

REPORT & ACCOUNTS

FOR THE YEAR ENDED 31ST MAY 2003

Jupiter

European

Opportunities Trust PLC



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

INVESTMENT POLICY

The objective of the Company is to invest in securities of European companies and in sectors or geographical areas which are considered by the investment manager to offer good prospects for capital growth, taking into account economic trends and business development.

Registered Office
1 Grosvenor Place, London SW1X 7JJ

Company No 4056870

COMPANY INFORMATION

Directors

H M Priestley *Chairman*
J C R D'Albiac Sir M Goulding KCMG
J D A Wallinger J W Robinson

Manager, Secretary and Registered Office

Jupiter Asset Management Limited,
1 Grosvenor Place, London SW1X 7JJ
Telephone: 020 7412 0703 Facsimile: 020 7412 0705
Website: www.jupiteronline.co.uk
Authorised and regulated by the Financial Services Authority

Custodian

The Northern Trust Company,
50 Bank Street, Canary Wharf, London E14 5NT
Authorised and regulated by the Financial Services Authority

Registrars and Transfer Office

Capita Registrars
The Registry, 34 Beckenham Road,
Beckenham, Kent BR3 4TU
Website: www.capita-irg.com

Solicitors

Norton Rose
Kempson House, 35-37 Camomile Street,
London EC3A 7AN

Auditors

Ernst & Young LLP
Rolls House, 7 Rolls Buildings,
Fetter Lane, London EC4A 1NH

Subsidiary Company

JEOT Securities Limited
1 Grosvenor Place, London SW1X 7JJ

The Company's shares are listed on the London Stock Exchange and their prices are shown in the Financial Times and The Times under 'Investment Companies'.

DIRECTORS

***Hugh Michael Priestley** (*Chairman*), (aged 60) is a director of Perpetual Japanese Investment Trust PLC, F&C Capital & Income Investment Trust PLC and Capital Opportunities Trust PLC and the chairman of the Société Générale Romania Fund. He is also an investment director of Rathbones and a former deputy chairman of the Association of Investment Trust Companies. He was a director of Henderson Administration from 1972-1993 and the managing director of the Witan Investment Company from 1980-1992. He is an Honourable Fellow of University College London, having been its treasurer from 1981-1998.

James Charles Robert D'Albiac, (aged 67) is a director of Jupiter Primadona Growth Trust PLC, Perpetual Income and Growth Investment Trust PLC and Jupiter Asset Management Limited. He was a partner of Rowe & Pitman from 1968-1986 and a director of Mercury Asset Management PLC from 1986-1991. He has been a member of the Investment Committee of the Pearson Group Pension Plan since 1995.

***Sir Marrack Goulding, KCMG**, (aged 66) was knighted in June 1997 following a career in the British Diplomatic Service and the United Nations. He was a member of the British Diplomatic Service from 1959-1985, during which time he served in the Middle East, North Africa, Portugal, New York (as part of the UK mission to the United Nations) and Angola. During this time, he was also seconded for two years to the Cabinet Office "Think Tank". In 1986 Sir Marrack Goulding joined the United Nations as Under Secretary-General for Peacekeeping (1986-1993) and Political Affairs (1993-1997). He is currently Warden of St. Antony's College, Oxford.

***Jackson Worthington Robinson**, (aged 61) is the president of Winslow Management Company, a division of Adam, Harkness & Hill in Boston, a financial services firm which specialises in emerging, growth and "green" companies. He is a director of Jupiter Global Green Investment Trust PLC and Spartech Corporation (NYSE). Mr Robinson is also a trustee of Suffield Academy.

***John David Arnold Wallinger**, (aged 63) is currently a consultant to UBS AG and the chairman of the following companies: Attica Institutional Multi-Manager plc, Attica 360 Funds Plc, Attica International Portfolio Limited, Zebedee European Fund Limited and Zebedee Capital International Limited all listed on the Irish Stock Exchange, and of Greenfield Ventures Limited, Kingsbridge Capital Limited and Kingsbridge Capital Advisers Limited, unquoted companies. He has 40 years experience in investment management and financial services, most recently having been a director of Euroland Plus (Smaller Companies) PLC and an executive director of SBC Warburg Dillon Read (now UBS AG). Mr Wallinger is also a member of the Institute of Investment Management & Research.

***Members of the Audit Committee**

FINANCIAL HIGHLIGHTS

Capital performance

	31.05.03	31.05.02	% Change
Net Asset Value (pence)	83.82	91.12	-8.0
FTSE World Europe ex-UK index	216.06	274.36	-21.2
Total Assets less Current Liabilities (£'000)	84,592	91,028	-7.5*

*Total asset performance adjusted for partial repayment and subsequent increase of bank loan and share repurchases.

Share price performance

	31.05.03	31.05.02	% Change
Share Price (pence)	69.0	90.5	-23.8
Discount to Net Asset Value (%)	17.7	0.7	

WINDING UP

The Articles of Association provide for the Company to be wound up on 29th February 2008.

The limited life of the Company is designed to ensure that all shareholders are able to realise the underlying net asset value of their shares at the end of the Company's life.

CHAIRMAN'S STATEMENT

Although markets rallied strongly in the latter part of the year under review, overall equity returns were negative. Your Company once again achieved a performance that was significantly better than its benchmark index. Net asset value per share declined by 8.0%, from 91.12p to 83.82p, having been as low as 64.82p at the end of March. Over the year the FTSE World Europe ex-UK Index fell by no less than 21.2%.

The share price, however, declined by 23.8% over the year, and the discount to net asset value therefore widened from less than 1% to 17.7% even though a total of 2,275,000 shares (2.74% of the total) were bought for cancellation at an average price of 54.6p and discount of 16.5%. Fund managers tend to concentrate on net asset value, shareholders on share price, and nobody enjoys the combination of a falling net asset value and widening discount. Buying shares for cancellation should reduce the discount; it also has the effect, from the fund manager's point of view, of adding to every portfolio holding without paying the bid-offer spread or dealing commission. Earlier share purchases were made at the suggestion of your manager who felt that the prices of many shares in the portfolio had fallen to absurd levels. Subsequent events have proved that his judgement was correct.

By the time we report to you next year, investment trusts should have been granted permission to hold shares in "treasury", that is to buy shares in for subsequent reissue, as opposed to cancellation. This facility, if used correctly, should allow greater flexibility in the management of investment trust discounts.

Over the year the Company has made use of its borrowing facilities, being de-gearred during part of the market fall and running a leveraged position as prices recovered. Given that such borrowing was in euros, there was a small element of dilution for UK shareholders of the euro's strength against sterling, but the rise in share prices more than compensated. Over the year, the euro strengthened from 1.57 to 1.39 against sterling, an appreciation of over 11%.

Indeed the euro's appreciation against the dollar, and dollar-linked currencies such as the Chinese renminbi, has been even more marked. Western European manufacturers of commodity-type products will find it hard to compete with low wage areas such as Eastern Europe or the Pacific Region. However your Company's portfolio is built around companies whose products or services are in universal demand and not especially price-sensitive, while the companies just happen to be based in Europe. Markets have regained much of their erstwhile confidence. The greatest risk to sentiment is arguably the threat of deflation, particularly in Europe; but Mr Bush is determined to be re-elected, Mr Greenspan has read the history books, and the US and UK authorities still have weapons in the locker to prevent the onset of deflation. All being well, they will carry Europe too.

H M Priestley
Chairman

21st August 2003

MANAGER'S REVIEW

Europe's general economic performance continues to disappoint. In 2002 the eurozone grew by an estimated 0.8%. This compares with 2.1% for the UK and 2.5% for the USA. The outlook for the eurozone in 2003 is little better. The Organisation for Economic Cooperation and Development forecasts barely 1% GDP growth and the European Central Bank's ("ECB") June 2003 forecasts were downgraded to 0.6%. Behind this generally lacklustre performance lie contrasting growth rates. On the one hand countries like Spain, the UK, Sweden and Ireland continue to grow at around 2%. On the other hand, virtually no growth is forecast for Germany after an estimated 0.2% in 2002. This disappointing record dates from 1995 since which time Germany's annual growth rate has consistently fallen 1% behind the rest of Europe.

The other important macro measure of the health of the European economy is the national budget deficits. The major economies are breaching the Maastricht criteria and are expected to continue to do so. The French budget deficit, for instance, is forecast to be between 3.5% and 4% of GDP in 2003 and the government has said that the Growth and Stability Pact is not going to be honoured until 2006. Indeed, many of Europe's leading politicians have been dismissive of this agreement, despite the fact that they were the very same people who structured the Pact and promoted it. The impact of this change of heart is significant. There has been a subtle but important change in the ECB's interest rate policy, aiming to keep inflation 'close' to 2% rather than below 2%. The Growth and Stability Pact, and for that matter the euro project itself, was designed to put the onus on the politicians to reform. This they have clearly failed to do. Worse still, the ECB's change of policy is a tacit recognition that it has failed to remain truly independent.

In this context the credit agencies' attempts to meet officials of the German Finance Ministry to discuss the parlous state of Germany's finances is significant. The eventual loss of Germany's benchmark status would have profound implications. Inflation is subdued with the rate in the eurozone in 2002 being 2.3%. Yet the problem persists that the divergence of inflation rates in Europe remains at around 2.7% and this causes great difficulties in setting an interest rate for all countries in the eurozone.

Many reasons are cited by European politicians for this poor long-term economic performance: the slowdown in American consumer demand, poor weather patterns, global insecurity and 'high' interest rates. None of these is a good explanation for Europe's chronic problems. Rigid labour markets and the concomitant high unemployment rates, (the eurozone rate was 8.4% in 2002, Germany having the greatest problem with about 10%), pension deficits, and a dysfunctional political process are the root causes of Europe's woes. There are attempts by Europe's political leaders to tackle these problems but it is not clear that there is sufficient determination to overcome significant vested interests. The French government has made some progress in tackling its public sector pension problem. Germany, too, is trying to face its problems with health service reform, and some improvements in the labour market. However, these efforts fall short of the necessary wholesale reform. Berlusconi's economic promises in Italy have come to nothing.

MANAGER'S REVIEW

continued

The massive resurgence of the euro over the twelve months represents something of a paradox. The euro was up by 12.3% against sterling and by 26% against the dollar. It should not be construed as signifying a change in fortunes for Europe. Rather it reflects the deflationary conditions in Europe contrasting with the inflationary conditions in North America. Thus, paradoxically, euro 'strength' can be seen as European weakness. US interest rates came down from 1.75% to 1.25%, while European rates fell from 3.25% to 2.5% in the period under review.

World equity markets have fallen over the past year. The FTSE World Europe ex-UK Index was down by 21.2% in sterling terms. This is almost exactly the same as the FTSE World Index. It compares with a 31.6% sterling decline for Japan and 17.8% fall in the FTSE USA Index. Government bonds, of course, performed well. The European equity index fell by 39% to a nadir in March and then recovered strongly. The rally was due in large part to the looser monetary policy in the US and in Europe. The excesses of recent years appear to have been purged in the so-called 'new economy' businesses and, accordingly, these sectors have performed relatively well. The telecommunications sector was amongst the best performing, reversing the trend of the prior two years. This was due to the utility-like attributes of the telecom operators against a recessionary background in Europe. Because of this background the worst performing sectors included classically cyclical ones such as steel, automotive and other industrial sectors. The building and construction industries continue to suffer in Europe, and the traditional, more cyclical industries seem to be plagued still by overcapacity. This is partly the result of increasing 'globalisation' and is a situation which is exacerbated by the strength of the euro. The insurance sector, too, performed poorly reflecting its sensitivity to equity markets. On the other hand, the banking industry has proved to be surprisingly resilient against the backdrop of sluggish growth. It would seem that, with the possible exception of the German banks, the lessons of the last banking crisis have been well learnt.

Your Company's investment approach remains the same, endeavouring to invest in companies with a good record, proven product and business model, combined with evidence of entrepreneurial drive and the prospect of above average growth opportunities. Accordingly, the changes made to the portfolio reflect our investment process rather than stock market fashions. However, a position was taken in UK gilts in the absence of compelling equity opportunities. This position was sold before the year end. Otherwise, relatively few changes were made to the portfolio, particularly amongst the largest holdings. The main sale was that of Amer which was sold on grounds of valuation and as the company diversified into new areas. Holdings of Nutreco were sold as we recognised the poor fundamentals of their business. We sold all our shares in The Health Clinic which was proving a disappointing investment. The most important new holding was in Numico. The company is a Dutch based manufacturer of infant milks and other nutritional products. It has leading positions in these solid and growing businesses. A position was also taken in Depfa Bank. This bank is a leader in the sovereign and sub sovereign debt markets of Europe. In Denmark a new investment in the leading telecoms operator TDC was taken. The other major new investment was that of Imerys which is the world's leading industrial minerals company. We also increased existing positions where the investment case was vindicated by developments. Such investments included Novozymes, Novo-Nordisk, and Intertek Group.

MANAGER'S REVIEW

continued

There has been an active policy on gearing. Borrowings of £10.2m were repaid in late June 2002 prior to steep falls in values. New borrowings were taken in September 2002 and more again in February 2003. Borrowings were £17.0m at the year end. The impact on returns of gearing was around -1%. Against that, the Company bought back 2,275,000 shares at an average price of 54.6p and at an average discount at the time of purchase of 16.5%. These shares have been cancelled thereby enhancing returns for shareholders.

We seek to find companies that have a truly advantageous, durable point of differentiation; companies whose success depends as far as reasonably possible on their own efforts. Such companies exist in Europe. The accession to the EU of a number of East European countries in the coming years will present new challenges but also opportunities. There continue to be exceptional investment prospects in Europe and this underpins our confidence for the future.

Alex Darwall
Manager
Jupiter Asset Management Limited

21st August 2003

JUPITER EUROPEAN OPPORTUNITIES TRUST PLC

CLASSIFICATION OF INVESTMENTS

2002	2003		% Denmark	% France	% Germany	% Ireland	% Netherlands	% Norway	% Switzerland	% UK	% Other
Total	Total	EQUITIES									
13.3	2.9	Resources		2.9							
9.0	-	Mining									
4.3	2.9	Oil & Gas		2.9							
1.5	4.4	Basic Industries		4.4							
1.1	-	Chemicals									
0.4	4.4	Construction & Building									
		Materials		4.4							
5.7	6.0	General Industrials		1.2	4.8						
5.7	0.9	Electronic & Electrical									
		Equipment		0.9							
-	5.1	Engineering & Machinery		0.3	4.8						
20.5	33.1	Non Cyclical Consumer									
		Goods	20.1	5.0	1.5	0.5	4.6		1.4		
1.9	-	Beverages									
2.2	6.0	Food Producers & Processors					4.6		1.4		
7.5	17.0	Health	14.5	2.5							
-	0.5	Personal Care & Household									
		Products				0.5					
8.9	9.6	Pharmaceuticals	5.6	2.5	1.5						
41.2	39.4	Cyclical Services		7.5	8.2	1.9	4.4			17.4	
3.3	5.9	General Retailers								5.9	
10.5	-	Leisure & Hotels									
3.9	-	Media & Entertainment									
18.0	26.7	Support Services		7.5	8.2		4.4			6.6	
5.5	6.8	Transport				1.9				4.9	
1.5	0.5	Non Cyclical Services									0.5
1.5	0.5	Telecommunication Services									0.5
8.4	6.3	Financials		2.8	0.4			2.3			0.8
2.8	2.7	Banks			0.4			2.3			
2.8	1.3	Insurance		1.3							
0.1	0.8	Investment Companies									0.8
2.7	1.5	Speciality & Other Finance			1.5						
7.0	7.1	Information Technology			7.1						
2.6	1.3	Information Technology									
		Hardware			1.3						
4.4	5.8	Software & Computer Services			5.8						
99.1	99.7	Total Equities	20.1	30.9	14.9	2.4	9.0	2.3	1.4	17.4	1.3
0.9	0.3	Offshore Funds									0.3
100.0	100.0	Totals	20.1	30.9	14.9	2.4	9.0	2.3	1.4	17.4	1.6

LIST OF TWENTY LARGEST INVESTMENTS

as at 31st May 2003

<i>Company</i>	<i>Market Value £'000</i>
Medion	6,635
Novozymes	6,278
Neopost	6,044
Coloplast	5,400
Intertek Group	5,304
Dassault Systemes	4,658
Novo-Nordisk	4,522
Associated British Ports	3,924
Matalan	3,896
Techem	3,880
Numico	3,741
Imerys	3,566
Elsevier	3,523
L'Air Liquide	2,329
Stedim	2,054
Essilor International	2,013
DNB Holdings	1,848
Ryanair Holdings	1,564
Union Financiere de France Banque	1,183
Syngenta	1,091
	86.8% of total assets
	73,453

REPORT OF THE DIRECTORS

The directors present their Annual Report and Accounts for the year ended 31st May 2003.

Business and Status

During the year the Company carried on business as an investment trust. The Company is an investment company within the meaning of Section 266 of the Companies Act 1985.

The Inland Revenue has approved the Company as an investment trust for the purposes of Section 842 of the Income and Corporation Taxes Act 1988 ("ICTA") for the year ended 31st May 2002. In the opinion of the directors the Company has subsequently conducted its affairs so as to enable it to maintain such approval. It is the Company's intention to seek approval under Section 842 of ICTA. Where a company has specifically applied for it, the Inland Revenue will grant investment trust status. Such approval will not preclude the Inland Revenue from opening a subsequent enquiry into the Company's tax return. The Company will be exempt from tax on capital gains on disposal of its investments for each accounting period for which approval is granted.

The directors are of the opinion that the Company is not a close company as defined by the Income and Corporation Taxes Act 1988.

The Company has a wholly owned subsidiary, JEOT Securities Limited, which is an investment dealing company.

Reviews of the Company's activities are included in the Chairman's Statement and Manager's Review on pages 6 to 9.

Results and Dividends

Results and reserve movements for the year are set out in the Consolidated Statement of Total Return and the Notes to the Accounts.

There have been no dividends paid during the year and the directors are not recommending the payment of a final dividend.

Capital Gains Tax Information

The price of Ordinary shares on the first date of dealing, 20th November 2000, for Capital Gains Tax purposes was 101.5p.

REPORT OF THE DIRECTORS

continued

Directors and Directors' Interests

The directors who held office at the end of the year and their beneficial interests in the Ordinary shares as at 31st May 2003 are shown below:

	<i>31st May 2003</i>	<i>Percentage of issued Ordinary Shares</i>	<i>1st June 2002</i>	<i>Percentage of issued Ordinary Shares</i>
J C R D'Albiac	20,000	0.025	20,000	0.024
Sir M Goulding, KCMG	20,500	0.025	10,500	0.013
H M Priestley	9,000	0.011	5,000	0.006
J W Robinson	13,959	0.017	13,959	0.017
J D A Wallinger	70,000	0.087	70,000	0.084

The Company has not been advised of any changes in the directors' interests between 31st May 2003 and the date of this report.

No director has a contract of service with the Company.

The directors' interest in contractual arrangements with the Company are as detailed in Note 23 to the Accounts. Subject to these exceptions, no director was a party to or had any interest in any contract or arrangement with the Company at any time during the year or subsequently.

The directors retiring by rotation are Mr H M Priestley and Mr J W Robinson.

Substantial Shareholders

The Company has been notified of the following substantial interests in the Ordinary shares as at 31st May 2003:

	<i>Ordinary Shares</i>	
	<i>Number</i>	<i>%</i>
Clients of Jupiter Asset Management Limited	9,994,739	12.39
Jupiter Asset Management Limited, PEP, ISA and Savings Scheme	6,937,638	8.60
Scottish Value Trust PLC	4,852,114	6.02
British Life Office Limited	4,108,247	5.09
Hertfordshire County Council	2,959,697	3.67
JPMF Investment Trust Fund	2,851,723	3.53
Allianz AG and subsidiaries (including Merchant Investors Assurance Company Limited)	2,507,390	3.11

Corporate Governance

The Combined Code of Best Practice

The Board

The board of directors comprises five non-executive directors of whom four are independent of the Investment Manager. Mr H M Priestley is the Chairman. The Company has no executive directors nor any employees. The structure of the board is such that it is considered

REPORT OF THE DIRECTORS

continued

unnecessary to identify a senior non-executive director other than the Chairman. As the board is small there is no formal Nomination Committee and appointments of new directors are considered by the board as a whole. New directors will be subject to election by shareholders at the Annual General Meeting following their appointment and thereafter each director is re-appointed at least at every third subsequent Annual General Meeting. The board does not therefore consider it appropriate that directors should be appointed for a specific term. No formal training is given to directors in Corporate Governance.

The board receives monthly reports and meets at least quarterly to review the overall business of the Company and to consider matters specifically reserved for its review. At these meetings the board monitors the investment performance of the Company. The directors also review the Company's activities every quarter to ensure that it adheres to its investment policy or, if appropriate, to make any changes to that policy. Additional ad hoc reports are received as required and directors have access at all times to the advice and services of the Company Secretary, who is responsible for ensuring that board procedures are followed and that applicable rules and regulations are complied with.

A procedure has been adopted for the directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company.

Directors' Remuneration

No director has a service contract with the Company and details of the directors' fees are shown on page 18. Under the Financial Services Authority Listing Rule 21.20 (i), where an investment trust company has no executive directors, the Code's principles relating to directors' remuneration do not apply.

Shareholder Relations

All shareholders have the opportunity to attend and vote at the Annual General Meeting during which the directors and managers will be available to answer questions regarding the Company. The Company will seek to provide twenty working days notice of that meeting. The Notice of Meeting sets out the business of the Annual General Meeting and any item not of an entirely routine nature is explained in the Directors' Report or notes accompanying the Notice. Separate resolutions are proposed for each substantive issue. Information about proxy votes held is available to shareholders attending the Annual General Meeting. The Company reports to shareholders twice a year by way of the Interim Report and Annual Report and Accounts. In addition, net asset values are published on a weekly basis.

Exercise of voting powers

The Investment Manager is responsible for the management of the Company's investment portfolio and for exercising on behalf of the board the voting powers in respect of the shareholdings within the portfolio. It is the practice of the Investment Manager to vote in favour of resolutions proposed by a company's management. However, in exceptional cases where it is felt that a resolution could be detrimental to the interests of shareholders or the financial performance of the company, the Investment Manager would first raise these concerns with the management of the company and in appropriate cases would obtain the instruction of the Company on the exercise of the voting rights. In reaching any investment

REPORT OF THE DIRECTORS

continued

decision or exercising any voting rights, the Investment Manager has regard to a company's policies on social responsibility issues and is able to seek specialist advice from the Jupiter Environmental Research Unit who actively engage with companies to promote better social, environmental and ethical practice.

Internal Control

The board is responsible for establishing and maintaining the Company's system of internal control and for reviewing its effectiveness. Internal control systems are designed to meet the particular requirements of the Company and to manage rather than eliminate the risks of failure to achieve its objectives. The systems by their very nature can provide reasonable but not absolute assurance against material misstatement or loss. There is an ongoing process for identifying, evaluating and managing risks significant to the Company. The board has reviewed the effectiveness of the Company's internal control systems including the financial, operational and compliance controls and risk management. These systems have been in place for the year under review and to the date of signing the accounts.

The Company receives services from Jupiter Asset Management Limited and Jupiter Administration Services Limited relating to its investment management and administration activities. Documented contractual arrangements are in place with Jupiter Asset Management Limited and Jupiter Administration Services Limited which define the areas where the Company has delegated authority to them. The directors have considered the reports on the internal control objectives and procedures of Jupiter Asset Management Limited and Jupiter Administration Services Limited together with the opinion of the reporting accountants on these reports. These reports detail the measures and the testing of the measures which are in place to ensure the proper recording, valuation, physical security and protection from theft of the Company's investments and assets. They also describe the controls and procedures which have been established to ensure compliance with all regulatory, statutory and fiscal obligations of the Company. The directors have also had regard to the procedures for safeguarding the integrity of the computer systems operated by the investment manager and administrators and the key business disaster recovery plans. By way of the procedures described above the board intends to review the procedures in place to manage the risks to the Company on an annual basis.

Audit

The board has established and approved the terms of reference of an Audit Committee of the four independent directors which meets to consider the financial reporting by the Company, the internal controls and relations with the Company's external auditors. The board, having reviewed the effectiveness of the internal control systems of its investment manager and administrator, and having regard to the role of its external auditors, does not consider that there is a need for the Company to establish its own internal audit function.

Going Concern

After making enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

REPORT OF THE DIRECTORS

continued

Compliance with the Combined Code

The board believes that subject to any exception explained above and the nature of the Company as an investment trust, the Company has complied with the provisions set out in section 1 of the Combined Code throughout the year.

Directors' and Officers' Liability Insurance

During the year the Company purchased and maintained liability insurance for its directors and officers as permitted by Section 310(3) of the Companies Act 1985.

Donations

No charitable or political donations were made by the Company during the year.

Payment of Suppliers

It was the Company's payment policy to obtain the best possible terms for all business and therefore there is no consistent policy as to the terms used. The Company agrees with its suppliers the terms on which business will take place, and it is the policy to abide by those terms. Investment purchases for future settlement are settled in accordance with the rules and regulations of the Stock Exchange on which they are purchased. As the Company is an investment trust, it does not have any trade creditors.

Auditors

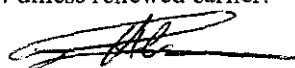
The auditors, Ernst & Young LLP, have indicated their willingness to continue in office and resolutions proposing their reappointment and authorising the directors to determine their remuneration for the ensuing year will be submitted to the Annual General Meeting.

Annual General Meeting

A resolution relating to the following item of special business will be proposed at the forthcoming Annual General Meeting:

Resolution 6 Authority to buy back shares

The directors are also proposing that the Company be authorised to purchase through the London Stock Exchange up to 14.99% of the issued share capital of the Company for cancellation. Purchases will be made at the discretion of the board and within guidelines set from time to time. The maximum price to be paid will not exceed 105% of the average of the middle market quotations for the shares for the five business days immediately preceding the purchase date and the minimum price will be the nominal value of the shares. The Company will fund the purchases by utilising existing cash resources or loan facilities. Purchases will only be made at prices below the net asset value per share thereby increasing the net asset value for the remaining shareholders. The authority to purchase shares will last until the next Annual General Meeting of the Company in 2004 unless renewed earlier.

By Order of the Board 
Jupiter Asset Management Limited
Secretaries

21st August 2003

DIRECTORS' REMUNERATION REPORT

The board has prepared this report, in accordance with the requirements of Schedule 7A to the Companies Act 1985, which applies for the first time to this financial year. An ordinary resolution for the approval of this report will be put to members at the forthcoming Annual General Meeting.

The law requires the Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in their report on page 20.

Directors' Fees

The directors of Jupiter European Opportunities Trust PLC are non executive and by way of remuneration receive only an annual fee, which in the case of the Chairman is £18,000 and for each of the other directors £15,000. The fee is normally payable quarterly. The Company does not award any other remuneration or benefits to the Chairman or directors. There are no bonus schemes, pension schemes, share option or long term incentive schemes in place for the directors.

Directors' Service Contracts

New directors are provided with a letter of appointment but the directors do not have any service contracts which specify any period of notice of termination. Accordingly, the directors are not entitled to any compensation in the event of termination of their appointment or loss of office, other than the payment of any outstanding fees.

The board does not consider it appropriate that directors should be appointed for a specific term. However, each director is subject to election by shareholders at least at every third Annual General Meeting and any new directors appointed would be subject to election by shareholders at the next Annual General Meeting following their appointment.

<i>Director</i>	<i>Date of Appointment</i>	<i>Due date for Re-election</i>
HM Priestley	3rd October 2000	AGM 2003 and 2005
J C R D'Albiac	3rd October 2000	AGM 2004 and 2006
Sir M Goulding, KCMG	3rd October 2000	AGM 2004 and 2007
J W Robinson	3rd October 2000	AGM 2003 and 2006
J D A Wallinger	3rd October 2000	AGM 2005 and 2007

Policy on Directors' Fees

The board has not established a Remuneration Committee and any review of the directors' fees would be undertaken by the board as a whole as listed on page 4 and would have regard to the level of fees paid to non executive directors of other investment companies of equivalent size. The directors' fees have not been reviewed since their appointment in October 2000 and there is no intention at present to increase such fees.

DIRECTORS' REMUNERATION REPORT

continued

Directors' emoluments for the year (audited)

	<i>Total fees for year ended 31st May 2003</i>	<i>Total fees for year ended 31st May 2002</i>
	£	£
H M Priestley*	18,000	18,000
J C R D'Albiac**	15,000	15,000
Sir M Goulding, KCMG	15,000	15,000
J W Robinson	15,000	15,000
J D A Wallinger	15,000	15,000
	<u>78,000</u>	<u>78,000</u>

*Fees (£4,134) paid directly to Rathbone Investment Management Limited until 23 August 2002.

**Fees paid directly to Jupiter Asset Management Limited.

Company Performance

The graph below provides details of the Company's performance by reference to both the Company's total assets and Ordinary share price compared against the FTSE World Europe ex-UK Index. The FTSE World Europe ex-UK Index has been chosen as the most suitable benchmark against which to measure the performance of the Company.

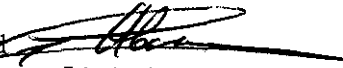
Performance from 20th November 2000 to 31st May 2003

Launched October 2000. Earliest available data 20th November 2000.

*Source: S&P Micropal, mid to mid to 31st May 2003.

**Source: Jupiter Asset Management Limited.

The graph is provided in accordance to Schedule 7A of the Companies Act 1985.

By Order of the Board 
Jupiter Asset Management Limited

Secretaries

21st August 2003

DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS

Company law requires the directors to prepare accounts each year which give a true and fair view of the state of affairs of the Group at the end of the financial year and of the revenue of the Group for that year. In preparing these accounts the directors are required to:

- (i) select suitable accounting policies and then apply them consistently;
- (ii) make judgments and estimates that are reasonable and prudent; and
- (iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT

To the members of

Jupiter European Opportunities Trust PLC

We have audited the Group's financial statements for the year ended 31st May 2003 which comprise the Consolidated Statement of Total Return, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flow Statement, and the related notes 1 to 24. These financial statements have been prepared on the basis of the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, including the financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards are set out in the Statement of Directors' Responsibilities in relation to the financial statements.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors 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 with the Group is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, 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 form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Investment Policy, Company Information, Directors, Financial Highlights, Chairman's Statement, Manager's Review, Classification of Investments, List of Twenty Largest

INDEPENDENT AUDITORS' REPORT

continued

Investments, Report of the Directors, Corporate Governance Statement, the unaudited part of the Directors' Remuneration Report, Director's Responsibilities for the Accounts and Notice of Annual General Meeting. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 and the part of the Directors' Remuneration Report to be audited. 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 Group'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 and the part of the Directors' Remuneration Report to be audited 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 and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st May 2003 and of the revenue of the Group for the year then ended; and
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
London
21st August 2003

Ernst & Young LLP

CONSOLIDATED STATEMENT OF TOTAL RETURN (Incorporating the Revenue Account)

for the year ended 31st May 2003

		2003			2002		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised losses on investments	17	—	(468)	(468)	—	(5,910)	(5,910)
(Decrease)/increase in unrealised appreciation of fixed asset investments	17	—	(5,670)	(5,670)	—	9,322	9,322
Total capital (losses)/gains on Investments		—	(6,138)	(6,138)	—	3,412	3,412
Foreign exchange losses on loan	17	—	(1,798)	(1,798)	—	(928)	(928)
Other exchange gains	17	—	12	12	—	115	115
Income	2	2,942	—	2,942	815	—	815
Investment management fee	3	(649)	—	(649)	(744)	—	(744)
Other expenses	4	(382)	—	(382)	(451)	—	(451)
Net return/(loss) before finance costs and taxation		1,911	(7,924)	(6,013)	(380)	2,599	2,219
Interest payable	5	(471)	—	(471)	(609)	—	(609)
Return/(loss) on ordinary activities before tax		1,440	(7,924)	(6,484)	(989)	2,599	1,610
Tax on ordinary activities	6	(229)	—	(229)	(89)	—	(89)
Return/(loss) on ordinary activities after tax		<u>1,211</u>	<u>(7,924)</u>	<u>(6,713)</u>	<u>(1,078)</u>	<u>2,599</u>	<u>1,521</u>
Return/(loss) per Ordinary share	7	<u>1.48p</u>	<u>(9.67)p</u>	<u>(8.19)p</u>	<u>(1.30)p</u>	<u>3.13p</u>	<u>1.83p</u>

The revenue column of this statement is the profit and loss account of the Group.

All revenue and capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued during the year.

The notes on pages 26 to 37 form part of these accounts.

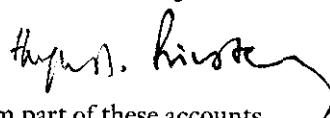
CONSOLIDATED BALANCE SHEET

as at 31st May 2003

	<i>Note</i>	<i>2003</i> £'000	<i>2002</i> £'000 <i>Restated</i>
Fixed assets			
Investments	8	80,578	85,753
Current assets			
Investments	9	4,145	3,166
Debtors	10	1,689	450
Cash at bank		130	2,019
		<u>5,964</u>	<u>5,635</u>
Creditors: amounts falling due within one year	11	<u>(1,950)</u>	<u>(360)</u>
Net current assets		<u>4,014</u>	<u>5,275</u>
Total assets less current liabilities		84,592	91,028
Creditors: amounts falling due after more than one year	12	<u>(16,977)</u>	<u>(15,454)</u>
Net assets		<u><u>67,615</u></u>	<u><u>75,574</u></u>
Capital and reserves			
Called up share capital	14	807	829
Share premium	15	38,843	38,843
Special reserve	16	37,597	38,843
Redemption reserve		22	—
Capital reserve—realised	17	(7,541)	(7,085)
Capital reserve—unrealised	17	(1,981)	5,487
Revenue reserve	18	(132)	(1,343)
Total equity shareholders' funds		<u><u>67,615</u></u>	<u><u>75,574</u></u>
Net asset value per ordinary share	19	83.82p	91.12p

Approved by the Board of Directors on 21st August 2003 and signed on its behalf.

H Priestley *Chairman*



The notes on pages 26 to 37 form part of these accounts.

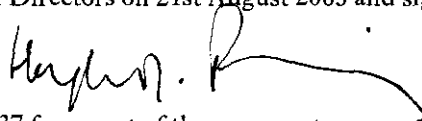
COMPANY BALANCE SHEET

as at 31st May 2003

	<i>Note</i>	<i>2003</i> £'000	<i>2002</i> £'000 <i>Restated</i>
Fixed assets			
Investments	8	<u>80,578</u>	<u>85,753</u>
Current assets			
Debtors	10	4,382	4,788
Cash at bank		<u>122</u>	<u>846</u>
		4,504	5,634
Creditors: amounts falling due within one year	11	<u>(1,813)</u>	<u>(359)</u>
Net current assets		<u>2,691</u>	<u>5,275</u>
Total assets less current liabilities		<u>83,269</u>	<u>91,028</u>
Creditors: amounts falling due after more than one year	12	<u>(16,977)</u>	<u>(15,454)</u>
Net assets		<u>66,292</u>	<u>75,574</u>
Capital and reserves			
Called up share capital	14	807	829
Share premium	15	38,843	38,843
Special reserve	16	37,597	38,843
Redemption reserve		22	—
Capital reserve—realised	17	(7,541)	(7,085)
Capital reserve—unrealised	17	(1,981)	5,487
Revenue reserve	18	<u>(1,455)</u>	<u>(1,343)</u>
Total equity shareholders' funds		<u>66,292</u>	<u>75,574</u>

Approved by the Board of Directors on 21st August 2003 and signed on its behalf.

H Priestley *Chairman*



The notes on pages 26 to 37 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st May 2003

	<i>Note</i>	<i>2003</i> £'000	<i>2002</i> £'000
Operating activities			
Net cash inflow/(outflow) from operating activities	21	<u>928</u>	<u>(2,010)</u>
Servicing of finance			
Interest paid		<u>(525)</u>	<u>(627)</u>
Net cash outflow from servicing of finance		<u>(525)</u>	<u>(627)</u>
Taxation			
Net tax paid		<u>(106)</u>	<u>(311)</u>
Capital expenditure and financial investment			
Purchase of fixed asset investments		(56,147)	(48,223)
Sale of fixed asset investments		<u>53,950</u>	<u>50,013</u>
Net cash (outflow)/inflow from capital expenditure and financial investment		<u>(2,197)</u>	<u>1,790</u>
Net cash outflow before financing		<u>(1,900)</u>	<u>(1,158)</u>
Financing			
Long term loan received		10,016	10,007
Long term loan repaid		(10,291)	(5,028)
Shares repurchased and cancelled		<u>(1,246)</u>	<u>—</u>
Net cash (outflow)/inflow from financing		<u>(1,521)</u>	<u>4,979</u>
(Decrease)/increase in cash	22	<u>(3,421)</u>	<u>3,821</u>

The notes on pages 26 to 37 form part of these accounts.

NOTES TO THE ACCOUNTS

for the year ended 31st May 2003

1. Accounting policies

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom and with the Statement of Recommended Practice ("SORP") for the financial statements of investment trust companies issued by the Association of Investment Trust Companies in 1995. These consolidated accounts include the audited accounts of Jupiter European Opportunities Trust PLC and its subsidiary undertaking, JEOT Securities Limited. The Company has taken advantage of Section 230 of the Companies Act 1985 not to present its own revenue account. The particular accounting policies adopted by the directors are described below. The accounts have been prepared in accordance with the historical cost convention except as described in (c) below.

- (a) *Revenue:* Dividends on investments are included in revenue when the investment is quoted ex-dividend. Interest on deposits is accounted for on an accruals basis. The fixed return on a debt security is recognised, where appropriate, on a time apportionment basis so as to reflect the effective yield on the debt security. Where the Company has elected to receive its dividends in the form of additional shares rather than in cash, the amount of the cash dividend is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital reserves.
- (b) *Expenses:* Expenses are accounted for on an accruals basis. Investment management fees and administration expenses are charged in full to the revenue account. Any performance fee payable to the investment manager will also be charged in full to the revenue account. Expenses which are incidental to the purchase or sale of an investment are included in the cost or deducted from the proceeds of the investment.
- (c) *Valuation of Investments:* Listed fixed asset investments are stated at closing mid-market value at the balance sheet date and unlisted fixed asset investments are stated at directors' valuation. The net unrealised revaluation between market value or directors' valuation and cost is taken to the capital reserve. Current asset investments are valued individually at the lowest of cost, market value or directors' valuation. Provisions against current asset investments, when the cost exceeds the balance sheet valuation, are dealt with through the revenue account.
- (d) *Finance Costs:* Finance costs are accounted for on an accruals basis, and in accordance with the provisions of Financial Reporting Standard 4 "Capital Instruments". Finance costs are charged in full to the revenue account.
- (e) *Taxation*
 - (i) Withholding tax deducted from income received is treated as part of the taxation charge against income.
 - (ii) Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there

NOTES TO THE ACCOUNTS

continued

will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences between the Company's taxable profits and its results as stated in the accounts which are capable of reversal in one or more subsequent periods.

- (f) *Foreign Currency:*
- (i) Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.
 - (ii) Foreign currency transactions are translated at the rates of exchange applicable at the transaction date.
 - (iii) Foreign currency differences are dealt with in the capital reserve.
- (g) *Capital Reserve:* The following are accounted for in this reserve:
- gains and losses on the realisation of investments
 - foreign exchange gains and losses
 - unrealised gains and losses on investments

The capital reserve is not available for the payment of dividends.

2. Income

	<i>2003</i> <i>Group</i> <i>£'000</i>	<i>2002</i> <i>Group</i> <i>£'000</i>
Income from investments		
Dividend from United Kingdom companies	262	228
UK unfranked investment income	130	—
Dividend from overseas companies	930	1,243
	<u>1,322</u>	<u>1,471</u>
Other income		
Deposit interest	31	45
Other	—	52
Profit/(loss) on dealings by subsidiary	1,589	(753)
	<u>1,620</u>	<u>(656)</u>
Total income	<u>2,942</u>	<u>815</u>
Total income comprises		
Dividends	1,192	1,471
Interest	161	45
Other income	1,589	(701)
	<u>2,942</u>	<u>815</u>
Income from investments		
Listed in the UK	392	228
Listed overseas	930	1,243
	<u>1,322</u>	<u>1,471</u>

NOTES TO THE ACCOUNTS

continued

6. Taxation

	2003 Group £'000	2002 Group £'000
(a) Analysis of charge in period:		
<i>Current tax</i>		
Current Corporation tax	137	29
Double tax relief	—	(29)
Overseas tax	122	159
Adjustment in respect of prior years	—	(4)
Avoir fiscal credit	(30)	(66)
Total current tax (note 6b)	<u>229</u>	<u>89</u>

(b) Factors affecting current tax charge for the year:

The tax assessed for the year is higher than the standard rate of corporation tax in the UK for a large company (30%). The differences are explained below:

	2003 Group £'000	2002 Group £'000
Net gain/(loss) before taxation	<u>1,440</u>	<u>(989)</u>
Corporation tax at 30%	432	(297)
<i>Effects of:</i>		
UK dividend income not taxable	(73)	(63)
Overseas dividends taxable on receipt	1	11
Overseas tax written off	82	147
Avoir fiscal	(21)	(66)
Excess expenses for the year	(193)	361
Prior year adjustment	—	(4)
Marginal relief	(7)	—
Expenses not deductible for tax purposes	8	—
Current tax charge for the year (note 6a)	<u>229</u>	<u>89</u>

(c) There is an unrecognised deferred tax asset of £297,550 (2002: £444,000) which relates to unutilised management expenses. The deferred tax asset would only be recovered if the Group were to generate sufficient taxable profits in the future to utilise these expenses. It is considered too uncertain that the Group will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised.

NOTES TO THE ACCOUNTS

continued

7. Return/(loss) per Ordinary share

Revenue return per Ordinary share is calculated on 81,968,011 (2002: 82,939,723) Ordinary shares in issue which represents the weighted average number of shares in issue during the year and net revenue attributable to these shares of £1,211,000 (2002: loss of £1,078,000).

Capital return per Ordinary share is calculated on 81,968,011 (2002: 82,939,723) Ordinary shares in issue which represents the weighted average number of shares in issue during the year and net capital losses attributable to these shares of £7,924,000 (2002: gain £2,599,000).

8. Fixed asset investments

	2003 <i>Group and Company</i> £'000	2002 <i>Group and Company</i> £'000
(i) Portfolio Investments:		
Valuation at beginning of year	85,753	84,329
Unrealised (appreciation)/depreciation at beginning of year	(5,808)	3,514
Cost at beginning of year	79,945	87,843
Purchases at cost	56,147	48,098
Sales at cost	(55,652)	(55,996)
Cost at end of year	80,440	79,945
Unrealised appreciation at end of year	138	5,808
Valuation at end of year	<u>80,578</u>	<u>85,753</u>
	£'000	£'000
Investments listed in the UK	13,964	12,732
Investments listed overseas	66,614	73,021
	<u>80,578</u>	<u>85,753</u>

(ii) The Company's subsidiary undertaking is JEOT Securities Limited, a wholly owned investment dealing company that is registered in England and Wales. JEOT Securities Limited is stated at cost of £100 in the Company's Balance Sheet.

9. Current asset investments

	2003		2002	
	<i>Group</i> £'000	<i>Company</i> £'000	<i>Group</i> £'000	<i>Company</i> £'000
Investments held by JEOT Securities Limited and listed on a recognised investment exchange	4,145	—	3,166	—
Market value of investments	<u>4,841</u>	<u>—</u>	<u>3,265</u>	<u>—</u>

NOTES TO THE ACCOUNTS

continued

10. Debtors

	2003		2002	
	Group £'000	Company £'000	Group £'000	Company £'000
Dividends receivable	56	56	57	57
Prepayments and accrued interest	12	12	20	6
Due from subsidiary undertaking	—	2,693	—	4,355
Taxation	314	314	300	297
Sales awaiting settlement	1,307	1,307	73	73
	<u>1,689</u>	<u>4,382</u>	<u>450</u>	<u>4,788</u>

11. Creditors: amounts falling due within one year

	2003		2002	
	Group £'000	Company £'000	Group £'000	Company £'000
Bank overdraft	1,520	1,520	—	—
Interest payable	42	42	96	95
Other creditors and accruals	251	251	264	264
Corporation tax	137	—	—	—
	<u>1,950</u>	<u>1,813</u>	<u>360</u>	<u>359</u>

12. Creditors: amounts falling due after more than one year

	2003	2002
	Group and Company £'000	Group and Company £'000
Bank loan	<u>16,977</u>	<u>15,454</u>

The Company's bank loan is with Commerzbank AG, London with a loan facility available of up to a maximum of 45% of the Group's total assets but not exceeding £30 million. The amount outstanding at 31st May 2003 is £16.977 million (€23.65 million) (2002: £15.454 million (€24.2 million)). The interest rate is variable and is linked to Euribor plus a margin of 0.8% p.a. The latest all-in rate being applied to the loan is 3.276% p.a (2002: 4.198%).

13. Derivatives and other financial instruments

Background

The Company's financial instruments comprise securities and other investments, cash balances and debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement and debtors for accrued income. The numerical disclosures below exclude short term debtors and creditors.

NOTES TO THE ACCOUNTS

continued

The Group has exposure to credit and cashflow risks.

The principal risks the Group faces in its portfolio management activities are:

- foreign currency risk
- market price risks i.e. movements in the value of investment holdings caused by factors other than interest rate or currency movement.
- interest rate risk
- liquidity risk

The Investment Manager's policies for managing these risks are summarised below and have been applied throughout the year.

Policy

(i) Foreign Currency Risk

The Group may hedge against foreign currency movements affecting the value of the investment portfolio where adverse movements are anticipated but otherwise takes account of this risk when making investment decisions.

(ii) Market Price Risk

By the very nature of its activities, the Group's investments are exposed to market price fluctuations. Further information on the investment portfolio and investment policy is set out in the Manager's Review.

(iii) Interest Rate Risk

The Group takes account of this risk when making investment decisions.

(iv) Use of Derivatives

The Company's trading subsidiary, JEOT Securities Limited, will take short positions (using contracts for differences) in respect of a small number of larger capital securities.

(v) Liquidity Risk

The investments include no holdings in other split capital investment trusts and there have been no holdings in such investment trusts during the period under review.

Financial Assets

	2003			2002		
	<i>Floating Rate</i>	<i>Interest Bearing</i>	<i>Total</i>	<i>Floating Rate</i>	<i>Interest Bearing</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000	£'000
Sterling	113	15,316	15,429	429	13,981	14,410
Euros	17	50,034	50,051	1,591	58,881	60,472
Other	—	21,062	21,062	(1)	16,057	16,056
	<u>130</u>	<u>86,412</u>	<u>86,542</u>	<u>2,019</u>	<u>88,919</u>	<u>90,938</u>

The floating rate assets consist of cash deposits at call.

The non-interest bearing assets represent the equity element of the investment portfolio, contracts for differences in JEOT Securities Limited and short term debtors.

NOTES TO THE ACCOUNTS

continued

Financial Liabilities

	2003 Group		2002 Group	
	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000
Euro bank loans	16,977	16,977	15,454	15,454
Sterling overdraft	1,520	1,520	—	—
	<u>18,497</u>	<u>18,497</u>	<u>15,454</u>	<u>15,454</u>

Details of the Euro bank loans are disclosed in Note 12.

Currency Exposure

The currency denomination of the Group's financial assets and liabilities is shown above. The analysis assumes the currency of exposure to be the currency in which each financial asset is priced. Short term creditors, which are excluded, are denominated in Sterling which is the functional currency of the Group.

Primary Financial Instruments

Fixed asset investments are included in the balance sheet at market values, which represent fair values. Current asset investments are valued at the lower of cost and market value.

Financial Assets Held for Trading

The Group trades in current asset investments and other instruments through its dealing subsidiary, JEOT Securities Limited. During the year, the Group made a net gain on trading of £1,589,000 (2002: loss of £753,000). Details of the value of investments held for trading as at 31st May 2003 are disclosed in Note 9.

14. Called-up share capital

	2003		2002	
	Number	£	Number	£
<i>Authorised:</i>				
Ordinary shares of 1p each	<u>305,000,000</u>	<u>3,050,000</u>	<u>305,000,000</u>	<u>3,050,000</u>
<i>Issued, called up and fully paid</i>				
Ordinary shares of 1p each	<u>80,664,723</u>	<u>806,647</u>	<u>82,939,723</u>	<u>829,397</u>

NOTES TO THE ACCOUNTS

continued

During the year the Company made the following repurchases of its own shares for cancellation.

<i>Date</i>	<i>Number repurchased</i>	<i>Price paid per share (p)</i>
25th September 2002	250,000	54.0
30th September 2002	300,000	56.0
3rd October 2002	250,000	57.0
10th October 2002	175,000	53.25
7th March 2003	250,000	53.5
17th March 2003	100,000	52.0
18th March 2003	400,000	53.25
26th March 2003	200,000	53.75
31st March 2003	75,000	53.75
1st April 2003	50,000	53.75
8th April 2003	50,000	57.25
9th April 2003	100,000	58.5
10th April 2003	75,000	58.25

15. Share premium

	<i>Group and Company £'000 Restated</i>
At beginning and end of year	<u>38,843</u>

16. Special reserve

	<i>Group and Company £'000 Restated</i>
At beginning of year	38,843
Redemption of shares	<u>(1,246)</u>
At end of year	<u>37,597</u>

On 23rd January 2001, pursuant to a special resolution passed on 17th January 2001, court approval was granted for the reduction of the share premium account by 50%. The reduction was made to enable the Company to repurchase its own shares from the funds held in the special reserve created as a result of the reduction in the share premium account as and when deemed appropriate by the board. The reduction of the share premium account by £38,843,000 and the creation of the special reserve has not previously been reflected in the accounts as a result of a preparatory error. This error had no effect on the statement of total return or on the balance sheet total, which were correctly stated in the audited accounts to 31st May 2002.

NOTES TO THE ACCOUNTS

continued

17. Capital reserve

	<i>Group and Company</i>
	<i>£'000</i>
Realised:	
At beginning of year	(7,085)
Investment losses	(468)
Foreign exchange gains	12
At end of year	<u>(7,541)</u>
Unrealised:	
At beginning of year	5,487
Decrease in unrealised appreciation in year	(5,670)
Foreign exchange loss on long term loan	(1,798)
At end of year	<u>(1,981)</u>

18. Revenue reserve

	<i>2003</i>	
	<i>Group</i>	<i>Company</i>
	<i>£'000</i>	<i>£'000</i>
At beginning of year	(1,343)	(1,343)
Retained profit for year	1,211	(112)
At end of year	<u>(132)</u>	<u>(1,455)</u>

As permitted by section 230 of the Companies Act 1985 a separate profit and loss account has not been presented for the Company.

19. Net asset value per ordinary share

Net asset value per ordinary share is based on total shareholders' funds attributable to ordinary shareholders and on 80,664,723 ordinary shares in issue at the year end (2002: 82,939,723).

20. Reconciliation of movement in shareholders' funds

	<i>2003</i>	<i>2002</i>
	<i>Group</i>	<i>Group</i>
	<i>£'000</i>	<i>£'000</i>
Opening shareholders' funds	75,574	74,053
Shares redeemed and cancelled	(1,246)	—
Revenue gain/(loss)	1,211	(1,078)
Capital (loss)/gain	(7,924)	2,599
Closing shareholders' funds	<u>67,615</u>	<u>75,574</u>

NOTES TO THE ACCOUNTS

continued

21. Reconciliation of consolidated operating profit to net cash outflow from operating activities

	2003 Group £'000	2002 Group £'000
Net revenue before finance costs and taxation	1,911	(380)
Decrease in prepayments and accrued income	9	36
Increase in current asset investments	(979)	(1,690)
(Decrease)/increase in other creditors and accruals	(13)	24
	<u>928</u>	<u>(2,010)</u>

22. Analysis of changes in net funds

	<i>1st June</i> 2002 £'000	<i>Cashflow</i> £'000	<i>Foreign</i> <i>Exchange</i> £'000	<i>31st May</i> 2003 £'000
Cash:				
Cash at bank	2,019	(1,901)	12	130
Bank overdraft	—	(1,520)	—	(1,520)
	<u>2,019</u>	<u>(3,421)</u>	<u>12</u>	<u>(1,390)</u>
Debt:				
Debts falling due after more than one year	(15,454)	275	(1,798)	(16,977)
Total	<u>(13,435)</u>	<u>(3,146)</u>	<u>(1,786)</u>	<u>(18,367)</u>

Reconciliation of net cash flow to movement in net funds

	2003 £'000	2002 £'000
(Decrease)/increase in cash for the year	(3,421)	3,821
Increase in debt	275	(4,979)
Foreign Exchange	(1,786)	(813)
Net debt at beginning of year	(13,435)	(11,464)
Net debt at the end of year	<u>(18,367)</u>	<u>(13,435)</u>

23. Related parties

Mr D'Albiac is a director of Jupiter Asset Management Limited and was a shareholder of the holding company of Jupiter International Group PLC during the period under review. Jupiter International Group's subsidiaries Jupiter Asset Management Limited and Jupiter Administration Services Limited receive investment management and administration fees as set out below.

NOTES TO THE ACCOUNTS

continued

Jupiter Asset Management Limited is contracted to provide investment management services to the Company (subject to termination by not less than one year's notice by either party) for a quarterly fee (exclusive of VAT) of 0.1875% payable in arrears on 31st May, 31st August, 30th November and the last calendar day of February. Management fees of £158,168 plus VAT were outstanding as at 31st May 2003 (2002: £170,225 plus VAT).

Jupiter Asset Management Limited is also entitled to an investment performance fee which is based on the outperformance of the lower of the price of an Ordinary share or the Net Asset Value per Ordinary share over the total return on the Benchmark Index, the FTSE World Europe ex-UK Index in an accounting period. Any performance fee payable will equal 15% of the amount by which the increase in the lower of the price of an Ordinary share (plus any dividends per Ordinary share paid during the period) or the Net Asset Value per Ordinary share (plus any dividends per Ordinary share paid or payable and any accrual for unpaid performance fees for the period) exceeds the total return on the Benchmark Index. Further conditions of payment are that the lower of the price of an Ordinary share (adjusted as described above) or the Net Asset Value per Ordinary share (adjusted as described above) must exceed the higher of (a) the closing price of an Ordinary share or the Net Asset Value per Ordinary share on the last business day of the previous accounting period (whichever is the lower); (b) the lower of the price of an Ordinary share or the Net Asset Value per Ordinary share (as the case may be) on the last day of a period in respect of which a performance fee was last paid; and (c) 100p. The total amount of any performance fee payable in respect of one accounting period is limited to 7.5% of the Total Assets of the Company. No performance fee was payable for the year ended 31st May 2003. (2002: Nil).

Jupiter Administration Services Limited is contracted to provide secretarial, accounting and administrative services to the Company for an annual fee of £51,586 (plus VAT) adjusted each year in line with the Retail Price Index payable quarterly (2002: £51,025 plus VAT). None of the fee payable for the year ended 31st May 2003 was outstanding at the year end (2002: Nil).

Commerzbank, the ultimate parent company of Jupiter International Group PLC, has committed a 7¼ year multi-currency revolving credit facility of up to a maximum of 45% of the Group's total assets but not exceeding £30 million. The outstanding balance of the loan was £16,977,000 as at 31st May 2003.

The Company has invested from time to time in funds managed by Jupiter International Group PLC or its subsidiaries. Such holdings as at 31st May 2003 were Jupiter Hyde Park Hedge Fund and East European Food Fund representing 1.14% of total investments.

24. Contingent liabilities and capital commitments

There were no contingent liabilities in respect of investments not fully called up (2002: nil) and none in respect of underwriting (2002: nil) as at 31st May 2003.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the third Annual General Meeting of Jupiter European Opportunities Trust PLC will be held at 1 Grosvenor Place, London SW1X 7JJ on 22nd September 2003 at 9.30 am for the purpose of considering the following business:-


ORDINARY BUSINESS

1. That the Report of the Directors and the audited Accounts for the year ended 31st May 2003 be received and adopted.
2. That the Directors' Remuneration Report for the year ended 31st May 2003 be approved.
3. That Mr H M Priestley be re-elected a director of the Company.
4. That Mr J W Robinson be re-elected a director of the Company.
5. That Ernst & Young LLP be re-appointed as auditors of the Company and the directors be authorised to determine their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following as a special resolution.

6. That the Company be and is hereby authorised in accordance with Section 166 of the Companies Act 1985 to make market purchases (within the meaning of Section 163 of the said Act) of Ordinary shares of 1p each in the capital of the Company provided that:
 - (i) the maximum number of Ordinary shares which may be purchased shall be 12,091,641;
 - (ii) the minimum price which may be paid for an Ordinary share shall be 1p;
 - (iii) the maximum price which may be paid for an Ordinary share shall be not more than 5% above the average of the market value of the Ordinary shares quoted on the Daily Official List of the London Stock Exchange for the five days before the purchase is made; and
 - (iv) unless renewed, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2004 save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary shares which will or may be completed or executed wholly or partly after such expiry.

By Order of the Board 
Jupiter Asset Management Limited
Secretaries
1 Grosvenor Place
London SW1X 7JJ
21st August 2003

Notes:

1. A member entitled to attend and vote may appoint a proxy or proxies to attend and on a poll to vote instead of him or her. A proxy need not be a member of the Company. A form of proxy is enclosed which, if used, must be lodged at the Company's Registrars, Capita Registrars, The Registry, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than forty-eight hours before the meeting.
2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that to be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's Register of Members at 9.30 am on 20th September 2003. If the meeting is adjourned then, to be so entitled, members must be entered on the Company's Register of members at the time which is 48 hours before the time fixed for the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice.
3. No director has a service contract with the Company.

FORM OF PROXY

I/We

of

.....
being a member of JUPITER EUROPEAN OPPORTUNITIES TRUST PLC hereby
appoint the Chairman of the Meeting or failing him:

.....
as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of
the Company to be held on the 22nd September 2003 and at any adjournment thereof.

I/We direct my/our proxy to vote on the resolutions as set out in the Notice convening the
Annual General Meeting as follows:

	FOR	AGAINST
1. Directors' Report and Accounts	<input type="checkbox"/>	<input type="checkbox"/>
2. Directors' Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr H M Priestley a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mr J W Robinson a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
5. Appointment of Auditors	<input type="checkbox"/>	<input type="checkbox"/>
6. Purchase of Ordinary shares	<input type="checkbox"/>	<input type="checkbox"/>

Dated.....2003 Signature.....

Notes:

1. If it is desired to appoint any other person as proxy strike out the words "the Chairman of the Meeting" above and add the name of the proxy you wish to appoint in the space provided.
 2. Please indicate how you wish your proxy to vote by placing a tick in the appropriate box.
 3. The signature of any joint holder is sufficient.
 4. A corporation can complete the proxy under its common seal or under the hand of a duly authorised officer.
- This proxy form, duly signed, must reach the Company's Registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time of meeting.

Third Fold and Tuck in

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Affix
Stamp
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CAPITA REGISTRARS
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

1st Fold

Second Fold