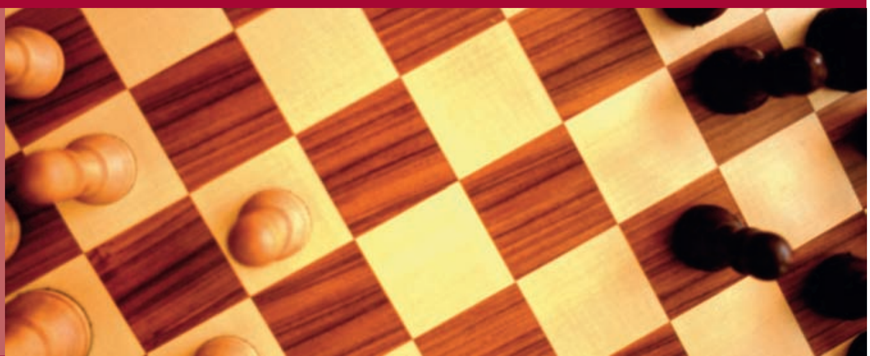
Henderson Opportunities Trust plc

Report and Accounts for the year ended 31 October 2008



Henderson Opportunities Trust plc

Background

Prior to 19 January 2007 the name of the Company was Henderson Strata Investments plc and its policy was to achieve above average capital growth from investment in a portfolio of UK micro cap companies. The name and investment policy were changed at an Extraordinary General Meeting of the Company held on 19 January 2007.

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 2008	Year ended 31 October 2007
Net asset value per ordinary share	**319.8p**	758.8p
Ordinary share price	**241.25p**	668.0p
Subscription share price	**10.5p**	139.0p
Discount	**24.6%**	12.0%
"Package" discount [A]	**23.9%**	8.3%
Revenue return per ordinary share	**17.72p**	7.08p
Dividend per ordinary share	**15.50p**	6.00p
Gearing [B]	**10.5%**	7.9%

[A] Calculated on the "package" of five ordinary shares and one subscription share.

[B] 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 2008

	6 months %	1 year %	Since 19.01.07 %	2 years %	3 years %
Net asset value per share total return [1]	(47.7)	(58.5)	(60.0)	(56.0)	(42.2)
FTSE All-Share Index total return [1][2]	(28.2)	(34.4)	(27.8)	(25.4)	(9.3)
FTSE Fledgling (excluding investment companies) Index total return [1][3]	(37.0)	(48.7)	(49.8)	(45.9)	(31.4)
Ordinary share price total return [1]	(47.4)	(63.1)	(65.2)	(61.9)	(50.3)

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

[1] Source: Datastream.
[2] The Company's benchmark from 19 January 2007.
[3] The Company's benchmark prior to 19 January 2007.

Chairman's Comment

The Trust's performance for the year has been very disappointing, with the net asset value per share falling by 57.9%. This compares with a fall of 36.8% in the FTSE All-Share Index. However, revenue earnings per share were 17.72p, compared with 7.08p last year. The recommended final dividend is 11.50p, giving a total for the year of 15.50p, compared with last year's 6.00p.

The global economy is slowing at a dramatic rate and the UK is very far from being an exception. Stock markets and share prices remain volatile and at low historic valuations, with little sign yet of a sustained recovery. The stock market is a discounting mechanism and share prices are likely to start to move up before the overall economy recovers, though the timing of that is inevitably highly uncertain. Equity valuations have fallen out of their long term trading ranges while gilts offer little return and interest rates are now very low. The portfolio is positioned, with a diverse list of stocks, for better market conditions. The recovery, when the outlook for earnings improves and investor confidence starts to return, could be significant.

George Burnett, Chairman

Contents

A schedule of the contents of this Report and Accounts is set out on page 56.

Chairman's Statement

Review of the year

The Trust's performance for the year has been very disappointing, with the net asset value per share falling by 57.9%. This compares with a fall of 36.8% in the FTSE All-Share Index. However, revenue earnings per share were 17.72p, compared with 7.08p last year. The recommended final dividend is 11.50p, giving a total for the year of 15.50p, compared with last year's 6.00p.

During the year the Portfolio Manager, correctly in the Board's view, sought to move away to some degree from the bias towards AIM and small cap stocks. The type of stocks in which he invested such as banks and property companies were on very low valuations by historical standards and in normal circumstances would have justified an early contrarian investment. They were bought in the belief that the global economy would recover in the latter part of the year as interest rates fell. However, times proved to be far from normal with the entire global banking system subsequently coming close to collapse. The effect therefore of some of these investments was to exacerbate the decline in value caused by the de-rating of the rest of the portfolio. The Portfolio Manager's belief is that the stocks now held are sound, good businesses with balance sheets that will allow them to weather the current storm. An analysis of the portfolio shows that, excluding banks, insurance and property companies and those stocks which have announced or have funded takeovers in course of completion, over a third by value of the holdings have neutral to net cash positions, a further third have interest cover in excess of five times, with less than 10% having cover of less than two times. In addition the Portfolio Manager assesses that 45% by value have market leading positions or significant barriers to entry. Accordingly, in addition to the opportunities for growth from what by historical standards are extremely low valuations, the stocks in the portfolio are expected to show sound defensive characteristics.

The Portfolio Manager's Review provides a detailed analysis of the year's investment activity.

Earnings and dividends

The increase in the earnings is principally the result of buying higher yielding shares during the year and dividend growth from the existing holdings. However, it also reflects the higher refund of VAT on management fees referred to below. The recommended final dividend, although well over twice last year's level, is near to the minimum permissible under investment trust rules, which require that the Trust retains not more than 15% of its income from shares and securities in any year. Given the difficulty of forecasting future dividend income in these turbulent times, the Board believes it to be prudent to build up the Trust's own reserves as much as possible to allow some capacity to smooth the dividend payments in future years. However, the Board expects the total dividend for the coming year to be substantially lower than the 15.50p reported above.

Refund of VAT on management fees

Last year we wrote back an amount of £348,000 in respect of VAT borne on management fees in the period from 2000 to 2007. We are still awaiting repayment of this amount but we now expect to recover a total of £508,000 in the near future. This represents the recovery of all the VAT on management fees borne by the Company since 1 October 2000. Accordingly, a further £160,000 has been recognised in the year under review, together with an estimated £70,000 of interest. Note 22 to the accounts gives further details of the position.

Continuation vote

The Board decided last year to hold an additional continuation vote at the Annual General Meeting in 2009. This reflected the disappointing performance since the Trust's change of investment policy in January 2007. In preparation for this forthcoming vote, the opinion of most of the larger shareholders has been canvassed as to whether the Trust should continue. These consultations have confirmed the Board's opinion that it would not be in shareholders' best interests to force a realisation of the current portfolio in the short term. Over the coming months much greater emphasis will be placed on increasing the weighting to investments that can be readily realised, although market conditions may continue to restrict the speed with which changes can be made efficiently. Accordingly, the Board has decided to recommend the continuation of the Company, believing this to represent the current wish of shareholders generally. The Board also believes it appropriate that there should be a further continuation vote at the Annual General Meeting to be held in 2010.

Chairman's Statement
continued

Going concern
The Trust's investments are held at fair value which, for almost the whole of the portfolio, is deemed to be the current bid prices in the market. This policy reflects generally accepted accounting principles. In practice it would not be possible to realise the whole portfolio quickly at fair value, particularly in the current uncertain and volatile market conditions. However, it is not intended to realise the investments other than on the basis of ongoing active portfolio management. Accordingly, the Board considers it appropriate to report to shareholders on a going concern basis. Investors will note, however, that the value of the investments changes from day to day. Note 23 to the accounts reports the change in the net asset value per share from the balance sheet date to the date of this report.

AGM
Our Annual General Meeting will be held at 2.30 pm on Thursday 19 March 2009 at 201 Bishopsgate, London EC2. The notice of meeting is set out on pages 48 to 50 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.

Outlook
The global economy is slowing at a dramatic rate and the UK is very far from being an exception. Stock markets and share prices remain volatile and at low historic valuations, with little sign yet of a sustained recovery, although governments are introducing substantial monetary and fiscal stimuli. The stock market is a discounting mechanism and share prices are likely to start to move up before the overall economy recovers, though the timing of that is inevitably highly uncertain. Equity valuations have fallen out of their long term trading ranges while gilts offer little return and interest rates are now very low. The portfolio, for the reasons set out in the Review of the year above, is positioned, with a diverse list of stocks, for better market conditions. The Board will monitor gearing closely during 2009. The recovery, when the outlook for earnings improves and investor confidence starts to return, could be significant.

G B Burnett
Chairman
29 January 2009

Portfolio Manager's Review

Review

UK stock market investors are experiencing the worst bear market since 1974. The problems that emanated from an overgeared banking sector have now hurt most areas of the economy. Smaller company investment has been treated particularly brutally by investors fixated on reducing risk and desiring liquidity. I focused on individual companies where I was seeing good cash generation and substantial returns on capital being achieved from most of the companies in the portfolio. We had degeared during the previous financial year, with sales outstripping purchases by £4.1 million as valuations had become more demanding, but we had not envisaged the extent of the economic storm that was brewing. This meant the problems were compounded during the early months of 2008 by buying stocks in some larger companies that had fallen back. These included property companies, banks and housebuilders. These stocks were trading below their historic asset values which has often been an indication of a good buying opportunity, particularly when interest rates fall. This time it proved a false indicator of value as the intensity of the deleveraging process overwhelmed traditionally sound valuation methods. When share prices fell further it became self-fuelling as there were margin calls. This happened during the summer and came to a head when Lehman Brothers failed. This event further destroyed confidence between market participants. The banking system always depends on trust between parties. When this was broken the authorities had to act and some of the largest UK banks have had to be semi-nationalised. It has been a massive failure of the financial system. The fallout from it has hurt companies and individuals who were only distant participants. Therefore the diversified nature of the holdings in the portfolio, with no dominant single theme or area of activity, has not proved in these conditions to be a way of mitigating risk. The holdings in AIM, which amount to 34% of the equity portfolio by value, were particularly hard hit with the FTSE AIM Index falling 61.3%.

Activity

During the year the main focus was on individual companies as I attempted to be in robust reliable stocks that we considered would deal with the difficult economic conditions and come through the downturn in a strong position. These are the type of businesses that, when their share price falls too far, will receive bids from other companies in their industry. **Axon**, the SAP integration specialist, was acquired after a bidding contest between two of India's growing band of global software and service companies. **MTL Instruments**, the maker of electronic safety protection devices, was acquired by Cooper Industries of America. Cash bids were also received for **Abacus**, **Heritage Underwriting**, **IBS Opensystems**, **Imprint** and **Clinphone**. This trend will continue if stock market investors do not subscribe reasonable valuations to smaller companies. There was much less capital raised than usual on the stockmarket during the year. There was a rights issue from **Hampson Industries** to fund its growth in the market for composite materials in the aerospace industry, which we participated in. I also invested in one new issue which was **Valiant Petroleum**. The recent collapse in the oil price has seen the shares under pressure and they now stand at a large discount to asset value which we believe will correct over time. The new purchases have included **Aviva**, the global insurance company, which has demonstrated resilience during this time and whose valuation is very attractive. The buying of **Lloyds TSB** and **Royal Bank of Scotland** was a major error. The extent of the problems in the banking sector was not appreciated by me and we sold the **Lloyds TSB** holding at a substantial loss when it became clear it was going to need to rely on state assistance.

Portfolio

The core of the portfolio remains good quality companies that are handling the difficult conditions well. The largest equity holding in the portfolio was **Fidessa**, the financial software and services company, which, despite the difficult background, has produced good year on year growth. The company has net cash on its balance sheet.

The stocks held in the portfolio predominantly have strong balance sheets. Over one third by value of the portfolio, excluding financials, have no debt or have net cash, and a further third of the portfolio by value have interest cover of over five times. There are very few holdings where debt has become uncomfortably high. Most of the rest of the holdings have good interest cover which will give them a cushion if their profits deteriorate. The strong balance sheets will allow companies to come through very turbulent economic times.

Market capitalisation does not determine a company's long term growth prospects. In a bear market equity investors will shelter in big names. However, as confidence returns, companies will be judged on their long term prospects. I shall

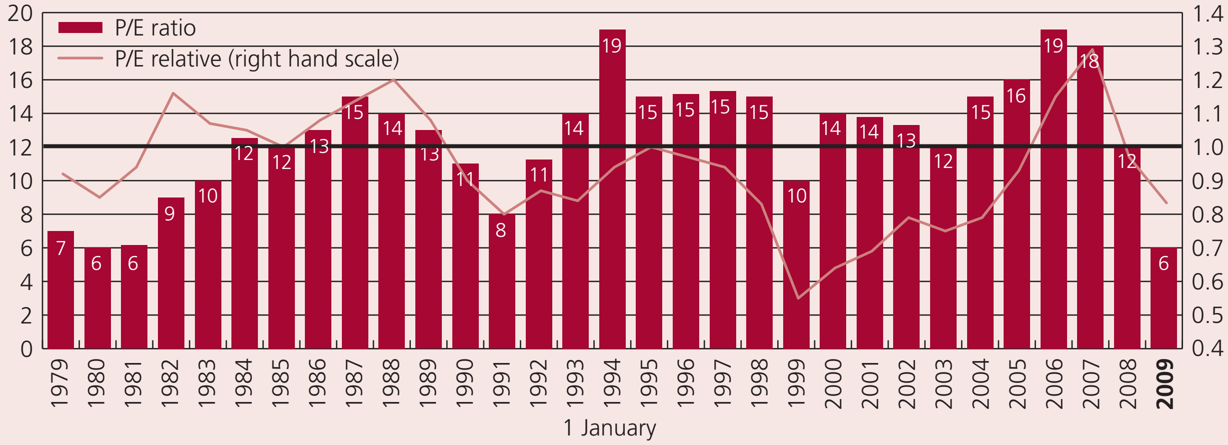
Portfolio Manager's Review

continued

be looking for opportunities across the market but, with an eye particularly on liquidity, I expect that the larger company exposure will increase. The tables on pages 6 and 7 show the year end breakdowns of the portfolio by market capitalisation and by sector.

The chart below shows how the stock market has valued companies over the last 30 years. The price/earnings ratio is a commonly used measure. This particular ratio shows that currently the market for smaller companies is very lowly valued, as shown by the bar chart; the line chart shows the relative valuation against the whole market.

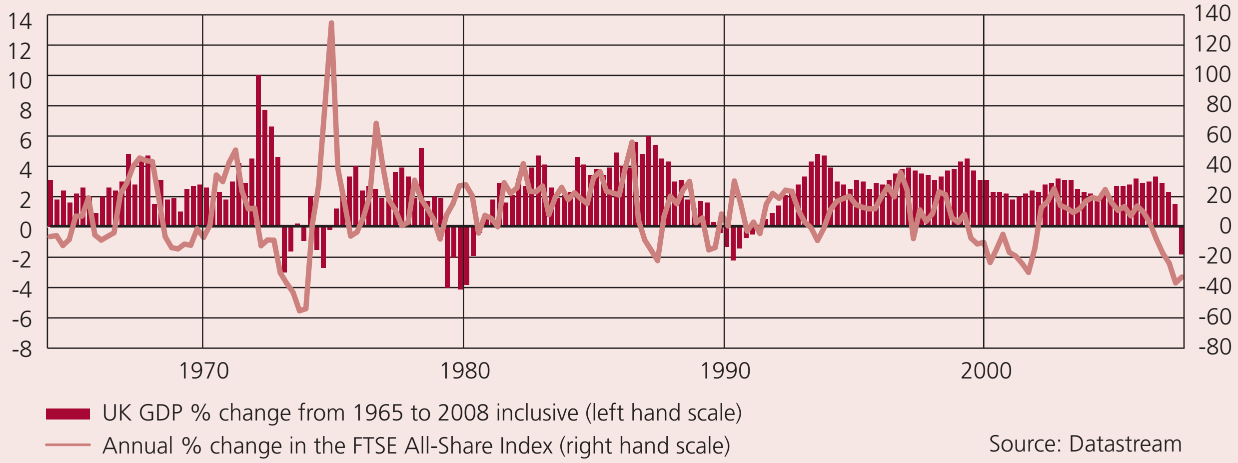
Price/earnings ratio of the Hoare Govett Smaller Companies (excluding investment companies) Index



Source: E Dimson and P Marsh, ABN AMRO

The chart below shows how the UK economy has expanded and contracted (UK GDP bar chart) over the last 40 years and how the annual gains or losses on the stock market (the line chart) have anticipated turning points in the economy. History shows that the stock market can rise even when the economic news is still poor.

UK GDP versus annual percentage change in the FTSE All-Share Index



Source: Datastream

Portfolio Manager's Review

continued

Outlook

Some of the stock price falls will prove overdone as the selling has been indiscriminate. The good have fallen with the bad and next year will be a period of sorting out. Robust business franchises will not only survive but they will be in an enhanced position as they will have consolidated their market position and their costs will have gone down. Raw material prices have fallen and sterling's depreciation will help many companies in the portfolio. The upward pressure on wages has abated. For certain companies, when their sales line moves forward again, there will be a substantial improvement in margin and profit forecasts will prove too low. However, at the moment attention is on the lack of short term visibility about earnings as it is unclear how deep the recession will be.

Cuts in interest rates, action by the authorities, as well as the natural replacement cycle will in time stabilise the slowdown. Stock prices will move up as investors anticipate this and for good companies there will be a very strong earnings recovery. Current valuations are low and this, coupled with the potential earnings recovery, will lead to substantially higher share prices. The focus of investors will return again to individual stocks rather than global macro economic concerns which will benefit the investment approach.

During the course of the coming year we shall focus on ensuring that the investments in the portfolio are more easily realisable than many of the current holdings. This will lead to a greater emphasis on larger companies than on the very small. However, we shall continue to invest across the whole range of stocks in the FTSE All-Share Index.

Analysis of the portfolio by market index at 31 October 2008

	31 October 2008 %	31 October 2007 %
FTSE 100 Index	**8.3**	4.5
FTSE 250 Index	**16.4**	9.6
FTSE SmallCap Index	**28.6**	27.5
FTSE All-Share Index	**53.3**	41.6
FTSE Fledgling Index	**9.5**	12.2
FTSE AIM Index	**32.8**	37.7
other Official List	**2.7**	2.7
other AIM	**1.7**	5.8
	100.0	100.0

J H Henderson
Portfolio Manager
29 January 2009

Portfolio Information

Analysis of the equity portfolio by sector at 31 October 2008

	%	**31 October 2008 %**	30 April 2008 %	31 October 2007 %
Oil & Gas		**3.3**	3.6	3.6
Oil & Gas Producers	1.5			
Oil Equipment & Services	1.8			
Basic Materials		**7.8**	4.4	5.2
Forestry & Paper	1.9			
Mining	5.9			
Industrials		**37.9**	36.2	34.3
Construction & Materials	2.0			
Aerospace & Defence	5.5			
Electronic & Electrical Equipment	7.3			
Industrial Engineering	1.7			
Industrial Transportation	0.3			
Support Services	21.1			
Consumer Goods		**7.4**	4.8	6.3
Food Producers	1.7			
Household Goods & Home Construction	5.4			
Leisure Goods	0.3			
Healthcare		**2.3**	3.9	4.1
Healthcare Equipment & Services	1.8			
Pharmaceuticals & Biotechnology	0.5			
Consumer Services		**10.3**	11.1	14.6
General Retailers	3.0			
Media	5.0			
Travel & Leisure	2.3			
Telecommunications		**0.9**	1.4	3.0
Mobile Telecommunications	0.9			
Financials		**12.6**	14.9	6.6
Banks	1.5			
Non-Life Insurance	1.8			
Life Insurance	3.1			
Equity Investment Instruments	1.4			
Real Estate	3.8			
Financial Services	1.0			
Technology		**17.5**	19.7	22.3
Software & Computer Services	16.3			
Technology Hardware & Equipment	1.2			
		100.0	100.0	100.0

The investments at 31 October 2008 were either listed or quoted in the United Kingdom (with one minor exception).

Investment Portfolio

at 31 October 2008

Company	Main activity	Valuation as at 31 October 2007 £'000•	**Valuation as at 31 October 2008 £'000**	% of portfolio
#Henderson Liquid Assets Fund	money market fund	733	**3,140**	9.76
Fidessa	financial software	2,646	**979**	3.05
e2v	electronic components	1,320	**934**	2.90
Aviva	insurance	–	**920**	2.86
Hampson Industries	aerospace components	1,705	**910**	2.83
***Murgitroyd**	patent attorney	1,395	**840**	2.61
WSP	engineering consultancy	2,299	**714**	2.22
Hyder Consulting	infrastructure consultancy	2,134	**713**	2.22
Alterian	database software	751	**693**	2.16
St Modwen	property developer	491	**662**	2.06
10 largest			10,505	32.67
SDL International	software and translation services		655	2.04
Latchways	safety products		632	1.96
*Begbies Traynor	corporate insolvency		620	1.93
*eServGlobal	telephony infrastructure		597	1.86
Ricardo	automotive consultancy		593	1.84
Senior	aerospace and automotive products		573	1.78
Mondi	packaging and paper		561	1.75
Bellway	housebuilding		538	1.67
Anglo American	mining		536	1.67
*Concateno	drug testing services and systems		531	1.65
20 largest			16,341	50.82
Xstrata	mining		528	1.64
*Goals Soccer Centres	five-a-side soccer centres		524	1.63
Redrow	housebuilding		518	1.61
Kenmare Resources	mineral sands producer		510	1.59
*Brulines	liquid control systems		509	1.58
*Velosi	oil & gas quality control services		504	1.57
Hill & Smith	galvanised steel products		500	1.55
*Zetar	confectionery and snack foods		473	1.47
Savills	estate agents		456	1.42
Royal Bank of Scotland	retail bank		446	1.39
30 largest			21,309	66.27
Kewill Systems	logistics software and services		441	1.37
XP Power	electrical power supplies		422	1.31
*Majestic Wine	wine warehouse		422	1.31
T Clarke	electrical contractor		418	1.30
Waterman	engineering consultancy		414	1.29
Kofax	electronic data capture		408	1.27
*AssetCo	managed services to fire brigades		375	1.17
*Clerkenwell Ventures	leisure sector consolidator		361	1.12
*RWS	patent translation services		358	1.11
Phoenix IT	IT services and business recovery		342	1.06
40 largest			25,270	78.58
Tribal	education and health services		329	1.02
Pinewood Shepperton	film studios		328	1.02
*IQE	compound semiconductors		320	0.99
Dialight	LED systems		302	0.94
Irish Life & Permanent	retail financial services		283	0.88
*Dealogic	financial software and data		272	0.85
Novae Group	insurance		269	0.84
UTV Media	TV & radio broadcaster		259	0.80
Bovis Homes	housing developer		253	0.79
*WIN	mobile telephone services		250	0.78
50 largest			28,135	87.49

• Nine of the ten largest holdings at 31 October 2008 were constituents of the portfolio at 31 October 2007 but were not all among the ten largest holdings at that date. The comparative figures have not been adjusted for any acquisitions to or disposals from the holdings that may have taken place during the year.

Investment Portfolio

continued

Company	Main activity	Valuation as at 31 October 2008 £'000	% of portfolio
Abacus	electronic component distributor	247	0.77
*Faroe Petroleum	oil and gas exploration	246	0.77
Hiscox	insurance	244	0.76
*Redstone	telecommunication services	241	0.75
*Datong Electronics	covert surveillance products	217	0.67
*RDF Media	independent TV producer	211	0.66
*Ideal Shopping Direct	TV shopping channel	201	0.62
*ebiquity	media monitoring	200	0.62
*Valiant Petroleum	oil and gas exploration	184	0.57
*Vertu Motors	motor retailers	177	0.55
60 largest		30,303	94.23
*Driver	construction dispute resolution	157	0.49
Yell	yellow pages	153	0.47
Havelock Europa	educational and retail interiors	148	0.46
*Alliance Pharma	pharmaceuticals	144	0.45
*Carluccios	italian style restaurant and deli	142	0.44
*Avocet	gold mining	141	0.44
Meggitt	computer and systems software	136	0.42
*Oakdene Homes	housing developer	111	0.35
*Electric Word	specialist information provider	105	0.33
70 largest		31,540	98.08
Creston	marketing services	100	0.31
*Armour	home and auto electrical products	90	0.28
*Autologic	automotive logistics	76	0.24
*SciSys	IT services to government	70	0.22
Findel	direct shopping	61	0.19
*Neptune Minerals (*warrants*)	sub-sea exploration	59	0.18
Entertainment Rights	children's media content	52	0.16
*SDI Group	warehouse systems	35	0.11
†Adamind	cash shell	25	0.08
*Angle	technology commercialisation	24	0.07
80 largest		32,132	99.92
*Discover Leisure	caravan retailer	20	0.06
*Microemissive Displays	light emitting polymers	5	0.02
TOTAL INVESTMENTS		**32,157**	**100.00**

#Overseas quoted cash fund
*Quoted on the Alternative Investment Market
†Suspended

Directors

George Burnett*† (age 62) retired as Chief Executive of Ashtead Group plc in December 2006. He is Chairman of Hydrex Holdings Limited. Until July 2008 he was Chairman of the Governors of the University for the Creative Arts. He joined the Board in 1995 and became Chairman in April 2004.

Hamish Bryce* (age 67) 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.

Malcolm King*† (known as Max, age 51) was appointed to the Board in June 2005. He has 25 years' experience in fund management, including investment in UK smaller companies. He works currently at Investec Asset Management, is a consultant at Eden Financial and also writes on investment and personal finance matters.

Peter May*† (age 54) was appointed to the Board in June 2004 and as Chairman of the Audit Committee in March 2006. His background is in corporate finance. He spent 17 years at Charterhouse and is currently Deputy Chairman of Nirah Holdings Limited.

Richard Smith (age 57) is a senior investment consultant with Smith & Williamson Financial Services Limited and a non-executive director of Nirah Holdings Limited. He was previously a senior investment manager at Henderson Global Investors and from 1985 to February 2005 led the management team responsible for the Company's investments. He joined the Board in 1985.

*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 pages 14 and 15.

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 UK 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.

Report of the Directors

The directors present the audited financial statements of the Company and their report for the year ended 31 October 2008.

Activities and business review

A review of the business is given in the Chairman's Statement on pages 2 and 3, in the Portfolio Manager's Review on pages 4 to 6 and in the business review section below.

Business review

This section of the directors' report provides a review of the Company's business.

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 per share 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.

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 7 to 9 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.

Report of the Directors
continued

Objective and principal activity
The Company's objective is to achieve above average capital growth from investment in a portfolio of 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 2008. 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).

Strategy
The Company has appointed Henderson Global Investors Limited ("Henderson") 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 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 £8 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.

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 is given on page 15.

Capital
At 31 October 2008 the Company had in issue 8,208,293 ordinary shares of 25p each. The market price per share at that date was 241.25p, giving the Company a market capitalisation of £19.8 million. Equity shareholders' funds totalled £26.2 million, the net asset value per share at that date being 319.8p per share (inclusive of retained revenue for the year). Accordingly, the market price per share stood at a discount of 24.6% 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 did not buy back any of either its ordinary shares or its subscription shares.

Performance
The Company had a very disappointing year in terms of both absolute and relative performance. The stockmarket fell over the year and the Company underperformed its benchmark, the FTSE All-Share Index on a total return basis. However, the revenue return was more than double that for the previous year; this is attributable primarily to greater exposure to higher yielding companies. The following table sets out, with comparatives, key indicators of performance:

	At 31 October 2008	At 31 October 2007	% Change
Shareholders' funds	**£26,248,000**	£62,283,000	-57.9%
Net asset value per ordinary share	**319.8p**	758.8p	-57.9%
Market price per ordinary share	**241.25p**	668.0p	-63.9%
	Year ended 31 October 2008	Year ended 31 October 2007	
Revenue return per ordinary share	**17.72p**	7.08p	
Capital return per ordinary share	**(446.74)p**	42.38p	
Total return per ordinary share	**(429.02)p**	49.46p	

Report of the Directors

continued

On a total return basis the benchmark index returned a negative 34.4% over the year ended 31 October 2008. By comparison the Company's net asset value total return was a negative 58.5% (source: Datastream).

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

Assets

The Company's net assets decreased during the year from £62.3 million to £26.2 million. The net asset value per ordinary share decreased during the year from 758.8p to 319.8p. The main reason for this decrease was the fall in the market value of the Company's investments.

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 £518,000, the management fee totalled £288,000 and all other expenses totalled £163,000. These figures included VAT where applicable. Included in the Income Statement as a negative cost is the sum of £160,000, being a further amount of VAT recoverable in respect of prior years that the directors expect to recover from HM Revenue & Customs. The transaction costs, which include stamp duty and totalled £126,000, are included within the purchase costs or the sales proceeds of investments.

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. For the year ended 31 October 2008 the TER was 0.66% (2007: 1.09%).

Revenue and dividend

The Company's investment income and other revenue totalled £1,620,000 (2007: £991,000). After deducting expenses the net revenue profit for the year was £1,455,000 (2007: £581,000).

The Board proposes a final dividend of 11.50p per ordinary share in respect of the year ended 31 October 2008, which, added to the interim dividend of 4.00p per ordinary share paid on 26 September 2008, makes a total dividend for the year of 15.50p. If approved at the Annual General Meeting on 19 March 2009, the final dividend will be paid on 26 March 2009 to shareholders on the register at close of business on 27 February 2009. The amount available for distribution represents the investment income of the Company less those borrowing costs and management fees that are allocated to revenue, together with all other administrative expenses. The difference between the totals of income and expenditure may vary from year to year because the Company's most significant costs are not closely related to the investment income. Since 1 November 2005, 80% of borrowing costs and management fees have been allocated to capital in order to reflect the significant proportion of these costs that relate to the maintenance or enhancement of the value of the Company's investments. Previously all such costs were allocated to revenue and in some years, primarily because of the gearing policy, they exceeded income.

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 266 of the Companies Act 1985 and section 833 of the Companies Act 2006 and operates as an investment trust in accordance with 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 2007, 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 842 of the Income and Corporation Taxes Act 1988 each year.

ISAs

With effect from 6 April 2008:

- the annual Individual Savings Account (ISA) investment allowance was increased to £7,200; and
- all existing PEP accounts automatically became Stocks and Shares ISAs and are subject to ISA rules and regulations.

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

Report of the Directors
continued

Life of the Company

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 an extraordinary general meeting within three months at which proposals for the liquidation or reconstruction of the Company will be put forward.

The Board agreed in March 2008 that it would put an additional continuation vote in 2009, outwith the triennial cycle. Accordingly, a resolution that the Company continue as an investment trust will be put to the annual general meeting to be held on 19 March 2009. Similarly, the Board agreed in January 2009 that it would put an additional continuation vote in 2010. Thereafter, a continuation vote will be put to the annual general meeting in 2011 and in every third year thereafter.

Directors

The directors of the Company at the date of this report are listed on page 10. Further details about them are given below.

At the forthcoming annual general meeting, Mr M R King will retire in accordance with the Company's articles of association and, being eligible, offers himself for re-election. Mr G B Burnett, Mr R D H Bryce and Mr R W Smith, all of whom have served as directors for more than nine years, will stand for re-election in accordance with The Combined Code on Corporate Governance.

Mr Smith was until 2005 an executive of Henderson Global Investors (Holdings) 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 10, the Board considers Mr Burnett, Mr Bryce, Mr King and Mr May to be independent directors. With the exception of Mr Smith, all the directors are independent of Henderson Global Investors ("the Manager").

The Board considers that all the current 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 King has wide experience of the investment management industry and is a Chartered Accountant. Mr Smith, also an investment manager, has particular experience in the UK market, covering large and medium-sized companies as well as smaller ones. 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.

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. All the directors attended the Annual General Meeting.

	Board	Audit Committee
Number of meetings[1]	7	3
R D H Bryce[2]	5	3
G B Burnett	6	3
M R King	6	3
P N J May	7	3
R W Smith[3]	7	3

[1] Four full meetings and three additional meetings.
[2] Not a member of the committee after January 2008 but in attendance by invitation.
[3] Not a member of the committee but in attendance by invitation.

Directors' interests

The interests of the directors in the Company's ordinary share capital were as follows:

	31 October 2008	1 November 2007
Beneficial interest:		
R D H Bryce†	**23,108**	17,489
G B Burnett	**18,588**	8,507
M R King	**1,000**	1,000
P N J May	**–**	–
R W Smith	**30,350**	27,050
Non-beneficial interest:		
R W Smith	**15,100**	15,100

†Between the year end and the date of this report, Mr Bryce increased his holding to 26,902 ordinary shares by the regular purchase of shares through Itshenderson. No other changes to the directors' interests have been notified.

Report of the Directors

continued

The interests of the directors in the Company's subscription share capital were as follows:

	31 October 2008	1 November 2007
Beneficial interest:		
R D H Bryce	**3,490**	3,490
G B Burnett	**1,701**	1,701
M R King	**200**	200
P N J May	**–**	–
R W Smith	**5,410**	5,410
Non-beneficial interest:		
R W Smith	**3,020**	3,020

No changes to these directors' interests have been notified.

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 has family interests, both beneficial and non-beneficial, in the holdings of the Lord Faringdon 1977 Assigned Trust (as listed in the table of substantial share interests on page 17).

Directors' fees

A report on the directors' remuneration is set out on pages 20 and 21.

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 Acts in which he or she is granted relief by the court.

Corporate governance

A formal statement on corporate governance is set out on pages 22 to 24.

Financial instruments and the management of risk

By its nature as an investment trust, the Company is exposed to market price risk, interest rate risk, liquidity risk and credit risk. The Company's policies for managing these risks are outlined in note 14 to the accounts on pages 38 to 43.

Principal risks and uncertainties

With the assistance of the Manager the Board has drawn up a risk matrix which identifies the key risks to the Company. These key 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 its 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.

Portfolio and market

Market risk arises from uncertainty about the future prices of the Company's investments. This is commented on in note 14 on pages 38 to 43.

Accounting, legal and regulatory

In order to qualify as an investment trust the Company must comply with section 842 of the Income and Corporation Taxes Act 1988 ("section 842"), to which reference is made on page 13 under the heading "Status". A breach of section 842 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 842 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 1985, and the Companies Act 2006 as it becomes enacted ("the Companies Acts"), 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

Report of the Directors
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Companies Acts 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 842. The Board relies on its company secretary and its professional advisers to ensure compliance with the Companies Acts and UKLA Rules.

Corporate governance and shareholder relations
Details of the Company's compliance with corporate governance best practice, including information on relations with shareholders, are set out in the Corporate Governance Statement on pages 22 to 24.

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 24.

Financial
The directors have reviewed the Manager's statements on the risks associated with the Company and concur with their opinion on these risks. Further analysis of these risks can be found in note 14 on pages 38 to 43.

Manager
Investment management, accounting, administrative and company secretarial services are provided to the Company by Henderson Global Investors (Holdings) plc and its subsidiaries ("Henderson") and by BNP Paribas Securities Services (formerly BNP Paribas Fund Services UK Limited). In October 2007 the Board appointed JPMorgan Chase Bank N.A. as the Company's global custodian, in place of BNP Paribas Fund Services UK Limited.

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 2008 was 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

Report of the Directors

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arrangements in respect of either the year ended 31 October 2008 or the period ended 31 October 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 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 and its experience in managing and administering investment trust companies.

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. Since 1 January 2006 revised commission sharing arrangements have been put in place by the Manager in line with new regulations.

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 2008 there were 8,208,293 shares in issue and thus the number of voting rights was 8,208,293.

b) subscription shares of 1p nominal value each ("subscription shares")
The subscription shareholders have no rights to attend and vote at general meetings. At 31 October 2008 there were 1,641,547 subscription shares in issue. Further details on the subscription shares are given in note 15 on page 43.

There were no changes to either the issued share capital or the voting rights of the share capital during the year and there have been no changes to either since the year end.

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.

Substantial share interests

As at 29 January 2009 the following had declared an interest in 3% or more of the voting rights of the Company:

	% of voting rights	
Shareholder	**29 January 2009**	28 January 2008
Lowland Investment Company plc (direct)	**3.51**	3.51
Other discretionary managed clients of Henderson Global Investors Limited and its associated companies (direct)	**10.28**	10.04
	13.79	13.55
M&G Investment Management Limited (direct)	**7.31**	7.31
Apollo Fund plc (direct)	**3.05**	3.05
Lord Faringdon 1977 Assigned Trust (direct)	**3.47**	–

The above percentages are calculated by applying the shareholdings as notified to the Company to the issued ordinary share capital as at 29 January 2009 (the shareholdings being the voting rights).

The Board is aware that, as at 31 October 2008, 27.6% of the issued ordinary share capital was held on behalf of participants in Itshenderson and participants in other Henderson ISAs. The participants in these plans are given the opportunity to instruct the relevant nominee company to exercise the voting rights appertaining to their shares in respect of all general meetings of the Company. In accordance with the terms and conditions of Itshenderson, Henderson has stated that it will instruct its nominee company to exercise the voting rights of any shares held through Itshenderson that have not been exercised by the individual participants in Itshenderson. 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.

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

Report of the Directors

continued

to authorise the directors to determine their remuneration, will be proposed at the annual general meeting.

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 2008 the Company had no trade creditors.

Going concern

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

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 10. Each of those directors confirms that:

- to the best of his knowledge and belief, there is no information relevant to the preparation of the Report and Accounts of which the Company's auditors are unaware; and
- he 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.

Annual General Meeting ("AGM")

The following information is important and requires your immediate attention. If you are in any doubt about the action you should take, you should consult an independent financial adviser, authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all of your voting rights in the Company, please forward this document with its accompanying form of proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

The AGM will be held on Thursday 19 March 2009 at 2.30pm. The formal notice of the AGM is set out on pages 48 to 50. Resolutions relating to the following items of special business will be proposed at the AGM, for which shareholder approval is required in order to comply with the Companies Acts 1985 and 2006.

Life of the Company

Resolution 10 – Continuation of the Company (ordinary resolution)

The Board agreed in March 2008 that it would put an additional continuation vote to the shareholders at the annual general meeting in 2009. The resolution gives the shareholders the opportunity to determine whether the Company should continue.

Issues of new shares

Resolution 11 – Authority to allot shares (ordinary resolution) and Resolution 12 – Power to disapply pre-emption rights (special resolution)

The directors have not used the powers granted to them at the annual general meeting in March 2008 to allot new ordinary shares for cash on a non pre-emptive basis. The directors wish to renew these powers at the forthcoming annual general meeting. Accordingly, resolutions to give the Board authority to allot shares for cash, whether from treasury or otherwise, on a non pre-emptive basis will be proposed and are set out in full in the Notice of Annual General Meeting on pages 48 to 50.

The resolutions, if passed, will give the directors authority to issue ordinary shares for cash on a non pre-emptive basis up to an aggregate nominal amount of £102,603 (equivalent to 410,412 ordinary shares of 25p each and five per cent of the Company's existing issued ordinary share capital as at the date of this report). The directors intend to use the authority to issue ordinary shares only if or when they believe it to be advantageous to the Company's existing shareholders to do so. In particular, shares, whether new ordinary shares or ordinary shares held in treasury, will never be allotted or sold at other than a premium to the net asset value per ordinary share. The authority will lapse unless renewed at the annual general meeting in 2010.

Share buy-back facility

Resolution 13 – Authority to make market purchases of the Company's own ordinary shares (special resolution)

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.

Report of the Directors
continued

During the year ended 31 October 2008 the Company did not purchase for cancellation any of its own issued shares.

At the annual general meeting in March 2008 a special resolution was passed giving the Company authority, until the conclusion of the annual general meeting in 2009, to make market purchases, either for cancellation or to hold in treasury, of the Company's own ordinary shares up to a maximum of 1,230,423 shares (being 14.99% of the issued ordinary share capital as at 28 January 2008). This authority has not been used.

Accordingly, as at 31 October 2008 the Company had valid authority, outstanding until the conclusion of the annual general meeting in 2009, to make market purchases of 1,230,423 shares. No shares were bought back between the year end and the date of this report. No shares were held in treasury at the year end.

The Board considers that the Company should continue to have authority to make market purchases of its own ordinary shares, either for cancellation or to hold in treasury with a view to possible re-allotment in the future. Accordingly, a special resolution will be proposed at the forthcoming annual general meeting to authorise the Company to make market purchases, either for cancellation or to hold in treasury, of up to 14.99% of the ordinary shares in issue, excluding treasury shares, at the date of the annual general meeting (equivalent to 1,230,423 ordinary shares if there is no change in the issued ordinary share capital, excluding treasury shares, between the date of this report and the annual general meeting). Under the Listing Rules of the UK Listing Authority, this is the maximum percentage of its equity share capital that a company may purchase through the market pursuant to such authority.

The directors do not intend to use this authority unless to do so would result in an increase in the net asset value per share and would be in the best interests of the shareholders generally. Shares will not be bought at a price that is less than 25p (the nominal value) or more than 5% above the average middle market price of the shares over the preceding five business days. The directors intend to seek a fresh authority at the annual general meeting in 2010.

Resolution 14 – Authority to make market purchases of the Company's own subscription shares (special resolution)
At the annual general meeting in March 2008 a special resolution was passed giving the Company authority, until the conclusion of the annual general meeting in 2009, to make market purchases for cancellation of the Company's own subscription shares up to a maximum of 14.99% of those in issue. This authority has not been used.

Accordingly, as at 31 October 2008 the Company had valid authority, outstanding until the conclusion of the annual general meeting in 2009, to make market purchases for cancellation of 246,067 subscription shares. No subscription shares were bought back between the year end and the date of this report.

The Board considers that the Company should continue to have authority to make market purchases of its own subscription shares for cancellation. Accordingly, a special resolution will be proposed at the forthcoming annual general meeting to authorise the Company to make market purchases for cancellation of up to 14.99% of the subscription shares in issue at the date of the annual general meeting (equivalent to 246,067 subscription shares if there is no change in the issued subscription share capital between the date of this report and the annual general meeting).

The directors do not intend to use this authority unless, in their view, to do so would be in the best interests of the shareholders generally. Shares will not be bought back at a price that is less than 1p (the nominal value) or more than 5% above the average middle market price of the shares over the preceding five business days. The directors intend to seek a fresh authority at the annual general meeting in 2010.

Recommendation
The Board considers that the resolutions relating to the above items of special business are in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to shareholders that they vote in favour of the above resolutions to be proposed at the forthcoming AGM.

By order of the Board

G S Rice
For and on behalf of
Henderson Secretarial Services Limited,
Secretary
29 January 2009

Directors' Remuneration Report

Introduction

The Directors' Remuneration Report ("the Report") is prepared in accordance with Schedule 7A of the Companies Act 1985 ("the Act") in respect of the year ended 31 October 2008. An ordinary resolution to approve the Report will be put to the Annual General Meeting on 19 March 2009. The Act requires the auditors to report to the Company's members on certain parts of 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 2006).

Statement of the Company's policy on directors' remuneration

The Board consists entirely of non-executive directors who meet at least four times a year to deal with the important aspects of the Company's affairs. 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.

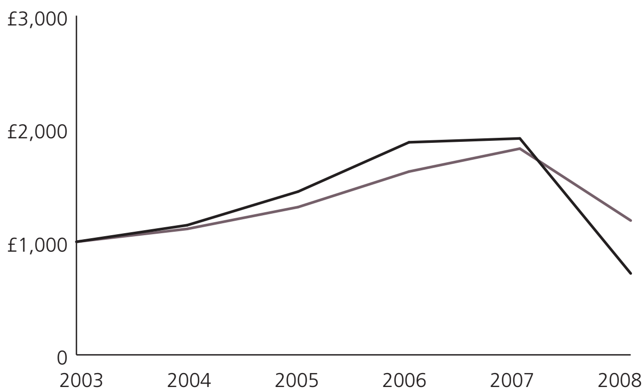
The Company's policy is that the fees payable to the directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the directors and should be sufficient to enable candidates of high calibre to be recruited. The policy is for the Chairman of the Board 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 July 2006, as follows: the Chairman from £12,500 to £15,000 per annum, the Chairman of the Audit Committee (a position until March 2006 held by the Chairman) from £8,000 to £12,500 per annum and the other directors from £8,000 to £10,000 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.

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 2003 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 2003 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 2007, were as follows:

	2008	2007
	£	£
R D H Bryce	**10,000**	10,000
G B Burnett	**15,000**	15,000
M R King	**10,000**	10,000
P N J May	**12,500**	12,500
R W Smith	**10,000**	10,000
TOTAL	**57,500**	57,500

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
29 January 2009

Corporate Governance Statement

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").

Throughout the year under review the Code in force was the Combined Code on Corporate Governance issued by the Financial Reporting Council in June 2006. In addition, the AIC Code of Corporate Governance, issued by the Association of Investment Companies in May 2007 ("the AIC Code") applies to the Company.

Statement of compliance

The directors consider that the Company has complied during the year ended 31 October 2008 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 2008 with the AIC Code.

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.

The Board of directors

The Board is collectively responsible for the success of the Company. Its role is to provide leadership within a framework 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 memorandum and 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, four of whom are independent of the Company's Manager (Henderson Global Investors Limited). Their biographical details, set out on page 10 and expanded on page 14, demonstrate a breadth of investment, industrial, commercial and professional experience with an international perspective.

The Board meets 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 Acts. 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

Corporate Governance Statement

continued

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 most qualified to address the subject.

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.itshenderson.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 10. A record of the meetings held during the year is set out on page 14.

Audit Committee

The three 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. It 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 three 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. The Committee did not meet formally during the year.

Nomination Committee

The Nomination Committee is responsible for making recommendations on the appointment of new directors. Each director is invited to submit nominations and external advisers may be used to identify 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.

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 20 and 21.

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

Corporate Governance Statement

continued

and from the Company's stockbrokers 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 also attends. 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. The Company has adopted a nominee share code which is set out on page 52.

Accountability and audit

The directors' statement of responsibilities in respect of the accounts is set out on page 25. The responsibilities of the independent auditors are set out on page 26. The directors' report that the business is a going concern is set out on page 18.

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.

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. 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 review of the Company's business risks and these are analysed and recorded in a risk map. 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.

Environmental and human rights policy and the exercise of voting powers

The Code emphasises that the way in which institutional investors use their power to influence the standards of corporate governance is of fundamental importance and their readiness to do this turns on the degree to which they see it as their responsibility as owners, and in the interest of those whose money they are investing, to bring about changes in companies when necessary.

In this regard, the Company's Manager follows a responsible investment policy covering the UK requirements of the Code in full. The Manager votes with this policy in mind and enjoys the benefits of having its own socially responsible investment and corporate engagement teams. The Board has approved a corporate governance voting policy for the United Kingdom which accords with current best practice whilst maintaining a primary focus on financial returns.

Statement of Directors' Responsibilities

in respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the Annual 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 prepared the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Principles (UK GAAP). The financial statements are required by law to 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with UK GAAP; and
- prepare the financial statements on the going concern basis.

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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

The directors, who are listed on page 10 of this Annual Report, each confirm to the best of their knowledge that:

(a) the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and

(b) 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
29 January 2009

The financial statements are published on www.itshenderson.com, which is a website maintained by the Company's Manager, Henderson Global Investors Limited. The maintenance and integrity of this website 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 the 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 financial statements may differ from legislation in their own jurisdiction.

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 2008 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities. The Directors are also responsible for preparing the Directors' Remuneration Report.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement and Portfolio Manager's Review that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the Combined Code (2006) specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Financial Highlights, Performance, the Chairman's Statement, the Portfolio Manager's Review, the Portfolio Information, the Investment Portfolio, the Report of the Directors, the unaudited part of the Directors' Remuneration Report, the Corporate Governance Statement and the Historical Record. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 October 2008; and of its net return and cash flows for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985;
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
29 January 2009

Henderson Opportunities Trust plc
Income Statement
for the year ended 31 October 2008

Notes		Year ended 31 October 2008 Revenue return £'000	Year ended 31 October 2008 Capital return £'000	Year ended 31 October 2008 Total £'000	Year ended 31 October 2007 Revenue return £'000	Year ended 31 October 2007 Capital return £'000	Year ended 31 October 2007 Total £'000
2	(Losses)/gains from investments held at fair value through profit or loss	**–**	**(36,026)**	**(36,026)**	–	3,997	3,997
3	Income from investments held at fair value through profit or loss	**1,528**	**–**	**1,528**	979	–	979
4	Other interest receivable and similar income	**92**	**–**	**92**	12	–	12
	Gross revenue and capital gains/(losses)	**1,620**	**(36,026)**	**(34,406)**	991	3,997	4,988
5	Management fee	**(58)**	**(230)**	**(288)**	(90)	(360)	(450)
5	Write-back of prior years' VAT	**160**	**–**	**160**	237	61	298
6	Other administrative expenses	**(163)**	**–**	**(163)**	(502)	–	(502)
	Net return/(loss) on ordinary activities before finance charges and taxation	**1,559**	**(36,256)**	**(34,697)**	636	3,698	4,334
7	Finance charges	**(104)**	**(414)**	**(518)**	(55)	(219)	(274)
	Net return/(loss) on ordinary activities before taxation	**1,455**	**(36,670)**	**(35,215)**	581	3,479	4,060
8	Taxation on net return on ordinary activities	**–**	**–**	**–**	–	–	–
	Net return/(loss) on ordinary activities after taxation	**1,455**	**(36,670)**	**(35,215)**	581	3,479	4,060
9	**Return/(loss) per ordinary share**	**17.72p**	**(446.74)p**	**(429.02)p**	7.08p	42.38p	49.46p

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 above and the Reconciliation of Movements in Shareholders' Funds on page 28.

The notes on pages 31 to 46 form part of these financial statements.

Henderson Opportunities Trust plc
Reconciliation of Movements in Shareholders' Funds

for the year ended 31 October 2008

Year ended 31 October 2008	**Called up share capital £'000**	**Share premium account £'000**	**Capital redemption reserve £'000**	**Capital reserves £'000**	**Revenue reserve £'000**	**Total £'000**
At 31 October 2007	**2,068**	**14,505**	**2,354**	**42,775**	**581**	**62,283**
Net (loss)/return on ordinary activities after taxation	**–**	**–**	**–**	**(36,670)**	**1,455**	**(35,215)**
Dividends paid on the ordinary shares	**–**	**–**	**–**	**–**	**(820)**	**(820)**
At 31 October 2008	**2,068**	**14,505**	**2,354**	**6,105**	**1,216**	**26,248**

Year ended 31 October 2007	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 October 2006	2,052	16,479	2,354	39,296	(1,958)	58,223
Issue of subscription shares	16	(16)	–	–	–	–
Cancellation of revenue deficit	–	(1,958)	–	–	1,958	–
Net return on ordinary activities after taxation	–	–	–	3,479	581	4,060
At 31 October 2007	2,068	14,505	2,354	42,775	581	62,283

The notes on pages 31 to 46 form part of these financial statements.

Henderson Opportunities Trust plc
Balance Sheet

at 31 October 2008

Notes		2008 £'000	2007 £'000
11	**Investments held at fair value through profit or loss**		
	Listed investments at market value	**19,205**	41,092
	AIM investments at market value	**9,812**	26,100
	Overseas quoted cash fund	**3,140**	733
		32,157	67,925
	Current assets		
12	Debtors	**865**	487
	Cash at bank	**1**	–
		866	487
13	**Creditors: amounts falling due within one year**	**(6,775)**	(6,129)
	Net current liabilities	**(5,909)**	(5,642)
	Total net assets	**26,248**	62,283
	Capital and reserves		
15	Called up share capital	**2,068**	2,068
16	Share premium account	**14,505**	14,505
16	Capital redemption reserve	**2,354**	2,354
16	Capital reserve	**6,105**	42,775
16	Revenue reserve	**1,216**	581
	Equity shareholders' funds	**26,248**	62,283
17	**Net asset value per ordinary share**	**319.77p**	758.78p

These accounts were approved by the board of directors on 29 January 2009 and were signed on their behalf by:

G B Burnett

The notes on pages 31 to 46 form part of these financial statements.

Henderson Opportunities Trust plc
Cash Flow Statement

for the year ended 31 October 2008

Notes		2008 £'000	2008 £'000	2007 £'000	2007 £'000
18	**Net cash inflow/(outflow) from operating activities**		**1,005**		(218)
	Servicing of finance				
	Interest paid	**(490)**		(277)	
	Net cash outflow from servicing of finance		**(490)**		(277)
	Financial investment				
	Purchases of investments	**(33,642)**		(37,149)	
	Sales of investments	**34,382**		41,267	
	Net cash inflow from financial investment		**740**		4,118
	Net cash inflow before financing		**1,255**		3,623
	Equity dividends paid		**(820)**		–
	Financing				
	Repayment of short term loans	**(401)**		(2,189)	
	Purchases of own shares	**–**		(1,484)	
	Net cash outflow from financing		**(401)**		(3,673)
	Increase/(decrease) in cash		**34**		(50)

Reconciliation of net cash flow to movement in net debt

Notes		2008 £'000	2007 £'000
	Increase/(decrease) in cash as above	**34**	(50)
	Net cash outflow from decrease in loans	**401**	2,189
	Movements relating to cash flows	**435**	2,139
	Exchange movements	**1**	–
	Movement in net debt	**436**	2,139
	Net debt at the start of the year	**(5,955)**	(8,094)
19	**Net debt at the end of the year**	**(5,519)**	(5,955)

The notes on pages 31 to 46 form part of these financial statements.

Notes to the Accounts

1 Accounting policies

a) Basis of accounting

The accounts are prepared on a going concern basis and on the historical cost basis of accounting, modified to include the revaluation of fixed asset investments at fair value, and in accordance with the Companies Act 1985, Accounting Standards applicable in the United Kingdom and the Revised Statement of Recommended Practice *Financial Statements of Investment Trust Companies* dated December 2005 (the "Revised SORP").

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 passed but the Board decided to offer the shareholders a further opportunity to vote in 2009. The directors are recommending the Company's shareholders to vote in favour of the additional continuation resolution that will be put to the annual general meeting in March 2009. The directors believe that the Company has adequate resources to continue in existence for the foreseeable future. For these reasons the Board has agreed that it is appropriate for the accounts to be prepared on a going concern basis.

c) Valuation of fixed asset investments

Quoted investments have been designated by the Board as held at fair value through profit or loss and accordingly are valued at fair value, deemed to be bid market prices 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 "(losses)/gains on investments held at fair value though profit or loss". 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. Assets and liabilities denominated in overseas 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.

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 Revised SORP. Bank interest is accounted for on an accruals basis.

Notes to the Accounts

continued

1 Accounting policies (continued)

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. On the basis of the Board's expected long-term split of returns in the form of capital gains and income of 80% and 20% respectively, the Company charges 80% of its finance charges and management fees to the capital return shown in the Income Statement. Expenses which are incidental to the purchase or sale of an investment are included within the cost or deducted from the proceeds of the investment.

g) Taxation

Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date other than those differences regarded as permanent. 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. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

In line with the recommendations of the Revised 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 from the capital return column.

h) Bank borrowings

Interest bearing bank loans and overdrafts are recorded as the proceeds received, net of direct issue costs. 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.

2 (Losses)/gains from investments held at fair value through profit or loss

	2008 £'000	2007 £'000
Realised (losses)/gains based on historical cost	**(2,261)**	5,108
Less: amount recognised as unrealised in the previous year	**(2,251)**	(3,036)
Realised (losses)/gains based on carrying value at the previous balance sheet date	**(4,512)**	2,072
Net movement in unrealised appreciation	**(31,515)**	1,925
Net gain on foreign exchange	**1**	–
	(36,026)	3,997

Notes to the Accounts

continued

3 Income from investments held at fair value through profit or loss	2008 £'000	2007 £'000
Franked:		
Dividends from listed investments	**966**	609
Special dividends	**–**	36
Dividends from AIM investments	**290**	262
	1,256	907
Unfranked:		
Dividends from listed investments	**150**	33
Dividends from AIM investments	**23**	–
Interest from unquoted investments	**29**	31
Property income dividends	**26**	8
UK stock dividends	**44**	–
	272	72
	1,528	979

4 Other interest receivable and similar income	2008 £'000	2007 £'000
Deposit interest	**8**	4
Underwriting commission	**14**	7
Interest on VAT repayment (see note 22 on page 45)	**70**	–
Other income	**–**	1
	92	12

5 Management fee	Revenue return 2008 £'000	Capital return 2008 £'000	Total 2008 £'000	Revenue return 2007 £'000	Capital return 2007 £'000	Total 2007 £'000
Management fee	**58**	**230**	**288**	90	360	450
Write-back of prior years' VAT	**(160)**	**–**	**(160)**	(237)	(61)	(298)
	(102)	**230**	**128**	(147)	299	152

(i) The allocation between revenue return and capital return is explained in note 1f on page 32.

(ii) The background to the write-back of VAT is explained in note 22 on page 45.

Notes to the Accounts

continued

6	**Other administrative expenses** (all charged to revenue)	**2008 £'000**	2007 £'000
	Auditors' remuneration for audit services†	**22**	19
	Directors' fees (see the directors' remuneration report on pages 20 and 21)	**58**	58
	Other expenses payable to the management company*	**–**	15
	Directors' and officers' liability insurance	**9**	11
	Listing and regulatory fees	**11**	10
	Printing and postage	**23**	17
	Registrar's fees	**9**	8
	Project HOT expenses†	**–**	320
	Irrecoverable VAT	**10**	11
	Other expenses	**21**	33
		163	502

†Project HOT comprised the proposals set out in the Circular to shareholders dated 21 December 2006. The Project HOT expenses totalled £420,000, of which £100,000 was borne by Henderson Global Investors Limited. They included fees to the auditors for non-audit services in respect of assurance work of £32,900 (including VAT).

*Other expenses payable to the management company relate to the marketing and administration of Henderson's investment trust share plan.

7	**Finance charges**	**Revenue return 2008 £'000**	**Capital return 2008 £'000**	**Total 2008 £'000**	Revenue return 2007 £'000	Capital return 2007 £'000	Total 2007 £'000
	On bank loans and overdrafts repayable within one year	**104**	**414**	**518**	55	219	274

The allocation between revenue return and capital return is explained in note 1f on page 32.

Notes to the Accounts

continued

8	Taxation on net return on ordinary activities	Revenue return 2008 £'000	Capital return 2008 £'000	Total 2008 £'000	Revenue return 2007 £'000	Capital return 2007 £'000	Total 2007 £'000
	(a) Analysis of the charge for the year						
	UK corporation tax at 28.83% (2007: 30%)	**–**	**–**	**–**	–	–	–
	Taxation on net return on ordinary activities (note 8(b))	**–**	**–**	**–**	–	–	–

(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 2008 of 28.83% (2007: 30%). (The standard rate of corporation tax in the UK was 30% until 31 March 2008 and 28% from 1 April 2008, giving an effective rate for the year of 28.83%).

The differences are explained below:

	Revenue return 2008 £'000	Capital return 2008 £'000	Total 2008 £'000	Revenue return 2007 £'000	Capital return 2007 £'000	Total 2007 £'000
Net return on ordinary activities before taxation	**1,455**	**(36,670)**	**(35,215)**	581	3,479	4,060
Corporation tax at 28.83% (2007: 30%)	**419**	**(10,572)**	**(10,153)**	174	1,044	1,218
Non-taxable UK dividends	**(375)**	**–**	**(375)**	(272)	–	(272)
Expenses not utilised in the year	**(44)**	**185**	**141**	1	155	156
Expenses not deductible for tax purposes	**–**	**–**	**–**	97	–	97
Capital losses/(gains) not subject to tax	**–**	**10,387**	**10,387**	–	(1,199)	(1,199)
Current tax charge	**–**	**–**	**–**	–	–	–

Notes to the Accounts

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 deferred tax asset of £3,064,000 (2007: £3,140,000), arising as a result of unrelieved management expenses and business charges, and £156,000 (2007: £156,000), arising as a result of eligible unrelieved foreign tax. 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/(loss) per ordinary share

The total loss per ordinary share is based on the net loss attributable to the ordinary shares of £35,215,000 (2007: net return of £4,060,000) and on 8,208,293 ordinary shares (2007: 8,208,293) being the weighted average number of shares in issue during the year.

The total loss can be further analysed as follows:

	2008 £'000	2007 £'000
Revenue return	**1,455**	581
Capital (loss)/return	**(36,670)**	3,479
Total (loss)/return	**(35,215)**	4,060
Weighted average number of ordinary shares	**8,208,293**	8,208,293
Revenue return per ordinary share	**17.72p**	7.08p
Capital (loss)/return per ordinary share	**(446.74)p**	42.38p
Total (loss)/return per ordinary share	**(429.02)p**	49.46p

The Company has in issue 1,641,547 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 2007: no dilution).

Notes to the Accounts

continued

10	**Dividends**	**2008 £'000**	2007 £'000
	Amounts recognised as distributions to equity holders in the year:		
	Final dividend for the year ended 31 October 2007 of 6.00p (2007: nil)	**492**	–
	Interim dividend for the year ended 31 October 2008 of 4.00p (2007: nil)	**328**	–
		820	–

The final dividend of 6.00p per ordinary share in respect of the year ended 31 October 2007 was paid on 26 March 2008 to shareholders on the register of members at the close of business on 29 February 2008.

The interim dividend of 4.00p per ordinary share in respect for the year ended 31 October 2008 was paid on 26 September 2008 to shareholders on the register of members at close of business on 29 August 2008.

Subject to approval at the annual general meeting, the proposed final dividend of 11.50p per ordinary share will be paid on 26 March 2009 to shareholders on the register of members at the close of business on 27 February 2009.

No provision has been made for the final dividend in these accounts. Under the current Financial Reporting Standards, the final dividend is not recognised until approved by the shareholders.

The total dividends payable in respect of the financial year, which form the basis of the test under section 842 of the Income and Corporation Taxes Act 1988, are set out below:

	Year ended 31 October 2008 £'000
Revenue available for distribution by way of dividends for the year	**1,455**
Interim dividend for the year ended 31 October 2008: 4.00p	**(328)**
Proposed final dividend for the year ended 31 October 2008: 11.50p (based on the 8,208,293 ordinary shares in issue at 29 January 2009)	**(944)**
Undistributed revenue for section 842 purposes*	**183**

*Undistributed revenue comprises 12.3% of the income from investments (excluding stock dividends) of £1,484,000.

Notes to the Accounts

continued

11 Investments held at fair value through profit or loss

	£'000
Valuation at 1 November 2007	67,925
Unrealised appreciation	(12,994)
Cost at 1 November 2007	54,931
Purchases at cost	34,703
Sales proceeds	(34,444)
Losses on disposals	(2,261)
Cost at 31 October 2008	52,929
Unrealised depreciation	(20,772)
Valuation of investments at 31 October 2008	**32,157**

Purchase transaction costs for the year ended 31 October 2008 were £104,000 (year ended 31 October 2007: £68,000). These comprise mainly stamp duty and commissions. Sale transaction costs for the year ended 31 October 2008 were £22,000 (year ended 31 October 2007: £26,000). These comprise mainly commissions.

12 Debtors

	2008 £'000	2007 £'000
Sales for future settlement	**41**	43
Prepayments and accrued income	**233**	90
Taxation recoverable	**83**	6
VAT recoverable	**508**	348
	865	487

13 Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Unsecured sterling loans and overdrafts	**5,520**	5,955
Purchases for future settlement	**1,077**	60
Other creditors	**178**	114
	6,775	6,129

14 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 11. In pursuing its investment objective and policy, the Company is exposed to a variety of 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. The Board and the Manager coordinate the Company's risk management.

The objectives, policies and processes for managing the risks, and the methods used to manage the risks that are set out below, have not changed from the previous accounting period.

Notes to the Accounts
continued

14 Financial risk management policies and procedures (continued)

14.1 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 14.1.1), currency risk (see note 14.1.2) and interest rate risk (see note 14.1.3). The Board reviews and agrees policies for managing these risks; these have remained substantially unchanged from those applying in the year ended 31 October 2007. 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.

14.1.1 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 quoted investments.

The Company's exposure to market prices at 31 October 2008 on its investments can be found on the Balance Sheet on page 29.

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 objectives, including investment strategy and asset allocation.

Concentration of exposure to market price risks
An analysis of the Company's investment portfolio is shown on pages 7 to 9. This shows that the value of the investments is primarily in companies that are quoted in the UK. Accordingly, there is a concentration of exposure to market price risk, 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.

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 current market conditions.

Sensitivity analysis – market prices if prices change by 40%

	2008 If prices go up £'000	**2008 If prices go down £'000**	2007 If prices go up £'000	2007 If prices go down £'000
Investments	**32,157**	**32,157**	67,925	67,925
Impact on the income statement:				
Revenue return (0.6% management fee rate)	**(15)**	**15**	(33)	33
Capital return	**12,801**	**(12,801)**	27,040	(27,040)
Impact on assets (excluding gearing)	**12,786**	**(12,786)**	27,007	(27,007)

Notes to the Accounts

continued

14 Financial risk management policies and procedures (continued)

14.1.2 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.

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.

Management of the risk

The Manager monitors any exposure to foreign currencies and reports any significant changes to the Board. The Manager measures the risk to the Company of any 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.

14.1.3 Interest rate risk

Interest rate movements may affect:
– the level of income receivable from interest-bearing securities 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, 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 exposure at 31 October 2008 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 re-set.

	2008 Within one year £'000	**2008 Total £'000**	2007 Within one year £'000	2007 Total £'000
Exposure to floating interest rates:				
Cash at bank	**1**	**1**	–	–
Creditors – within one year:				
Bank overdraft	**(10)**	**(10)**	(44)	(44)
Borrowings under loan facility	**(5,510)**	**(5,510)**	(5,911)	(5,911)
Total exposure to interest rates	**(5,519)**	**(5,519)**	(5,955)	(5,955)

Notes to the Accounts

continued

14 Financial risk management policies and procedures (continued)

14.1.3 Interest rate risk (continued)

Interest receivable and finance costs are at the following rates:

– Interest received on cash balances, or paid on bank overdrafts, is at a margin linked to LIBOR (2007: 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 7.3% as at 31 October 2008 (2007: 6.3%).

Interest rate risk sensitivity

The Company is exposed to interest rate risk primarily through its loan facility with ING Bank. 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 £5,519,000 (2007: £5,955,000) and if that level of borrowings was maintained for a full year, then a 200 basis points change in LIBOR (up or down) would increase or decrease total net return on ordinary activities after taxation and shareholders' funds by approximately £110,000 (2007: £119,000).

14.2 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 sterling loan facilities totalling £8,000,000 (2007: £9,000,000) and an overdraft facility with a sub custodian, the extent of which is determined by the custodian on a regular basis by reference to the value of the securities held by it on behalf of the Company. 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 liabilites at 31 October based on the earliest date on which payment can be required are as follows:

	31 October 2008		31 October 2007	
	Due within one month £'000	**Due after more than one month £'000**	Due within one month £'000	Due after more than one month £'000
Bank loans and interest	**10**	**5,611**	5,959	–
Other creditors and accruals	**1,222**	**–**	170	–
	1,232	**5,611**	6,129	–

Notes to the Accounts

continued

14 Financial risk management policies and procedures (continued)

14.3 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 cash fund that uses such banks.

In summary, the exposure to credit risk at 31 October 2008 was to cash and cash equivalents of £1,000 (2007: £nil) and to other receivables of £865,000 (2007: £487,000) (see note 12).

14.4 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 and derivatives) 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).

14.5 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 2008 comprises its equity share capital, reserves and loans (as shown in note 13) that are shown in the balance sheet at a total of £31,758,000 (2007: £68,194,000).

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.

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 £15 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.

Notes to the Accounts

continued

14 Financial risk management policies and procedures (continued)

14.5 Capital management policies and procedures (continued)

In September 2008 the Company negotiated a one year revolving credit facility of £8 million ("the Facility") to replace the one year facility that expired in that month. At 31 October 2008 a sum of £5,510,000 was drawn down under the Facility. Other than as described below, the Company was fully compliant with the terms of the Facility for the period from its inception in September 2008 to the date of this Annual Report. The terms of the Facility include a requirement that the net asset value of the portfolio, adjusted primarily for holdings in companies with a market capitalisation of £50 million or less, must not fall below a specified level. During October 2008, in the exceptional market conditions that pertained in that month, the adjusted net asset value fell marginally below the agreed minimum on two occasions. On both occasions the Company was in discussions with the bank and on both occasions the position was remedied promptly by resetting the terms of the Facility to the satisfaction of the bank.

15 Called up share capital

	2008 £'000	2007 £'000
Authorised:		
20,000,000 ordinary shares of 25p each (2007: 20,000,000)	**5,000**	5,000
1,641,658 subscription shares of 1p each (2007: 1,641,658)	**16**	16
	5,016	5,016
Allotted, issued and fully paid:		
8,208,293 ordinary shares of 25p each (2007: 8,208,293)	**2,052**	2,052
1,641,547 subscription shares of 1p each (2007: 1,641,547)	**16**	16
	2,068	2,068

During the year the Company made no market purchases of its own issued shares (2007: none).

There were 1,641,547 subscription shares of 1p each in issue at 31 October 2008 (31 October 2007: 1,641,547). The subscription shares were issued, as a bonus issue to the ordinary shareholders, on 19 January 2007. They are convertible into ordinary shares at a conversion price of 936p in any of the years 2009 to 2014 inclusive.

16 Share premium account and reserves

	Share premium account £'000	Capital redemption reserve £'000	Capital reserve realised £'000	Capital reserve unrealised £'000	Revenue reserve £'000
At 1 November 2007	14,505	2,354	29,781	12,994	581
Transfer on disposal of assets	–	–	2,251	(2,251)	–
Net losses on investments	–	–	(4,511)	(31,515)	–
Expenses and finance charges charged to capital	–	–	(644)	–	–
Revenue return for the year	–	–	–	–	1,455
Final dividend for the year ended 31 October 2007 (paid 26 March 2008)	–	–	–	–	(492)
Interim dividend for the year ended 31 October 2008 (paid 26 September 2008)	–	–	–	–	(328)
At 31 October 2008	**14,505**	**2,354**	**26,877**	**(20,772)**	**1,216**

Notes to the Accounts

continued

16 Share premium account and reserves (continued)

Under the terms of the Company's articles of association, sums standing to the credit of capital reserves are distributable only by way of redemption or purchase of any of the Company's own shares, for so long as the Company carries on business as an investment company. Company law states that investment companies may only distribute accumulated "realised" profits.

The Institute of Chartered Accountants in England and Wales, in its technical guidance TECH 01/08, states that profits arising out of a change in fair value of assets, recognised in accordance with accounting standards, may be distributed, provided the change recognised can be readily converted into cash. Securities listed on a recognised stock exchange are generally regarded as being readily convertible into cash and hence unrealised profits in respect of such securities, currently included within the unrealised capital reserve, may be regarded as distributable under company law.

This technical interpretation of the meaning of distributable reserves would, as a consequence, give rise at 31 October 2008 to capital reserves available for distribution of approximately £6,105,000 after adjusting for net unrealised capital losses of £20,772,000.

17 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 £26,248,000 (2007: £62,283,000) and on the 8,208,293 ordinary shares in issue at 31 October 2008 (2007: 8,208,293). 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 2007: 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 2007	62,283
Total net losses	(35,215)
Dividends paid in the year	(820)
Total net assets at 31 October 2008	**26,248**

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

	2008 £'000	2007 £'000
Net total (loss)/return before finance charges and taxation	**(34,697)**	4,334
Less: capital loss/(return) before finance charges and taxation	**36,256**	(3,698)
Net revenue before interest payable and taxation	**1,559**	636
Increase in accrued income	**(143)**	(13)
Increase in other debtors	**(160)**	(348)
Increase/(decrease) in other creditors	**36**	(192)
Expenses charged to capital	**(230)**	(299)
Overseas withholding tax suffered	**(13)**	(2)
Scrip dividends included in investment income	**(44)**	–
Net cash inflow/(outflow) from operating activities	**1,005**	(218)

Notes to the Accounts

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19	**Analysis of changes in net debt**	1 November 2007 £'000	Cash flow £'000	Exchange movements £'000	**31 October 2008 £'000**
	Cash at bank	–	1	–	**1**
	Bank overdrafts	(44)	33	1	**(10)**
	Debt:				
	Debts falling due within one year	(5,911)	401	–	**(5,510)**
	Net debt	(5,955)	435	1	**(5,519)**

20 Contingent liabilities and capital commitments

There were contingent liabilities in respect of underwriting commitments of £320,000 at 31 October 2008 (2007: £nil). There were no capital commitments in respect of securities not fully paid up (2007: £nil).

21 Transactions with the Manager

Under the terms of the management agreement, the Company has appointed wholly owned subsidiary companies of Henderson Global Investors (Holdings) plc ("Henderson") to provide investment management, accounting, administrative and company secretarial services and BNP Paribas Fund Services UK Limited to provide UK custodial services. Henderson has contracted with BNP Paribas Fund Services UK Limited to provide accounting and administrative services. During the prior year 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 Fund Services UK Limited.

Details of the fee arrangements with the Manager for these services are given on pages 16 and 17 in the Report of the Directors. The fees payable under these arrangements are shown in note 5 on page 33. The other fees payable to the Manager are shown in note 6 on page 34.

The management fees payable to Henderson under this agreement in respect of the year ended 31 October 2008 were £288,000 (2007: £450,000) of which £71,000 was outstanding at 31 October 2008 (2007: £34,000). 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 2008 (2007: £nil).

In addition to the above services, Henderson has provided the Company with share plan marketing and administration services. The total fees paid or payable for these services for the year ended 31 October 2008 were £nil (excluding VAT) (2007: £15,000), of which £nil was outstanding at 31 October 2008 (2007: £5,000).

22 Value Added Tax

In 2004 the Association of Investment Companies (the "AIC"), together with JPMorgan Claverhouse Investment Trust plc, launched a case against HM Revenue & Customs ("HMRC") to challenge whether Value Added Tax ("VAT") should have been charged on fees paid for management services provided to investment trust companies. On 28 June 2007 the European Court of Justice delivered its judgement on the case in favour of the AIC.

Since then HMRC has accepted that the provision of investment management services to investment trust companies is VAT exempt and has acknowledged its liability to pay claims in respect of VAT borne by investment companies. The Manager (Henderson Global Investors Limited) is now able to reclaim from HMRC the amount of VAT charged to the Company in respect of investment management services from 1 October 2000 to 30 June 2007, to the extent that such VAT was paid by the Manager to HMRC. VAT has not been applied to investment management fees invoiced in respect of periods since June 2007.

Notes to the Accounts
continued

22 Value Added Tax (continued)

An amount of £348,000, representing some of the VAT borne by the Company on investment management fees invoiced in the period from 1 October 2000 to 30 June 2007, was written back in the year ended 31 October 2007 in accordance with a standstill agreement reached between the Manager and the Company. As at the date of this report no amounts had been received back from HMRC, via the Manager, but since the year end the Manager has reported that it has reached agreement with HMRC and that the Company can expect to receive an amount of £508,000 in respect of the above period. Accordingly, an additional £160,000 has been recognised as recoverable in the Income Statement. The £508,000 represents all the VAT borne by the Company in the period from 1 October 2000 to the point in 2007 from which VAT was no longer charged.

The Company will receive from the Manager any interest paid by HMRC on the amounts to be recovered. The Board is not yet certain as to how this interest will be calculated but has included a figure of £70,000 in the Income Statement (see also note 4 on page 33).

The Company may be able to recover further amounts of the VAT charged on investment management fees in the years from 1990 to 2000 inclusive. For this purpose the years 1990 to 2000 fall into two distinct periods.

The Company expects to be able to reclaim VAT paid in respect of the period from 1 January 1990 to 4 December 1996, following the judgement of the House of Lords in a case concerning the time limits applicable to VAT claims. The Board considers that the calculation of the figures is too uncertain to permit a realistic estimate to be made but it does not expect the amount to be material. There may also be some possibility, albeit remote, of recovering VAT paid in the period from then to 30 September 2000.

See also note 5 on page 33.

23 Subsequent events

Due primarily to a reduction in the market values of the investments held, the Company's net asset value per share as at 28 January 2009 was 263.5p per share, a decrease of 17.6% from the net asset value per share as at the balance sheet date.

In accordance with FRS 21 *Events after the balance sheet date*, changes in asset prices after the balance sheet date constitute a non-adjusting event as they do not relate to conditions that existed at the balance sheet date. Accordingly, it is not appropriate to reflect any financial effect of these changes in asset prices in the balance sheet as at 31 October 2008.

Historical Record

Year ended 31 October	Total assets less current liabilities in £'000	Net asset value per ordinary share in pence [1]	Net asset value per warrant in pence[2]	Revenue return/ (loss) per ordinary share in pence[6]	Dividend per ordinary share in pence
1986	20,729	133.1	33.1	1.90[3]	0.50[4]
1987	19,790	127.4	27.4	0.75	0.58
1988	22,371	142.8	42.8	1.11	0.70
1989	25,829	163.5	63.5	1.67	1.15
1990	21,089	135.2	35.2	1.83	1.32
1991	29,480	185.3	85.3	1.56	1.40
1992	29,736	186.3	86.3	1.45	1.40
1993	45,315	271.0	–	1.36	1.40
1994	47,492	284.0	–	1.00	0.50
1995[5]	58,797	351.7	–	2.35	1.40
1996	78,255	453.8	–	1.72	1.40
1997	86,111	495.5	–	(0.43)	0.50
1998	86,596	492.8	–	(1.69)	nil
1999	125,696	715.3	–	(2.05)	nil
2000	179,499	1,021.5	–	(11.69)	nil
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**

(1) Assuming full subscription of the warrants in issue between 16 October 1985 and 31 January 1993. All warrants had been exercised as at 31 January 1993.

(2) 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 2008 the net asset value attributable to each subscription share was nil.

(3) From commencement of business on 16 October 1985.

(4) A special dividend of 1.10p was also paid.

(5) Restated, where applicable, for the change in accounting policy made in the 1996 accounts in respect of the recognition of dividend income. Periods prior to 31 October 1995 have not been restated.

(6) The figures for the years 1986 to 2005 inclusive have not been adjusted for the change, with effect from 1 November 2005, in the allocation of management and finance costs.

Notice of Annual General Meeting

Notice is hereby given that the twenty-third Annual General Meeting of Henderson Opportunities Trust plc will be held at 201 Bishopsgate, London EC2M 3AE on Thursday 19 March 2009 at 2.30 pm for the transaction of the following:

Ordinary Business

1 To receive the report of the directors and the audited accounts for the year ended 31 October 2008.

2 To approve the directors' remuneration report for the year ended 31 October 2008.

3 To approve a final dividend.

4 To re-elect Mr M R King as a director of the Company.

5 To re-elect Mr G B Burnett as a director of the Company.

6 To re-elect Mr R D H Bryce as a director of the Company.

7 To re-elect Mr R W Smith as a director of the Company.

8 To re-appoint PricewaterhouseCoopers LLP as auditors to the Company.

9 To authorise the directors to determine the remuneration of the auditors.

Special Business
To consider and, if thought fit, pass the following resolutions:

as an Ordinary Resolution
10 THAT the Company continue as an investment trust.

as an Ordinary Resolution
11 THAT the Board be and it is hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (within the meaning of section 80 of the Companies Act 1985) up to an aggregate nominal amount of £102,603 (being 5% of the issued ordinary share capital, excluding shares held in treasury, at 29 January 2009) PROVIDED THAT this authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Board may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

as a Special Resolution
12 THAT, subject to resolution 11 being passed, the Board be and it is hereby empowered pursuant to section 95 of the Companies Act 1985 to allot equity securities (within the meaning of section 94 of the said Act), and/or where such allotment constitutes an allotment of equity securities by virtue of section 94(3A) of the said Act, for cash pursuant to the authority conferred by resolution 11 as if sub-section (1) of section 89 of the said Act did not apply to any such allotment, PROVIDED THAT this power shall be limited:

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

(b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £102,603 (being 5% of the issued ordinary share capital, excluding shares held in treasury, at 29 January 2009); and

(c) to the allotment of equity securities at a price of no less than the net asset value per share;

and shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

as a Special Resolution
13 THAT the Company be and is hereby generally and unconditionally authorised in accordance with section 166 of the Companies Act 1985 ("the Act") to make market purchases (within the meaning of section 163(3) of the Act) of ordinary shares of 25p each in the

Notice of Annual General Meeting

continued

capital of the Company ("Ordinary Shares"), provided that:

(a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased shall be 1,230,423 (representing approximately 14.99% of the Ordinary Shares, excluding treasury shares, at 29 January 2009, the date of this Notice of Annual General Meeting);

(b) the minimum price (exclusive of expenses) which may be paid for an Ordinary Share is 25p;

(c) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share is an amount equal to 105% of the average middle market quotations for an Ordinary Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is purchased, or such other amount as may be specified by the UK Listing Authority from time to time;

(d) the authority hereby conferred will expire at the conclusion of the annual general meeting of the Company in 2010, or, if earlier, on the expiry of 18 months from the passing of this resolution, unless such authority is renewed prior to such time; and

(e) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract provided that all Ordinary Shares purchased pursuant to the said authority shall be either

(i) cancelled immediately upon completion of the purchase; or

(ii) held, sold, transferred or otherwise dealt with as treasury shares in accordance with the provisions of the Companies Act 1985.

as a Special Resolution

14 THAT the Company be and is hereby generally and unconditionally authorised in accordance with section 166 of the Companies Act 1985 ("the Act") to make market purchases (within the meaning of section 163(3) of the Act) of subscription shares of 1p each in the capital of the Company ("Subscription Shares"), provided that:

(a) the maximum aggregate number of Subscription Shares hereby authorised to be purchased shall be 246,067 (representing approximately 14.99% of the Subscription Shares at 29 January 2009, the date of this Notice of Annual General Meeting);

(b) the minimum price (exclusive of expenses) which may be paid for a Subscription Share is 1p;

(c) the maximum price (exclusive of expenses) which may be paid for a Subscription Share is an amount equal to 105% of the average middle market quotations for a Subscription Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Subscription Share is purchased, or such other amount as may be specified by the UK Listing Authority from time to time;

(d) the authority hereby conferred will expire at the conclusion of the annual general meeting of the Company in 2010, or, if earlier, on the expiry of 18 months from the passing of this resolution, unless such authority is renewed prior to such time; and

(e) the Company may make a contract to purchase Subscription Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Subscription Shares pursuant to any such contract provided that all Subscription Shares purchased pursuant to the said authority shall be cancelled immediately upon completion of the purchase.

By order of the Board

G S Rice
for and on behalf of
Henderson Secretarial Services Limited,
Secretary
29 January 2009

Notice of Annual General Meeting

continued

Notes

(i) Only those shareholders registered in the register of members of Henderson Opportunities Trust plc at close of business on Tuesday 17 March 2009 shall be entitled to attend and vote at the Annual General Meeting ("the meeting") in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after close of business on 17 March 2009 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

(ii) Pursuant to section 324 of the Companies Act 2006 a member entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, vote on his behalf. A proxy need not be a member of the Company. A form of proxy is enclosed and to be valid must be lodged with the Company's Registrar not less than forty-eight hours before the time fixed for the meeting. This right does not apply to persons nominated to receive information rights pursuant to section 146 of the Companies Act 2006. Persons nominated to receive information rights under section 146 of the Companies Act 2006 have been sent this notice of meeting and are hereby informed, in accordance with section 149(2) of the Companies Act 2006, that they may have the right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they have such right or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.

(iii) The completion of the form of proxy will not preclude shareholders from attending and voting in person at the meeting.

(iv) The attendance at the meeting of members and their proxies and representatives is understood by the Company to confirm their agreement to receive any communications made at the meeting.

(v) This notice is sent for information only to the subscription shareholders who are not entitled to attend or vote at the meeting.

Registered Office:
201 Bishopsgate, London EC2M 3AE

Annual General Meeting Venue

201 Bishopsgate, the offices of Henderson Global Investors, is located in the City of London.

It is a few minutes' walk from Liverpool Street mainline and underground stations.

Total Voting Rights

As at 29 January 2009 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consisted of 8,208,293 ordinary shares of 25p each, carrying one vote each, and 1,641,547 subscription shares of 1p each, which do not carry voting rights at general meetings of the Company. Therefore, the total voting rights in the Company as at 29 January 2009 were 8,208,293.

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.

General Shareholder Information

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

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

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

Final dividend warrants and tax vouchers
Dividend warrants and tax vouchers for the 2008 final dividend will be posted on 24 March 2009 to shareholders on the register on 27 February 2009. The dividend will be paid on 26 March 2009, subject to approval at the AGM.

Payment of dividends
Dividends can be paid to shareholders 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 54 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: **www.itshenderson.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.

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.

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 Account or ISA receive all shareholder communications. A form of instruction is provided to facilitate voting at general meetings of the Company.

General Shareholder Information

continued

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 Capital Growth sector.

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

Ordinary shareholder analysis

	Number of ordinary shareholders	Number of ordinary shares held
Individuals	442	403,001
Nominee companies and other corporate holders*	262	7,805,292
	704	8,208,293

*includes investors through Itshenderson and other Henderson ISAs as at 31 October 2008.

Source: Computershare Investor Services PLC.

Directors and other Information

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

Registrar
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0870 703 0194

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

Stockbroker
JPMorgan Cazenove Limited
20 Moorgate
London EC2R 6DA

Solicitors
Slaughter and May
One Bunhill Row
London EC1Y 8YY

aic
The Association of
Investment Companies

Warning to Shareholders

Recently 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 call either the Company Secretary or the Registrar at the numbers provided on page 54.

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Henderson
Global Investors

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