

HENDERSON EUROTRUST PLC

HALF YEAR REPORT

(unaudited)

for the six months ended 31 January 2012

HENDERSON EUROTRUST PLC
Unaudited Results for the half year ended 31 January 2012

Financial Highlights

	(Unaudited) Half year ended 31 January 2012	(Unaudited) Half year ended 31 January 2011	(Audited) Year ended 31 July 2011
Net asset value per ordinary share	570.1p	618.0p	624.7p
Revenue return per ordinary share	0.2p	0.8p	17.6p
Dividends per ordinary share	5.0p	4.0p	15.0p
Price per ordinary share	495.3p	557.0p	542.0p
Discount	13.1%	9.9%	13.2%

Total Return Performance (base 100)

	6 months	1 year	3 years	5 years
Net assets per ordinary share	93.1	94.7	133.6	118.7
Average Continental European investment trust*	89.6	89.1	140.7	105.0
FTSE World Europe (ex UK) Index ('the benchmark index')	87.9	86.5	130.9	98.4

Source: Morningstar and AIC

* Arithmetic average net asset value total return for the Europe sector.

Total return is the return on the share price or NAV taking into account both the rise and fall of share prices and dividends paid to shareholders. Dividends received are assumed to have been reinvested.

Interim Management Report

Chairman's Statement

Half year ended 31 January 2012

The Company's net asset value ('NAV') fell in absolute terms over the six months to 31 January 2012, but by less than the benchmark index. I can add also that it fell by less than the average of our peer group, and that at the time of writing, markets have recovered partially.

Continental Europe continues to be a controversial area for some global investors, many of whom are reluctant to take on an equity exposure to the region. Whilst not wishing to underestimate the problems facing some of the region's countries, it is indeed ironic that the IMF was unable to agree a major support programme earlier this year, precisely because *on average* the region is not weak, but economically strong.

Discount Management

In the first half of our financial year, the Company re-purchased in the market some 126,134 shares. We re-iterate the Board's wish to see a low and stable discount, consistent only with our not shrinking the size of the Company to a level that would threaten its long-term viability. We believe that our current policy is in the long term interests of our shareholders in general, even if some would prefer to see a much narrower discount at virtually any cost.

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Dividends

Your Board has decided to increase the interim dividend from 4p to 5p per share. Dividend increases on our holdings remain strong, and at this relatively early stage in the dividend paying season we anticipate being able to at least hold the final dividend. Our aim in making this increase is to begin to move back towards the traditional ratio between interim and final dividends, from which we have drifted away in recent years.

Outlook

From the end of July 2011 until early December 2011 the region's equity markets were in a febrile state. The recovery since then appears to be linked to the European Central Bank's Long Term Refinancing Operation ('LTRO') which our Portfolio Manager describes in more detail in his commentary. The manoeuvre has given a breathing space for the systemically important Spanish and Italian governments to reform their economies and put themselves on to a growth path. Your Board believes that LTRO is positive for the region's outlook. Monetary policy is now loose virtually around the world. As we write, this monetary stance is successfully off-setting the fiscal tightness forced upon many of the governments in the region, to the benefit of the companies in which we invest.

Mark Tapley
Chairman
21 March 2012

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Principal Risks and Uncertainties

The principal risks and uncertainties associated with the Company's business can be divided into the following main areas:

- Investment activity and performance risk
- Financial risk
- Regulatory risk
- Operational risk

Information on these risks and how they are managed is given in the Annual Report to 31 July 2011. In the view of the Board these principal risks and uncertainties were unchanged over the last six months and are as applicable to the remaining six months of the financial year as they were to the six months under review.

Related Party Transactions

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position or performance of the Company during the period. Details of related party transactions are contained in the Report and Financial Statements for the year ended 31 July 2011.

Directors' Responsibility Statement

The Directors confirm that, to the best of their knowledge:

- (a) the condensed set of financial statements has been prepared in accordance with the Accounting Standards Board's statement 'Half-Yearly Financial Reports';
- (b) this report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year);
and
- (c) this report includes a fair review of the information required by the Disclosure and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

For and on behalf of the Board
Mark Tapley
Chairman
21 March 2012

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Portfolio Manager's Commentary

The six months to the end of January saw European markets fall sharply, with a decline of 12.1%. Over the same period the net asset value total return of the Company fell by 6.9%. This significantly better relative performance has once again been primarily a reflection of the higher quality of our investments (soundly financed, resilient growth companies). We have also continued to take a very cautious attitude towards banking stocks, which have been highly volatile. The Euro slipped in value by just over 5% against Sterling, the Company's base currency, and this has been an additional headwind for markets.

We have made a few changes to the portfolio in the first six months of our financial year, with the sale of Lufthansa, Siemens, Kabel Deutschland, Henkel and Commerzbank, which has reduced our weighting a little in the German market, even though we have added BMW. We have also reduced by a small amount our exposure to some of the more economically sensitive names with these changes, which reflects a more sombre economic outlook for the European area in 2012. We have added another medical technology stock, Elekta in Sweden, which is a market leader in radiotherapy products. Having been cautious on financial stocks for some time, in January we added two banks to the portfolio – ING and Banco Santander. We remain quite underweight relative to the index in banks overall (but overweight in the insurance names which have rallied recently). There is an urgent need for most banks to both increase capital and reduce gearing, and both these processes will take a very long time, and leave banks ultimately achieving lower levels of profitability compared with the past. As such we will remain very careful with our banks' exposure, preferring instead to concentrate on other areas of the market where quality, which has served us so well over many years, continues to be readily available at attractive valuations.

At the end of January there were 52 holdings in the portfolio compared with 50 at 31 July 2011.

Outlook

At the end of December 2011 the European Central Bank ('ECB') launched the 'LTRO' or 'Long Term Refinancing Option' which allowed banks to borrow from the ECB for three years at a rate of 1%, followed at the end of February by 'Act 2' adding a combined €1 trillion of liquidity. Without wanting to get drawn into the complex (but interesting) debate about the merits of this, the effects are relatively straightforward: it buys time for the banks and adds liquidity. The seemingly never ending debate about Greece continues, but we believe the Euro will survive and eventually there will be closer fiscal integration. With markets perhaps tired of the "gloomy" scenario, they more recently have decided to focus on the "not so gloomy" possibilities, and the low valuation of European equities (a point we made in the Annual Report a few months ago). This trend could continue, particularly given the low weighting to European equities by most institutions. As ever there are bound to be nervous days, but at the time of writing we have moved to a small geared position utilising some of our borrowing facility.

Tim Stevenson
Portfolio Manager
21 March 2012

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Twenty Largest Holdings

These twenty investments total £58,207,000 representing 50.9% by value of the total investments.

	Name of Investment	Country	Sector	Valuation £'000	% of Total Portfolio
1	Deutsche Post	Germany	Industrials	5,567	4.9
2	Fresenius	Germany	Healthcare	4,640	4.1
3	Elekta	Sweden	Healthcare	3,423	3.0
4	Amadeus	Spain	Technology	3,239	2.8
5	Linde	Germany	Industrials	3,148	2.7
6	Sandvik	Sweden	Industrials	3,059	2.7
7	Saipem	Italy	Energy	2,949	2.6
8	BIC	France	Consumer Staples	2,938	2.6
9	Sodexo	France	Industrials	2,842	2.5
10	Total	France	Energy	2,681	2.3
11	Swedish Match	Sweden	Consumer Staples	2,645	2.3
12	Brenntag	Germany	Industrials	2,573	2.2
13	ENI	Italy	Energy	2,516	2.2
14	A P Moller-Maersk	Denmark	Industrials	2,470	2.2
15	Statoil	Norway	Energy	2,419	2.1
16	Deutsche Boerse	Germany	Financials	2,365	2.1
17	Zurich Financial	Switzerland	Financials	2,234	1.9
18	SGS	Switzerland	Industrials	2,183	1.9
19	Nestlé	Switzerland	Consumer Staples	2,159	1.9
20	Deutsche Telekom	Germany	Telecommunications	2,157	1.9
	Total			58,207	50.9

Sector Analysis

Name of Sector	31 Jan	<i>31 Jan</i>	Index*
	2012	<i>2011</i>	31 Jan
	%	%	%
Basic Materials	5.0	<i>6.6</i>	8.2
Consumer Goods	11.0	<i>13.8</i>	18.4
Consumer Services	7.7	<i>9.8</i>	5.1
Financials	13.5	<i>10.2</i>	20.5
Health Care	16.0	<i>11.3</i>	11.4
Industrials	26.7	<i>30.2</i>	14.6
Oil & Gas	9.3	<i>6.1</i>	7.5
Technology	7.6	<i>8.8</i>	3.5
Telecommunications	3.2	<i>3.2</i>	5.4
Utilities	-	<i>-</i>	5.4
Total	100.0	<i>100.0</i>	100.0

Country Analysis

Name of Country	31 Jan	<i>31 Jan</i>
	2012	<i>2011</i>
	%	%
Denmark	2.2	<i>-</i>
Finland	2.8	<i>2.1</i>
France	24.5	<i>21.8</i>
Germany	25.7	<i>33.0</i>
Italy	4.8	<i>2.2</i>
The Netherlands	2.8	<i>3.6</i>
Norway	2.1	<i>1.6</i>
Spain	5.8	<i>4.3</i>
Sweden	12.4	<i>8.1</i>
Switzerland	16.9	<i>23.3</i>
Total	100.0	<i>100.0</i>

* FTSE World Europe (ex UK) Index
Source: Morningstar and Henderson

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Income Statement

for the half year ended 31 January 2012

	(Unaudited) Half year ended 31 January 2012			(Unaudited) Half year ended 31 January 2011			(Audited) Year ended 31 July 2011		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
(Losses)/gains from investments held at fair value through profit or loss	-	(7,828)	(7,828)	-	15,966	15,966	-	15,604	15,604
Investment income	324	-	324	414	-	414	4,546	-	4,546
Other interest receivable and similar income	-	-	-	1	-	1	2	-	2
Gross revenue and capital (losses)/gains	324	(7,828)	(7,504)	415	15,966	16,381	4,548	15,604	20,152
Management and performance fees (note 4)	(75)	(1,278)	(1,353)	(88)	(355)	(443)	(184)	(1,371)	(1,555)
Other administrative expenses	(140)	-	(140)	(140)	-	(140)	(325)	-	(325)
Net return/(loss) on ordinary activities before finance costs and taxation	109	(9,106)	(8,997)	187	15,611	15,798	4,039	14,233	18,272
Finance costs	(1)	(2)	(3)	(2)	(6)	(8)	(9)	(35)	(44)
Net return/(loss) on ordinary activities before taxation	108	(9,108)	(9,000)	185	15,605	15,790	4,030	14,198	18,228
Taxation on net return on ordinary activities	(66)	-	(66)	(15)	-	(15)	(373)	-	(373)
Net return/(loss) on ordinary activities after taxation	42	(9,108)	(9,066)	170	15,605	15,775	3,657	14,198	17,855
Return/(loss) per ordinary share (note 2)	0.2p	(44.5)p	(44.3)p	0.8p	75.0p	75.8p	17.6p	68.5p	86.1p

The total columns of this statement represent the Income Statement of the Company.

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

No operations were acquired or discontinued during the half year ended 31 January 2012. The Company has no recognised gains or losses other than those recognised in the Income Statement and the Reconciliation of Movements in Shareholders' Funds.

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Reconciliation of Movements in Shareholders' Funds

for the half year ended 31 January 2012

Half year ended 31 January 2012 (Unaudited)	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
As at 31 July 2011	1,026	33,814	257	88,774	4,327	128,198
Net (loss)/return on ordinary activities after taxation	-	-	-	(9,108)	42	(9,066)
Repurchase of ordinary shares	(6)	-	6	(607)	-	(607)
Final dividend for 2011 paid	-	-	-	-	(2,253)	(2,253)
As at 31 January 2012	1,020	33,814	263	79,059	2,116	116,272
Half year ended 31 January 2011 (Unaudited)						
As at 31 July 2010	1,044	33,814	239	76,555	2,958	114,610
Net return on ordinary activities after taxation	-	-	-	15,605	170	15,775
Repurchase of ordinary shares	(6)	-	6	(634)	-	(634)
Final dividend for 2010 paid	-	-	-	-	(1,459)	(1,459)
As at 31 January 2011	1,038	33,814	245	91,526	1,669	128,292
Year ended 31 July 2011 (Audited)						
As at 31 July 2010	1,044	33,814	239	76,555	2,958	114,610
Net return on ordinary activities after taxation	-	-	-	14,198	3,657	17,855
Repurchase of ordinary shares	(18)	-	18	(1,979)	-	(1,979)
Final dividend for 2010 paid	-	-	-	-	(1,460)	(1,460)
Interim dividend for 2011 paid	-	-	-	-	(828)	(828)
As at 31 July 2011	1,026	33,814	257	88,774	4,327	128,198

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Balance Sheet
as at 31 January 2012

	(Unaudited) 31 January 2012 £'000	(Unaudited) 31 January 2011 £'000	(Audited) 31 July 2011 £'000
Investments held at fair value through profit or loss	114,297	127,053	126,907
Current assets			
Debtors	430	1,107	1,194
Cash at bank and short term deposits	3,136	1,339	2,044
	3,566	2,446	3,238
Creditors: amounts falling due within one year	(1,591)	(1,207)	(1,947)
Net current assets	1,975	1,239	1,291
Total net assets	116,272	128,292	128,198
Capital and reserves			
Called up share capital	1,020	1,038	1,026
Share premium account	33,814	33,814	33,814
Capital redemption reserve	263	245	257
Other capital reserves	79,059	91,526	88,774
Revenue reserve	2,116	1,669	4,327
Equity shareholders' funds	116,272	128,292	128,198
Net asset value per ordinary share (note 3)	570.1p	618.0p	624.7p

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Cash Flow Statement

for the half year ended 31 January 2012

	(Unaudited) Half year ended 31 January 2012 £'000	(Unaudited) Half year ended 31 January 2011 £'000	(Audited) Year ended 31 July 2011 £'000
Net cash (outflow)/inflow from operating activities	(931)	(749)	2,169
Servicing of finance	(4)	(10)	(45)
Overseas tax recovered	55	301	302
Net cash inflow from financial investment	5,631	1,234	607
Equity dividends paid	(2,253)	(1,459)	(2,288)
	-----	-----	-----
Net cash inflow/(outflow)before financing	2,498	(683)	745
Net cash outflow from financing	(1,132)	(1,965)	(2,785)
	-----	-----	-----
Increase/(decrease) in cash	1,366	(2,648)	(2,040)
	=====	=====	=====
Reconciliation of operating revenue to net cash (outflow)/inflow from operating activities			
Net (loss)/gain before finance costs and taxation	(8,997)	15,798	18,272
Capital loss/(gain) before finance costs and taxation	9,106	(15,611)	(14,233)
Increase in prepayments, accrued income and other debtors	(4)	(8)	-
Increase/(decrease) in creditors and accruals	286	(558)	79
Expenses charged to capital	(1,278)	(355)	(1,371)
Tax on unfranked investment income deducted at source	(44)	(15)	(578)
	-----	-----	-----
Net cash (outflow)/inflow from operating activities	(931)	(749)	2,169
	=====	=====	=====
Reconciliation of net cash flow to movements in net funds			
Increase/(decrease) in cash as above	1,366	(2,648)	(2,040)
Cash outflow from decrease in loans	525	1,331	806
Exchange movements	(274)	179	276
	-----	-----	-----
Movement in net funds	1,617	(1,138)	(958)
Net funds at start of the period	1,519	2,477	2,477
	-----	-----	-----
Net funds at end of the period	3,136	1,339	1,519
	=====	=====	=====
Represented by:			
Cash at bank	3,136	1,339	2,044
Bank loans	-	-	(525)
	-----	-----	-----
	3,136	1,339	1,519
	=====	=====	=====

HENDERSON EUROTRUST PLC

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Notes

1. **Accounting policies**

The accounts have been prepared on a going concern basis and under the historical cost convention, modified to include the revaluation of investments at fair value and in accordance with applicable accounting standards, pronouncements on interim reporting issued by the Accounting Standards Board and with the Statement of Recommended Practice for Investment Trusts ("SORP") dated January 2009.

For the period under review the Company's accounting policies have not varied from those described in the Annual Report and Financial Statements for the year ended 31 July 2011. The Financial Statements have not been either audited or reviewed by the Company's auditors.
2. **Return/(loss) per ordinary share**

Return/(loss) per ordinary share is based on the net loss attributable to the ordinary shares of £9,066,000 (half year ended 31 January 2011: return of £15,775,000; year ended 31 July 2011: return of £17,855,000) and on the 20,467,717 weighted average number of shares (half year ended 31 January 2011: 20,822,816; year ended 31 July 2011: 20,737,127) in issue.

Revenue return per ordinary share is based on the net revenue return attributable to the ordinary shares of £42,000 (half year ended 31 January 2011: £170,000; year ended 31 July 2011: £3,657,000) and on the 20,467,717 weighted average number of shares (half year ended 31 January 2011: 20,822,816; year ended 31 July 2011: 20,737,127) in issue.

Capital loss per ordinary share is based on the net capital loss attributable to the ordinary shares of £9,108,000 (half year ended 31 January 2011: return of £15,605,000; year ended 31 July 2011: return of £14,198,000) and on the 20,467,717 weighted average number of shares (half year ended 31 January 2011: 20,822,816; year ended 31 July 2011: 20,737,127) in issue.
3. **Net asset value per ordinary share**

Net asset value per ordinary share is based on the 20,395,541 (half year ended 31 January 2011: 20,758,425; year ended 31 July 2011: 20,521,675) ordinary shares in issue. During the period ended 31 January 2012, 126,134 (half year ended 31 January 2011: 118,500; year ended 31 July 2011: 355,250) ordinary shares were repurchased for cancellation at a total cost of £607,000 (half year ended 31 January 2010: £634,000; year ended 31 July 2011: £1,979,000). Since the period end a further 5,000 shares have been repurchased for cash.
4. **Management and performance fees**

Management and performance fees are charged in accordance with the terms of the management agreement. Performance fees are provided for, based on the out-performance of the Company's net asset value against the FTSE World Europe (ex UK) Index. For the half year ended 31 January 2012, there was a performance fee provision of £978,000 (half year ended 31 January 2011: £nil and year ended 31 July 2011: £637,000).
5. **Going concern**

The Directors believe that it is appropriate to adopt the going concern basis in preparing the financial statements. 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.
6. **Interim dividend**

An interim dividend of 5.0p per ordinary share will be paid on 27 April 2012 to shareholders on the Register of Members on 30 March 2012. The Company's shares will be quoted ex-dividend on 28 March 2012. Based on the number of shares in issue on 21 March 2012, the cost of this dividend will be £1,020,000.
7. **Comparative information**

The financial information contained in this half year report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half years ended 31 January 2011 and 31 January 2012 has not been audited or reviewed by the Company's auditors. The figures and financial information for the year ended 31 July 2011 are an extract based on the latest published accounts and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.
8. **General Information**
 - a) *Company Objective and Investment Style*

Invests predominantly in large and medium sized companies which are perceived to be undervalued in view of their growth prospects or on account of a significant change in management or structure. The Company's aim is to achieve a superior total return from a portfolio of high quality European investments.
 - b) *Company Status*

Henderson EuroTrust plc is registered in England, No. 2718241, has its registered office at 201 Bishopsgate, London EC2M 3AE and is listed on the London Stock Exchange. The SEDOL/ISIN number is GB0004199294. The London Stock Exchange (EPIC) Code is HNE.

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8. **General Information (continued)**

c) Directors and Secretary

The Directors of the Company are Mark Tapley (Chairman), John Cornish, Joop Feilzer and David Marsh. The Secretary is Henderson Secretarial Services Limited, represented by Ruth Saunders.

d) Website

Details of the Company's share price and net asset value, together with general information about the Company, monthly factsheets and data, profiles of the Board, copies of announcements, reports and details of general meetings can be found at www.hendersoneurotrust.com