet regularly with the fund manager to consider investment strategy and monitor performance.
Shares are easy to buy	The process for buying shares through the Henderson Investors Investment Trust Share Plan and Selection ISA is shown on the back cover.

Financial Highlights

	31 July 2000 pence	31 July 1999 pence	Change %
Net Asset Value			
per ordinary share	**434.19**	281.19	+54.4
per zero dividend preference share	**53.27**	47.18	+12.9
per unit (one ordinary share and one zero dividend preference share)	**487.46**	328.37	+48.4
Earnings			
per ordinary share/unit	**1.76**	2.24	−21.4
Dividends			
per ordinary share/unit*	**2.50**	2.50	–

**The recommended final dividend of 1.5p per ordinary share/unit, if approved, will be paid on 13 November 2000 to holders of ordinary shares/units on the register of members at close of business on 13 October 2000. The Company's shares will be quoted ex-dividend on 9 October 2000.*

	1 year %	3 years %	5 years %	Since launch %
Net Asset Value Total Return				
per ordinary share	155.5	235.7	352.2	665.9
FTSE World Europe (ex UK) Index	127.0	167.7	243.4	358.2
Average Continental European Investment Trust	153.1	200.0	299.3	547.5

Historical Record

	Net asset value pence per			Share price percentage discount/(premium) to net asset value per		Earnings per ordinary share/ unit pence	Dividend per ordinary share/ unit pence
	Unit	Ordinary share	Zero dividend preference share	Ordinary share	Unit		
2 July 1992	95.50	75.50	20.00	–	–	–	–
31 July 1993	126.98	104.21	22.77	15.8	3.1	4.84	3.20
31 July 1994	140.44	114.73	25.71	11.1	4.2	3.86	3.35
31 July 1995	158.67	129.65	29.02	19.1	7.4	4.24	3.35
31 July 1996	192.76	159.99	32.77	22.5	13.9	2.37	2.00
31 July 1997	226.04	189.04	37.00	20.1	12.2	2.33	2.00
31 July 1998	323.07	281.29	41.78	6.5	3.1	2.31	2.50
31 July 1999	328.37	281.19	47.18	10.7	3.3	2.24	2.50
31 July 2000	**487.46**	**434.19**	**53.27**	**(6.6)**	**(6.9)**	**1.76**	**2.50**
Growth(1)	**22.6%**	**24.4%**	**13.0%**				
Growth(2)	**25.1%**	**27.3%**	**13.0%**				

(1) compound annual growth rate from 2 July 1992.
(2) compound annual growth rate from 31 July 1995.
On 31 July 1995, the Company changed to its current investment objective.
One unit comprises one ordinary share and one zero dividend preference share.

The Board of Directors

The directors meet regularly with the fund manager to determine strategy, monitor investment policy and review performance. The directors' report, directors' statements on corporate governance and statement of directors' responsibilities in respect of the accounts are printed on pages 12 to 15.

The directors – from centre to right:

Stanislas M Yassukovich, CBE (age 65)
Appointed to the board and as Chairman in 1992.
Mr Yassukovich is Deputy Chairman of ABC International Bank PLC, Chairman of EASDAQ, Manek Investment Management, Park Place Capital Ltd and The Euro Spain Fund Ltd. He is also former Chairman of the Securities Association.

◆*John K Hoskin (age 68)
Appointed to the board in 1992. Mr Hoskin is a former Head of Research and associate director of Gerrard Vivian Gray Limited (a member firm of the London Stock Exchange).

***Hugh M Priestley (age 58)**
Appointed to the board in 1992. Mr Priestley is investment director of Rathbone Investment Management Limited and a director of four other investment trusts and a Romanian offshore fund.

Timothy P Stevenson (age 41)
Appointed to the board in 1992. Mr Stevenson is a director of Henderson Investors Limited and is responsible for running the portfolio. Mr Stevenson joined Henderson in 1986 and has specialised in European investment since 1982.

The directors – from centre to left:

***Robert A T Bischof (age 59)**
Appointed to the board in 1996. Mr Bischof is Chairman of McIntyre & King Ltd and a former Chairman of Boss Group Limited, a subsidiary of Jungheinrich AG. He is on the board of the German British Chamber of Industry and Commerce.

***J Valentine Furniss (age 62)**
Appointed to the board in 1992. Mr Furniss is a former investment director of Schroder Asseily & Co. He is a member of the Lancashire County Council Superannuation Fund Investment Advisory Panel and also of the investment committee of the Cancer Research Campaign.

***D Mark Tapley (age 54)**
Appointed to the board on 19 September 2000.
Mr. Tapley has over 25 years experience in the financial sector and has recently retired as Managing Director and Chief Investment Officer at West LB Asset Management.

◆ Chairman of the audit committee and of the management engagement committee.
*Member of the audit committee and of the management engagement committee.
Other than Mr Stevenson, all the directors are independent of the management company.

Chairman's Statement

It has been a good year for European markets, and an even better one for Henderson EuroTrust. Over the twelve months to 31 July 2000, Henderson EuroTrust recorded its best ever results in terms of the increase in total assets and the extent to which it has outperformed its benchmark index. Despite the strength of Sterling, total assets have increased by 48.4%, compared with an increase of 27.0% in the FTSE World Europe (ex UK) Index.

Boosted by the modest gearing provided by the zero dividend preference shares, the net asset value of the ordinary shares rose by 54.4% to 434.2p during the year.

The price of the units rose by 64.1% to 521p over the year and that of the ordinary shares by 84.5% to 463p, reflecting a premium to net asset value of more than 6% in each case.

This outcome extends and accelerates the achievement of earlier years. Since its inception in 1992, Henderson EuroTrust has recorded a 411.2% increase in total assets and in the net asset value per unit, whilst net asset value per ordinary share has risen by 476.1%.

During these eight years, no additional capital has been introduced. The overall increase in total assets, therefore, reflects a compound annual rate of increase of 22.6%. Including the dividends that have been paid to shareholders, this has generated a compound annual rate of 23.2% in total return. The corresponding figures for the ordinary shares are 24.4% and 25.1%.

Throughout this period, shareholders have enjoyed consistently strong returns which have been delivered by Tim Stevenson and his team. Indeed, Henderson EuroTrust has recently won two awards: first place in the 1999 Lipper awards for the best performing investment trust in the European sector over one, three and five years; and first place in the Investment Week, Investment Trust of the Year 1999 Split Capital Trust category.

Over the past five years, when we have concentrated on capital growth, compound net asset value annual growth rates for the ordinary shares and units have been 27.3% and 25.1% respectively.

Revenue and Dividend

Gross revenue for the year amounted to £1,047,000 (1999: £886,000). Net revenue on ordinary activities after taxation and administration expenses amounted to £309,000 (1999: £394,000), producing earnings of 1.76p (1999: 2.24p) per ordinary share/unit. This reflects the fact that the management fee is calculated as a percentage of the total value of the fund. An unchanged final dividend for the year of 1.5p (1999: 1.5p) per ordinary share/unit is being recommended, making a total of 2.5p for the year, and, if approved, will be paid on 13 November 2000.

Outlook

The next twelve months are likely to prove more difficult, but nonetheless rewarding. Gains of the same order as in the previous year are unlikely, even though the positive economic environment looks set to be maintained. The Company has undoubtedly benefited from the run in high growth technology shares. In recent months, however, we have become concerned by the excessive valuations reached by some of these companies and we expect markets to broaden their sources of performance. A period of consolidation in some of the Telecoms, Media and Technology stocks is anticipated.

Outside this area there remains a good array of growth companies at attractive valuations. Our emphasis will stay on these, always with a view to finding the fifty most interesting companies in the Continental European area. This approach of a focused, tightly managed portfolio has served us well over the last eight years.

It will also be a top priority, over the next twelve months, to establish a plan for the continuation of the Company after October 2002. With our approach and track record, we feel that the marketplace needs Henderson EuroTrust. No other investment trust investing in the mid to large capitalised European companies has performed as well over recent years.

The Board and Annual General Meeting

At the forthcoming AGM, Valentine Furniss will not be seeking re-election. I would like to thank him for his contribution over the past eight years. We welcome Mr Mark Tapley to the board with effect from 19 September 2000. Mark has over twenty five years experience in the financial sector. The formal business of the meeting will be followed by a short presentation by the fund manager.

Mr S M Yassukovich
Chairman 25 September 2000

Manager's Review

Summary

Our focus on growth companies has served us well over the last five years, and we will continue with this successful policy. Effectively, the portfolio should be the fifty most interesting investments in Europe at any one time, with the emphasis remaining on growth. Geographical location remains irrelevant to our stock selection.

Over the last twelve months, as much as 70% of the fund has been invested on occasions in technology, media and telecoms ("TMT"), as this has been where the fastest growth has been most accessible. These stocks performed very well, as the "New Economy", the Internet and IT spending were all recognised as important themes in Europe. This led to some valuation levels which became too extreme, even for our more tolerant criteria for quality growth companies. While we hope to return to some of the TMT companies, we are currently awaiting more reasonable valuations. Many good quality growth companies, on a more moderate growth path, have become neglected, and we have recently been increasing our exposure to these.

With a high level of equity supply forecast in the coming months, and the European Central Bank (ECB) likely to increase interest rates again, the next few months should see a consolidation in the markets. Thereafter, we expect the European markets to show strong returns again.

Performance

During the year under review, shareholders' funds increased by 48.4% to £85.7m. This is nearly twice the gain of 27.0% recorded by the benchmark FTSE World Europe (ex UK) Index. It was achieved over a period when Sterling made significant gains

*capital return, sterling adjusted

Manager's Review

continued

(of between 3.4% and 10.7%) against all of the currencies in which the Company has investments. However, a weakening Euro has had the effect of boosting exports and hence economic growth in Continental Europe.

The last twelve months have seen a higher level of portfolio activity than the previous year. This is mainly attributable to the heavy emphasis which we had already begun to place on growth companies in the TMT area, as described in our previous annual report. This exposure was increased even further, to the extent that at the end of December 1999 as much as 70% of the fund was invested in stocks in the TMT area. The performance of some of these has been spectacular, with **Ericsson** rising by 167%, **Philips** and **Siemens** both by 117% as the best examples (and all still held). Both **KPN**, the Dutch Telecoms operator, and **STMicroelectronics**, the Italian/French semiconductor manufacturer, key positions at the end of July 1999, were sold after increases of 100% and almost 300% respectively. This gives an indication of how dynamic some areas have been over the last twelve months.

The performance by individual region is included for the first time this year, but we would urge readers to look at the bottom line performance, rather than dwelling on the actual regional returns. The reason for this is that individual stock selection is more important to us than geographical location, and also that we may have only one holding in a market, and therefore the numbers could be very unrepresentative. In summary, the fund has clearly benefited from the aggressive approach to stock selection, especially in Germany, (74.6% return compared with 27.9% for the index), France (46.2% versus 37.6%) Finland (98.2% versus 85.4%) and Sweden (115.2% versus 58.7%). The avoidance of weaker markets such as Austria and Belgium helped. Perhaps the most important factor

Performance Attribution Analysis – Twelve months to 31 July 2000

MARKET	Benchmark Allocation location (%)	Fund Allocation (average) (%)	PERFORMANCE: Fund (%)	PERFORMANCE: Benchmark* Index (%)
Austria	0.4	0.0	n/a	-7.2
Belgium	2.6	2.0	n/a	-1.7
Denmark	1.5	8.3	14.1	29.9
Finland	5.2	4.0	98.2	85.4
France	21.1	14.5	46.2	37.6
Germany	18.2	16.9	74.6	27.9
Greece	2.0	3.9	7.2	-19.8
Ireland	1.2	1.7	77.3	-17.3
Italy	10.3	8.4	66.6	29.8
Luxembourg	0.0	0.9	38.8	n/a
Netherlands	11.6	18.3	39.4	14.5
Norway	0.7	0.0	n/a	21.1
Portugal	0.8	3.0	37.7	14.9
Spain	5.8	7.1	70.9	12.4
Sweden	6.2	5.5	115.2	58.7
Switzerland	12.4	5.5	33.0	12.8
TOTAL	**100.0**	**100.0**	**51.3**	**27.0**

*FTSE World Europe (ex UK) Index

Source: WM & Factset

Manager's Review

continued

Market Capitalisation

	Company 31 July 2000 %	Company 31 July 1999 %	Index 31 July 2000 %
Greater than £15bn	**33.5**	23.7	**67.9**
Between £7.5bn and £15bn	**15.6**	12.4	**12.7**
Between £2.5bn and £7.5bn	**26.4**	27.5	**12.3**
Between £1bn and £2.5bn	**15.1**	17.2	**5.0**
Less than £1bn	**9.4**	19.2	**2.1**
Total	**100.0**	100.0	**100.0**

has been the timely sale of some of the higher rated holdings, such as **EM TV** (a German media company) and **Kamps** (the German bakery chain), to cite two examples.

Last year, we introduced for the first time an "Inertia Analysis". It is our intention to provide such an analysis for each year. I am pleased to say that this year our active management has once again added significantly to the return. If I had just sailed around the world and not touched the portfolio over the last twelve months, the return on the list of investments held last year would have been 23.1%, well behind the actual performance of 51.3% and also behind the 27.0% recorded by the Index.

The Portfolio and Approach

We have always made a virtue of our concise list of investments, convinced that it is better to resist the temptation simply to add new holdings without culling some of the existing positions. At times this has been difficult, but it has meant that some of our more weary positions have been ousted in favour of new candidates. At the end of July 2000, there were 52 holdings in the fund (one less than the previous year), of which 17 were the same as July 1998, and 28 the same as last year. There are 24 new holdings in the portfolio (not counting **Vodafone Group** now held as a result of the takeover of **Mannesmann**). Interestingly, only 10 of these new positions are in the TMT area, the others being in insurance, logistics and retail. Our intention remains to seek out those companies poised to benefit from the major themes developing throughout Europe. These include not only the "New Economy", but also outsourcing and savings.

The table on page 8 shows the analysis of the fund by sector. The notable points are that we have no exposure to "Basic Industries" (such as Steel, Paper and Chemicals), and a very large weight in the so called "Cyclical Services" sector. This is a broad sector which includes media, distribution, transport and support services, in which we have a wide spread of holdings. The "Non-cyclical Services" area includes the retailer **Ahold** and the Telecom service providers. Finally, "Non-cyclical Consumer Goods" includes the pharmaceutical companies, where we continue to be highly selective, and food and drink producers, where we currently have no involvement.

Our exposure to those companies benefiting from the growing move to concentrate on their core business and outsource other parts of the business has increased to include a number of logistics companies. These vary from the traditional delivery and post companies such as **TNT Post Group** to more innovative companies such as **Thiel Logistics**, a new issue in Germany during the year. **Thiel** concentrates more on the solutions, especially information technology related, for a number of industries, in particular the pharmaceutical companies. Our existing holdings of **ISS**, **Sodexho** and **Securitas** have all performed quite well over the last twelve months, and we expect that to continue in these excellent growth areas. Continental Europe remains quite far behind the UK in terms of outsourcing basic functions such as cleaning, security and catering, and in a fragmented sector, organic growth is being supplemented by acquisitions.

The savings industry is an area of huge growth in Europe, and we have tried to access this with investments in the insurance sector. **Skandia** and **Aegon** are both already successful providers of

NAV total return on £100 invested as at 31 July 2000

	1 year	3 years	5 years	6 years
Henderson EuroTrust plc				
Ordinary shares	155.48	235.68	352.16	409.23
Units	149.48	220.52	320.60	370.49
AITC Europe sector average	153.06	199.97	299.27	335.43

1) Units comprise one ordinary and one zero dividend preference share
2) Source: AITC Services Ltd

Manager's Review
continued

saving and pension products in the USA, and are now increasing their emphasis on Europe. These two positions were added to our existing insurance holdings, where **ING** and **AXA** both appreciated by over 50% during the year. In the banking sector, we have remained very underweight, with just three holdings. The Greek bank **Alpha Credit Bank** was disappointing, but **Bipop** of Italy once again had a spectacular year, rising by over 100%. This reflects the fact that **Bipop** is more a fund manager than a bank.

These more traditional growth companies have acted as a kind of ballast to some of our more aggressive TMT holdings. Here, as already explained, we have been quite strict in selling the position if the valuation has become excessive. At the end of July, our exposure to "incumbent" fixed line telecom operators amounted to 5.2% of the fund, with our three holdings being the most attractively valued in the area. Mobile operators amounted to slightly more of the portfolio, at 7.6%. However, we have sold all of our positions in the "alternative" operators, those companies which have invested heavily in fibre optic cable networks with a view to offer discounted call rates to large businesses. We currently see this as a dangerous area at overly high valuations. We will await more realistic valuations.

In other high technology areas, we have no holdings in Internet service providers. We have held some of these during the year, and even built large holdings with a view to taking a long term buy and hold strategy in what will remain a key growth area. However, when valued on a per subscriber basis, all our candidates moved to ridiculous levels, at huge premiums to comparable companies elsewhere in the world. For this reason, we have moved out of this area for the time being.

The rapid development of mobile phones to offer far more than just voice calls over the next few years is one of the most exciting trends world-wide, and an area of technology where Europe currently leads. Mobile commerce, banking, information on entertainment and restaurants are just some of the likely services soon to be offered via the mobile phone. The high cost of UMTS licences has recently been a focus in the UK and Germany, and will force the operators to spend huge amounts on upgrading their networks. Our holdings in **Ericsson**, **Nokia**, **Alcatel** and **Siemens** give us good exposure to this sector of equipment suppliers to the telecoms companies.

These developments, amongst others, are leading to a huge boom in semiconductors. We have done extremely well from our holdings in both **STMicroelectronics** and, for much of the year, to **Infineon** (floated off by **Siemens**). However, we recognise that this is a highly cyclical business. Capacity expansion in 2000 and 2001 is also generating rapidly growing sales for the producers of equipment for the manufacture of semiconductors, where **ASM Lithography** (a new holding during the year) is seeing substantial growth, which is expected to last for at least another three years.

Sector Analysis of Equity Investments

	Company		Index
	31 July 2000 %	31 July 1999 %	31 July 2000 %
Resources	**1.7**	2.3	**6.6**
Basic Industries	**–**	3.3	**4.7**
General Industrials	**9.1**	11.4	**9.6**
Cyclical Consumer Goods	**3.6**	–	**4.7**
Non-cyclical Consumer Goods	**6.1**	9.0	**12.9**
Cyclical Services	**29.8**	23.4	**5.8**
Non-cyclical Services	**15.0**	24.0	**12.2**
Utilities	**1.6**	–	**2.0**
Financials	**16.6**	18.5	**28.3**
Information Technology	**16.5**	8.1	**13.2**
Total	**100.0**	100.0	**100.0**

The largest position in the fund is now **Philips**, following further purchases during the year, and appreciation of 117%. Not only have the restructuring measures begun to pay off, but the underlying businesses are seeing good growth. It remains one of the more modestly valued companies in Europe relative to its peer group, in spite of the strength in the shares over the last twelve months. **Philips** is well exposed both to the consumer applications of new technologies, and to semiconductors and other high tech areas.

In overall terms, we have maintained our emphasis on growth companies, but not exclusively in the technology area. These holdings are balanced with quality companies where the growth profile is not as aggressive but valuations are more modest. Examples of these include the international retailer **Ahold**, where the valuation level is attractive relative to both its own history and its peer group. **CSM**, the Dutch bakery ingredients and sugar/confectionery company, is another such quality company with an excellent long term growth record, trading at less than 10 times prospective earnings. The market has neglected these companies in recent months but their profitability has continued to improve. When performance of the market broadens, we would expect these companies to do better.

Outlook

Markets were driven by a feeding frenzy in the high growth TMT sectors in the fourth (calendar) quarter of 1999 and the early part of 2000. There is no doubt that we effectively participated in this, and we also managed a quiet retreat from the more overvalued candidates in this sector. We feel it is likely that European markets will do well over the next year, following a period of consolidation through the summer. We are focusing on a more broadly based list of growth companies. The interest rate environment is expected to improve, with the ECB finding that inflation eases as growth stabilises at about the 3% level. This is a very benign backdrop for the markets, but some areas will remain difficult. In particular, cyclicals will struggle, with no pricing power and demand levelling off. We have had no exposure to this whole sector all year, and are unlikely to change this policy.

Overall, we expect good returns from the region, albeit more modest than in the past twelve months.

NAV Total Return to 31 July 2000*

Valuation of Equity Investments

at 31 July 2000

Investment portfolio by country

	%	£'000
DENMARK		
Dampskip Svendborg 'B'		2,007
ISS International		2,486
Tele Danmark		1,854
	7.7	6,347
FINLAND		
Nokia*		1,420
Sonera		1,500
	3.5	2,920
FRANCE		
Alcatel*		2,876
Alstom*		1,065
AXA		1,965
Sodexho		2,164
Total Fina Elf		1,351
Trader.com*		1,635
Vivendi		865
Vivendi Environnement*		1,288
	16.1	13,209
GERMANY		
Fresenius		1,043
Intershop Communications*		1,991
Lufthansa*		1,840
Siemens		2,235
Thiel Logistik*		1,492
Vodafone Group		1,065
	11.8	9,666
GREECE		
Alpha Bank		1,123
Germanos*		1,087
	2.7	2,210
IRELAND		
Ryanair		1,335
	1.6	1,335
ITALY		
Alleanza		1,376
Banca Nazionale del Lavoro*		1,055
Benetton*		1,141
Bipop		1,313
Telecom Italia Mobile		1,599
	7.9	6,484

	%	£'000
LUXEMBOURG		
SES Astra		1,440
	1.8	1,440
NETHERLANDS		
Aegon*		1,680
Ahold*		1,987
ASM Lithography*		1,622
CSM*		1,491
Fortis		1,488
Getronics		1,764
Hagemeyer*		1,992
IHC Caland		1,535
ING		1,805
Libertel*		1,259
Philips		3,104
TNT*		1,641
	26.0	21,368
PORTUGAL		
Portugal Telecom		1,268
	1.5	1,268
SPAIN		
Amadeus Global Travel*		1,664
Grupo Prisa*		1,521
Sogecable		1,141
Telefonica*		1,320
TelePizza*		1,291
	8.4	6,937
SWEDEN		
Ericsson		2,290
Securitas		1,379
Skandia*		967
	5.6	4,636
SWITZERLAND		
Novartis		1,031
Swatch*		1,754
Zurich Allied		1,619
	5.4	4,404
TOTAL PORTFOLIO	**100.0**	**82,224**

*New holdings since 1 August 1999

There are no convertibles or fixed interest securities in the portfolio.

Ten Largest Investments

These ten investments total £23,132,000 representing 28.1% of total investments

Philips (Netherlands) £3,104,000
The interests of the Philips group are more focused than 5 years ago and span semiconductors, consumer electronic products, lighting and a number of other technology related areas. The group has increased its profits sharply over the last few years, and the process of "portfolio adjustment" continues. It is still modestly rated compared with many of its peers.
www.philips.com

Alcatel (France) £2,876,000
Over the last twelve months, Alcatel has emerged as one of Europe's leading telephone infrastructure providers. It also has a good position in the important optical fibre market, which looks set to be the crucial next stage of communications.
www.alcatel.com

ISS International (Denmark) £2,486,000
ISS is the cleaning group well known in Europe and Asia. Following the acquisition of Abilis of France in 1999 it has become one of Europe's largest employers. Profits are forecast to grow at 20% or more annually for the next three years and the shares remain modestly rated. With excellent management and plenty of room for both organic and acquired growth, we still believe these are early days for ISS.
www.iss-group.com

Ericsson (Sweden) £2,290,000
Ericsson is a leading global player in the telecoms industry. Ericsson's strength in recent years has been more in the supply of infrastructure to the mobile (and to a lesser extent the fixed) operators, and with the imminent arrival of "Third Generation" phones, spending on infrastructure is set to boom. Ericsson should be a major beneficiary.
www.ericsson.com

Siemens (Germany) £2,235,000
Siemens is not only one of Europe's more innovative technology companies, with an important position in semiconductors and components supply, but has also shifted focus towards shareholders in recent years. The combination of these factors has led to a jump in profitability and improved rating at the same time. As with Ericsson and Alcatel, it also has a good position in the supply of telecom equipment.
www.siemens.com

Sodexho (France) £2,164,000
This is the catering and service company with a leading position alongside Granada Compass. Profits look set to grow at a steady rate of between 15% and 20% for the next few years, as new markets for contract catering emerge throughout Europe. The shares have not moved much over the last twelve months, and we expect this anomaly to be corrected.
www.sodexho.com

Dampskip Svendborg 'B' (Denmark) £2,007,000
This is the parent company of the Maersk shipping group. Its interests span shipping, oil, and retailing. One of the less communicative groups in the European area, we remain optimistic that they will become more "shareholder friendly". In the meantime, their historic 15% annual growth is being left far behind as the group benefits from a surge in shipping rates as world demand grows, and also rising oil prices are fuelling high returns.
www.maersk.com

Hagemeyer (Netherlands) £1,992,000
This is a business services group in the midst of a careful repositioning of its portfolio. It has acquired a number of electrical wholesalers in the USA, and shed less rewarding assets. From 2001, profits growth will reaccelerate, and this has only recently begun to be recognised by the market.
www.hagemeyer.com

Intershop Communications (Germany) £1,991,000
This company may well turn out to be next SAP of Europe. They supply key software for "e-commerce", and are consequently seeing sales growth of close to 100% annually. The shares therefore trade at a very rich valuation, but that is more than justified by the growth prospects.
www.intershop.com

Ahold (Netherlands) £1,987,000
Although listed in the Netherlands, Ahold actually realises a very high level of sales in the United States. After a number of shrewd acquisitions in its core food retail sector in the US over the last few years, it has recently made two purchases in the "Food Service" area, and has consequently diversified into the supply of food to businesses and restaurants. It remains one of the cheapest European food retailers, with one of the best track records.
www.ahold.com

Directors' Report

Status, Principal Activities and Business Review
The Company is an investment company as defined in Section 266 of the Companies Act 1985 and carries on business as an investment trust. It was approved by the Inland Revenue as an investment trust under section 842 of the Income and Corporation Taxes Act 1988 for the year ended 31 July 1999. In the opinion of the directors, the Company has subsequently conducted its affairs so as to enable it to continue to obtain such approval.

The Company will continue to seek approval under section 842 of the Income and Corporation Taxes Act 1988 each year. However, under Corporation Tax Self Assessment, which applies to accounting periods ended after 30 June 1999, the Inland Revenue will no longer be obliged to give written approval. Instead the Inland Revenue have twelve months after the return filing date in which to give notice that they intend to enquire into the return but, if no such notice is given then approval may be assumed to have been obtained.

The Company intends to continue as a fully qualifying investment trust company under the Personal Equity Plan and Individual Savings Account Regulations.

A review of the year's activities and an indication of the outlook is given in the Chairman's Statement and the Manager's Review.

Revenue and Dividend
Net revenue after taxation for the year amounted to £309,000 (1999: £394,000). The directors recommend a final dividend of 1.5p per share/unit on the ordinary shares and units of the Company making a total dividend for the year of 2.5p per ordinary share/unit.

Assets
Total net assets at 31 July 2000 amounted to £85,730,000 as against £57,751,000 a year earlier. The net asset value per ordinary share increased from 281.19p to 434.19p while the net asset value per zero dividend preference share increased from 47.18p to 53.27p over the same period.

Duration of the Company
Unless absolved by a special resolution of the Company and by an extraordinary resolution of each of the two classes of shareholder, the directors are obliged to convene an Extraordinary General Meeting of the Company, to be held immediately prior to 31 October 2002 at which a resolution will be proposed to wind up the Company.

Management
Investment management, accounting, secretarial, administrative and UK custody services are provided to the Company by subsidiary companies of Henderson plc ("Henderson"). The composite annual management fee is at the rate of 0.85% of net chargeable assets.

The management agreement may be terminated by either party but in certain circumstances the Company will be required to pay compensation to Henderson of an amount of up to one year's management charge. Compensation is not payable if one or more years' notice of termination is given.

In the event that a resolution to approve the continuation of the Company is not passed, the Company will negotiate with the Manager for the payment of such reasonable amount, if any, as may be appropriate to compensate the Manager for expenses likely to be involved following such winding-up, in lieu of compensation payable under the agreement.

The Manager uses certain services which are paid for, or provided by various brokers. In return it places business, which may include transactions relating to the Company, with these brokers.

Substantial Share Interests
The following shareholders have declared a notifiable interest in the issued ordinary share capital of the Company as at 19 September 2000:

Henderson Investors managed clients	15.1%
Clients of Investec (UK) Holdings	11.6%

Directors
The directors, all of whom held office throughout the year, with the exception of Mr D M Tapley, are listed on page 3. At the forthcoming Annual General Meeting, Mr S M Yassukovich and Mr J V Furniss will retire by rotation. Mr S M Yassukovich offers himself for re-election.

On 19 September 2000, Mr D M Tapley was appointed a director and in accordance with the Articles of Association stands for election at the Annual General Meeting.

No director is or was materially interested in any contract subsisting during or at the end of the year that was significant in relation to the Company's business. No director has a service contract with the Company.

Interests of directors
The interests of directors who were directors at the year end in the issued share capital of the Company were:

	Ordinary Shares		Zero Dividend Preference Shares	
	31.7.00	31.7.99	**31.7.00**	31.7.99
R A T Bischof	–	4,000	–	–
J V Furniss	–	–	–	–
J K Hoskin	**15,582**	15,660	–	–
H M Priestley	**785**	785	–	–
T P Stevenson	**24,679**	22,367	–	–
S M Yassukovich	–	–	–	–

Directors' Report
continued

All the above interests were held beneficially. There have been no changes in the directors' interests between the end of the financial year and the date of this report.

Authority to allot securities and disapplication of pre-emption rights
Resolutions granting powers to the directors to allot authorised but unissued shares and other rights to subscribe for or convert into shares in the Company will be proposed at the Annual General Meeting of the Company. The Board's powers of allotment for cash under those powers will be limited to (a) rights issues to ordinary shareholders and open offers and other pro rata allotments to ordinary shareholders and (b) other allotments where the nominal value of the relevant shares does not exceed £219,841 (being 5% of the nominal value of the total issued share capital of the Company, including zero dividend preference shares, on 31 July 2000) and the issue price of the relevant shares is not less than the underlying net asset value at the date of allotment under such power. The limit of 5% of the total issued share capital, as opposed to the more usual limit of 5% of ordinary share capital, has been chosen to allow for issues of ordinary shares at the same time as an issue of the same number of zero dividend preference shares in accordance with the Company's articles of association. The directors have no present intention of exercising this authority but will do so if they consider it to be in the best interests of shareholders. The resolutions are set out in full in the Notice of Meeting on pages 28 and 29.

Going Concern
The directors believe that it is appropriate to continue to adopt the going concern basis in preparing the accounts, as the assets of the Company consist mainly of securities which are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

Creditors' Payment Policy
It is the Company's payment policy for the financial year to 31 July 2001 to obtain the best terms for all business and therefore there is no single policy as to the terms used. The Company agrees with its suppliers the terms on which business will take place and it is our policy to abide by these terms. There were no trade creditors at 31 July 2000.

Registered Auditors
A resolution to re-appoint PricewaterhouseCoopers as auditors to the Company will be proposed at the Annual General Meeting.

Nominee Code
Henderson EuroTrust plc undertakes to provide nominee investors who have so requested with copies of shareholder communications to distribute to their customers. Nominee investors are able to attend and, at the invitation of the Chairman, to speak at meetings.

Investors in the Henderson Investors Investment Trust Share Plan, the Henderson Investors Selection PEP and the Henderson Investors Selection ISA receive all shareholder communications and a letter of direction or instruction, as appropriate, to facilitate voting.

R Woodley

By order of the Board
Rebecca Woodley, ACIS
For and on behalf of
Henderson Secretarial Services Limited
Secretary
25 September 2000

Statement of Directors' Responsibilities
in respect of the Accounts

The directors are required by UK company law to prepare accounts for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the year ended 31 July 2000. The directors also confirm that applicable accounting standards have been followed and that the accounts have been prepared on a going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Corporate Governance

Background
The UK Listing Authority requires all listed companies to disclose how they have applied the principles and complied with the provisions of the Combined Code ("the Code").

Application of the Code's Principles
The Board attaches great importance to the matters set out in the Code and observes its principles. It should be noted that, as an investment trust, most of the Company's day to day responsibilities are delegated to third parties and the directors are all non-executive. Thus not all the provisions of the Code are directly applicable to the Company.

The Board and Committees
The Board currently consists of seven non-executive directors, the majority of whom are independent of the Company's investment manager. Their biographies, set out on page 3, demonstrate a breadth of investment, industrial, commercial and professional experience.

The Board meets six times a year and deals with the important aspects of the Company's affairs, including the setting and monitoring of investment strategy and the review of investment performance. The investment manager takes decisions as to the purchase and sale of individual investments. The investment manager also ensures that all directors receive, in a timely manner, all relevant management, regulatory and financial information. Representatives of the investment manager attend each Board meeting enabling directors to probe further on matters of concern or seek clarification on certain issues. Matters specifically reserved for decision by the full Board have been defined and a procedure adopted for directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. The directors have access to the advice and services of the Corporate Company Secretary through its appointed representative who is responsible to the Board for ensuring Board procedures are followed.

The Chairman of the Company is a non-executive director. A senior non-executive director has not been identified, as the Board considers that all the directors have different qualities and areas of expertise on which they may lead where issues arise and to whom concerns can be conveyed.

When a new director is appointed, he is offered an induction seminar which is held by the investment manager. Directors are also provided, on a regular basis, with key information on the Company's policies, regulatory and statutory requirements and internal financial controls. Changes in directors' responsibilities are advised as they arise.

The Board has not established a nominations committee to make recommendations on the appointment of new directors. The Board as a whole considers nominations made in accordance with an agreed procedure. In accordance with the AITC recommendation, a management engagement committee, with defined terms of reference, has been established, which consists of all the independent non-executive directors, to review and discuss the terms of the appointment of the investment manager. An annual review of the management contract is carried out. There is also an audit committee, consisting of four of the independent non-executive directors with defined terms of reference. This committee is responsible for review of the annual accounts and interim report, terms of appointment of the auditors together with their remuneration, as well as the non-audit services provided by the auditors. It also meets with representatives of the investment manager and receives reports on the quality and effectiveness of the accounting records and management information maintained on behalf on the Company.

All non-executive directors are appointed for an initial term of three years, subject to Companies Act provisions and, in accordance with the Articles of Association, directors stand for election at the first Annual General Meeting following their appointment.

The Board have agreed, without changing the Articles at present, that the directors will retire every three years to ensure compliance with Code Provision A.6.2.

Remuneration
The Board as a whole considers directors' remuneration and therefore has not appointed a separate remuneration committee. As the Company is an investment trust and all directors are non-executive, the Company is not required to comply with the principles of the Code in respect of executive directors' remuneration. Directors' fees are detailed in note 7 to the Accounts.

Internal Controls
The Board has previously reported on internal financial controls in line with the issued guidelines. New guidelines were issued in late September 1999 for the review of

internal controls ("the Turnbull guidance"). The Company has adopted the transitional approach for reporting on the internal control aspects of the Combined Code as permitted by the UK Listing Authority.

The Board has undertaken a full review of all the aspects covered by the Turnbull guidance, has approved a robust and dynamic framework to meet the requirements of the Code and is confident that it will be able to report full compliance in January 2001.

The directors are responsible for the internal financial controls systems of the Company and for reviewing their effectiveness. These aim to ensure the maintenance of proper accounting records, the reliability of the financial information upon which business decisions are made and which is used for publication and that the assets of the Company are safeguarded. The financial controls operated by the Board include the authorisation of the investment strategy and regular reviews of the financial results and investment performance.

The Board has contractually delegated to external agencies, including the investment manager, the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the day to day accounting and company secretarial administration, and registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered, including the financial control systems in operation in so far as they relate to the affairs of the Company. The Board receives and considers reports regularly from the investment manager and ad hoc reports and information are supplied to the Board as required. In addition, the Chairman attends a biannual meeting of all the Chairmen of the investment trusts managed by the investment manager, which is a forum to discuss industry matters, and he reports back to the Board. The investment manager has established an internal control framework to provide reasonable assurance on the effectiveness of internal financial controls. These are assessed by the compliance and business risk management department on an ongoing basis.

These systems of internal financial control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. By the procedures set out above, the directors have kept under review the effectiveness of the internal financial controls throughout the year.

The directors' statement of responsibilities in respect of the accounts can be found on page 13.

The report of the auditors can be found on page 27.

Exercise of Voting Powers
The Company has approved a corporate governance voting policy which accords with current best practice, whilst maintaining a primary focus on financial returns.

Relations with Shareholders
The investment manager has an annual programme of meetings with substantial shareholders and reports back to the Board on these meetings.

The Board is very conscious that the Annual General Meeting is an event which private shareholders are encouraged to attend and participate in. The Annual General Meeting is attended by the Chairman of the Board and the Chairman of the Audit and Management Engagement Committees. The investment manager makes a presentation to the meeting and proxy votes are displayed. The Company has adopted a nominee share code which is set out on page 13.

The Board believes that the Company's policy of reporting to shareholders as soon as possible after the Company's year end and holding the earliest possible Annual General Meeting is valuable. Twenty working days' notice of the Annual General Meeting to shareholders, as required under Code Provision C.2.4, has been given this year.

The Notice of Meeting sets out the business of the meeting and the special resolutions are explained more fully in the Directors Report on pages 12 and 13. Separate resolutions are proposed for each substantive issue.

Statement of Compliance
The directors consider that during the year under review the Company has complied with all the material provisions set out in the Code.

It did not, however, comply with the following provisions as explained:

- a remuneration committee has not been established;
- a nominations committee has not been established;
- a senior non-executive director has not been identified.

Statement of Total Return (incorporating the revenue account)

for the year ended 31 July 2000

Notes		Year ended 31 July 2000 Revenue £'000	Capital £'000	Total £'000	(Restated*) Year ended 31 July 1999 Revenue £'000	Capital £'000	Total £'000
2	Total capital gains from investments	**–**	**28,496**	**28,496**	–	1,246	1,246
3	Income from fixed asset investments	**890**	**–**	**890**	756	–	756
4	Other interest receivable and similar income	**157**	**–**	**157**	130	–	130
	Gross revenue and capital gains	**1,047**	**28,496**	**29,543**	886	1,246	2,132
5	Management fee	**(389)**	**(389)**	**(778)**	(259)	(259)	(518)
6	Other administrative expenses	**(94)**	**(94)**	**(188)**	(80)	(80)	(160)
	Net return on ordinary activities before interest payable and taxation	**564**	**28,013**	**28,577**	547	907	1,454
8	Interest payable	**(2)**	**–**	**(2)**	(4)	–	(4)
	Net return on ordinary activities before taxation	**562**	**28,013**	**28,575**	543	907	1,450
9	Taxation on net return on ordinary activities	**(253)**	**97**	**(156)**	(149)	70	(79)
	Net return on ordinary activities after taxation	**309**	**28,110**	**28,419**	394	977	1,371
19	**Capital gains attributable to zero dividend preference shares**	**–**	**(1,070)**	**(1,070)**	–	(950)	(950)
	Net return attributable to ordinary shareholders	**309**	**27,040**	**27,349**	394	27	421
	Dividends – ordinary shares						
	Interim paid 1.0p (1999: 1.0p)	**(176)**	**–**	**(176)**	(176)	–	(176)
	Final proposed 1.5p (1999: 1.5p)	**(264)**	**–**	**(264)**	(264)	–	(264)
		(440)	**–**	**(440)**	(440)	–	(440)
	Transfer (from)/to reserves	**(131)**	**27,040**	**26,909**	(46)	27	(19)
10	**Return per**						
	Zero dividend preference share	**–**	**6.08p**	**6.08p**	–	5.40p	5.40p
	Ordinary share	**1.76p**	**153.75p**	**155.51p**	2.24p	0.15p	2.39p

The revenue columns of this statement represent the revenue accounts of the Company.
*Restated for the change in accounting policy (see note 1(b) on page 19).

The notes on pages 19 to 26 form part of these accounts

Balance Sheet

at 31 July 2000

Notes		2000 £'000	1999 £'000
11	**Fixed asset investments**		
	Listed overseas	**82,224**	53,675
	Current assets		
12	Debtors	**1,567**	1,634
	Cash at bank and short term deposits	**3,736**	3,320
		5,303	4,954
13	**Creditors**: amounts falling due within one year	**(1,797)**	(873)
	Net current assets	**3,506**	4,081
	Total assets less current liabilities	**85,730**	57,756
14	Provisions for liabilities and charges	**-**	(5)
15	**Total net assets**	**85,730**	57,751
	Capital and reserves		
17	Called-up share capital	**4,396**	4,396
18	Share premium account	**12,491**	12,491
19	Redemption reserve	**5,851**	4,781
19	Other non-distributable reserves	**62,550**	35,510
20	Retained revenue reserve	**442**	573
	Shareholders' funds	**85,730**	57,751
	Shareholders' funds attributable to		
15	Non-equity interests – zero dividend preference shares	**9,368**	8,298
15	Equity interests – ordinary shares	**76,362**	49,453
		85,730	57,751
	Net asset value per		
15	Zero dividend preference share	**53.27p**	47.18p
15	Ordinary share	**434.19p**	281.19p

These accounts were approved by the directors on 25 September 2000 and signed on their behalf by

S M Yassukovich }
T P Stevenson } Directors

The notes on pages 19 to 26 form part of these accounts

Cash Flow Statement

for the year ended 31 July 2000

Notes		2000 £'000	2000 £'000	1999 £'000	1999 £'000
22	**Net cash (outflow)/inflow from operating activities**		**(262)**		130
	Servicing of finance				
	Interest paid		**(8)**		(4)
	Taxation				
	UK tax recovered/(paid)	**79**		(2)	
	Overseas tax recovered	**91**		53	
	Net tax recovered		**170**		51
	Financial investment				
	Purchase of investments	**(66,178)**		(42,508)	
	Sale of investments	**67,219**		43,080	
	Net cash inflow from financial investment		**1,041**		572
	Equity dividends paid		**(440)**		(440)
23	**Increase in cash**		**501**		309
	Reconciliation of net cash flow to movement in net funds				
	Increase in cash as above		**501**		309
	Exchange difference		**(85)**		(115)
	Movement of net funds		**416**		194
	Net funds at 1 August		**3,320**		3,126
23	**Net funds at 31 July**		**3,736**		3,320

The notes on pages 19 to 26 form part of these accounts

Notes to the Accounts

1 Accounting Policies

(a) Basis of accounting

The accounts have been prepared on the historical cost basis of accounting, modified to include the revaluation of investments. The accounts have been prepared in accordance with applicable accounting standards and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies" ("the SORP"). As permitted by the SORP, the Company, being a split capital investment trust prior to the introduction of the SORP, has not adopted any recommendations of the SORP whose implementation would affect the financial benefits or rights attached to different classes of shareholders (see note 1(e) and 1(h) below). All of the Company's operations are of a continuing nature.

(b) Change in accounting policy

The Company has adopted Financial Reporting Standard (FRS) 16, "Current Taxation", under which overseas income should be accounted for net of overseas tax credits but gross of withholding tax. The comparative figures for the year ended 31 July 1999 have been restated accordingly. This change has no effect on the net revenue or net asset values, although unfranked income and the total tax charge have both decreased by £33,000 (1999: £40,000).

(c) Valuation of fixed asset investments

Listed investments are valued at middle market prices.

(d) Capital gains and losses

Realised and unrealised capital gains and losses on investments, together with exchange differences arising on the translation of foreign currency assets and liabilities, are dealt with in non-distributable reserves.

(e) Income

Dividends receivable from equity shares are taken to the revenue account on an ex-dividend basis. Bank deposit interest is accounted for on an accruals basis.

(f) Expenses and interest payable

All expenses and interest payable are accounted for on an accruals basis. One half of the total administrative expenses, including the management fee, for the year is charged to the revenue account and the remainder is charged to non-distributable reserves, net of any tax relief and inclusive of related irrecoverable value added tax. Expenses which are incidental to the purchase or sale of an investment are included within the cost or deducted from the proceeds of sale of the investment.

(g) Deferred taxation

Deferred taxation is provided for at the anticipated tax rate on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts, to the extent that it is probable that a liability or asset will crystallise in the future.

(h) Foreign currency

Transactions denominated in overseas currencies during the year are translated into sterling at the appropriate daily exchange rate. Assets and liabilities denominated in overseas currencies at the balance sheet date are translated into sterling at the exchange rate ruling at that date. Differences arising from translation at this rate of exchange are dealt with in non-distributable reserves.

(i) Zero dividend preference shares

The zero dividend preference shares have a predetermined growth in capital entitlement, and as permitted by FRS 4 "Capital Instruments" the attributable finance cost, which has been calculated in accordance with the Company's Articles of Association and FRS4, has been allocated wholly to capital in the redemption reserve.

(j) Financial Instruments

Gains and losses on index options, which the Company may use to manage the risk of exposure to various European markets, are dealt with in non-distributable reserves.

Notes to the Accounts
continued

2	**Total capital gains from investments**	**2000 £'000**	1999 £'000
	Realised gains based on historical cost	**17,977**	8,651
	Amounts recognised as unrealised in previous years	**(4,982)**	(10,754)
	Realised gains/(losses) based on carrying value at previous balance sheet date	**12,995**	(2,103)
	Net movement in unrealised appreciation	**15,590**	3,454
	Net loss on foreign exchange	**(89)**	(105)
		28,496	1,246

3	**Income from fixed asset investments**	**2000 £'000**	1999 £'000
	Unfranked – listed investments		
	Dividend income	**873**	714
	Scrip dividends	**17**	42
		890	756

4	**Other interest receivable and similar income**	**2000 £'000**	1999 £'000
	Deposit interest	**145**	119
	Underwriting commission	**12**	5
	Stock lending fees	**–**	6
		157	130

At 31 July 2000 there were no securities on loan by the Company for stock lending purposes (1999: £nil). The maximum aggregate value of securities on loan at any time during the year ended 31 July 2000 was £nil (1999: £1,064,000).

		Year Ended 31 July 2000			Year Ended 31 July 1999		
5	**Management fee**	**Revenue £'000**	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
	Management fee	**337**	**337**	**674**	224	224	448
	Irrecoverable VAT thereon	**52**	**52**	**104**	35	35	70
		389	**389**	**778**	259	259	518

A summary of the terms of the management agreement is given in the Directors' Report on pages 12 and 13.

6	**Other administrative expenses**	**2000 £'000**	1999 £'000
	Directors' fees (see note 7)	**50**	50
	Auditors' remuneration – for audit services	**11**	10
	Other administrative expenses	**118**	90
	Irrecoverable VAT	**9**	10
		188	160
	One half of other administrative expenses charged to capital	**(94)**	(80)
	Total charged to revenue	**94**	80

No remuneration was paid to the auditors except as stated above.

Notes to the Accounts

continued

7 Directors' emoluments

The directors' fees stated in note 6 are those paid by the Company. However, one director received emoluments from Henderson plc ("Henderson") for the provision of services to Henderson EuroTrust plc. Under the Companies Act 1985, it is necessary to state the proportion of the emoluments he receives from Henderson which relate to the management of Henderson EuroTrust plc even though Henderson EuroTrust plc does not pay these emoluments and is not involved in their determination. The applicable proportion of the emoluments paid by Henderson (including performance related bonus) was £73,000 (1999: £78,000). This amount, together with the amounts paid directly by Henderson EuroTrust plc to the directors, is included in the analysis stated below.

	2000 £'000	1999 £'000
Fees (paid by Henderson EuroTrust plc)	**35**	35
Salaries and other benefits (paid by Henderson plc)	**40**	38
Performance related bonus (paid by Henderson plc)	**33**	40
	108	113
Fees paid to third parties	**15**	15
Pension contributions	**4**	1

The pension contributions represent those contributions paid by Henderson on behalf of the Henderson employee to a defined benefit non-contributory pension scheme.

8 **Interest payable**	**2000 £'000**	1999 £'000
Interest on bank overdrafts	**2**	4

9 **Taxation**	**2000 £'000**	(Restated*) 1999 £'000
Corporation tax at 20% (1999: 21%)	**23**	38
Foreign withholding tax	**239**	162
Foreign withholding tax reclaimable	**(78)**	(86)
Double tax relief	**(23)**	(38)
Deferred tax	**(5)**	3
	156	79
Tax attributable to expenses charged to capital	**97**	70
Tax charged to revenue	**253**	149

*Restated for the change in accounting policy (see note 1(b) on page 19).

Notes to the Accounts

continued

10 Return per share

Return per zero dividend preference share reflects the predetermined growth in capital entitlement (note 17) for the year of £1,070,000 (1999: £950,000) and on the 17,587,348 zero dividend preference shares in issue (1999: 17,587,348).

Revenue return per ordinary share is based on earnings attributable to ordinary shares of £309,000 (1999: £394,000) and on the number of ordinary shares in issue during the year of 17,587,348 (1999: 17,587,348).

Capital return per ordinary share is based on net capital gain, after deduction of the zero dividend capital entitlement, of £27,040,000 (1999: £27,000) and on the number of ordinary shares in issue during the year (as above).

11 Fixed asset investments

	£'000
Valuation at 1 August 1999	53,675
Unrealised appreciation	12,599
Cost of investments at 1 August 1999	41,076
Purchases at cost	67,217
Sales at cost	(49,276)
Cost of investments at 31 July 2000	59,017
Unrealised appreciation	23,207
Valuation at 31 July 2000	**82,224**

12 Debtors

	2000 £'000	1999 £'000
Sales for future settlement	**1,441**	1,407
Withholding tax and income tax recoverable	**110**	129
Advance corporation tax recoverable	**-**	66
Prepayments and accrued income	**16**	32
	1,567	1,634

13 Creditors: amounts falling due within one year

	2000 £'000	1999 £'000
Purchases for future settlement	**1,406**	367
Dividends payable	**264**	264
Accruals	**127**	242
	1,797	873

14 Provisions for liabilities and charges

	£'000
Deferred taxation on short-term timing differences	
At 1 August 1999	5
Transfer to revenue account	(5)
At 31 July 2000	–

15 Net asset values attributable to each class of share capital

Class of share	31 July 2000 p	31 July 1999 p
Zero dividend preference shares	**53.27**	47.18
Ordinary shares	**434.19**	281.19
Units	**487.46**	328.37

The movements during the year of the assets attributable to each class of share were as follows

	Zero Dividend Preference £'000	Ordinary £'000	Total £'000
Total net assets at 1 August 1999	**8,298**	**49,453**	**57,751**
Total recognised gains in the year	**1,070**	**27,349**	**28,419**
Dividends appropriated in the year	**-**	**(440)**	**(440)**
Total net assets at 31 July 2000	**9,368**	**76,362**	**85,730**

16 Financial instruments

(a) Management of risk

The Company's financial instruments comprise:

- Equity shares held within the portfolio.
- Cash and short term debtors and creditors which arise from its investing activities.
- Zero dividend preference shares.

The zero dividend preference shares carry predetermined payment rights as described in note 17 below.

The risks arising from the remaining financial instruments are due to fluctuations in market prices, exchange rates and interest rates. The Board's policy for managing these risks is summarised below:

Market price risk

An investment trust is exposed to market risk due to fluctuations in the market prices of the investments held in its portfolio. It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular country or sector. The allocation of assets to international markets together with stock selection covering small, medium and large companies are other factors which act to reduce market price risk. The portfolio manager actively monitors market prices throughout the year and reports to the Board which meets regularly in order to consider investment strategy.

Index options may be used, when it is deemed appropriate, to manage the risk of fluctuations in the markets in which the Company invests.

Foreign currency risk

The Company's total return and balance sheet can be significantly affected by fluctuations in foreign currency exchange rates as the majority of the Company's assets are denominated in currencies other than Sterling. The international spread of investments acts to reduce this risk. From time to time the Company will hold foreign currency cash balances as well as foreign currency balances due to and receivable from brokers. These assets and liabilities arise from the Company's investing activities. This exposure is short term and not material.

16 Financial instruments (continued)

Interest rates

The Company has no financial liabilities at 31 July 2000, therefore the Company currently has no material exposure to interest rate fluctuations. There were also no financial liabilities at 31 July 1999.

Liquidity risk

The Company's assets comprise mainly readily realisable securities, which can be sold to meet funding commitments if necessary.

(b) Risk profile of financial assets and financial liabilities

Currency exposure

The majority of the Company's financial assets are denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements.

Currency	**2000 Monetary assets £'000**	**2000 Monetary liabilities £'000**	**2000 Net monetary assets £'000**	1999 Monetary assets* £'000	1999 Monetary liabilities* £'000	1999 Net monetary assets* £'000
Euro	**69,659**	**(1,409)**	**68,250**	44,175	(367)	43,808
Danish Kroner	**6,513**	**(159)**	**6,354**	5,009	–	5,009
Drachma	**2,211**	**–**	**2,211**	4,620	(538)	4,082
Swiss Francs	**4,418**	**–**	**4,418**	2,769	–	2,769
US Dollars	**–**	**–**	**–**	1,416	(111)	1,305
Swedish Kroner	**4,640**	**–**	**4,640**	1,109	–	1,109
	87,441	**(1,568)**	**85,873**	59,098	(1,016)	58,082
Sterling	**248**	**(391)**	**(143)**	1,180	(1,511)	(331)
Total net assets	**87,689**	**(1,959)**	**85,730**	60,278	(2,527)	57,751

*Restated to include short term debtors and creditors.

(c) Fair values of financial assets and financial liabilities

All of the Company's assets are held at fair value.

The book value and fair value of the Company's zero dividend preference shares at 31 July 2000 were as follows:

	Book value £'000	**Fair value £'000**
Zero dividend preference shares	**9,368**	**10,640**

17	Called-up share capital	2000 £'000	1999 £'000
	Authorised		
	50,000,000 ordinary shares of 5p each	**2,500**	2,500
	50,000,000 zero dividend preference shares of 20p each	**10,000**	10,000
		12,500	12,500
	Allotted, issued and fully paid		
	17,587,348 ordinary shares of 5p each (1999: 17,587,348)	**879**	879
	17,587,348 zero dividend preference shares of 20p each (1999: 17,587,348)	**3,517**	3,517
		4,396	4,396

Non-equity interests

The non-equity interests relate to the zero dividend preference shares. The rights attaching to these shares and the ordinary shares are given below:

Zero dividend preference shares

The zero dividend preference shares carry no rights to receive dividends out of the revenue or any other profits of the Company. On a return of assets, on a winding-up or otherwise, the holders of the zero dividend preference shares will be paid an amount equal to 70p per zero dividend preference share or, if the date of commencement of the winding-up of the Company or earlier return of assets shall fall before 31 October 2002, an amount equal to 20p per zero dividend preference share, increasing to 20.1641p on 31 July 1992 and thereafter at the rate of 1.017% per month, such increases to be compounded on the last day of each month up to the date of commencement of the winding-up.

The holders of the zero dividend preference shares have the right to receive notice of general meetings of the Company and attend but do not have the right to vote thereat except on a resolution for the alteration of any object clause of the Company, any resolution varying or abrogating any of the special rights attached to the zero dividend preference shares or any resolution to wind-up the Company.

Ordinary shares

The ordinary shares carry the right to receive the net revenue of the Company available for distribution, including accumulated revenue reserves, determined by way of interim or final dividends at such times as the directors may recommend and, in a winding-up, to the surplus assets of the Company available for distribution after the payment of the zero dividend preference share entitlement.

18	Share premium account	2000 £'000	1999 £'000
	At 31 July	**12,491**	12,491

19	Reserves	Other non-distributable reserves Realised £'000	Unrealised £'000	Total £'000	Redemption reserve £'000
	At 1 August 1999	22,911	12,599	35,510	4,781
	Transfer on disposal of investments	4,982	(4,982)	–	–
	Net gain on investments	12,995	15,590	28,585	–
	Net (loss)/gain on foreign exchange	(92)	3	(89)	–
	Transfer to redemption reserve for zero dividend preference shares	(1,070)	–	(1,070)	1,070
	Expenses allocated to capital	(483)	–	(483)	–
	Tax relief thereon	97	–	97	–
	At 31 July 2000	**39,340**	**23,210**	**62,550**	**5,851**

Notes to the Accounts

continued

20	Retained revenue reserve	£'000
	At 1 August 1999	573
	Revenue loss for the year	(131)
	At 31 July 2000	**442**

21	Reconciliation of movement in shareholders' funds	**Year ended 31 July 2000 £'000**	Year ended 31 July 1999 £'000
	Net revenue return on ordinary activities after taxation	**309**	394
	Dividends	**(440)**	(440)
		(131)	(46)
	Increase in non-distributable reserve	**27,040**	27
	Increase in redemption reserve for zero dividend preference shares	**1,070**	950
		27,979	931
	Opening shareholders' funds	**57,751**	56,820
	Shareholders' funds at 31 July	**85,730**	57,751

22	Reconciliation of operating revenue to net cash inflow from operating activities	**2000 £'000**	1999 £'000
	Net revenue before interest payable and taxation	**597**	587
	Decrease/(increase) in prepayments and accrued income	**16**	(20)
	(Decrease)/increase in accruals	**(115)**	160
	Tax on unfranked investment income deducted at source	**(260)**	(216)
	Expenses allocated to capital	**(483)**	(339)
	Scrip dividends included in investment income	**(17)**	(42)
	Net cash (outflow)/inflow from operating activities	**(262)**	130

23	Analysis of changes in net funds	At 1 August 1999 £'000	Cashflow £'000	Exchange Movements £'000	**At 31 July 2000 £'000**
	Cash at bank and overdrafts	3,320	501	(85)	**3,736**

24 Capital commitments and contingent liabilities

At 31 July 2000 there were no contingent liabilities relating to underwriting commitments (1999: £nil).

25 Related party transactions

Under the terms of an agreement dated 31 July 1996, the Company appointed wholly owned subsidiary companies of Henderson plc ("Henderson") to provide investment management, accounting, secretarial, administrative and UK custody services. Details of the management fee arrangements for these services are given in the Directors' Report on pages 12 and 13. The total of the fees paid or payable under this agreement to Henderson in respect of the year ended 31 July 2000 was £674,000, excluding VAT, (1999: £448,000) of which £61,000 was outstanding at 31 July 2000 (1999: £164,000).

Report of the Auditors
to the members of Henderson EuroTrust plc

We have audited the accounts on pages 16 to 26 and the accounting policies set out on page 19.

Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing the Report and Accounts. As described on page 13, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the UK Listing Authority and our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Report and Accounts and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

We review whether the statement on pages 14 and 15 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the UK Listing Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Company's corporate governance procedures or its internal controls.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 31 July 2000 and of its total return and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
25 September 2000

Notice of Annual General Meeting

Notice is hereby given that the eighth Annual General Meeting of Henderson EuroTrust plc will be held at 3 Finsbury Avenue, London, EC2M 2PA on 7 November 2000 at 12.00 noon for the following purposes

Ordinary Business

1 To receive the Directors' Report and audited accounts for the year ended 31 July 2000.

2 To declare a final dividend.

3 To re-elect Mr S M Yassukovich as a director.

4 To elect Mr D M Tapley as a director.

5 To re-appoint PricewaterhouseCoopers as appointed auditors to the Company.

6 To authorise the directors to determine the auditors' remuneration.

Special Business

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

7 THAT the board be and it is hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985) up to an aggregate nominal amount of £1,465,612 (being one third of the total issued share capital of the Company, including the zero dividend preference shares on 31 July 2000) provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, fifteen months from the date hereof save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Board may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

To consider and, if thought fit, pass the following resolution as a Special Resolution:

8 THAT, subject to the passing of resolution number 7, the Board be and it is hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94 of the said Act) for cash (pursuant to the authority conferred by resolution number 7) as if sub-section (1) of Section 89 of the said Act did not apply to any such allotment, provided that this power shall be limited to the:

(a) allotment of equity securities whether by way of a rights issue, open offer or otherwise to ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate to the respective numbers of ordinary shares held by them subject in either case to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to fractional entitlements or local or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever; and

(b) allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £219,841 (being 5% of the nominal value of the total issued share capital of the Company, including zero dividend preference shares on 31 July 2000); and

(c) allotment of equity securities at a price not less than the net asset value per share

and shall expire at the earlier of fifteen months from the date hereof of the passing of this resolution or at the conclusion of the next Annual General Meeting save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot

Notice of Annual General Meeting

continued

equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

By order of the Board

Rebecca Woodley, ACIS
For and on behalf of
Henderson Secretarial Services Limited
Secretary
25 September 2000

Registered Office

3 Finsbury Avenue
London EC2M 2PA
Telephone: 020 7638 5757
020 7410 4100
Fax: 020 7377 5742

Notes

1. Pursuant to regulation 34 of the Uncertificated Securities Regulations 1995, only those shareholders registered in the Register of Members of Henderson EuroTrust plc at 12 noon on 5 November 2000 shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at the time. Changes to entries in the relevant Register of Members after 12 noon on 5 November 2000 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

2. A member entitled to attend and vote at this meeting may appoint one or more proxies to attend and, on a poll, to vote on his/her behalf. A proxy need not be a member of the Company. A form of proxy is enclosed and to be valid must be lodged with the Registrar of the Company not less than 48 hours before the time fixed for the meeting.

3. The completion of the form of proxy will not preclude ordinary shareholders from attending and voting in person at the meeting. The number of votes cast by proxy for each resolution will be communicated to shareholders at the AGM and will be available on request.

4. This notice is sent for information only to holders of zero dividend preference shares who are not entitled to attend or vote at the meeting.

5. The Register of Directors' Interests kept by the Company in accordance with Section 325 of the Companies Act 1985 will be open for inspection at the meeting.

The Company is a member of the
Association of Investment Trust Companies

Investor Information

Investment Trusts

Many people today recognise the benefits of investing in the stock market, or in overseas stock markets, but are concerned about risks and complexity. They recognise that stock markets offer the prospect not only of protection from inflation but also real capital growth over the long-term. Investment trusts provide the ideal, low-cost solution.

When you buy shares in an investment trust, you are buying shares in a public limited company which owns a portfolio of shares in a wide range of other companies. This wide spread of investments allows you to benefit from the growth potential of a particular stockmarket whilst reducing the risk inherent in holding shares in any one company. This makes investment trusts an ideal vehicle for people with relatively modest amounts to invest, as well as for those wishing to diversify their share portfolios.

Furthermore, investment trusts not only benefit from the investment experience of the fund manager, but they also benefit from an experienced board of directors each with knowledge of different industries. As general long term savings vehicles, investment trusts have a track record of performance and stability to be proud of – whatever the time scale.

AITC Marketing Campaign

The Association of Investment Trust Companies, of which the Company is a member, is currently undertaking an advertising campaign promoting the benefits of investment trusts as an investment vehicle using the logo – ***its***.

During the year to 31 July 2000, the board of Henderson EuroTrust plc supported the initiative and contributed towards the costs of the first year of the campaign. The board has, however, decided not to contribute towards the second year of the campaign.

Henderson EuroTrust plc

Henderson EuroTrust invests in mid-size to large companies. The objective is to identify companies in the European markets which are undervalued in view of their growth prospects, or on account of significant changes in management or structure. These investments are made with only secondary regard to country of origin, the principal objective being to identify the fifty most interesting investments in the European area at any time.

The Company is a split capital investment trust, with two classes of security designed to meet investors' differing needs. It has a fixed life to 31 October 2002. It is a very defensive split capital fund with the future liability to the zero dividend preference shareholders already nearly 7 times covered by total net assets.

There are three ways to invest:

- Package units, which are a combination of ordinary shares and zero dividend preference shares. Each package unit consists of one zero dividend preference share and one ordinary share.
- Zero dividend preference shares, which have the first call on the Company's assets in October 2002 and will be paid 70p per share, before any payment is made to the ordinary shareholders. These shares receive no dividend.
- Ordinary shares, which receive all the income available for distribution and all the capital growth after that allocated to the zero dividend preference shares. The capital return on these shares is geared. This means that their return will be enhanced in a rising market but will be diminished in a falling market.

Investor Profile

Henderson EuroTrust package units will suit investors who want to invest in the best companies in Europe. The ordinary shares offer a similar investment, but with a small level of gearing. The zero dividend preference shares offer a fixed rate of capital growth with relatively low risk.

Henderson EuroTrust Performance Awards

Henderson EuroTrust has won a number of awards for performance, including first place in the 1999

Lipper awards for the best performing investment trust in the European sector over 1, 3 and 5 years, and first place in the Investment Week, Investment Trust of the Year 1999 Split Capital Trust category.

Shareholder Details
Main register shareholders may check their shareholding online with our registrars, Computershare Services plc. This link may be found via **www.computershare.com**
Please note that to gain access to your details on the Computershare site you will need the holder reference number on the top left hand corner of your share certificate.

Investing in Henderson EuroTrust
Ordinary shares, zero dividend preference shares and units of Henderson EuroTrust may be bought or sold directly through a stockbroker or other independent financial advisor or through a number of banks or building societies which also provide share dealing services. Alternatively, shares may be bought directly through the Henderson Investors Share Plan and the Henderson Investors Selection ISA, details of which are provided on the back cover of this report.

Information
The mid-market prices of the units, zero dividend preference shares and ordinary shares in the Company are published daily in the Financial Times under the heading "Investment Trusts". The NAV is published daily by the London Stock Exchange. These can also be found on the following websites: **www.henderson.com** and www.trustnet.co.uk

The London Stock Exchange Daily Official List (SEDOL) codes are:
Ordinary Shares – 0419929
Zero Dividend Preference Shares – 0419941
Package Units – 0419907.

The Fund Manager
Henderson Investors is the UK's largest investment trust manager, with more than 60 years' experience and knowledge of financial products. It has over £7.5 billion of investment trust assets under management, on behalf of tens of thousands of individuals and also major financial institutions. For the sixth year running it has been voted 'Best Investment Trust Manager' by Standard & Poor Micropal. This is awarded not only for exceptional investment performance but also for consistent investment performance and is viewed by many in the industry as the 'benchmark' award.

Henderson Investors is regulated by IMRO and the Personal Investment Authority. The Company is a member of the Association of Investment Trust Companies (AITC) from which general information can be obtained by telephoning 020 7282 5555 (e-mail address: **info@aitc.co.uk**).

Disability Act
Copies of this Report and Accounts or other documents issued by Henderson EuroTrust plc are available from the Company Secretary.

If needed, copies can be made available in a variety of formats, either Braille or on audio tape or larger type as appropriate.

You can contact our Registrars, Computershare Services PLC, who have installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly without the need for an intermediate operator. Specially trained operators are available during normal business hours to answer queries via this service.

Alternatively, if you prefer to go through a 'typetalk' operator (provided by the Royal National Institute for the Deaf), the number is 0800 959 598.

For investors through the Henderson Investors Share Plan, Selection PEP or Selection ISA, a minicom telephone service is available on 020 7850 5406. This service is available during normal business hours.

Analysis of Ordinary Shareholders*

at 31 July 2000

	Number of shareholders	% of shareholders	Number of shares held	% of shares held
†Individuals	371	31.4	1,303,959	8.4
††Banks and Nominees	659	55.7	12,900,524	82.8
Other Institutional Holders	153	12.9	1,377,525	8.8
	1,183	100.0	15,582,008	100.0

† Includes individuals who have invested through the Henderson Investors Investment Trust Share Plan. The number of Share Plan shareholders increased from 431 to 538 during the financial year.

†† These holdings also include individual holdings through nominee accounts.

* Source: Computershare Services PLC

Illustrative Compound Annual Growth Rates

The following table illustrates the effect of various compound growth rates applied from 1 August 2000 to 31 October 2002 on the net assets available to each class of shares.

	0% £'000	5.00% £'000	10.00% £'000
Total net assets as at 31 July 2000	85,730	85,730	85,730
Capital growth to 31 October 2002	–	9,957	20,525
Total assets at 31 October 2002	85,730	95,687	106,255
Redemption value of zeros	12,311	12,311	12,311
Surplus for ordinary shares	73,419	83,376	93,944
Returned on redemption (p)			
Zero dividend preference share	70.0	70.0	70.0
Ordinary share	417.5	474.1	534.2
Net Redemption Yield (%)			
Zero dividend preference shares	6.69	6.69	6.69
Ordinary (dividend maintained)	(3.87)	1.68	7.18

When examining the above table, the following should be taken into consideration

1. The total net assets at 31 October 2002 included in the above table have been determined by applying compound annual growth rates which reflect capital appreciation but do not include any costs of realisation.
2. The maximum amount repayable on 31 October 2002 on the zero dividend preference shares is 70p per share.
3. The assumed compound annual growth rates used in the table have been selected to illustrate:
   0% – no increase or decrease in the Company's net assets.
   5.00% and 10.00% – selected to demonstrate the impact of applying different growth rates for total assets on the net assets which would be available to ordinary shareholders.
4. Shareholders should be aware that the value of assets can fall as well as rise as a result of market and currency fluctuations and that the above compound annual growth rates have been used solely for illustrative purposes. There can be no guarantee that these rates will be achieved or that the amounts to be paid on redemption to either class of shareholder will be those illustrated above.
5. The figures are unaudited.

Company Information

Investment Manager
Henderson Investors Limited
an AMP company regulated by IMRO and the Personal Investment Authority is represented by Mr Tim Stevenson

Secretary
Henderson Secretarial Services Limited
represented by R L Woodley ACIS

Registered Office
3 Finsbury Avenue
London EC2M 2PA
Telephone: 020 7638 5757
020 7410 4100
Fax: 020 7377 5742

Registered Number
Registered as an investment company in England and Wales no. 2718241

Registrar
Computershare Services PLC
PO Box 435
Owen House
8 Bankhead Crossway North
Edinburgh EH11 4BR
Telephone: 0870 702 0010
www.computershare.com

Auditors
PricewaterhouseCoopers
Southwark Towers
32 London Bridge Street
London SE1 9SY

Solicitors
Eversheds
Senator House
85 Queen Victoria Street
London EC4V 4JL

Bankers
The Royal Bank of Scotland plc
5-10 Great Tower Street
London EC3P 3HX

The Chase Manhattan Bank N.A
10 Aldermanbury
London EC2V 7RF

Stockbrokers
Credit Suisse First Boston
de Zoete & Bevan Limited
One Cabot Square
London E14 4QJ

Capital Gains Tax

The base costs of shares and units at the date of the original issue of shares on 2 July 1992 for capital gains tax purposes are:

Unit	100.00p
Ordinary share of 5p	70.24p
Zero dividend preference share of 20p	29.76p

Source: Dun & Bradstreet International

Henderson Investors Investment Trust Share Plan

The Henderson Investors Share Plan offers a simple and cost effective way of investing in **Henderson EuroTrust plc**. The Share Plan offers the following:

- **regular savings from £50 per month/quarter, or lump sum investments from £500 and additional 'top-up' from £100**
- **an income reinvestment facility. Alternatively, you can have dividends paid to your bank or building society account**
- **all paperwork and documentation is simplified and reduced to a minimum**
- **half yearly valuations with consolidated tax certificate and complimentary newsletters**

Henderson Investors Selection ISA

You can invest directly in **Henderson EuroTrust plc** through the Henderson Investors Selection ISA. The ISA offers the following:

- **tax free income and tax free capital growth**
- **fixed annual management fee**
- **regular savings from £100 per month or lump sum investments from £2000**
- **quarterly income withdrawal facility**
- **half yearly valuations, reports and complimentary newsletters**
- **both Mini and Maxi ISAs available for investment by lump sum or regular savings**

Further Information

Please consult our website **www.henderson.com** or write to:-

Henderson Investors
FREEPOST
Newbury RG14 2ZZ

No stamp is required. Alternatively, please contact your professional adviser for further information or call the Investor Services Department on freephone **0800 106 106** quoting the reference **REPORT**. Please call (44) 20 7452 1315 if you are telephoning from abroad.

Please remember that the value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested.

Tax assumptions may change if the law changes and the value of tax relief will depend upon your individual circumstances.

Henderson Investors is the name under which Henderson Investors Limited and Henderson Investment Funds Limited (both regulated by IMRO and the Personal Investment Authority) and Henderson Administration Limited (regulated by IMRO) provide investment products and services.
3 Finsbury Avenue, London EC2M 2PA. Telephone 020 7410 4100.

Henderson EuroTrust plc
is managed by

Henderson
Investors

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