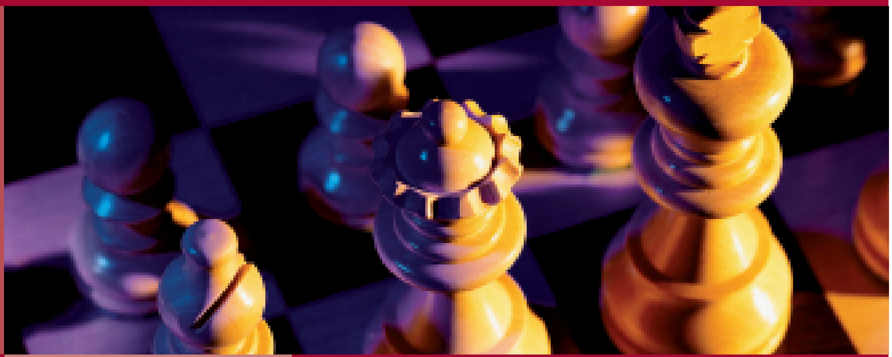
Henderson Opportunities Trust plc

Report and Financial Statements for the year ended 31 October 2010



Henderson Opportunities Trust plc

Objective

The Company's investment objective is to provide shareholders with higher than average growth of capital over the medium to long term from a portfolio of predominantly UK companies. The strategy is to invest in a concentrated portfolio of shares on an unconstrained basis across the whole range of market capitalisations. The investment portfolio is characterised by focus on growth, recovery and "special opportunities" company shares which the Portfolio Manager believes should achieve the investment objective.

Manager

Henderson Global Investors Limited

The appointed Portfolio Manager is James Henderson, assisted at Henderson Global Investors by Colin Hughes.

Benchmark

The FTSE All-Share Index

Financial Highlights

	Year ended 31 October 2010	Year ended 31 October 2009
Net asset value per ordinary share	**532.0p**	437.2p
Ordinary share price	**427.5p**	361.5p
Subscription share price	**3.1p**	6.5p
Discount	**19.6%**	17.3%
Total return per ordinary share	**102.23p**	131.89p
Revenue return per ordinary share	**7.40p**	11.38p
Dividends per ordinary share in respect of the year	**6.50p**	10.50p
Gearing*	**10.4%**	15.3%

* Defined here as the total market value of the investments (excluding the quoted cash fund) less shareholders' funds as a percentage of shareholders' funds.

Performance
to 31 October 2010

	6 months %	1 year %	2 years %	3 years %	Since 19.01.07 %
Net asset value per share total return (1)	11.0	25.2	84.4	(23.1)	(25.9)
FTSE All-Share Index total return (1) (2)	4.2	17.5	45.0	(4.8)	4.7
Ordinary share price total return (1)	12.8	18.3	77.2	(36.0)	(39.6)

Total return assumes net dividends are reinvested and excludes transaction costs.

(1) Source: Datastream.
(2) The Company's benchmark from 19 January 2007.

Chairman's Comment

I am pleased to report another very satisfactory year. The net asset value total return was 25.2%, while the FTSE All-Share Index returned 17.5%. It became even more important for investors to focus on the outlook for individual companies rather than the market as a whole, to look for opportunities among the smaller and medium sized companies rather than the largest and to look for those companies which combine attractive valuations with the prospect of robust and sustainable growth. This, we believe, has been the key to the strong performance of our portfolio relative to its benchmark index.

George Burnett, Chairman

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Directors

George Burnett*† retired as Chief Executive of Ashtead Group plc in 2006. Until 2008 he was Chairman of the Governors of the University for the Creative Arts. He joined the Board in 1995 and became Chairman in 2004.

Hamish Bryce* is a former Chairman of TLG plc, Heywood Williams plc and Norcros plc. He was formerly Chairman of the Business Committee of the London Resilience Forum and Chairman of IndependentAge. He joined the Board in 1993.

Chris Hills*† was appointed to the Board on 17 June 2010. He is Chief Investment Officer of Rensburg Sheppards Investment Management, a position he has held (originally with Carr Sheppards) for fourteen years. He was formerly a director of Baring Fund Management. He is a non-executive director of Invesco Income Growth Trust plc.

Malcolm King*† (known as Max) was appointed to the Board in 2005. He has 25 years' experience in fund management, including investment in UK smaller companies. He works at Investec Asset Management and is a consultant at Eden Financial.

Peter May*† was appointed to the Board in 2004 and as Chairman of the Audit Committee in 2006. He is a Chartered Accountant (ACA). His background is in corporate finance, including 17 years spent at Charterhouse and 9 years at MacArthur.

*Independent director and a member of the Management Engagement Committee.
†Member of the Audit Committee.
All the directors are members of the Nomination Committee.
Mr May is Chairman of the Audit Committee. Mr Burnett is Chairman of the other two committees.
For further information about the directors, see also page 16.

Management Team

James Henderson became Portfolio Manager on 19 January 2007. He joined Henderson Global Investors in 1984 and has been involved with investment trusts throughout his career. He has been the Portfolio Manager of Lowland Investment Company plc since 1990 and has been responsible for the investment portfolio of The Law Debenture Corporation p.l.c. since 2003. He also manages the Henderson UK Equity Income Fund.

Colin Hughes has been involved in the management of the Company's portfolio since 2002. Since January 2007 he has assisted James Henderson with the management of the small company investments. He joined Henderson Global Investors in 1998 to manage UK smaller companies portfolios, prior to which he was with London Life and AMP Asset Management.

Geoffrey Rice ACIS has acted as company secretary since 1997. He is an authorised representative of Henderson Secretarial Services Limited, the corporate company secretary.

Chairman's Statement

Review of performance

I am pleased to report another very satisfactory year. The net asset value total return was 25.2%, while the FTSE All-Share Index returned 17.5%. The Manager's estimate of performance attribution is set out in the table below, which shows that stock selection was the main contributor with gearing also aiding the return.

	Year ended 31 October 2010 %
Net asset value per share total return	25.2
Benchmark total return	17.5
Relative performance	**7.7**
Made up:	
Stock selection	5.3
Gearing	3.2
Share buy-backs	0.4
Expenses	(1.2)
	7.7

Source: Henderson Global Investors Limited

The recovery in the stock market ground to a halt for much of the financial year before resuming an upward path from the summer of 2010. Whereas last year the share prices that had fallen the furthest at the depth of the credit crisis proved to be the best performers, the year under review showed a more mixed pattern. Our Portfolio Manager took the view that it had become more important to focus on the outlook for individual companies rather than the market as a whole, to look for opportunities among the smaller and medium sized companies rather than the largest, and to look for those companies which combine attractive valuations with the prospect of robust and sustainable growth. This, we believe, has been the key to the strong performance of our portfolio relative to its benchmark index.

Borrowings

The Company benefited during the year from maintaining modest gearing, which at the year end stood at 10.4%. In September the Board renewed its bank facility at £7 million for the forthcoming year, on improved terms.

Earnings and dividends

The revenue return for the year was 7.40p, which compares with 11.38p last year. However, in the previous year we benefited from the refund of VAT and related interest which added 4p to the revenue return per share. There was no VAT reclaim during the year ended 31 October 2010 and it is not expected that there will be any further such receipts.

The total dividend for the year is 6.5p per share, compared to 10.5p last year. We expect the dividends declared by individual companies to grow and we hope in future years to reflect this by increasing the dividend paid to our shareholders. However, the Portfolio Manager's brief is to focus firmly on total return rather than income. Accordingly, we can make no absolute commitment about further dividend growth.

Continuation vote

The continuation vote put to the Annual General Meeting on 18 March 2010 received the support of a substantial majority of the shareholders. I am pleased to report that, over the period from the vote on 18 March 2010 to the financial year end on 31 October 2010, the net asset value total return was 16.2%; by comparison the FTSE All-Share Index returned 3.6%. There will be a continuation vote on 17 March 2011, in accordance with the triennial cycle of continuation votes required by the Company's Articles of Association. The Board recommends shareholders to vote in favour of the continuation as we firmly believe that the Company is positioned to make good returns for shareholders from favourable market conditions in the coming years.

Going concern

The assets of the Company consist almost entirely of listed investments. Although in practice it might not be possible to realise the entire portfolio quickly at fair value, the liquidity of the investments has continued to increase significantly over the past year, as a result of both improved market conditions and our policy of increasing the marketability of the portfolio. The Company has adequate financial resources to continue in operational existence for the foreseeable future. For this reason, and in the light of my comments above about continuation, we have prepared the financial statements on a going concern basis.

Chairman's Statement

continued

Board composition

As reported at the half year, we welcomed Chris Hills to the Board in June and bade farewell to Richard Smith in September. Chris brings investment expertise to replace that lost to us by Richard's retirement and we are very pleased to have recruited him. Richard Smith was responsible for the launch of the Company and was its first manager. I should like to record my appreciation of his kindly wisdom and enthusiasm, to thank him for his contribution to the work of the Board and to wish him well for the future. Hamish Bryce will stand down from the Board within the next twelve months. We are seeking to recruit a new director with an industrial or commercial background who can offer insight into business matters as Hamish has done, with his customary energy and humour, for the past seventeen years.

Regulation

In November 2010 the European Union approved its Alternative Investment Fund Managers ('AIFM') Directive. Although some of the devil will be in the detail to be covered by supplementary legislation that has yet to be drafted, it is clear that the most undesirable aspects of the earlier drafts have been removed. We are most grateful for the effective advocacy and ongoing work of the Association of Investment Companies, our trade body, in helping to secure a regulatory environment in which investment trust companies can continue to offer efficient collective investment on behalf of their shareholders.

Capital changes

At the Annual General Meeting we shall again seek to renew the Company's authority to buy back shares and issue new ones. In January 2010 we bought back 145,000 shares at a price of 345p, a discount of 25% to the then net asset value per share. We may buy back shares again when there is clear benefit to the remaining shareholders from doing so. The Board welcomes the new shareholders who have been attracted by the Company's offering but will continue to monitor the discount closely. Shares are only bought back at a significant discount and would be issued only at a premium.

AGM

Our Annual General Meeting will be held at 2.30 pm on Thursday 17 March 2011 at the Registered Office, 201 Bishopsgate, London EC2M 3AE. The notice of meeting is set out in the separate circular to shareholders that accompanies this Annual Report and the directors recommend that the shareholders support all the resolutions. The directors will vote their own shareholdings in favour of all the resolutions to be put at the AGM. In addition to the formal business, James Henderson will give a presentation and afternoon tea will be served.

Investment strategy

It has been our policy to increase the liquidity of the portfolio to enable the Portfolio Manager to be as responsive as possible to the changes in the investment environment. At the same time we have not wanted to jettison smaller companies where the valuation is attractive and the prospects are sound. The objective is to find and hold stocks that are good business franchises that will deliver substantial growth over time. These companies will be found across the market capitalisation range but there will usually be a focus on smaller companies when there is large potential in this area. Whatever their size, we look for companies with strong balance sheets and a diverse customer base. At the year end there were 76 companies in the portfolio and on average more than half of their turnover comes from overseas sales.

Outlook

The concerns about the UK economy are well chronicled and may or may not prove real but at the individual company level the outlook is much better. In recent years the world has opened up for business in many new areas and so companies with competitive products and services that are responsive to this opportunity are benefiting enormously. In addition many companies faced up to the difficulties caused by the banking crisis and the ensuing recession by cutting their costs and strengthening their balance sheets. This leaves cash generation strong and companies in a good position to return to growth. Whatever the problems of the broader economy, we consider that the outlook for the UK listed corporate sector remains encouraging.

G B Burnett
Chairman
27 January 2011

Portfolio Manager's Review

The economy

In broad terms the performance of the global economy has been encouraging over the past year, driven on the one hand by growing demand from emerging superpowers such as China, India and Brazil whilst the economies of the developed world have consolidated their recovery but have struggled to grow at more than anaemic rates. Perhaps surprisingly, in the UK the stock market response to the first hung parliament for 36 years was remarkably sanguine. The new government's Comprehensive Spending Review was finally put before Parliament in October. While this set out the drastic but necessary cuts to be made to public spending, it also threw on to the private sector much responsibility to continue the recovery seen so far and to create more jobs.

The stock market made reasonable progress over the year, given the background of government overspending and a series of crises around the Eurozone coupled with the continued reluctance of banks to resume lending until their balance sheets are fully restored. One of the striking features of this year has been the extent of the recovery in profits seen by many companies, particularly those in the capital goods sector producing high added value capital equipment for the global market place.

Our investment approach

Every holding in the portfolio has been bought for its individual merits rather than on a general view about the market or sector it operates in. The reason for the success of a company is a mixture of factors coming together at the right time, the most important being the management's ability to harness and give direction to the skills of its employees. Those management skills include the ability to ensure that the company can innovate rapidly, a particularly important attribute during a period of economic turbulence. The product or service that is being provided has to be the one the customer really needs. Successful innovation will give the necessary competitive edge. It is companies with these qualities that were are looking for.

Portfolio review and activity

The growth of the global economy has been a healthy backdrop for equities. The pick-up in sales at a time when costs have been firmly controlled has led to healthy profit margins for many of the companies in the portfolio. Manufacturing companies such as **XP Power**, **Senior** and **IQE** were particular beneficiaries. Analysts' profit forecasts had to be continually raised throughout the year and this meant their share prices maintained their strong upward momentum. This area was a key ingredient in the outperformance, as was the pick-up in corporate takeover activity. The strong cash generation brought about by improved profitability makes many equities appear cheap to other companies that either have cash or can raise debt. An example would be the all cash purchase of **Delta**, which was in the portfolio, by Valmont Industries of the USA.

The portfolio has remained a mix of good quality companies from a wide range of industries. This diversity of activity has helped over the year to reduce the volatility of performance, notwithstanding that individual share prices can be highly volatile. The market background over the year has seen the gradual return of risk appetite but it has been given grudgingly and any hint of disappointment is punished with a sharp sell-off. For the most part the market has focused on company specific performance but has from time to time reverted to worrying about events on the global stage. When the market focuses purely on the macro we have observed that our portfolio tends to drift in the general direction of the market, whether up or down, but when the market turns to company specifics our holdings have tended to outperform.

We have introduced a number of new holdings during the year but turnover has been relatively low. Indeed our top 30 holdings at the year end, representing 65% by value of the portfolio, were all present in the portfolio at the previous year end.

The new purchases came in a variety of industries. We have been involved in small oil exploration companies for some time and put further funds to work in **Faroe Petroleum**, which operates in the UK and Norwegian sectors of the North Sea. We also added new positions in **Nautical Petroleum**, **Rockhopper Exploration** and **Desire**. We are conscious of the binary nature of oil exploration and we adopt an appropriately risked approach. We participated in a fund raising in **Avanti Communications**, which raised money to invest in two further satellites and has more recently launched successfully its first satellite.

Portfolio Manager's Review

continued

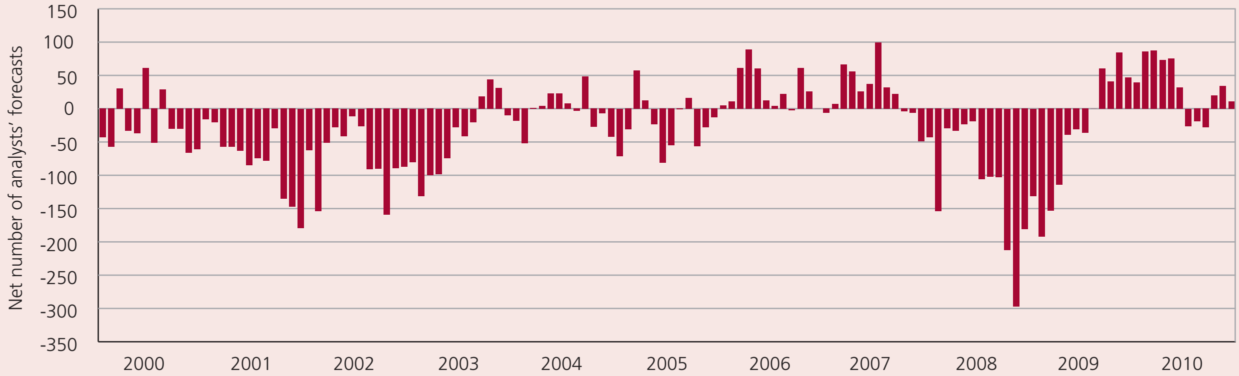
The chart below illustrates the view that, overall, equity valuations are still moderately priced by historical standards.

UK equities price/earnings (PE) ratio

Source: Datastream as at 30 November 2010, FTSE All-Share Index (using 12 month forward earnings)

The chart below shows the net number of upgrades (being the number of upgrades less the number of downgrades) resulting from changes in forward earnings estimated for constituents of the FTSE All-Share Index each month from January 2000 to December 2010.

FTSE All-Share Consensus EPS Upgrades less Downgrades



Source: Datastream and Liberum Capital

We have been investing across companies of all sizes. We added to **HSBC**, the global bank, giving exposure to the growing financial services of the Far East. We also started a holding in **Unilever**, as demand in developing countries for branded consumer goods is growing rapidly. These stocks bring liquidity to the portfolio but it is in the smaller companies that the best value long term growth may be found. This is especially the case in those that are providing their unique skills and services to fast growing areas. An example would be **Hyder Consulting**, the international infrastructure consultant, which is benefiting from Asian demand for its services. It is for this reason that we have retained the portfolio's emphasis towards smaller companies. The exposure to AIM stocks accounts for 33% of the portfolio. On AIM there are, amongst many poorly managed companies, the successful companies of tomorrow. It is our objective to find them for the portfolio.

Portfolio Manager's Review

continued

Outlook

Following the sharp falls in profits seen during the credit crisis, many company executives are reluctant to be caught out again and as such their plans and aspirations are generally cautiously couched. We believe therefore that current profit forecasts are pitched quite conservatively, giving support to our view that, overall, equity valuations are still moderately priced by historical standards. As we have said in previous reports, this portfolio is not a proxy for the UK economy and is well positioned to benefit from global growth. Our policy will be to remain opportunistic when buying new holdings, provided that our investment criteria are met. This activity will be funded by recycling money out of holdings which we judge to have run their course, or which have not met the expectations we held for them, or when simple prudence dictates that our larger holdings should be trimmed so that they do not become unduly large.

The balance sheets of many of the companies represented in our portfolio have improved markedly over the last two years as managements have focused on debt reduction. When this is combined with the companies' international exposure, it places them well for any turbulence in the UK economy. The valuations of the companies held are undemanding and yet the growth in profits is expected to continue at an impressive pace. These are the ingredients for further share price advances.

J H Henderson and C M Hughes
27 January 2011

Analysis of the portfolio by market index at 31 October 2010 (by value)

	31 October 2010 %	31 October 2009 %
FTSE 100 Index	**12.6**	11.5
FTSE 250 Index	**19.3**	15.9
FTSE SmallCap Index	**29.8**	30.8
FTSE All-Share Index	**61.7**	58.2
FTSE Fledgling Index	**1.9**	3.8
FTSE AIM All-Share Index	**30.8**	30.6
other Official List	**3.0**	5.4
other AIM	**2.6**	2.0
	100.0	100.0

Portfolio Information

Analysis of the equity portfolio by sector at 31 October 2010

	%	**31 October 2010 %**	30 April 2010 %	31 October 2009 %
Oil & Gas		**7.6**	4.5	4.0
Oil & Gas Producers	5.7			
Oil Equipment & Services	1.9			
Basic Materials		**7.6**	7.7	9.0
Chemicals	1.4			
Forestry & Paper	1.1			
Mining	5.1			
Industrials		**32.4**	33.8	31.4
Aerospace & Defence	5.3			
General Industrials	0.9			
Electronic & Electrical Equipment	5.6			
Industrial Engineering	4.0			
Industrial Transportation	0.2			
Support Services	16.4			
Consumer Goods		**5.3**	5.8	4.7
Food Producers	3.2			
Household Goods & Home Construction	2.1			
Health Care		**1.5**	2.2	1.2
Pharmaceuticals & Biotechnology	1.5			
Consumer Services		**15.7**	18.1	15.6
General Retailers	4.1			
Media	9.7			
Travel & Leisure	1.9			
Telecommunications		**2.1**	2.7	1.5
Mobile Telecommunications	2.1			
Financials		**8.8**	10.0	16.0
Banks	2.8			
Non-life Insurance	0.7			
Life Insurance/Assurance	2.1			
Real Estate	1.8			
Financial Services	1.4			
Technology		**19.0**	15.2	16.6
Software & Computer Services	16.4			
Technology Hardware & Equipment	2.6			
		100.0	100.0	100.0

The investments at 31 October 2010 were either listed or quoted in the United Kingdom.

Source: Henderson Global Investors Limited

Investment Portfolio

at 31 October 2010

Company	Main activity	Valuation at 31 October 2010 £'000	% of portfolio
Senior	aerospace and automotive products	**1,655**	3.50
Hyder Consulting	infrastructure consultancy	**1,588**	3.36
XP Power	electrical power supplies	**1,534**	3.24
SDL	translation software and services	**1,472**	3.10
HSBC	banking	**1,298**	2.74
Fidessa	financial software	**1,280**	2.70
***IQE**	compound semiconductors	**1,253**	2.65
***Faroe Petroleum**	oil and gas exploration	**1,176**	2.48
e2v technologies	electronic components	**1,135**	2.40
Kewill	logistics software and services	**1,097**	2.31
10 largest		**13,488**	28.48
Hill & Smith	galvanised steel and automotive products	1,061	2.24
*Majestic Wine	wine warehouse	1,022	2.16
Anglo American	mining	1,018	2.15
*Avanti Communications	satellite communications services	1,006	2.12
Alterian	database analytics software	1,002	2.12
Aviva	insurance	995	2.11
WSP	built environment engineering consultancy	978	2.07
Ricardo	multi-industry technology consultancy	964	2.03
*Johnson Service	textile rental and drycleaning	959	2.02
*Velosi	quality control services to the energy sector	881	1.86
20 largest		23,374	49.36
*Ebiquity	media and marketing analytics	868	1.83
Kofax	electronic data capture	864	1.82
St Modwen Properties	property developer	851	1.80
+Latchways	safety products	832	1.76
*Zetar	confectionery and snack foods	732	1.55
*Alliance Pharma	pharmaceuticals	725	1.53
Pearson	educational and media publishing	716	1.51
*Vertu Motors	motor retailer	708	1.50
*Oxford Catalysts	speciality catalysts for clean fuel	650	1.37
Creston	marketing services	645	1.36
30 largest		30,965	65.39
Unilever	consumer goods manufacturer	630	1.33
*Avocet Mining	gold mining	616	1.30
Micro Focus	software modernisation and migration	573	1.21
UTV Media	TV and radio broadcaster	569	1.20
Kenmare Resources	heavy minerals mining	545	1.15
*RWS	patent translation services	544	1.15
Reed Elsevier	scientic, legal and business publishing	535	1.13
Redrow	house building	533	1.13
Phoenix IT	information technology infrastructure management	532	1.12
Hampson Industries	aerospace tooling and components	531	1.12
40 largest		36,573	77.23

Investment Portfolio

continued

Company	Main activity	Valuation at 31 October 2010 £'000	% of portfolio
Mondi	paper and packaging	520	1.10
IP Group	research commercialisation funding	464	0.98
*Digital Barriers	homeland security products and services	462	0.98
*Goals Soccer Centres	five-a-side soccer centres	462	0.97
Interserve	building services and maintenance	459	0.97
easyJet	low cost airline	456	0.96
*Valiant Petroleum	oil and gas exploration and production	455	0.96
*AssetCo	managed services to the emergency services	453	0.96
*Electric Word	mixed-media information publisher	450	0.95
BP	integrated oil and gas producer	426	0.90
50 largest		41,180	86.96
DS Smith	paper and packaging and office products	420	0.89
*Brulines	liquid control systems	419	0.88
Innovation	insurance and software outsourcing services	405	0.86
Bellway	house building	400	0.85
*Toluna	market research	385	0.81
+Pinewood Shepperton	film studios	381	0.80
Hiscox	insurance underwriter	355	0.75
*Nautical Petroleum	oil and gas exploration	354	0.75
BAE Systems	defence and aerospace systems	345	0.73
Tarsus	international exhibitions and conferences	290	0.61
60 largest		44,934	94.89
*Rockhopper Exploration	oil and gas exploration	288	0.61
*Patsystems	derivatives trading software	285	0.60
Waterman	built environment engineering consultancy	276	0.58
UK Coal	coal mining	232	0.49
Tribal	educational and public sector consultancy	226	0.48
+Irish Life & Permanent	retail financial services	198	0.42
*Dealogic	financial software and data	191	0.40
*Purecircle	zero calorie natural sweetener	134	0.28
JJB	sports equipment and clothing retailer	104	0.22
*Autologic	vehicle logistics	104	0.22
70 largest		46,972	99.19
Findel	multi-channel retailer	96	0.20
*Desire Petroleum	oil and gas exploration	87	0.18
*SciSys	IT services	79	0.17
Yell	yellow pages	70	0.15
*Havelock Europa	educational and retail interiors	41	0.09
*Driver	construction industry dispute resolution	9	0.02
TOTAL INVESTMENTS		**47,354**	**100.00**

*Quoted on the Alternative Investment Market ("AIM")
+Other Official List (see page 8)

Report of the Directors

The directors present the audited financial statements of the Company and their report for the year ended 31 October 2010.

Business review

The business review seeks primarily to provide information about the Company's business, its principal risks and uncertainties and its results for the year ended 31 October 2010. It should be read in conjunction with the Chairman's Statement on pages 4 and 5 and the Portfolio Manager's Review on pages 6 to 8, which reviews the investment activity in the year and the outlook for the portfolio.

a) Status

Henderson Opportunities Trust plc ('the Company') is incorporated in England and Wales and domiciled in the United Kingdom. It is an investment company as defined by section 833 of the Companies Act 2006 and operates as an investment trust in accordance with section 1158 of the Corporation Tax Act 2010 (formerly section 842 of the Income and Corporation Taxes Act 1988). HM Revenue & Customs has approved the Company's status as an investment trust in respect of the year ended 31 October 2009, although approval for that year may be subject to review should there be any subsequent enquiry under Corporation Tax Self Assessment. The Company will continue to seek approval under section 1158 of the Corporation Tax Act 2010 each year.

The Company intends to continue to manage its affairs so that its investments fully qualify for the stocks and shares component of an ISA.

b) Objective and principal activity

The Company's objective is to achieve above average capital growth from investment in a portfolio of predominantly UK companies. The principal activity of the Company is to pursue that objective by operating as an investment trust company. The investment trust company structure allows the shareholders, whether institutions or private investors, to access a diversified portfolio of investments that is professionally managed. The principal activity remained unchanged throughout the year ended 31 October 2010. The objective was approved by the shareholders on 19 January 2007 (prior to which date the Company had invested in UK micro cap companies only).

c) Investment policy

The Company's investment objective is to provide shareholders with higher than average growth of capital over the medium to long term from a portfolio of predominantly UK companies. The strategy is to invest in a concentrated portfolio of shares on an unconstrained basis across the whole range of market capitalisations. The investment portfolio is characterised by focus on growth, recovery and "special opportunities" company shares which the Portfolio Manager believes should achieve the investment objective.

The Company's portfolio is managed within a framework of investment limits and restrictions determined by the Board, the primary purpose of which is to spread and mitigate investment risk. It is intended that the Company will continue to be managed so as to satisfy each year the conditions for approval by HM Revenue & Customs as an investment trust.

The Company will borrow money for investment purposes, if the Board considers that the circumstances warrant this. Net borrowings are limited to a maximum of 25 per cent of the Company's net assets, calculated on a fully diluted basis. Other than in exceptional circumstances the exposure to equity investments will not be taken to below 70 per cent of net assets. (Net borrowings are defined as all borrowings less cash balances and investments in cash funds).

The Company will not invest more than 15 per cent of its gross assets in the shares of other listed investment companies, including investment trusts. The Company will not invest more than 5 per cent of its net assets, calculated at the time of investment, in the securities of any one issuer (with the exception of cash funds) and will not hold more than 10 per cent of the issued share capital of any one company unless, exceptionally, the Board gives approval to the Manager to do otherwise. The portfolio will comprise not less than 50 investments.

During the year the Company invested its assets with a view to spreading investment risk. Since the change of investment policy on 19 January 2007, the Company has invested in accordance with its investment policy as set out above. In particular it has maintained a diversified portfolio, of which the analyses on pages 9 to 11 provide illustration. The portfolio has been actively managed by the Manager, which provides regular reports on investment activity and portfolio construction to the directors at and between Board meetings.

d) Strategy

The Company has appointed Henderson Global Investors Limited ('Henderson' or 'the Manager') to manage the investments and to provide the related administrative services. Henderson provides a specialist fund manager whose role it is to pursue the Company's objective within parameters determined by the Board. These parameters reflect the investment policy (as set out in the circular to shareholders dated 21 December 2006) and the Board's assessment of the

Report of the Directors

continued

risks facing the Company, including the importance of retaining the Company's taxation status as an investment trust. As an investment company the Company invests its shareholders' funds in the securities of other companies.

In addition it has the ability to borrow money (termed 'gearing') in order to increase the funds available for investment. It does this by means of short term borrowings (drawn down from a £7 million facility currently provided by ING Bank N.V., London Branch), subject to a limit of 25% of total net assets. In the event that the investment outlook becomes unfavourable, the Board may reduce the gearing to nil; indeed, it may hold net cash balances. However, it expects most of the shareholders' funds to remain invested in equities in all but unusual circumstances.

e) Performance measurement and key performance indicators

In order to measure the success of the Company in meeting its objectives and to evaluate the performance of the Manager, the directors take into account the following key performance indicators:

Performance measured against the benchmark

The Board reviews, at each of its meetings, the performance of the portfolio, the net asset value per share and the share price and compares them with the performance of the Company's benchmark (the FTSE All-Share Index).

Discount to the net asset value per share ('NAV')

The Board monitors the level of the discount to the NAV at which the Company's shares trade and reviews the average discount for the Company's relevant AIC (Association of Investment Companies) sector (the UK Growth sector). The Board considers whether to use share buy-backs to enhance shareholder value. Shares are only bought back at a price below the prevailing NAV, thereby increasing the NAV for the remaining shareholders.

The Company publishes a NAV figure on a daily basis, through the official newswire of the London Stock Exchange. This figure is calculated in accordance with the AIC formula (and since 1 June 2008 includes current financial year revenue items).

Performance measured against the Company's peer group

The Company is included in the AIC's UK Growth sector, which represents the Company's peer group. In addition to comparison against the benchmark, the Board also considers the performance against the peer group.

Total expense ratio ('TER')

The TER is a measure of the total expenses incurred by the Company. The Board reviews the TER and monitors the Company's expenses.

f) Principal risks and uncertainties

The principal risks and uncertainties facing the Company relate to the activity of investing in the shares of companies that are listed (or quoted) in the United Kingdom, including small companies. Although the Company invests almost entirely in securities that are quoted on recognised markets, share prices may move rapidly, whether upwards or downwards, and it may not be possible to realise an investment at the Manager's assessment of its value. The companies in which investments are made may operate unsuccessfully, or fail entirely, such that shareholder value is lost. The Company is also exposed to the operational risk that one or more of its suppliers may not provide the required level of service. A further risk is that the Company could become too small to remain viable, perhaps because of the reduction in the capital base as a result of share buy-backs. The Board considers regularly the principal risks facing the Company in order to mitigate them as far as practicable.

A fuller description of the principal risks and uncertainties follows.

The Board has drawn up a risk map which identifies the cardinal risks to which the Company is exposed. These principal risks fall broadly under the following categories:

Investment activity and strategy

An inappropriate investment strategy (for example, in terms of asset allocation or the level of gearing) may lead to underperformance against the Company's benchmark index and the companies in the peer group; it may also result in the Company's shares trading on a wider discount. The Board seeks to manage these risks by ensuring a diversification of investments and a regular review of the extent of borrowings. The Manager operates in accordance with investment limits and restrictions determined by the Board; these include limits on the extent to which borrowings may be used. The Board reviews its investment limits and restrictions regularly and the Manager confirms its compliance with them each month. The Manager provides the directors with management information, including performance data and reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the Portfolio Manager, who attends all Board meetings, and reviews regularly data that monitors risk factors in respect of the portfolio. The Board reviews investment strategy at each Board meeting.

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Financial instruments and the management of risk

By its nature as an investment trust, the Company is exposed in varying degrees to market risk (comprising market price risk, currency risk and interest rate risk), liquidity risk and credit and counterparty risk. Market risk arises from uncertainty about the future prices of the Company's investments. An analysis of these financial risks and the Company's policies for managing them are set out in note 15 on pages 42 to 47.

Operational

Disruption to, or failure of, the Manager's accounting, dealing or payment systems or the Custodian's records could prevent the accurate reporting and monitoring of the Company's financial position. The Manager has contracted some of its operational functions, principally those relating to trade processing, investment administration and accounting, to BNP Paribas Securities Services. Details of how the Board monitors the services provided by the Manager and its other suppliers, and the key elements designed to provide effective internal control, are explained further in the internal control section of the Corporate Governance Statement on page 21.

Accounting, legal and regulatory

In order to qualify as an investment trust the Company must comply with section 1158 of the Corporation Tax Act 2010 ('section 1158'), to which reference is made on page 12 under the heading 'Status'. A breach of section 1158 could result in the Company losing investment trust status and, as a consequence, capital gains realised within the Company's portfolio would be subject to Corporation Tax. The section 1158 criteria are monitored by the Manager and the results are reported to the directors at each Board meeting. The Company must comply with the provisions of the Companies Act 2006 ('the Act') and, as the Company's shares are listed for trading on the London Stock Exchange, the Company must comply with the UK Listing Authority's Listing Rules and Disclosure Rules ('UKLA Rules'). A breach of the Act could result in the Company and/or the directors being fined or becoming the subject of criminal proceedings. Breach of the UKLA Rules could result in the suspension of the Company's shares which would in turn lead to a breach of section 1158. The Board relies on its corporate company secretary and its professional advisers to ensure compliance with the Act and the UKLA Rules.

Gearing

The ability to borrow money for investment purposes is a key advantage of the investment trust structure. A failure to maintain a bank facility, whether because of a breach of the agreed covenants or because of banks' unwillingness to lend, would prevent the Company from gearing.

Failure of the Manager

A failure of the Manager's business, whether or not as a result of regulatory failure, would result in the Manager being unable to meet its obligations and its duty of care.

g) Financial review

Capital

At 31 October 2010 the Company had in issue 8,064,087 ordinary shares of 25p each. The market price per share at that date was 427.5p, giving the Company a market capitalisation of £34.5 million. Shareholders' funds totalled £42.9 million, the net asset value per share at that date being 532.0p per share (inclusive of retained revenue for the year). Accordingly, the market price per share stood at a discount of 19.6% to the net asset value (inclusive of retained revenue for the year). The Company seeks shareholder authority annually to buy back its shares in the market. During the year the Company bought back 145,000 of its ordinary shares but none of its subscription shares.

Performance

The Company had a good year in terms of both absolute and relative performance. The stockmarket continued its recovery and the Company outperformed its benchmark, the FTSE All-Share Index on a total return basis. However, the revenue return was much lower than that for the previous year; this is attributable to the absence in 2010 of the refunds of VAT and related interest that were received in 2009. The following table sets out, with comparatives, key indicators of performance:

	At 31 October 2010	At 31 October 2009	% Change
Shareholders' funds	**£42,898,000**	£35,889,000	19.5%
Net asset value per ordinary share	**532.0p**	437.2p	21.7%
Market price per ordinary share	**427.5p**	361.5p	18.3%
	Year ended 31 October 2010	Year ended 31 October 2009	% Change
Revenue return per ordinary share	**7.40p**	11.38p	-35.0%
Capital return per ordinary share	**94.83p**	120.51p	-21.3%
Total return per ordinary share	**102.23p**	131.89p	-22.5%

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continued

On a total return basis the benchmark index returned 17.5% over the year ended 31 October 2010. By comparison the Company's net asset value total return was 25.2% (source: Datastream).

Assets

The Company's net assets increased during the year from £35.9 million to £42.9 million. The net asset value per ordinary share increased during the year from 437.2p to 532.0p. The main reason for this increase was the rise in the market value of the Company's investments over the full year.

The Company has no employees and no premises or physical assets of its own.

Costs

The Company's most significant items of recurring expenditure are the management fees payable to the Manager and the costs of borrowing money for investment (the costs of gearing). Other expenses include investment transaction costs, the directors' fees and insurance, the fees of professional advisers and regulators, marketing, and the production and issue of reports to shareholders. In the year under review borrowing costs totalled £160,000, the management fee totalled £260,000 and all other expenses totalled £214,000. These figures include VAT where applicable. The transaction costs, which include stamp duty and totalled £52,000, are included within the gains or losses from investments held at fair value through profit or loss.

The total expense ratio ('TER') is a measure of the Company's running costs. The definition used for the figures below is 'the total of the management fees and other administrative expenses as a percentage of the average of shareholders' funds at the beginning and end of the year'. This definition excludes borrowing costs and transaction costs (and, in the prior year, the write-back of VAT). For the year ended 31 October 2010 the TER was 1.20% (2009: 1.20%).

Revenue and dividend

The Company's investment income and other revenue totalled £1,023,000 (2009: £1,136,000). After deducting expenses and taxation the net revenue profit for the year was £599,000 (2009: £934,000, including £328,000 in respect of the refund of VAT and related interest).

The Board proposes a final dividend of 4.50p per ordinary share in respect of the year ended 31 October 2010, which, added to the interim dividend of 2.00p per ordinary share paid on 24 September 2010, makes a total dividend for the year of 6.50p. If approved at the Annual General Meeting on 17 March 2011, the final dividend will be paid on 25 March 2011 to shareholders on the register at close of business on 25 February 2011. The amount available for distribution represents the investment income of the Company less the borrowing costs and management fees that are allocated to revenue, together with all other administrative expenses and taxation. The difference between the totals of income and expenditure may vary from year to year, not least because the Company's most significant costs are not closely related to the investment income. Since 1 November 2008, 50% of borrowing costs and management fees have been allocated to capital in order to reflect the Board's most recent assessment of the expected long-term split of returns. Between 1 November 2005 and 31 October 2008 the allocation of borrowing costs and management fees to capital was 80%.

The payment of creditors

It remains the Company's policy for the forthcoming financial year to obtain the best terms for all business and therefore there is no single policy as to the terms used. In general the Company agrees with its suppliers the terms on which business will take place and it is the Company's policy to abide by such terms. At 31 October 2010 the Company had no trade creditors.

h) Going concern

The Company's articles of association require that at the annual general meeting of the Company to be held in 2011, and every third year thereafter, an ordinary resolution be put to approve the continuation of the Company. The resolution put to the annual general meeting in 2008 was duly passed but the Board decided to offer the shareholders further opportunities to vote, first in 2009 and then in 2010. The directors are recommending the Company's shareholders to vote in favour of the continuation resolution that will be put to the annual general meeting in March 2011 in accordance with the triennial cycle.

The assets of the Company consist almost entirely of listed (or quoted) investments and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

For these reasons, the directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. In reviewing the position as at the date of this report, the Board has considered the guidance on this matter issued by the Financial Reporting Council.

i) Future developments

The future success of the Company is dependent primarily

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continued

on the performance of its investments, which will to a significant degree reflect the performance of the stock market. Although the Company invests in companies that are listed or quoted in the United Kingdom, the underlying businesses of those companies are affected by various economic factors, many of an international nature. The Board's intention is that the Company will continue to pursue its investment objective in accordance with its investment policy. Further comment on the outlook for the Company is given in the Chairman's Statement and in the Portfolio Manager's Review.

Directors

a) The directors

The directors of the Company at the date of this report are listed on page 3. Further details about them are given below.

Mr C P Hills was appointed a director with effect from 17 June 2010. Mr R W Smith served as a director until his retirement from the Board on 30 September 2010. Mr R D H Bryce has stated his intention to retire from the Board during the coming twelve months.

At the forthcoming annual general meeting, Mr G B Burnett and Mr R D H Bryce, both of whom have served as directors for more than nine years, will retire in accordance with the Company's articles of association and, being eligible, offer themselves for re-election.

Mr P N J May retires by rotation and offers himself for re-election. As a new director, Mr Hills will stand for election for the first time.

Mr Smith was until 2005 an executive of Henderson Group plc and its subsidiaries ('Henderson') and in prior years was remunerated by Henderson in respect of services provided to Henderson Opportunities Trust plc under the management agreement.

As indicated on page 3, the Board considers Mr Burnett, Mr Bryce, Mr Hills, Mr King and Mr May to be independent directors. With the exception of Mr Smith, all the directors were and remain independent of Henderson ('the Manager').

The Board considers that all the directors contribute effectively and that all have skills and experience which is relevant to the leadership and direction of the Company. Mr Bryce and Mr Burnett have experience of various industrial and commercial sectors, with backgrounds in the management of operating companies. Mr Burnett is a Chartered Accountant and until recently had business responsibilities in both the UK and North America. Mr Hills is an investment manager, with particular experience of private clients. Mr King has wide experience of the investment management industry and is a Chartered Accountant. Mr May has a strong background in corporate finance and is a Chartered Accountant.

There were no contracts during or at the end of the year in which a director of the Company is or was materially interested and which is or was significant in relation to the Company's business. No director has a contract of service with the Company.

b) Directors' interests

The directors who were members of the Board at 31 October 2010 had interests in the Company's ordinary share capital as follows:

	31 October 2010	1 November 2009
Beneficial interest:		
R D H Bryce	**29,532**	29,532
G B Burnett	**18,588**	18,588
C P Hills	**–**	–*
M R King	**1,000**	1,000
P N J May	**–**	–

*At 17 June 2010, the date of appointment.

The directors who were members of the Board at 31 October 2010 had interests in the Company's subscription share capital as follows:

	31 October 2010	1 November 2009
Beneficial interest:		
R D H Bryce	**3,490**	3,490
G B Burnett	**1,701**	1,701
C P Hills	**–**	–*
M R King	**200**	200
P N J May	**–**	–

*At 17 June 2010, the date of appointment.

Since the year end Mr May has bought 4,040 ordinary shares (a beneficial interest). No other changes to the directors' interests have been notified since the year end.

The Board is aware that the individual members of the management team at Henderson hold both ordinary and subscription shares in the Company. The Portfolio Manager and his immediate family are interested beneficially in the holdings of the Lord Faringdon 1977 Assigned Trust (as listed in the table of substantial share interests on page 20).

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c) Directors' fees

A report on the directors' remuneration is set out on pages 25 and 26.

d) Directors' conflicts of interest

Directors have a duty to avoid situations where they have, or could have, a direct or indirect interest that conflicts, or possibly could conflict, with the Company's interests. With effect from 1 October 2008, the Companies Act 2006 ('the Act') has allowed directors of public companies to authorise such conflicts and potential conflicts, where appropriate, but only if the articles of association contain a provision to this effect. The Act also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. There are two circumstances in which a conflict of interest can be permitted: either the situation cannot reasonably be regarded as likely to give rise to a conflict of interest or the matter has been authorised in advance by the directors. The Company's articles of association, which were adopted by shareholders on 18 March 2010, give the directors the relevant authority required to deal with conflicts of interest. Each of the directors has provided a statement of all conflicts of interest and potential conflicts of interest, if any, applicable to the Company. A register of conflicts of interest has been compiled and approved by the Board. The directors have also all undertaken to notify the Chairman as soon as they become aware of any new potential conflicts of interest that need to be approved by the Board and added to the register, which is reviewed annually by the Board. It has also been agreed that directors will advise the Chairman and the company secretary in advance of any proposed external appointment and new directors are asked to submit a list of potential situations falling within the conflicts of interest provisions of the Act in advance of joining the Board. The Chairman determines whether the relevant appointment causes a conflict or potential conflict of interest and should therefore be considered by the Board. Only directors who have no interest in the matter being considered are able to participate in the Board approval process. In deciding whether to approve a conflict of interest, directors will also act in a way they consider, in good faith, will be most likely to promote the Company's success in taking such a decision. The Board can impose limits or conditions when giving authorisation if the directors consider this to be appropriate. The Board believes that its powers of authorisation of conflicts of interest has operated effectively since they were introduced on 1 October 2008. The Board also confirms that its procedures for the approval of conflicts of interest have been followed by all the directors.

e) Directors' indemnity

Directors' and officers' liability insurance cover is in place in respect of the directors. The Company's articles of association provide, subject to the provisions of UK legislation, an indemnity out of the assets of the Company for every director or other officer of the Company against any liability which he or she may incur as a director or other officer of the Company in defending any proceedings (whether civil or criminal) in which judgement is given in his or her favour, or he or she is acquitted, or in connection with any application under the Companies Act in which he or she is granted relief by the court.

Corporate Governance Statement

a) 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 on Corporate Governance ('the Code'). (The Code is accessible at www.frc.co.uk.)

During the year under review the Code in force was the Combined Code on Corporate Governance issued by the Financial Reporting Council in June 2008. In addition, the AIC Code of Corporate Governance, issued by the Association of Investment Companies in March 2009 ('the AIC Code'), applied to the Company. (The AIC Code, and the related Corporate Governance Guide for Investment Companies, are accessible at www.theaic.co.uk.)

b) Statement of compliance

The directors consider that the Company has complied during the year ended 31 October 2010 with all the relevant provisions set out in the Code, with the exception that the Board has not appointed a senior independent director. The directors consider that the Company has complied throughout the year ended 31 October 2010 with the AIC Code.

c) Application of the Principles of the Code

The Company is committed to high standards of corporate governance and the Board attaches importance to the matters set out in the Code and applies its principles. However, as an investment trust company, most of the Company's day to day responsibilities are delegated to third parties and the directors are all non-executive. Thus not all of the provisions of the Code are directly applicable to the Company.

d) The Board of directors

The Board is collectively responsible for the success of the Company. Its role is to provide leadership within a framework

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continued

of prudent and effective controls that enable risk to be assessed and managed. The Board is responsible for setting the Company's standards and values and for ensuring that its obligations to its shareholders and others are understood and met. The Board sets the Company's strategic aims (subject to the Company's articles of association, and to such approval of the shareholders in general meeting as may be required from time to time) and ensures that the necessary resources are in place to enable the Company's objectives to be met.

The Board currently consists of five non-executive directors, all of whom are independent of the Company's Manager (Henderson Global Investors Limited). Their biographical details, set out on page 3 and expanded on page 16, demonstrate a breadth of investment, industrial, commercial and professional experience with an international perspective.

The Board meets formally at least four times a year and deals with the important aspects of the Company's affairs, including the setting of parameters for and the monitoring of investment strategy and the review of investment performance. The Board sets limits on the size and concentration of new investments, on the use of derivatives and on the extent to which borrowings may be used. The application of these and other restrictions, including those which govern the Company's tax status as an investment trust, are reviewed regularly at meetings of the Board. The Manager takes decisions as to the purchase and sale of individual investments and is responsible for effecting those decisions on the best available terms. The Chairman is responsible for leading the Board and for ensuring that it continues to deal effectively with all the aspects of its role. In particular, he ensures that the Manager provides the directors, in a timely manner, with management, regulatory and financial information that is clear, accurate and relevant. Representatives of the Manager attend each Board meeting, enabling the directors to seek clarification on specific issues or to probe further on matters of concern. Matters specifically reserved for decision by the full Board have been defined and there is an agreed procedure for directors, in the furtherance of their duties, to take independent professional advice, if necessary, at the Company's expense. 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 that Board procedures are followed.

When a director is appointed he or she is offered a tailored introductory programme organised by the Manager. Directors are also provided, on a regular basis, with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting directors' responsibilities are advised to the Board as they arise. Directors are encouraged to attend suitable training courses on an ongoing basis at the Company's expense.

Directors are appointed for specified terms, subject to re-election and to the provisions of the Companies Act. In accordance with the Company's articles of association, new directors stand for election at the first annual general meeting following their appointment. The Board has agreed that every director will stand for re-election at intervals of not more than three years. In accordance with the Code, directors who serve for more than nine years stand for re-election annually.

The Board's tenure and succession policy seeks to ensure that the Board is well balanced and refreshed regularly by the appointment of new directors with the skills and experience necessary, in particular, to replace those lost by directors' retirements. Directors must be able to demonstrate their commitment, including in terms of time, to the Company. The Board is of the view, however, that length of service does not of itself impair a director's ability to act independently. Rather, a long-serving director can offer a perspective that adds value to the deliberations of a well-balanced investment trust company board. Accordingly, the Board does not consider that directors lose their independence solely by virtue of length of service but the roles and contributions of long-serving directors will be subject to particularly rigorous review every year. The Board expects to appoint a new director in the coming year.

The Board's procedure in the current year for evaluating the performance of the Board, its Committees and the individual directors has been by means of discussion. The evaluation process is designed to show whether individual directors continue to contribute effectively to the Board and to clarify the strengths and weaknesses of the Board's composition and processes. The Chairman takes the lead in acting on the results of the evaluation process, mindful in the current context of the changes to the Company's investment policy. In respect of the Chairman, a meeting of the directors was held, without the Chairman present, to evaluate his performance.

The Chairman of the Company is an independent 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 when issues arise. Accordingly, concerns can be conveyed to the director

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most qualified to address the subject.

e) Board committees

The Board has established Audit, Management Engagement and Nomination Committees with defined terms of reference and duties (copies of which are available from the Manager's website www.hendersoninvestmenttrusts.com or on request from the company secretary). All three committees comprise non-executive directors appointed by the Board; the Board also appoints the Chairmen. The membership of these Committees is set out on page 3. A record of the meetings held during the year is set out below.

Audit Committee

Three of the members of the Audit Committee are by profession chartered accountants and several of the directors, including the Chairman of the Audit Committee, have recent and relevant financial experience from their senior management roles elsewhere. The Audit Committee's programme is to meet at least twice a year, in advance of the publication of both the annual and the half year results.

The role of the Audit Committee is to assist the Board in applying financial reporting and internal control principles and to maintain an appropriate relationship with the auditors. The Audit Committee is responsible for the review of the Annual Report and the half year report and for monitoring the integrity of the Company's financial statements generally, including consideration of the Company's accounting policies and significant financial reporting judgements. It reviews the nature and scope of the external audit and the findings therefrom, and the terms of appointment of the auditors, including their remuneration and the provision of any non-audit services by them. It also monitors the auditors' independence and objectivity and the effectiveness of the audit process. The Audit Committee remains satisfied with the effectiveness of the audit provided by PricewaterhouseCoopers LLP. The Audit Committee undertook a review of the audit appointment, including an independent tender process, in 2006 and does not consider it necessary to repeat this at present. The auditors are required to rotate the audit partner every five years and this is the first year that the current partner has been in place. The Audit Committee meets with representatives of the Manager and receives reports on the quality and effectiveness of the accounting records and management information maintained on behalf of the Company. It is responsible to the Board for monitoring the Company's internal control and risk management procedures. The Audit Committee met five times during the year to carry out these duties.

Management Engagement Committee

The Management Engagement Committee is responsible for the regular review of the terms of the management contract with the Manager, although in practice this function may be undertaken by the Board. The Committee did not meet formally during the year, its work being undertaken at Board level.

Nomination Committee

The Nomination Committee is responsible for making recommendations on the appointment of new directors. Each director is invited to submit nominations, bearing in mind the balance of knowledge, skills and experience that the Board wishes to retain and if possible enhance, but usually external advisers are used to identify a wider choice of potential candidates. The nominations list is considered by the Board as a whole in accordance with its agreed procedures, although the Chairman would not expect to be involved in the selection of his successor. The Board has determined that a majority of the members of the Nomination Committee should be independent non-executive directors. The Committee did not meet formally during the year, its work being undertaken at Board level.

The Board made an appointment during the year. The directors determined the skills and experience required of the new director and, with the assistance of a firm of consultants, identified a short list of candidates from which Mr Hills was selected.

f) Board attendance

The number of full meetings during the year of the Board and its committees, and the attendance of the individual directors, is shown in the table below.

	Board	Audit Committee
Number of meetings[1]	5	5
R D H Bryce[2]	5	5
G B Burnett	5	5
C P Hills[3]	2 of 2	2 of 2
M R King	4	4
P N J May	5	5
R W Smith[2]	5	5

[1] The Board held five full meetings during the year and three informal meetings to discuss investments and investment policy.
[2] Not a member of the Audit Committee but in attendance by invitation.
[3] Mr Hills was appointed to the Board on 17 June 2010 and was eligible to attend two full Board meetings and two meetings of the Audit Committee.
[4] Neither the Nomination Committee nor the Management Engagement Committee met formally during the year. The business of these committees

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was undertaken at Board level.
[5] All the then directors attended the Annual General Meeting.

g) Directors' remuneration

The Board as a whole considers the directors' remuneration; therefore it has not appointed a separate remuneration committee for this purpose. Because the Company is an investment trust company and all its directors are non-executive, the Company is not required to comply with the provisions of the Code in respect of the remuneration of executive directors. The directors' fees are detailed in the Directors' Remuneration Report on pages 25 and 26.

h) Share capital

The Company's share capital comprises:

a) ordinary shares of 25p nominal value each ('shares')
The voting rights of the shares on a poll are one vote for each share held. At 31 October 2009 there were 8,208,582 shares in issue. During the year 145,000 shares were bought back for cancellation and 505 subscription shares were converted into 505 shares. At 31 October 2010 there were 8,064,087 shares in issue and thus the number of voting rights was 8,064,087.

The Company's articles of association permit the Company to purchase its own shares and to fund any such purchases from its accumulated realised capital profits. At the annual general meeting in March 2010 a special resolution was passed giving the Company authority, until the conclusion of the annual general meeting in 2011, to make market purchases, either for cancellation or to hold in treasury, of the Company's own shares up to a maximum of 1,208,730 shares (being 14.99% of the issued ordinary share capital as at 28 January 2010). As at 31 October 2010 the Company had valid authority, outstanding until the conclusion of the annual general meeting in 2011, to make market purchases, either for cancellation or to hold in treasury, of 1,208,730 shares. No shares were bought back between the year end and the date of this report. Accordingly, the same valid authority remained as at 27 January 2011. No shares were held in treasury at either the year end or the date of this report. A fresh buy-back authority will be sought at the annual general meeting in March 2011. Shares are not bought back unless the result is an increase in the net asset value per share.

b) subscription shares of 1p nominal value each ('subscription shares')
At 31 October 2009 there were 1,641,258 subscription shares in issue. During the year 505 subscription shares were converted into 505 ordinary shares. At 31 October 2010 there were 1,640,753 subscription shares in issue. The subscription shareholders have no rights to attend and vote at general meetings. Further details on the subscription shares are given in note 16 on page 47.

At the annual general meeting in March 2010 a special resolution was passed giving the Company authority, until the conclusion of the annual general meeting in 2011, to make market purchases for cancellation of the Company's own subscription shares up to a maximum of 246,024 subscription shares (being 14.99% of the issued subscription share capital as at 28 January 2010). No subscription shares have been bought back. Accordingly, as at 31 October 2010 the Company had valid authority, outstanding until the conclusion of the annual general meeting in 2011, to make market purchases for cancellation of 246,024 subscription shares. No subscription shares were bought back between the year end and the date of this report. Accordingly, the same valid authority remained as at 27 January 2011. A fresh buy-back authority will be sought at the annual general meeting in March 2011.

There have been no changes to the share capital or voting rights of the Company since 31 October 2010.

There are no restrictions on the transfer of the Company's share capital and there are no shares or stock which carry specific rights with regards to control of the Company.

i) Substantial share interests

As at 27 January 2011 the following had declared an interest in 3% or more of the voting rights of the Company:

Shareholder	% of voting rights 27 January 2011	28 January 2010
Lowland Investment Company plc (direct)	**3.57**	3.57
Other discretionary managed clients of Henderson Global Investors Limited and its associated companies (direct)	**10.46**	10.47
Henderson Global Investors Limited	**14.03**	14.04
M&G Investment Management Limited (direct)	**7.42**	7.42
Armstrong Investments Limited (direct)	**5.17**	–
Lord Faringdon 1977 Assigned Trust (direct)	**3.53**	3.53
Apollo Fund plc (direct)	**3.10**	–

The above percentages are calculated by applying the shareholdings as notified to the Company to the issued ordinary share capital as at 27 January 2011 (the shareholdings being the voting rights).

The Board is aware that, as at 31 October 2010, 20.4% of the issued ordinary share capital was held on behalf of

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continued

participants in Halifax Share Dealing products (run by Halifax Share Dealing Limited ('HSDL') which is now part of Lloyds Banking Group) who transferred from the products managed by Henderson Global Investors Limited ('Henderson') or who have subsequently been introduced to HSDL via Henderson. In accordance with the arrangements made between HSDL and Henderson, these participants in the Halifax Share Dealing products are given the opportunity to instruct the nominee company of HSDL to exercise the voting rights appertaining to their shares in respect of all general meetings of the Company. HSDL has undertaken to instruct its nominee company to exercise the voting rights of any such shares held through the Halifax Share Dealing products that have not been exercised by the individual participants in them. It will do so by voting for or against all resolutions to be put at all general meetings of the Company (or by withholding votes on such resolutions) pro rata to the aggregate voting instructions for each resolution received from those participants who have chosen to exercise their voting rights.

j) Relations with shareholders

It is the Chairman's role to ensure effective communication with the Company's shareholders and it is the responsibility of the Board to ensure that satisfactory dialogue takes place, based on the mutual understanding of objectives.

The Board seeks to develop an understanding of the views of the major shareholders by receiving reports from the Manager on meetings it has with shareholders and analysts and from the Company's stockbroker on contact it has with shareholders and with potential investors. The Chairman, and other members of the Board if requested, are available to talk to major shareholders if asked to do so.

The Board considers that the annual general meeting should provide an effective forum for individual investors to communicate with the directors. The annual general meeting is chaired by the Chairman of the Board who is also the Chairman of the Management Engagement and Nomination Committees. The Chairman of the Audit Committee is also available to respond to questions. Details of the proxy votes received in respect of each resolution are made available to shareholders. Representatives of the Manager make a presentation to the meeting.

k) Accountability and audit

The directors' statement of responsibilities in respect of the financial statements is set out on page 27. The responsibilities of the independent auditors are set out on page 28. The directors' report that the business is a going concern is set out on page 15.

The Board has delegated contractually to external agents, including the Manager, the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the day to day accounting, company secretarial and administration requirements and the registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company. The Board receives and considers regular reports from the Manager and ad hoc reports and information are supplied to the Board as required. In addition, either the Chairman or another director attends meetings of all the chairmen of the investment trust companies managed by the Manager; these meetings provide a forum to discuss industry matters and the Chairman reports on them to the Board.

l) Internal control

The Manager has established an internal control framework to provide reasonable assurance on the effectiveness of the internal controls operated on behalf of its clients. The effectiveness of the internal controls is assessed by the Manager's internal audit and compliance and risk departments on an ongoing basis.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process is subject to regular review by the Board and accords with the Turnbull guidance. The process was fully in place during the year under review and up to the date of this Annual Report. In addition, the Board has conducted its annual review of the effectiveness of the Company's system of internal control, covering all the controls, including financial, operational and compliance controls and risk management systems. This review took into account points raised during the year in the Board's regular appraisal of specific areas of risk. No significant failings or weaknesses in respect of the Company were identified in the year under review. The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risks of failure to achieve the Company's business objective and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board, assisted originally by the Manager, undertook a full

Report of the Directors

continued

review of the Company's business risks and these were analysed and recorded in a risk map. During the year the Board undertook a detailed review of the risks to which the Company is exposed. It redesigned its risk map from first principles and re-ordered the procedures and the annual timetable for meeting with and receiving reports from the Company's main suppliers. The Board receives each quarter from the Manager a formal report which details the steps taken to monitor the areas of risk, including those that are not directly the responsibility of the Manager, and which reports the details of any known internal control failures. The Board receives each year from the Manager a report on its internal controls (an AAF 01/06 report) which includes a report from the Manager's auditors on the control policies and procedures in operation.

The Company does not have an internal audit function; it delegates to third parties most of its operations and does not employ any staff. Accordingly, in practice the Board must place reliance on the Manager and its other contractors to ensure that they operate effective internal audit functions. The Board will continue to monitor its system of internal control in order to provide assurance that it operates as intended and the directors review at least annually whether a function equivalent to an internal audit is needed.

m) Corporate responsibility

Responsible investment

Responsible Investment is the term used by the Company's Manager, Henderson Global Investors Limited ('Henderson') to cover its work on corporate governance and corporate responsibility (or social, environmental and ethical issues) in the companies in which it invests on its clients' behalf, across all funds. In May 2005 Henderson became a founding signatory to the United Nations Principles for Responsible Investment. The Principles, developed under the auspices of the UN Secretary-General, are a voluntary and aspirational framework for incorporating environmental, social and corporate governance issues into mainstream investment decision-making and ownership practices. The way companies respond to sustainability and corporate responsibility can affect their business performance, both directly and indirectly. An investee company's policy on social responsibility and the environment is therefore considered as part of the investment risk decision.

Voting policy

Henderson's Responsible Investment Policy sets out the approach to corporate governance and corporate responsibility for all the companies in which it invests on behalf of its clients, and its policy on proxy voting. The Policy also sets out how Henderson implements the Stewardship Code. The Company has delegated responsibility for voting to Henderson as its Manager. The Board will receive a report, at least annually, on the voting undertaken by Henderson on behalf of the Company. The Board and Henderson believe that voting at general meetings is an important aspect of corporate stewardship and a means of signalling shareholder views on board policy, practices and performance. Voting recommendations are guided by the best interests of the investee companies' shareholders. Depending on the nature of the resolution, the Portfolio Manager will give specific instructions on voting non-routine and unusual or controversial resolutions, after liaising with the Chairman or the full Board as appropriate. Decisions not to support resolutions and the rationale therefor are fed back to the investee company prior to voting. The Henderson Responsible Investment Policy and further details of Henderson's responsible investment activities can be found on the Henderson website, www.henderson.com

Environmental matters

The Company's core activities are undertaken by Henderson, which has implemented environmental management practices, including systems to limit the use of non-renewable resources and to minimise the impact of operations on the environment, and is focused on reducing greenhouse gas emissions and minimising waste, where possible.

Related parties

The Manager

Investment management, together with investment administration, company secretarial and accounting services, are provided to the Company by wholly-owned subsidiary companies of Henderson Group plc ('Henderson' or 'the Manager'). Some of the administration and accounting services are carried out, on behalf of Henderson, by BNP Paribas Securities Services.

The relationship with Henderson is the only related party arrangement currently in place. Other than fees payable by the Company in the ordinary course of business, and the investment in Henderson Liquid Assets Fund plc, a money market fund (see note 12 on page 41), there have been no material transactions with this related party affecting the financial position or performance of the Company during the year under review.

Report of the Directors

continued

The management agreement between the Company and Henderson provides for the payment of a composite management fee which is calculated and paid quarterly in arrears. The fee is calculated as a percentage of the value of the Company's net chargeable assets as at the last day of each calendar quarter. (The net chargeable assets are defined as total assets less current liabilities before deducting prior charges; prior charges include any short term borrowings to be used for investment purposes). The Company's holding in Henderson Liquid Assets Fund plc is made through a class of shares that does not bear management fees. With the exception of Henderson Liquid Assets Fund plc, the values of any investments in funds managed by Henderson are excluded from the management fee calculations by deducting them from the total of net chargeable assets.

The current fee arrangements took effect from 19 January 2007. The fee arrangements were subject to review before 31 October 2008 but no changes have been made to them; thereafter they will be reviewed every three years.

The management fee is calculated as 0.60% per annum on the first £100 million of net chargeable assets and as 0.50% per annum thereafter. Prior to 19 January 2007 the rate was 0.85% per annum on the first £100 million. The percentage actually applicable throughout the year ended 31 October 2010 was 0.60% (2009: 0.60%).

Arrangements for a performance fee were introduced with effect from 19 January 2007. The performance fee is calculated as 15% of any outperformance of the benchmark, on a net asset value total return fully diluted basis, over the Company's accounting year, subject to a limit on the total management fees payable in any one year of 1.65% of the average value of the net assets during the year. No performance fee will be payable if on the last day of the Company's accounting year the Company's share price is lower than the share price as at the preceding year end. If on the last day of the Company's accounting year the net asset value per share, calculated in accordance with the Company's accounting policies, net of costs (including any performance fee), is equal to or lower than the net asset value per share as at the preceding year end, the performance fee payable will be restricted to such amount, if any, as will result in the net asset value per share being higher than the net asset value per share at the preceding year end. Any underperformance relative to the benchmark, or any unrewarded outperformance (for example, as a result of the cap), will be carried forward and set against any outperformance or underperformance respectively in subsequent years. The first period covered by these arrangements began on 19 January 2007, at which date the opening net asset value per share was 779.44p. No performance fees were paid or payable under these arrangements in respect of the year ended 31 October 2010 (and none have been paid since the arrangements took effect in January 2007).

The management agreement may be terminated by either party but in certain circumstances the Company will be required to pay compensation to the Manager. If the termination is the result of the appointment by the Company of a replacement manager the compensation payable will be the equivalent of six months' management fees. If the Company is wound up voluntarily the compensation payable will be the equivalent of three months' management fees. If the Company is wound up voluntarily within four months of the continuation vote scheduled for 2011, and every third year thereafter, no compensation will be payable, although the Company would then be bound to negotiate with Henderson for the payment of a reasonable amount, in lieu of compensation otherwise payable, to cover expenses incurred in relation to matters likely to be involved following the start of the liquidation.

In addition to the fee arrangements detailed above, the Company has agreed to pay an additional £16,000 per annum to Henderson towards the funding of additional marketing staff in Henderson's investment trusts department.

In the opinion of the directors the continuing appointment of the Manager on the terms agreed is in the interests of the Company's shareholders as a whole. The main reasons for this opinion are the extensive investment management resources of the Manager, its experience in managing and administering investment trust companies and the Board's expectation that it will continue to generate strong investment performance.

During the year under review the Manager used certain services which were paid for, or provided by, various brokers. In return it placed business, which may have included transactions relating to the Company, with such brokers.

Custodian

JPMorgan Chase Bank N.A. is the Company's appointed global custodian; its fees for UK custody are offset against the

Report of the Directors

continued

management fees payable to Henderson.

Annual General Meeting

The next Annual General Meeting ('AGM') will be held at 2.30 pm on Thursday 17 March 2011 at the Company's Registered Office, 201 Bishopsgate, London EC2M 3AE. The Notice of Meeting is set out in the accompanying circular to shareholders.

Independent auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office. Accordingly, resolutions to re-appoint PricewaterhouseCoopers LLP as auditors to the Company, and to authorise the directors to determine their remuneration, will be proposed at the AGM.

Life of the Company

In 2011, and at every subsequent third annual general meeting, an ordinary resolution will be put asking the shareholders to approve the continuation of the Company as an investment trust. The resolution is set out in the Notice of Meeting that is being sent to shareholders as an accompanying circular to this Annual Report.

On 19 March 2008 the shareholders agreed, at the annual general meeting held on that date, that the Company should continue in existence. The Company's articles of association specify that at the first annual general meeting convened for a date on or after 1 January 2011, and at every third annual general meeting thereafter, the members will be asked to approve the continuation of the Company by ordinary resolution. If any such ordinary resolution is not passed, the directors will convene a general meeting within three months at which proposals for the liquidation or reconstruction of the Company will be put forward.

The Board agreed that it would put additional continuation votes in 2009 and 2010, outwith the triennial cycle. Accordingly, a resolution that the Company continue as an investment trust was put to the annual general meetings held in March 2009 and March 2010. A continuation vote will be put to the annual general meeting in March 2011 and in every third year thereafter, in accordance with the triennial cycle.

Directors' statement as to the disclosure of information to the auditors

The directors who were members of the Board at the time of approving this Report are listed on page 3. Each of those directors confirms that:

- to the best of his or her knowledge and belief, there is no information relevant to the preparation of the Report and Financial Statements of which the Company's auditors are unaware; and
- he or she has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board

G S Rice
For and on behalf of
Henderson Secretarial Services Limited,
Secretary
27 January 2011

Directors' Remuneration Report

Introduction
The Directors' Remuneration Report ("the Report") is prepared, in accordance with the Listing Rules of the Financial Services Authority and with sections 420 to 422 of the Companies Act 2006 ("the Act"), in respect of the year ended 31 October 2010. An ordinary resolution to approve the Report will be put to the annual general meeting on 17 March 2011. The Act requires the auditors to report to the Company's members on certain information contained within the Report and to state whether in their opinion those parts of the Report have been properly prepared in accordance with the Act. Therefore the Report has been divided into separate sections for audited and unaudited information.

UNAUDITED INFORMATION

Consideration by the directors of matters relating to directors' remuneration
The Board as a whole considered the directors' remuneration. The Board has not appointed a committee to consider matters relating to the directors' remuneration. The Board has not been provided with advice or services by any person in respect of its consideration of the directors' remuneration (although the directors expect from time to time to review the fees paid to the boards of directors of other investment trust companies, as it did during 2010).

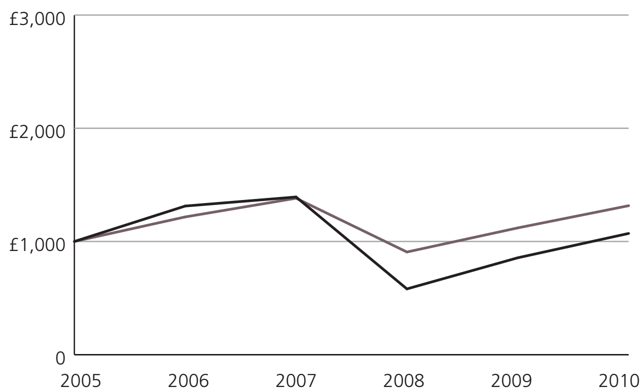
Statement of the Company's policy on directors' remuneration
The Board consists entirely of non-executive directors who meet formally at least four times a year to deal with the important aspects of the Company's affairs and on other occasions to discuss investment matters. Directors' appointments are reviewed formally every three years by the Board as a whole. None of the directors has a contract of service or a contract for services and a director may resign by notice in writing to the Board at any time; there are no set notice periods. The Company's policy is for the directors to be remunerated in the form of fees, payable quarterly in arrears, to the director personally or to a third party specified by him or her. There are no long term incentive schemes and the fees are not specifically related to the directors' performance, either individually or collectively.

The Company's policy is that the fees payable to the directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the directors and should be sufficient to enable candidates of high calibre to be recruited. The policy is for the Chairman of the Board and the Chairman of the Board's Audit Committee to be paid higher fees than the other directors in recognition of their more onerous roles.

The Company's articles of association limit the total fees payable to the directors to £75,000 per annum. The directors' fees were last increased with effect from 1 January 2010, as follows: the Chairman from £15,000 to £16,500 per annum, the Chairman of the Audit Committee from £12,500 to £14,000 per annum and the other directors from £10,000 to £11,000 per annum. The policy is to review these rates from time to time, although such review will not necessarily result in any change to the rates. The directors reviewed the fees in early 2010 and noted that the amounts payable had fallen some way behind the market rates. They reviewed the fees again in early 2011 and agreed to increase them again, with effect from 1 April 2011, as follows: the Chairman £18,000, the Chairman of the Audit Committee £15,000 and the other directors £12,000. They agreed also to seek an increase in the annual cap set by the articles of association and a resolution will be put to the Annual General Meeting in March 2011 which, if passed, will increase the aggregate maximum to £100,000 per annum.

Directors' and officers' liability insurance cover is held by the Company in respect of the directors.

Performance graph
The FTSE All-Share Index has been selected because it is the Company's current benchmark.



Henderson Opportunities Trust plc share price total return, assuming the investment of £1,000 on 31 October 2005 and the reinvestment of all dividends (excluding dealing expenses).

FTSE All-Share Index, assuming the notional investment of £1,000 into the Index on 31 October 2005 and the reinvestment of all income (excluding dealing expenses).

Source: Datastream

Directors' Remuneration Report

continued

AUDITED INFORMATION

Amount of each director's emoluments

The fees payable in respect of each of the directors who served during the year, and during 2009, were as follows:

	2010 £	2009 £
R D H Bryce	**10,833**	10,000
G B Burnett	**16,250**	15,000
C P Hills (i)	**4,090**	–
M R King	**10,833**	10,000
P N J May	**13,750**	12,500
R W Smith (ii)	**9,917**	10,000
TOTAL	**65,673**	57,500

(i) Mr Hills joined the Board on 17 June 2010.
(ii) Mr Smith retired from the Board on 30 September 2010.

No other remuneration or compensation was paid or payable by the Company during the year to any of the current or former directors.

By order of the Board

G S Rice
For and on behalf of
Henderson Secretarial Services Limited,
Secretary
27 January 2011

Statement of Directors' Responsibilities

in respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the Company's financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement under DTR 4.1.12

Each of the directors, who are listed on page 3, confirm that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and return of the Company; and
- the Report of the Directors in this Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board
G B Burnett
Chairman
27 January 2011

The financial statements are published on the **www.hendersonopportunitiestrust.com** or **www.hendersoninvestmenttrusts.com** website, which is a website maintained by the Company's Manager, Henderson Global Investors Limited ('Henderson'). The maintenance and integrity of the website maintained by Henderson or any of its subsidiaries is, so far as it relates to the Company, the responsibility of Henderson. The work carried out by the auditors does not involve consideration of the maintenance and integrity of this website and, accordingly, the auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Independent Auditors' Report

to the members of Henderson Opportunities Trust plc

We have audited the financial statements of Henderson Opportunities Trust plc for the year ended 31 October 2010 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 27, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2010 and of its return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 15, in relation to going concern; and
- the parts of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Clare Thompson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 January 2011

Henderson Opportunities Trust plc
Income Statement

for the year ended 31 October 2010

Notes		**Year ended 31 October 2010**			Year ended 31 October 2009		
		Revenue return £'000	**Capital return £'000**	**Total £'000**	Revenue return £'000	Capital return £'000	Total £'000
2	Gains from investments held at fair value through profit or loss	**–**	**7,884**	**7,884**	–	10,087	10,087
3	Income from investments held at fair value through profit or loss	**996**	**–**	**996**	888	–	888
4	Interest on VAT refunds	**–**	**–**	**–**	146	–	146
4	Other interest receivable and other income	**27**	**–**	**27**	102	–	102
	Gross revenue and capital gains	**1,023**	**7,884**	**8,907**	1,136	10,087	11,223
5	Management fee	**(130)**	**(130)**	**(260)**	(94)	(94)	(188)
5	Write-back of prior years' VAT	**–**	**–**	**–**	182	–	182
6	Other administrative expenses	**(214)**	**–**	**(214)**	(184)	–	(184)
	Net return on ordinary activities before finance charges and taxation	**679**	**7,754**	**8,433**	1,040	9,993	11,033
7	Finance charges	**(80)**	**(80)**	**(160)**	(101)	(101)	(202)
	Net return on ordinary activities before taxation	**599**	**7,674**	**8,273**	939	9,892	10,831
8	Taxation on net return on ordinary activities	**–**	**–**	**–**	(5)	–	(5)
	Net return on ordinary activities after taxation	**599**	**7,674**	**8,273**	934	9,892	10,826
9	**Return per ordinary share**	**7.40p**	**94.83p**	**102.23p**	11.38p	120.51p	131.89p

The total columns of this statement represent the Income Statement of the Company. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies. All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the year. The Company had no recognised gains or losses other than those disclosed in the Income Statement.

The notes on pages 33 to 49 form part of these financial statements.

Henderson Opportunities Trust plc
Reconciliation of Movements in Shareholders' Funds

for the year ended 31 October 2010

Notes	**Year ended 31 October 2010**	**Called up share capital £'000**	**Share premium account £'000**	**Capital redemption reserve £'000**	**Other capital reserves £'000**	**Revenue reserve £'000**	**Total £'000**
	At 31 October 2009	**2,068**	**14,508**	**2,354**	**15,997**	**962**	**35,889**
10	Dividends paid on the ordinary shares	**–**	**–**	**–**	**–**	**(767)**	**(767)**
	Net return on ordinary activities after taxation	**–**	**–**	**–**	**7,674**	**599**	**8,273**
	Repurchase of ordinary shares	**(36)**	**–**	**36**	**(501)**	**–**	**(501)**
17	Conversion of subscription shares	**–**	**4**	**–**	**–**	**–**	**4**
	At 31 October 2010	**2,032**	**14,512**	**2,390**	**23,170**	**794**	**42,898**

Notes	Year ended 31 October 2009	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	At 31 October 2008	2,068	14,505	2,354	6,105	1,216	26,248
10	Dividends paid on the ordinary shares	–	–	–	–	(1,188)	(1,188)
	Net return on ordinary activities after taxation	–	–	–	9,892	934	10,826
17	Conversion of subscription shares	–	3	–	–	–	3
	At 31 October 2009	2,068	14,508	2,354	15,997	962	35,889

The notes on pages 33 to 49 form part of these financial statements.

Henderson Opportunities Trust plc
Balance Sheet
at 31 October 2010

Notes		2010 £'000	2009 £'000
11	**Investments held at fair value through profit or loss**		
	Listed at market value	**31,556**	27,901
	Quoted on AIM at market value	**15,798**	13,490
		47,354	41,391
	Current assets		
12	Investment held at fair value through profit or loss	**1,037**	1,076
13	Debtors	**123**	194
	Cash at bank	**800**	12
		1,960	1,282
14	**Creditors:** amounts falling due within one year	**(6,416)**	(6,784)
	Net current liabilities	**(4,456)**	(5,502)
	Total net assets	**42,898**	35,889
	Capital and reserves		
16	Called up share capital	**2,032**	2,068
17	Share premium account	**14,512**	14,508
18	Capital redemption reserve	**2,390**	2,354
18	Other capital reserves	**23,170**	15,997
19	Revenue reserve	**794**	962
	Shareholders' funds	**42,898**	35,889
20	**Net asset value per ordinary share**	**532.0p**	437.2p

These financial statements were approved and authorised for issue by the Board of directors on 27 January 2011 and were signed on their behalf by:

G B Burnett
Chairman

The notes on pages 33 to 49 form part of these financial statements.

Henderson Opportunities Trust plc
Cash Flow Statement

for the year ended 31 October 2010

Notes		2010 £'000	2010 £'000	2009 £'000	2009 £'000
21	**Net cash inflow from operating activities**		**553**		1,584
	Servicing of finance				
	Interest paid	**(163)**		(215)	
	Net cash outflow from servicing of finance		**(163)**		(215)
	Taxation				
	Overseas withholding tax recovered	**18**		58	
	Net tax recovered		**18**		58
	Financial investment				
	Purchases of investments	**(8,856)**		(9,261)	
	Sales of investments	**10,746**		6,047	
	Net cash inflow/(outflow) from financial investment		**1,890**		(3,214)
	Net cash inflow/(outflow) before dividends paid, management of liquid resources and financing		**2,298**		(1,787)
	Equity dividends paid		**(767)**		(1,188)
	Management of liquid resources				
	Additions to money market funds	**(3,045)**		(258)	
	Withdrawals from money market funds	**3,084**		2,322	
	Net cash inflow from management of liquid resources		**39**		2,064
	Financing				
	Drawdown of short term loans	**155**		490	
	Repurchase of ordinary shares	**(501)**		–	
	Conversion of subscription shares	**4**		3	
	Net cash (outflow)/inflow from financing		**(342)**		493
	Increase/(decrease) in cash		**1,228**		(418)

Reconciliation of net cash flow to movement in net debt

Notes		2010 £'000	2009 £'000
	Increase/(decrease) in cash as above	**1,228**	(418)
	Net cash inflow from increase in loans	**(155)**	(490)
	Movements relating to cash flows	**1,073**	(908)
	Net cashflow from movement in liquid resources	**(39)**	(2,064)
	Exchange movements	**–**	(1)
	Movement in net debt	**1,034**	(2,973)
	Net debt at the start of the year	**(5,352)**	(2,379)
22	**Net debt at the end of the year**	**(4,318)**	(5,352)

The notes on pages 33 to 49 form part of these financial statements.

Notes to the Financial Statements

1 Accounting policies

a) Basis of accounting

The financial statements have been prepared on a going concern basis and under the historical cost basis of accounting, as modified to include the revaluation of investments and derivative financial instruments. The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the Statement of Recommended Practice ('the SORP') for investment trust companies issued by the Association of Investment Companies ('the AIC') in January 2009. All of the Company's operations are of a continuing nature. The Company's accounting policies are consistent with the prior year.

b) Going concern

The Company's Articles of Association require that at the annual general meeting of the Company to be held in 2008, and every third year thereafter, an ordinary resolution be put to approve the continuation of the Company. The resolution put to the annual general meeting in 2008 was duly passed but the Board decided to offer the shareholders further opportunities to vote, first in 2009 and then in 2010. The directors are recommending the Company's shareholders to vote in favour of the triennial continuation resolution that will be put to the annual general meeting in March 2011. In addition, the assets of the Company consist almost entirely of securities that are listed (or quoted on AIM) and, accordingly, the directors believe that the Company has adequate resources to continue in existence for the foreseeable future. For these reasons the Board has decided that it is appropriate for the financial statements to be prepared on a going concern basis.

c) Valuation of fixed asset investments

Listed investments and investments quoted on AIM have been designated by the Board as held at fair value through profit or loss. Investments are recognised at fair value on acquisition and are measured thereafter at fair value. Fair value is deemed to be the bid price or the last trade price, depending on the convention of the exchange on which the investment is quoted.

Unquoted investments have also been designated by the Board as held at fair value through profit or loss and are valued by the directors using primary valuation techniques such as earnings multiples, recent transactions and net assets. Where fair value cannot reliably be measured, the investment will be carried at the previous reporting date value unless there is evidence that the investment has since been impaired, in which case the value will be reduced.

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Income Statement as "gains or losses from investments held at fair value though profit or loss". Transaction costs incurred on the purchase and disposal of investments are included within the cost or deducted from the proceeds of the investments. All purchases and sales are accounted for on a trade date basis.

d) Foreign currency

The results and financial position of the Company are expressed in sterling, which is the functional currency and presentational currency of the Company. Sterling is the functional currency because it is the currency of the primary economic environment in which the Company operates.

Transactions recorded in overseas currencies during the year are translated into sterling at the appropriate daily exchange rates. Monetary assets and liabilities and equity investments held at fair value through profit or loss, which are denominated in foreign currencies at the balance sheet date, are translated into sterling at the exchange rates ruling at that date.

Any gains or losses on the translation of foreign currency balances, whether realised or unrealised, are taken to the capital return or to the revenue return of the Income Statement, depending on whether the gain or loss is of a capital or revenue nature.

Notes to the Financial Statements

continued

1 Accounting policies (continued)

e) Income

Dividends receivable from equity shares are taken to the revenue return on an ex-dividend basis except where, in the opinion of the directors, the dividend is capital in nature, in which case it is taken to the capital return. Income from fixed interest debt securities and preference shares is recognised using the effective interest rate method in accordance with the SORP. The ordinary element of scrip dividends received in lieu of cash dividends is recognised as revenue. Any enhancement above the cash dividend is treated as capital. Interest on cash balances and money market funds is accounted for on an accruals basis.

Where the Company enters into a commitment to sub-underwrite an issue of securities, in exchange for the receipt of commission, a derivative financial instrument is recognised initially at fair value. The derivative is re-measured subsequently at fair value, with the related gains and losses being reflected in the Income Statement. Net losses arising from these derivatives, where the actual or expected loss from taking up the securities underwritten exceeds the commission income, are allocated to the capital return. Net gains are allocated to the revenue return.

f) Management fees, administrative expenses and finance charges

All expenses and finance charges are accounted for on an accruals basis.

The Board has determined that the capital return should reflect the indirect costs of earning capital returns. With effect from 1 November 2008, the Company allocates 50% of its management fees and finance charges to the capital return of the Income Statement with the remaining 50% being allocated to the revenue return.

The management fee is calculated, quarterly in arrears, as 0.60% per annum of the assets under management. No performance fee was earned or payable in the period, nor in the comparative period.

All other administrative expenses are charged to the revenue return of the Income Statement.

Expenses which are incidental to the purchase or sale of an investment are recognised immediately in the capital return of the Income Statement, and are included within the gains/losses from investments held at fair value through profit or loss.

g) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using the effective rate of corporation tax for the accounting period.

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Income Statement is the "marginal basis". Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Income Statement, then no tax relief is transferred to the capital return column.

Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted. Any liability to deferred tax is provided at the average rate of tax expected to apply based on tax rates and laws that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

Notes to the Financial Statements

continued

1 Accounting policies (continued)

h) Bank borrowings

Interest bearing bank loans and overdrafts are recorded initially at fair value, being the proceeds received, less direct issue costs. They are subsequently remeasured at amortised cost. Finance charges, including interest payable, premiums on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

i) Cash and liquid resources

For the purposes of the cash flow statement, cash comprises bank deposits that are repayable on demand and bank overdrafts. Liquid resources comprise readily disposable shares of value that do not qualify as cash, and include investments in money market funds as explained more fully in note 12.

j) Dividends payable to shareholders

Dividends payable to shareholders are recognised in the financial statements when they are paid or, in the case of final dividends, when they are approved by shareholders. Dividends are dealt with in the Reconciliation of Movements in Shareholders' Funds.

k) The issue and repurchase of ordinary shares and the associated costs

The proceeds from the issue of new ordinary shares (including those relating to the sale of shares out of treasury), the proceeds of conversion of subscription shares into ordinary shares and the aggregate cost of repurchasing ordinary shares (including those to be held in treasury) are taken directly to the equity and dealt with in the Reconciliation of Movements in Shareholders' Funds. Issue costs incurred in respect of new ordinary shares are offset against the proceeds received and dealt with in the share premium account. Issue costs incurred in respect of shares sold out of treasury are offset against proceeds received and dealt with in the share premium account. Share issue and repurchase transactions are accounted for on a trade date basis.

l) Capital reserves

Capital reserve arising on investments sold

The following are accounted for in this reserve:

– gains and losses on the disposals of investments;
– expenses and finance costs allocated to capital net of tax relief;
– realised foreign exchange differences of a capital nature; and
– costs of repurchasing ordinary share capital.

Capital reserve arising on revaluation of investments held

The following are accounted for in this reserve:

– increases and decreases in the valuation of investments held at the year end; and
– unrealised foreign exchange differences of a capital nature.

Notes to the Financial Statements

continued

2	Gains from investments held at fair value through profit or loss	2010 £'000	2009 £'000
	Losses on sale of investments based on historical cost	**(965)**	(6,465)
	Revaluation losses recognised in previous years	**2,390**	6,694
	Gains on investments sold in the year based on carrying value at previous balance sheet date	**1,425**	229
	Revaluation of investments held at 31 October	**6,459**	9,859
	Exchange losses	**–**	(1)
		7,884	10,087

3	Income from investments held at fair value through profit or loss	2010 £'000	2009 £'000
	Franked:		
	Dividends from listed investments	**703**	630
	Dividends from AIM investments	**211**	158
		914	788
	Unfranked:		
	Dividends from listed investments	**74**	100
	Dividends from AIM investments	**8**	–
		82	100
		996	888

4	Other interest receivable and similar income	2010 £'000	2009 £'000
	Deposit interest	**3**	–
	Income from underwriting	**24**	102
		27	102
	Interest on VAT repayment (see note 25 on page 49)	**–**	146
		27	248

Notes to the Financial Statements

continued

5 **Management fee**	**Revenue return 2010 £'000**	**Capital return 2010 £'000**	**Total 2010 £'000**	Revenue return 2009 £'000	Capital return 2009 £'000	Total 2009 £'000
Management fee	**130**	**130**	**260**	94	94	188
Write-back of prior years' VAT	**–**	**–**	**–**	(182)	–	(182)
	130	**130**	**260**	(88)	94	6

(i) The basis on which the management fee is calculated is set out on pages 22 and 23 in the Report of the Directors.

(ii) The allocation between revenue return and capital return is explained in note 1f on page 34.

(iii) The background to the write-back of VAT is explained in note 25 on page 49.

6 **Other administrative expenses** (all charged to revenue)	**2010 £'000**	2009 £'000
Auditors' remuneration for audit services	**20**	23
Directors' fees (see the directors' remuneration report on pages 25 and 26)	**66**	58
Directors' and officers' liability insurance	**9**	9
Director recruitment	**11**	–
Listing and regulatory fees	**11**	10
Custody	**5**	6
Printing and postage	**22**	29
Registrar's fees	**8**	7
Marketing expenses payable to the Manager	**16**	13
Bank facilities: non-utilisation fees	**16**	6
Other expenses	**16**	14
Irrecoverable VAT	**14**	9
	214	184

7 **Finance charges**	**Revenue return 2010 £'000**	**Capital return 2010 £'000**	**Total 2010 £'000**	Revenue return 2009 £'000	Capital return 2009 £'000	Total 2009 £'000
On bank loans and overdrafts repayable within one year	**80**	**80**	**160**	101	101	202

The allocation between revenue return and capital return is explained in note 1f on page 34.

Notes to the Financial Statements

continued

8	Taxation on net return on ordinary activities	Revenue return 2010 £'000	Capital return 2010 £'000	Total 2010 £'000	Revenue return 2009 £'000	Capital return 2009 £'000	Total 2009 £'000
	(a) Analysis of the charge for the year						
	UK corporation tax at 28% (2009: 28%)	–	–	–	–	–	–
	Overseas taxation	–	–	–	5	–	5
	Taxation on net return on ordinary activities (note 8(b))	–	–	–	5	–	5

(b) Factors affecting the tax charge for the year

Approved investment trusts are exempt from tax on realised capital gains.

The tax assessed for the year is lower than the effective rate of corporation tax in the UK for the year ended 31 October 2010 of 28% (2009: 28%).

The differences are explained below:

	Revenue return 2010 £'000	Capital return 2010 £'000	Total 2010 £'000	Revenue return 2009 £'000	Capital return 2009 £'000	Total 2009 £'000
Net return on ordinary activities before taxation	**599**	**7,674**	**8,273**	939	9,892	10,831
Corporation tax at 28% (2009: 28%)	**168**	**2,148**	**2,316**	263	2,770	3,033
Non-taxable UK dividends	**(256)**	–	**(256)**	(221)	–	(221)
Irrecoverable withholding tax	–	–	–	5	–	5
Non-taxable overseas dividends	**(22)**	–	**(22)**	(8)	–	(8)
Income taxable in different years	–	–	–	15	–	15
Utilisation of excess management expenses brought forward	–	–	–	(49)	–	(49)
Expenses not utilised in the year	**110**	**60**	**170**	–	54	54
Capital gains not subject to tax	–	**(2,208)**	**(2,208)**	–	(2,824)	(2,824)
Current tax charge	–	–	–	5	–	5

Notes to the Financial Statements

continued

8 Taxation on net return on ordinary activities (continued)

(c) Provision for deferred taxation

Because of the Company's status as an investment trust, and the intention that it will continue to meet the conditions required to obtain approval as such in the foreseeable future, the Company has not provided for deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

(d) Factors that may affect future tax charges

The Company has not recognised a potential deferred tax asset of £3,129,000 (2009: £3,077,000), arising as a result of unutilised management expenses and non trade loan relationship deficits. These expenses could only be utilised if the Company were to generate taxable profits in the future. It is considered too uncertain that the Company will generate such profits and therefore no deferred tax asset has been recognised.

9 Return per ordinary share

The total return per ordinary share is based on the net return attributable to the ordinary shares of £8,273,000 (2009: £10,826,000) and on 8,092,497 ordinary shares (2009: 8,208,439) being the weighted average number of shares in issue during the year.

The total return can be further analysed as follows:

	2010 £'000	2009 £'000
Revenue return	**599**	934
Capital return	**7,674**	9,892
Total return	**8,273**	10,826
Weighted average number of ordinary shares	**8,092,497**	8,208,439
Revenue return per ordinary share	**7.40p**	11.38p
Capital return per ordinary share	**94.83p**	120.51p
Total return per ordinary share	**102.23p**	131.89p

The Company has in issue 1,640,753 (2009: 1,641,258) subscription shares which are convertible into ordinary shares at a conversion price of 936p per share in any of the years 2009 to 2014 inclusive. The subscription shares were issued on 19 January 2007. There was no dilution of the return per ordinary share in respect of the conversion rights attaching to the subscription shares (year ended 31 October 2009: no dilution).

Notes to the Financial Statements
continued

10 Dividends	**2010 £'000**	2009 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 October 2009 of 7.50p (2008: 11.50p)	**605**	944
Interim dividend for the year ended 31 October 2010 of 2.00p (2009: 3.00p)	**162**	246
Return of unclaimed dividends	**–**	(2)
	767	1,188

The final dividend of 7.50p per ordinary share in respect of the year ended 31 October 2009 was paid on 26 March 2010 to shareholders on the register of members at the close of business on 26 February 2010.

The interim dividend of 2.00p per ordinary share in respect of the year ended 31 October 2010 was paid on 24 September 2010 to shareholders on the register of members at close of business on 27 August 2010.

Subject to approval at the annual general meeting, the proposed final dividend of 4.50p per ordinary share will be paid on 25 March 2011 to shareholders on the register of members at the close of business on 25 February 2011.

The total dividends payable in respect of the financial year, which form the basis of the test under section 1158 of the Corporation Tax Act 2010, are set out below:

	Year ended 31 October 2010 £'000
Revenue available for distribution by way of dividends for the year	**599**
Interim dividend for the year ended 31 October 2010: 2.00p	**(162)**
Proposed final dividend for the year ended 31 October 2010: 4.50p (based on the 8,064,087 ordinary shares in issue at 27 January 2011)	**(363)**
Undistributed revenue for section 1158 purposes*	**74**

*Undistributed revenue comprises 7.4% of the income from investments of £996,000.

Notes to the Financial Statements

continued

11 Investments held at fair value through profit or loss

	£'000
Valuation at 1 November 2009	41,391
Investment holding losses at 1 November 2009	4,220
Cost at 1 November 2009	45,611
Purchases at cost	8,762
Sales at cost	(11,648)
Cost at 31 October 2010	42,725
Investment holding gains at 31 October 2010	4,629
Valuation of investments at 31 October 2010	**47,354**

All the investments were equity investments.

Purchase transaction costs for the year ended 31 October 2010 were £39,000 (2009: £30,000). These comprise mainly stamp duty and commissions. Sale transaction costs for the year ended 31 October 2010 were £13,000 (2009: £8,000). These comprise mainly commissions.

Substantial interests in investments

The Company held interests in 3% or more of any class of share capital in one investee company (2009: two).

12 Current asset investment

The Company has a holding in Henderson Liquid Assets Fund plc, a money market fund which is viewed as a readily disposable store of value and which is used to invest cash balances that would otherwise be placed on short term deposit. At 31 October 2010 this holding had a value of £1,037,000 (2009: £1,076,000).

Henderson Liquid Assets Fund plc is managed by Henderson Global Investors Limited ('Henderson'). The Company's holding is made through a class of shares that does not bear management fees and, accordingly, it has no effect on the management fees payable by the Company to Henderson (which are based on the value of the total assets under management, wherever held).

13 Debtors

	2010 £'000	2009 £'000
Sales for future settlement	**18**	81
Prepayments and accrued income	**103**	93
Taxation recoverable	**2**	20
	123	194

Notes to the Financial Statements

continued

14 Creditors: amounts falling due within one year	2010 £'000	2009 £'000
Unsecured sterling loans	**6,155**	6,000
Bank overdrafts	**–**	440
Purchases for future settlement	**96**	190
Other creditors	**165**	154
	6,416	6,784

15 Financial risk management policies and procedures

As an investment trust, the Company invests in equities and other investments for the long term so as to secure its investment objective and policy as stated on page 12. In pursuing its investment objective and policy, the Company is exposed to a variety of financial risks that could result in either a reduction in the Company's net assets or a reduction in the profits available for distribution by way of dividends.

These financial risks: market risk (comprising market price risk, currency risk and interest rate risk), liquidity risk and credit and counterparty risk and the directors' approach to the management of these risks, are set out below and have not changed from the previous accounting period. The Board and the Manager coordinate the Company's risk management.

15.1 Market risk

The fair value of a financial instrument held by the Company may fluctuate due to changes in market prices. This market risk comprises market price risk (see note 15.1.1), currency risk (see note 15.1.2) and interest rate risk (see note 15.1.3). The Board reviews and agrees policies for managing these risks. The Portfolio Manager assesses the exposure to market risk when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

15.1.1 Market price risk

Market price risk (ie changes in market prices other than those arising from interest rate risk or currency risk) may affect the fair value of investments.

The Company's exposure to market price risk at 31 October 2010 is represented by the investments it holds, as shown on the Balance Sheet on page 31 under the heading 'Investments held at fair value through profit or loss'.

Management of the risk

The Board manages the risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Manager. The Board meets regularly and at each meeting reviews investment performance. The Board monitors the Manager's compliance with the Company's objective and is responsible for investment strategy and asset allocation.

Concentration of exposure to market price risks

An analysis of the Company's investment portfolio is shown on pages 9 to 11. This shows that the value of the investments is primarily in companies that are listed or quoted in the UK. Accordingly, there is a concentration of exposure to market price risk in the UK, although it is recognised that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country.

Notes to the Financial Statements

continued

15 Financial risk management policies and procedures (continued)

15.1.1 Market price risk (continued)

Market price risk sensitivity

The following table illustrates the sensitivity of the total return after taxation for the year and the net assets to an increase or decrease of 40% in the fair values of the Company's investments. This level of change is considered to be reasonably possible based on observation of recent market conditions.

Sensitivity analysis – market prices if prices change by 40%

	2010 If prices go up £'000	**2010 If prices go down £'000**	2009 If prices go up £'000	2009 If prices go down £'000
Investments (excluding investments in money market funds)	**47,354**	**47,354**	41,391	41,391
Impact on the income statement:				
Revenue return	**(57)**	**57**	(50)	50
Capital return	**18,885**	**(18,885)**	16,506	(16,506)
Impact on net assets and total return	**18,828**	**(18,828)**	16,456	(16,456)

15.1.2 Currency risk

A small proportion of the Company's assets, liabilities and income are denominated in currencies other than sterling (the Company's functional currency and presentational currency). As a result, movements in exchange rates may affect the sterling value of those items.

Management of the risk

The Manager monitors the Company's exposure to foreign currencies and reports any significant changes to the Board. The Manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and total return of a movement in the exchange rate to which the Company's assets, liabilities, income and expenses are exposed.

Investment income denominated in foreign currencies is converted into sterling on receipt. The Company does not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt.

Foreign currency exposure and sensitivity

The Company's investments are predominantly in sterling-based securities and its exposure to currency risk is not considered material.

Notes to the Financial Statements

continued

15 Financial risk management policies and procedures (continued)

15.1.3 Interest rate risk

Interest rate movements may affect:

- the level of income receivable from interest-bearing securities, money market funds and cash at bank and on deposit
- the interest payable on the Company's variable rate borrowings.

Management of the risk

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and borrowing under the Company's bank loan facility. The Company, generally, makes use of money market fund placings and does not hold significant cash balances; it uses short term borrowings when required. The Company may finance part of its activities through borrowings at levels approved and monitored by the Board. Derivative contracts are not used to hedge against the exposure to interest rate risk.

Interest rate exposure

The Company's exposure at 31 October 2010 of financial assets and financial liabilities to interest rate risk is shown by reference to floating interest rates – when the interest rate is due to be reset.

	2010 Within one year £'000	**2010 Total £'000**	2009 Within one year £'000	2009 Total £'000
Exposure to floating interest rates:				
Cash at bank	**800**	**800**	12	12
Money market funds	**1,037**	**1,037**	1,076	1,076
Creditors – within one year:				
Bank overdraft	**–**	**–**	(440)	(440)
Borrowings under loan facility	**(6,155)**	**(6,155)**	(6,000)	(6,000)
Total exposure to interest rates	**(4,318)**	**(4,318)**	(5,352)	(5,352)

Interest receivable and finance costs are at the following rates:

- interest received on cash balances and money market funds, or paid on bank overdrafts, is at a margin linked to LIBOR (2009: same)
- interest paid on borrowings under the loan facility is at a margin over LIBOR for the type of loan. The weighted average interest rate of these is 2.3% as at 31 October 2010 (2009: 2.5%).

Interest rate risk sensitivity

The Company is exposed to interest rate risk primarily through its loan facility with ING Bank and money market funds. The sensitivity is as follows: borrowings vary throughout the year as a result of the Board's borrowing policy. Net borrowings at the year end were £4,318,000 (2009: £5,352,000) and if that level of borrowings was maintained for a full year, then a 200 basis points change in LIBOR (up or down) would decrease or increase total net return on ordinary activities after taxation and shareholders' funds by £86,000 (2009: £107,000).

Notes to the Financial Statements

continued

15 Financial risk management policies and procedures (continued)

15.2 Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Management of the risk

Liquidity risk is not significant as the majority of the Company's assets are investments in quoted securities that are readily realisable. The Company has unsecured sterling loan facilities totalling £7,000,000 (2009: £7,000,000) and an overdraft facility with the Custodian. The facilities are subject to regular review.

The Board gives guidance to the Manager as to the maximum amount of the Company's resources that should be invested in any one company. The policy is that the Company should generally remain fully invested and that short term borrowings be used to manage short term cash requirements.

The contractual maturities of the financial liabilities at 31 October based on the earliest date on which payment can be required are as follows:

	31 October 2010		31 October 2009	
	Due within one month £'000	**Due between one and three months £'000**	Due within one month £'000	Due between one and three months £'000
Bank overdrafts, loans and interest	**–**	**6,190**	441	6,037
Other creditors and accruals	**245**	**–**	135	–
	245	**6,190**	576	6,037

15.3 Credit and counterparty risk

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss.

Management of the risk

The risk is managed as follows:

- investment transactions are carried out with a large number of brokers, whose credit standard is reviewed regularly by the Manager, and limits are set on the amount that may be due from any one broker
- cash at bank is held only with reputable banks with high quality external credit ratings or through a money market fund that uses such banks.

In summary, the exposure to credit risk at 31 October 2010 was to cash at bank and money market funds of £1,837,000 (2009: £1,088,000) and to other receivables of £123,000 (2009: £194,000) (see note 13).

15.4 Fair values of financial assets and financial liabilities

The financial assets and financial liabilities are either carried in the balance sheet at their fair value (investments) or the balance sheet amount is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash at bank, bank overdrafts and amounts due under the loan facility).

Notes to the Financial Statements

continued

15 Financial risk management policies and procedures (continued)

15.5 Fair value hierarchy disclosures

The table below sets out fair value measurements using the FRS 29 fair value hierarchy.

Fair value hierarchy at 31 October 2010	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	47,354	–	–	47,354
Current asset investments	1,037	–	–	1,037
	48,391	**–**	**–**	**48,391**

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices in active markets for identical assets

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included in Level 1

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

A reconciliation of fair value movements within Level 3 is set out below.

Level 3 investments at fair value through profit or loss	£'000
Opening balance	25
Revaluation	9
Distribution of assets	(34)
Transfers into Level 3	–
Closing balance	**–**

The total value of unquoted investments at 31 October 2010 was £nil (2009: £25,000).

15.6 Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that it will be able to continue as a going concern; and
- to maximise the revenue and capital returns to its equity shareholders

through an appropriate balance of equity capital and debt.

The Company's capital at 31 October 2010 comprised its share capital, reserves and loans (as shown in note 14) that are included in the Balance Sheet at a total of £49,053,000 (2009: £41,889,000).

The Board, with the assistance of the Portfolio Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes into account the Manager's view on the market
- the need to buy back equity shares, either for cancellation or to hold in treasury, which takes account of the difference between the net asset value per share and the share price (ie the level of share price discount or premium) as well as the discount of the peer group and the level of the equity market
- the need for new issues of equity shares, including allotments from treasury
- the extent to which revenue in excess of that which is required to be distributed should be retained.

Notes to the Financial Statements

continued

15 Financial risk management policies and procedures (continued)

The Company is subject to several externally imposed capital requirements:

- borrowings under the current loan facility must not exceed 45% of the adjusted net asset value (as defined by the bank providing the loan facility) and the adjusted net asset value must not be less than £11.25 million at any time
- as a public company, the Company has a minimum share capital of £50,000
- in order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet the capital restriction tests imposed on investment companies by company law.

The Company has complied with these requirements.

In September 2010 the Company negotiated a one year revolving credit facility of £7 million ("the Facility") to replace the one year facility that expired in that month. At 31 October 2010 a sum of £6,155,000 was drawn down under the Facility. The Company was fully compliant with the terms of the Facility for the period from its inception in September 2010 to the date of this Annual Report.

16 Called up share capital

	2010 £'000	2009 £'000
Allotted, issued and fully paid:		
8,064,087 ordinary shares of 25p each (2009: 8,208,582)	**2,016**	2,052
1,640,753 subscription shares of 1p each (2009: 1,641,258)	**16**	16
	2,032	2,068

During the year the Company purchased for cancellation 145,000 of its ordinary shares (2009: none). Since the year end no ordinary shares have been bought back.

There were 1,640,753 subscription shares of 1p each in issue at 31 October 2010 (31 October 2009: 1,641,258). The subscription shares were issued, as a bonus issue to the ordinary shareholders, on 19 January 2007. During the year ended 31 October 2010, 505 of the Company's subscription shares were converted into 505 ordinary shares. Subscription shareholders have an opportunity to convert their subscription shares into ordinary shares, at the conversion price of 936p per share, in each of the years 2009 to 2014 inclusive.

17 Share premium account

	£'000
At 1 November 2009	14,508
Conversion of subscription shares (see note 16)	4
At 31 October 2010	**14,512**

18 Capital redemption reserve and other capital reserves

	Capital redemption reserve £'000	**Capital reserve arising on investments sold £'000**	**Capital reserve arising on revaluation of investments held £'000**	**Other capital reserves total £'000**
At 1 November 2009	**2,354**	20,217	(4,220)	**15,997**
Transfer on disposal of investments	**–**	(2,390)	2,390	**–**
Net gains on investments	**–**	1,425	6,459	**7,884**
Repurchase of ordinary shares	**36**	(501)	–	**(501)**
Expenses and finance charges allocated to capital	**–**	(210)	–	**(210)**
At 31 October 2010	**2,390**	**18,541**	**4,629**	**23,170**

Notes to the Financial Statements
continued

19 Revenue reserve

	£'000
At 1 November 2009	962
Net revenue return for the year after tax	599
Dividends paid (see note 10 on page 40)	(767)
At 31 October 2010	**794**

20 Net asset value per ordinary share

The net asset value per ordinary share is based on the net assets attributable to the ordinary shares of £42,898,000 (2009: £35,889,000) and on the 8,064,087 ordinary shares in issue at 31 October 2010 (2009: 8,208,582). There was no dilution of the net asset value per ordinary share in respect of the conversion rights attaching to the subscription shares (31 October 2009: no dilution).

The movements during the year of the assets attributable to the ordinary shares were as follows:

	£'000
Total net assets at 1 November 2009	35,889
Total net return	8,273
Dividends paid in the year	(767)
Repurchase of ordinary shares	(501)
Conversion of subscription shares	4
Total net assets at 31 October 2010	**42,898**

21 Reconciliation of operating revenue to net cash flow from operating activities

	2010 £'000	2009 £'000
Net total return before finance charges and taxation	**8,433**	11,033
Less: capital return before finance charges and taxation	**(7,754)**	(9,993)
Net revenue before finance charges and taxation	**679**	1,040
(Increase)/decrease in accrued income	**(10)**	140
Decrease in other debtors	**–**	508
Increase/(decrease) in other creditors	**14**	(10)
Expenses charged to capital return	**(130)**	(94)
Net cash inflow from operating activities	**553**	1,584

22 Analysis of changes in net debt

	1 November 2009 £'000	Cash flow £'000	31 October 2010 £'000
Cash at bank	12	788	**800**
Bank overdrafts	(440)	440	**–**
Liquid resources	1,076	(39)	**1,037**
Bank loans falling due within one year	(6,000)	(155)	**(6,155)**
Net debt	**(5,352)**	**1,034**	**(4,318)**

Notes to the Financial Statements

continued

23 Capital commitments and contingent commitments

Capital commitments

There were no capital commitments at 31 October 2010 (2009: £nil).

Contingent commitments

At 31 October 2010 there were commitments in respect of sub-underwriting of £157,000 (2009: £589,000). Subsequent to the year end, the Company was not required to take up any shares in respect of the sub-underwriting commitments.

24 Transactions with the Manager

Under the terms of the management agreement, the Company has appointed wholly owned subsidiary companies of Henderson Group plc ('Henderson') to provide investment management, accounting, administrative and company secretarial services (and with BNP Paribas Securities Services to provide residual UK custodial services). Henderson has contracted with BNP Paribas Securities Services to provide accounting and administrative services. During 2007 JPMorgan Chase Bank N.A. was appointed as the Company's global custodian and assumed most of the custodial responsibilities previously carried out by BNP Paribas Securities Services.

Details of the fee arrangements with the Manager for these services are given on pages 22 and 23 in the Report of the Directors. The fees payable under these arrangements are shown in note 5 on page 37. The other fees payable to the Manager are shown in note 6 on page 37.

The management fees payable to Henderson under this agreement in respect of the year ended 31 October 2010 were £260,000 (2009: £188,000) of which £94,000 was outstanding at 31 October 2010 (2009: £82,000). VAT is no longer payable on management (including performance) fees. No performance fee was payable to Henderson in respect of the year ended 31 October 2010 (2009: £nil).

In addition to the above services, Henderson has provided the Company with marketing services. The total fees payable for these services for the year ended 31 October 2010 were £16,000 (excluding VAT) (2009: £13,000), of which £5,000 was outstanding at 31 October 2010 (2009: £1,000).

25 VAT on management fees

Following the decision of the European Court of Justice in 2007 that Value Added Tax ('VAT') should not be charged on fees paid for management services provided to investment trust companies, over the three previous financial years (ie the three years up to 31 October 2009) the Company received in total £689,000 in VAT reclaims (relating to management fees paid during the periods 1 January 1990 to 4 December 1996 and 1 October 2000 to 30 June 2007) and £216,000 of simple interest on those VAT reclaims. No further reclaims of VAT or interest were expected or received during the year under review.

Ten Year Historical Record

Year ended 31 October	Total assets less current liabilities in £'000	Net asset value per ordinary share in pence	Revenue return/ (loss) per ordinary share in pence(2)	Dividend per ordinary share in pence
2001	85,645	486.0	(7.85)	nil
2002	53,499	308.2	(1.23)	nil
2003	76,002	442.2	2.61	nil
2004	80,879	472.9	3.41	nil
2005	60,840	540.3	1.48	nil
2006	58,223	709.3	5.29	nil
2007	62,283	758.8	7.08	6.00
2008	26,248	319.8	17.72	15.50
2009	35,889	437.2	11.38	10.50
2010	**42,898**	**532.0**	**7.40**	**6.50**

Notes

1. On 19 January 2007 the Company made, to the then ordinary shareholders, a bonus issue of subscription shares on a one for five basis. At 31 October 2010 the net asset value attributable to each subscription share was nil.
2. The revenue return figures for the years prior to 2006 have not been adjusted for the decision, made with effect from 1 November 2005, to allocate a proportion of the management and finance costs to the capital return.

Notes on the Bonus Issue of Subscription Shares

The calculation of capital gains

The Company made a bonus issue of Subscription Shares of 1p each on 19 January 2007 to the holders of the Company's Ordinary Shares of 25p each as at close of business on 19 January 2007.

Dealings in the Subscription Shares began on 22 January 2007. At close of business on that day the middle market prices of the Ordinary Shares and the Subscription Shares were as follows:

Ordinary Shares	708p
Subscription Shares	101p

Source: London Stock Exchange Daily Official List

Accordingly, an individual investor who on 19 January 2007 held five Ordinary Shares (or a multiple thereof) received a bonus issue of one Subscription Share (or the relevant multiple thereof) and will apportion the base cost of such existing holding 97.23% to the five Ordinary Shares (or the relevant multiple thereof) and 2.77% to the one Subscription Share (or the relevant multiple thereof).

Exercise

Each Subscription Share confers a right, exercisable by notice to the Company in the 30 days preceding the annual general meeting in any of the years 2009 to 2014 (inclusive) and upon payment of the conversion price, to convert on the date of the relevant annual general meeting into one Ordinary Share in the Company. The conversion price is 936p per Ordinary Share. The form of notice of exercise is set out on the reverse of the Subscription Share certificate (for those who hold Subscription Shares in certificated form). The rights attaching to the Subscription Shares are described in Part III of the Company's prospectus dated 21 December 2006 and are set out in the Articles of Association of the Company.

Glossary of Terms

AIC
The Association of Investment Companies (formerly the Association of Investment Trust Companies, abbreviated to the AITC).

Benchmark
The FTSE All-Share Index on a total return basis.

Dividend yield
The total annual dividend expressed as a percentage of the share price.

Gearing
The gearing percentage reflects the amount of net borrowings (ie bank loans and overdraft less money market fund holdings and cash balances) the Company has used to invest in the market. In a falling market, the gearing effect will make a negative contribution to performance, whereas in a rising market it will make a positive contribution.

There are several methods of calculating gearing and the following has been selected: the total market value of the investments (excluding the quoted cash fund) less shareholders' funds as a percentage of shareholders' funds.

Investment trusts
Investment trusts are public limited companies, quoted on the London Stock Exchange, which provide shareholders with a professionally managed portfolio of investments. Investment trusts are exempt from tax on the capital gains arising on the realisation of investments. Most of the revenue, net of expenses and any tax, is distributed to shareholders as dividend.

Performance attribution analysis
Performance attribution analyses how the Company has achieved its recorded performance relative to its benchmark.

Net Asset Value ('NAV') per ordinary share
The value of the Company's assets (investments and cash held) less any liabilities (including bank loans and overdraft) for which the Company is responsible, divided by the number of shares in issue. The aggregate NAV is also referred to as shareholders' funds on the Balance Sheet. The NAV per share is published daily.

Premium/discount
The amount by which the market price per share of an investment trust is either higher (premium) or lower (discount) than the NAV per share, expressed as a percentage of the NAV.

Total expense ratio ('TER')
The total expenses incurred by the Company in the year expressed as a percentage of the average shareholders' funds at the beginning and end of the year.

Total return
The return on the share price or net asset value per share taking into account both the rise and fall of share prices and the dividends paid to shareholders. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for net asset value total return).

General Shareholder Information

Release of results
Half year results are announced in June. Full year results are announced in January.

AGM
The annual general meeting is held in London in March.

Date of dividend payments
Ordinary shares: interim dividend announced in June and paid in September; final dividend announced in January and paid in March.

Final dividend tax vouchers
Tax vouchers (and, where applicable, cheques) in respect of the final dividend for the year ended 31 October 2010 will be posted on 23 March 2011 to shareholders on the register on 25 February 2011. The dividend will be paid on 25 March 2011, subject to approval at the AGM.

Payment of dividends
Dividends can be paid to shareholders more efficiently by means of BACS; mandate forms for this purpose are available from the Registrar. Alternatively, shareholders can write to the Registrar (the address is given on page 55 of this report) to give their instructions; these must include the bank account number, the bank account title and the sort code of the bank to which payments are to be made.

Information
The ordinary share price, net asset value, subscription share price and other information can be found on the Henderson website. The address is **www.hendersonopportunitiestrust.com** or **www.hendersoninvestmenttrusts.com**

The market price of the Company's ordinary shares is quoted in the Financial Times and other leading newspapers. The London Stock Exchange Daily Official List (SEDOL) Number is 0853657. The mnemonic is 'HOT' for the ordinary shares and 'HOTS' for the subscription shares.

Shareholders who hold their shares on the register of members (whether or not in certificated form) can check their shareholding with the Registrar, Computershare Investor Services PLC, via **www-uk.computershare.com/investor**. Please note that to gain access to your details on the Computershare site you will need the shareholder reference number on the top left corner of your share certificate or on your tax voucher.

Disability Act
Copies of this Annual Report and other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, including Braille, audio tape or larger type as appropriate.

You can contact the Company's Registrar, Computershare Investor Services PLC, which has 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, by dialling 0870 702 0005. 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 Deaf People) you should dial 18001 followed by the number you wish to dial.

General Shareholder Information

continued

Nominee share code

Where notification has been provided in advance, the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee investors may attend general meetings and speak at meetings when invited to do so by the Chairman.

Those who invest through the Halifax Share Dealing products receive all shareholder communications. A voting instruction form is provided to enable participants to give voting instructions in respect of general meetings of the Company.

History and background

The Company was incorporated on 21 August 1985 as Trushelfco (No 840) Limited. Its name was changed on 14 November 1985 to Strata Investments plc, on 28 January 1992 to Henderson Strata Investments plc and on 19 January 2007 to Henderson Opportunities Trust plc.

Henderson Strata was established in 1985 to invest in smaller companies across the international markets. Until 10 February 2005 the benchmark was the FTSE SmallCap (excluding investment companies) Index. On 10 February 2005 the investment policy was changed to focus on UK micro cap companies and the benchmark was changed to the FTSE Fledgling (excluding investment companies) Index. On 19 January 2007 the objective was changed to investment in shares on an unconstrained basis across the UK market and the benchmark was changed to the FTSE All-Share Index. At that date the ordinary shareholders received a bonus issue of one subscription share for every five ordinary shares. The Company is now a constituent of the UK Growth sector.

Shareholders have the opportunity to vote every three years on the continued life of the Company. Additional votes were held at the Annual General Meetings in 2009 and 2010; the next vote is scheduled for March 2011.

Ordinary shareholder analysis

	Number of ordinary shareholders	Number of ordinary shares held
Individuals	410	324,513
Nominee companies and other corporate holders*	275	7,739,574
	685	8,064,087

*includes investors through the Halifax Share Dealing Account and the Henderson ISAs as at 31 October 2010.

Source: Computershare Investor Services PLC.

Directors and other Information

Directors
G B Burnett* (Chairman)
R D H Bryce
C P Hills*
M R King*
P N J May* (Chairman of the Audit Committee)

*Member of the Audit Committee

Manager
Henderson Global Investors Limited
201 Bishopsgate
London EC2M 3AE
represented by J H Henderson and C M Hughes

(Henderson Global Investors Limited is authorised and regulated by the Financial Services Authority)

Secretary
Henderson Secretarial Services Limited,
represented by G S Rice ACIS

Registered Office
201 Bishopsgate
London EC2M 3AE
Telephone: 020 7818 1818

Registered Number
Registered in England and Wales No. 1940906 as an investment company

The Company is a member of:

aic
The Association of Investment Companies

London Stock Exchange
LISTED
PREMIUM

Statutory Auditors
PricewaterhouseCoopers LLP
Hay's Galleria
1 Hay's Lane
London SE1 2RD

Stockbroker
JPMorgan Cazenove Limited
10 Aldermanbury
London EC2V 7RF

Solicitors
Slaughter and May
One Bunhill Row
London EC1Y 8YY

Custodian
JPMorgan Chase Bank N.A.
Worldwide Securities Services
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London EC4Y 0JP

Registrar
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ISA Department
Henderson Global Investors
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Telephone: 0800 856 5656

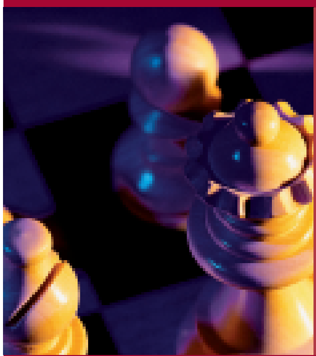
Halifax Share Dealing Limited
Lovell Park Road
Leeds LS1 1NS
Telephone: 0845 609 0408
Email: communications@halifax.com
Website: www.halifax.co.uk

Warning to Shareholders

Many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

Please note that it is very unlikely that either the Company or the Company's Registrar, Computershare Investor Services PLC, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment 'advice'.

If you are in any doubt about the veracity of an unsolicited phone call, please contact either the Company Secretary or the Registrar at the numbers provided on page 55.



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