Henderson Opportunities Trust plc

Report and Financial Statements for the year ended 31 October

2011

Henderson Opportunities Trust plc

Objective

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

Manager

Henderson Global Investors Limited

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

Benchmark

The FTSE All-Share Index

Financial Highlights

	Year ended 31 October 2011	Year ended 31 October 2010	Change %
Net asset value per ordinary share	**501.0p**	532.0p	-5.8
Ordinary share price	**392.0p**	427.5p	-8.3
Subscription share price	**1.5p**	3.1p	-51.6
Discount	**21.8%**	19.6%	–
Total (loss)/return per ordinary share	**(24.50)p**	102.23p	–
Revenue return per ordinary share	**7.94p**	7.40p	+7.3
Dividends per ordinary share in respect of the year#	**7.0p**	6.5p	+7.7
Gearing*	**16.8%**	10.4%	–

2011 total dividend is subject to approval of the final dividend at the AGM.

* 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 2011

	6 months %	1 year %	2 years %	3 years %
Net asset value per share total return	(17.0)	(4.7)	18.4	72.4
FTSE All-Share Index total return	(7.8)	0.6	18.2	46.0
Ordinary share price total return	(18.8)	(7.1)	12.9	82.1

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

Source: Morningstar for the AIC, using cum income NAV for 6 months, 1, 2 and 3 years.

Chairman's Comment

The positive first half of 2011 was unfortunately over-shadowed by a weak second six months. However on a three year basis, performance has been strong, significantly out-performing the benchmark. This strength has derived from investing in companies with good franchises, strong balance sheets and consistent trading performance, the Directors continue to support this investment approach and endorse the Managers' confidence for the coming year.

George Burnett, Chairman

Contents

Directors

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

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

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

Peter Jones*† was appointed to the Board on 12 December 2011. He has been Chief Executive of Associated British Ports Holdings Ltd since April 2007 and is a non-executive director of SKIL Ports & Logistics Ltd. He was formerly Chief Executive of Mersey Docks & Harbour Company.

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

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

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

Management Team

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

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

Tracey Lago ACIS is the authorised representative of Henderson Secretarial Services Limited, the corporate company secretary.

Chairman's Statement

Review of performance

I am disappointed to report that, after a strong first half of the financial year, the second half has seen marked weakness with the NAV total return over the year falling 4.7%, while the FTSE All-Share Index total return was 0.6%. The Manager's estimate of performance attribution is set out in the table below, which shows that stock selection was the main detractor.

	Year ended 31 October 2011 %
Net asset value per share total return	-4.7
Benchmark total return	+0.6
Relative performance	**-5.3**
Made up:	
Stock selection	-3.9
Gearing	-0.2
Share buy-backs	–
Expenses	-1.2
	-5.3

Source: Henderson Global Investors Limited

The main reason for the underperformance has been the portfolio's exposure to smaller companies. However, it should be remembered that smaller companies have been responsible for much of the strong relative recovery over the past three years, during which the NAV total return was 72.4%, compared to the FTSE All-Share Index total return of 46.0%. Smaller companies are considered by investors to be more economically sensitive and are therefore particularly weak, in terms of share price, when economic turbulence becomes more pronounced, as it did in the closing months of the financial year. The Manager argues in his report that most of the companies held are strong business franchises that are prepared for the likely difficult economic conditions. The Board has regularly challenged the Manager on the quality of the companies held and their ability to withstand a more difficult trading background. In practice, their financial performance has held up well to date, while disappointments have been sold if considered appropriate.

Borrowings

The gearing has been increased during the year from 10.4% to 16.8% as the valuation of the underlying stocks has fallen. The Board continues to believe that gearing has a part to play in a portfolio centred on growth opportunities, particularly where the Company's borrowing costs are low. However, as noted in more detail in the Investment Approach section of the Manager's Report, the combination of small company exposure, gearing and a turbulent market has increased the volatility in the Net Asset Value. In the coming year there will be a more active matching of any gearing levels to larger company investments to maintain liquidity and flexibility in the portfolio.

Expenses

The total expense ratio of the Company increased slightly from 1.20% to 1.23%, this was primarily due to an increase in the management fee which is calculated on quarterly periods of which three of the four were positive in NAV performance terms (see pages 23 and 24).

Earnings and dividends

The revenue return for the year was 7.94p, which compares with 7.40p last year. The total dividend for the year is 7.0p, while last year the total dividend was 6.5p. Dividends from the underlying holdings are expected to grow, which should lead to dividend growth for the Company. The last few years have seen volatility in dividend payments as some companies have reacted to the difficult operating background by wanting to pay down debt but, now that this has largely been achieved, dividend progression from the underlying companies is expected to be sustained in the future.

Continuation vote

The continuation vote at the Annual General Meeting on 17 March 2011 received the support of a substantial majority of shareholders and the next vote in accordance with the triennial cycle of continuation votes required by the Company's Articles of Association will be in March 2014.

Chairman's Statement
continued

Going concern
The assets of the Company consist almost entirely of listed investments. Although in practice it might not be possible to realise the entire portfolio quickly at fair value the Company has adequate financial resources to continue in operational existence for the foreseeable future. For this reason, and in the light of my comments above about continuation, we have prepared the financial statements on a going concern basis.

Board composition
As I reported last year, after 18 years' service Hamish Bryce will retire from the Board at the conclusion of the AGM and will not stand for re-election. We shall miss Hamish's energetic and insightful contributions to the Board which have given the lie to those who measure independence only in terms of a prescribed period of service. The Board is delighted that Peter Jones, Chief Executive of Associated British Ports Holdings Ltd and non-executive director of AIM-listed SKIL Ports & Logistics Ltd, joined the Board on 12 December 2011. We thank Hamish for the valuable contribution he has made over the years and welcome Peter to the Board.

AGM
Our Annual General Meeting will be held at 2.30 pm on Thursday 15 March 2012 at the Registered Office, 201 Bishopsgate, London EC2M 3AE. The notice of meeting is set out in the separate circular to shareholders that accompanies this Annual Report and the directors recommend that the shareholders support all the resolutions. The directors will vote their own shareholdings in favour of all the resolutions to be put at the AGM. In addition to the formal business, James Henderson will give a presentation and afternoon tea will be served.

Investment strategy
It has been our policy to increase the liquidity of the portfolio to enable the Portfolio Manager to be as responsive as possible to the changes in the investment environment. At the same time we have not wanted to jettison smaller companies where the valuation is attractive and the prospects are sound. The objective is to find and hold stocks that are good business franchises that will deliver substantial growth over time. These companies will be found across the market capitalisation range but there will usually be a focus on smaller companies when there is large potential in this area. Whatever their size, we look for companies with strong balance sheets and a diverse customer base. At the year end there were 82 companies in the portfolio and on average more than half of their turnover comes from overseas sales.

Outlook
The fundamental valuation of equities suggests the UK market is in cheap territory. Company cash generation is impressive. However, investor thinking is being dominated by macro economic concerns and it needs a return of focus onto underlying companies' prospects for a sustained rally. This will come about as satisfactory corporate results are reported. The Directors endorse the Managers' confidence for the coming year.

G B Burnett
Chairman
27 January 2012

Portfolio Managers' Review

The economy

In overall terms the global economy has continued to expand with the emerging powerhouse economies of China, India and Brazil continuing to outperform more developed economies like the UK, USA and mainland Europe. However, as the scale of sovereign debt issues surrounding some of the peripheral Eurozone nations, like Greece, moved ever closer to mainstream nations like Italy and Spain, the future of the Euro was increasingly called into question. The inability of the Eurozone political elite of Germany and France to produce a swift resolution shook investor confidence.

Inflation has risen sharply not just in the UK but also globally and is in part a reflection of the surge earlier in the year of commodity prices. However, as the global economy has cooled, many of the bellwether commodities have seen significant declines from recent highs. Copper has declined by 25% for instance. In soft commodities cotton has nearly halved. Oil, which has seen some supply disruptions, has still nevertheless fallen by some 13% from the spring highs. Coupled with a weakening economic outlook, it would appear that the rate of inflation is likely to fall quite sharply over the coming months and may provide some relief to under-pressure consumers.

These factors weighed on public opinion and with apparently no "good news" to report, the mood among investors and business leaders changed from guarded optimism at the start of the year to a feeling of impending doom at the end. It will, as history has shown on many occasions not be quite like that, but at the moment trying to predict the future is a difficult exercise.

Investment approach

The portfolio is a mixture of large, medium and small companies. We employ gearing because it is our belief that the returns from equities will be substantially greater than the cost of borrowings. However, the combination of smaller companies and gearing has led to marked volatility in the Net Asset Value. Therefore we will be more active tempering this volatility by increasing the exposure in larger companies where there is gearing so that there is liquidity and flexibility in the portfolio. The number of holdings is likely to fall over the coming year as we believe in this difficult economic period fewer companies will achieve strong growth and those that do will obtain a premium valuation. The focus continues to be on finding and holding these stocks.

Portfolio review and activity

To borrow a football idiom "this is a game of two halves" feels like an understatement. In truth the investment climate has changed dramatically from the start to the finish of our financial year. Guarded optimism has given way to outright pessimism.

By having a strong bias to industrials and technology we enjoyed a very good first half of the year but that performance unwound sharply over the summer months and has remained somewhat on the sidelines, despite generally very good profit performances, as doubts around the outlook for 2012 have grown. As previously stated we have been underweight in our stock selections that relate to the UK consumer as pressure on household incomes has grown more intense as the year has progressed.

Our positioning has remained very much focused at the company level and very similar to our closing positions at the end of 2010. At the beginning of the financial year we felt that there were good prospects for increased merger and acquisition activity, indeed most surveys of company Finance Directors gave a strong indication that with trading recovering well in 2010 and strong balance sheets then it was only a matter of time before many transactions that had been put on the shelf would now be dusted off for action. Indeed in our experience the early part of the year held promise with both **Velosi** (quality control assurance in the energy sector) and **Toluna** (on line panel surveys) both receiving takeover approaches which led to full bids and we took good profits in both. Since that early flurry for us the cupboard has been somewhat bare with only **Pinewood Shepperton** (film studios) receiving contested bids, still not fully resolved, and we sold for a profit to avoid being trapped in a minority situation. Apart from a few higher profile bids, like Hewlett Packard's acquisition of Autonomy, it has been a surprisingly quiet time across the whole market.

When it comes to performance at the stock level it is the case that we should look at two distinct halves. In the first part of our year **XP Power** did exactly as it's name implies and powered ahead rising 67% as strong results gave investors confidence but that confidence fell sharply with the market retreat and in the second half it fell 39%. We did take a modest amount of profit from **XP Power** near the peak but have by and large kept faith with this investment; indeed we have more recently bought a small amount of stock. Similar

Portfolio Managers' Review

continued

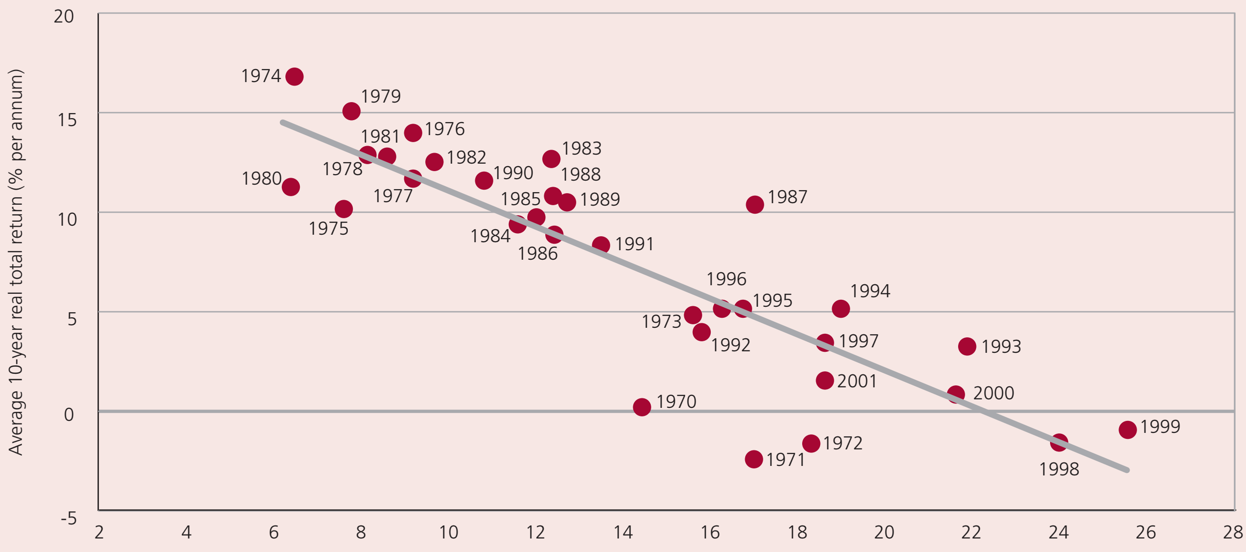
Valuation Over Time

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

UK equities price/earnings (PE) ratio

Source: Datastream, FTSE All-Share Index (using 12 month forward earnings)

The Starting Valuation is what matters...



Source: Oriel Securities

patterns can be seen with many other holdings, **e2v** rose by 38% only to fall 19% as did **Kenmare Resources** rising by 141%, again where we took some profit, only to fall back by 13%. Of particular note on the positive side we should mention **IP Group**, now our biggest holding, rising by 142% in the year as investors realised how much untapped value lay within its diverse early stage portfolio. In addition old favourites such as **Pearson**, **Senior** and **Latchways** put in reliably robust performances and the latter recently declared good profits and a special dividend: something that **Fidessa** achieved for the second year running. The companies where money was lost include **Hampson Industries**, where the full extent of past management failings became painfully exposed and **AssetCo**, where even with additional shareholder support it proved impossible to save more than a small fraction of shareholder value. **Flybe**, an addition through an IPO at the

Portfolio Managers' Review

continued

start of the year, also suffered but in this case it was rising fuel prices and the weak economy rather than management failings which took their toll. **Kofax** started the year in very positive frame rising by 65% before falling by 45% as a result of consecutive profit warnings and over optimistic management guidance. This is a highly cash rich and cash generative business so we will not throw the baby out with the bath water even if recent disappointment is annoying.

During the early and most dramatic phase of this summer's market fall we sold our holding in **Unilever**, which held up well, and re-invested the proceeds in a number of heavy fallers including **Ashtead**, the plant hire company which has gone on to report rapidly rising profits which have now been reflected in a rapidly improving share price. New investments have been made in **Advanced Medical Solutions**, the developer of Liquiband medical glue, **Asian Plantations**, the developer of palm oil plantations in Malaysia and **Oxford Instruments**, the original birthplace of MRI Scanners, now forging leadership in the nanotechnology space. At the half year we mentioned a new investment in **Aurelian Oil & Gas**, unconventional gas in Poland, however, drilling results were not satisfactory and we have now sold out of this position for a loss. We also sold out of **PureCircle**, natural sweeteners, and **JJB Sports**, sports retailing, where we felt execution of the business plan was unlikely to benefit shareholders. We added to our holding in **Innovation Group**, insurance software, before exiting the entire holding at a good profit when our price target was reached. Similarly we made a modest investment in **EKF Diagnostics** and again sold when our price target was achieved, again for a profit.

Whilst we have introduced over the year a number of new holdings many of our key positions remain essentially unchanged. For instance of last year's top ten, representing some 28% of the portfolio, six are again present in this year's top ten, which has risen slightly to 30% of the portfolio. In total we acquired twenty new holdings and disposed of sixteen positions.

Outlook

We believe that our portfolio whilst it has a strong bias towards small companies has a range and diversity of activity backed up by generally strong balance sheets that will prove more resilient than the stock market is currently giving it credit for.

J H Henderson and C M Hughes
27 January 2012

Analysis by market index (by value)

	FTSE All-Share Index 31 October 2011 %	**Portfolio 31 October 2011 %**	Portfolio 31 October 2010 %
FTSE 100 Index	**86.2**	**8.2**	12.6
FTSE 250 Index	**12.7**	**23.7**	19.3
FTSE SmallCap Index	**1.1**	**30.5**	29.8
FTSE All-Share Index	**100.0**	**62.4**	61.7
FTSE Fledgling Index	**–**	**0.6**	1.9
FTSE AIM All-Share Index	**–**	**30.7**	30.8
other Official List	**–**	**4.3**	3.0
other AIM	**–**	**2.0**	2.6
	100.0	**100.0**	100.0

Source: Henderson Global Investors Limited

Analysis by market capitalisation at 31 October 2011

Index	**Market Capitalisation £**	**FTSE All-Share Index %**	**Portfolio %**
FTSE 100 Index (top 20 stocks)	>£23 bn	58.4	4.0
FTSE 100 Index (remaining 80 stocks)	>£1.2 bn	27.8	4.2
FTSE 250 Index	>£1 bn	6.6	9.7
FTSE 250 Index	<£1 bn	6.1	14.0
FTSE Small Cap (ex. Investment Trusts)	<£350 m	1.1	30.5
FTSE Fledgling	<£60 m	–	0.6
FTSE AIM	<£1.5 bn	–	30.7
Other AIM	<£60 m	–	2.0
Other Official List	<£160 m	–	4.3
		100.0	**100.0**

>: greater than <: less than
Source: Henderson Global Investors Limited

Portfolio Information

Analysis of the equity portfolio by sector at 31 October 2011

	%	**31 October 2011 %**	30 April 2011 %	31 October 2010 %
Oil & Gas		**5.4**	5.6	7.6
Oil & Gas Producers	5.4			
Oil Equipment & Services	–			
Basic Materials		**7.4**	10.0	7.6
Chemicals	1.4			
Forestry & Paper	–			
Mining	6.0			
Industrials		**36.6**	33.2	32.4
Aerospace & Defence	4.4			
Construction & Materials	0.7			
Electronic & Electrical Equipment	6.9			
General Industrials	1.1			
Industrial Engineering	4.7			
Industrial Transportation	0.2			
Support Services	18.6			
Consumer Goods		**5.3**	5.6	5.3
Food Producers	2.9			
Household Goods & Home Construction	2.4			
Health Care		**2.3**	2.1	1.5
Health Care Equipment & Services	0.7			
Pharmaceuticals & Biotechnology	1.6			
Consumer Services		**14.2**	15.2	15.7
General Retailers	4.0			
Media	8.6			
Travel & Leisure	1.6			
Telecommunications		**1.6**	2.1	2.1
Mobile Telecommunications	1.6			
Financials		**13.0**	9.7	8.8
Banks	2.3			
Financial Services	5.8			
Life Insurance	1.8			
Nonlife Insurance	0.8			
Real Estate Investment & Services	1.4			
Real Estate Investment Trusts (Reits)	0.9			
Technology		**14.2**	16.5	19.0
Software & Computer Services	12.5			
Technology Hardware & Equipment	1.7			
		100.0	100.0	100.0

The investments at 31 October 2011 were quoted in the United Kingdom.

Source: Henderson Global Investors Limited

Investment Portfolio

at 31 October 2011

Company	Main activity	Valuation at 31 October 2011 £'000	% of portfolio
IP Group	research funding	**1,891**	4.00
Senior	aerospace and automotive products	**1,660**	3.52
SDL	software and translation services	**1,615**	3.42
Hyder Consulting	infrastructure consultancy	**1,433**	3.04
XP Power	electrical power supplies	**1,432**	3.04
Fidessa	financial software	**1,302**	2.76
Ricardo	automotive technology consultancy	**1,285**	2.72
e2v technologies	electronic components	**1,274**	2.70
+Latchways	safety products	**1,258**	2.67
***Johnson Service**	textile rental and dry cleaning	**1,099**	2.33
10 largest		**14,249**	30.20
HSBC	banking	1,090	2.31
*Majestic Wine	wine warehouse	1,063	2.26
*Faroe Petroleum	oil and gas exploration	1,040	2.20
Hill & Smith	galvanised steel and automotive products	935	1.98
*Avocet Mining	gold mining	861	1.82
Pearson	educational and media publishing	859	1.82
Aviva	insurance	852	1.80
Kofax	electronic data capture	830	1.76
*RWS	patent translation services	823	1.74
Kenmare Resources	heavy minerals mining	811	1.72
20 largest		23,413	49.61
*Zetar	confectionery and snack foods	805	1.71
Anglo American	mining	803	1.70
Creston	marketing services	761	1.61
Interserve	building services and maintenance	755	1.60
*Alliance Pharma	pharmaceuticals	750	1.59
*Ebiquity	media and marketing analytics	738	1.56
Kewill	logistics software and services	720	1.53
*Vertu Motors	motor retailer	702	1.49
Ashtead	plant and machine hire	698	1.48
St Modwen Properties	property developer	656	1.39
30 largest		30,801	65.27
*Oxford Catalysts	speciality catalysts for clean fuel	650	1.38
*Avanti Communications	satellite communications	621	1.31
Oxford Instruments	scientific instruments	576	1.22
*Asian Plantations	palm oil plantations	569	1.21
WSP	engineering consultancy	569	1.21
Redrow	house building	562	1.19
Bellway	house building	533	1.13
Smith (DS)	paper management	533	1.13
Micro Focus	software application management	509	1.08
*Digital Barrier	homeland security services	501	1.06
40 largest		36,424	77.19

Investment Portfolio
continued

Company	Main activity	Valuation at 31 October 2011 £'000	% of portfolio
UTV Media	TV and radio broadcaster	498	1.06
Tarsus	international exhibitions and conferences	469	0.99
*IQE	compound semiconductors	450	0.95
*Nautical Petroleum	oil production and exploration	447	0.95
*WYG	engineering consultancy	441	0.93
Phoenix IT	information technology infrastructure management	421	0.89
+Assura	healthcare property	406	0.86
Chime Communications	communication services	390	0.83
Hiscox	insurance underwriter	382	0.81
*Valiant Petroleum	oil and gas exploration	373	0.79
50 largest		40,701	86.25
easyjet	low cost airline	356	0.75
Jupiter Fund Management	fund management	352	0.75
*Advanced Medical Solutions	advanced wound care	342	0.72
+Shaft Sinkers	mining infrastructure	340	0.72
*Goals Soccer Centres	five-a-side soccer centres	333	0.71
*Spectra Systems	product tracing and authentication	314	0.67
*Electric Word	mixed media information provider	295	0.63
*Igas Energy	oil and gas production, including unconventional gas	294	0.63
*Rockhopper Exploration	offshore oil exploration	291	0.62
Tribal	public sector consultancy	283	0.60
60 largest		43,901	93.05
BAE Systems	defence and aerospace systems	277	0.59
International Personal Finance	consumer loans in emerging markets	274	0.58
RPS	environmental and safety consultants	270	0.57
Alterian	database analytics software	266	0.56
*Brulines	liquid control systems	248	0.53
*Ubisense	GPS systems	231	0.49
*MAM Funds	fund management	220	0.47
UK Coal	coal mining	213	0.45
*GGG Resources	gold exploration	174	0.37
*2 Ergo	telecommunication services	158	0.33
70 largest		46,232	97.99
*SciSys	IT services	151	0.32
*Nanoco	nano technology	137	0.29
Hampson Industries	aerospace components	133	0.28
Findel	multi-channel retailer	111	0.24
*Aurelian Oil & Gas	oil and gas exploration	106	0.22
*Patsystems	electronic trading	100	0.21
Flybe	short haul airline	77	0.16
*Autologic	vehicle logistics	74	0.16
*Havelock Europa	educational and retail interiors	32	0.07
Yell	yellow pages	18	0.04
80 largest		47,171	99.98
*Assetco	managed services to the emergency services	7	0.01
+Irish Life & Permanent	retail financial services	4	0.01
TOTAL INVESTMENTS		**47,182**	**100.00**

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

Report of the Directors

The directors present the audited financial statements of the Company and their report for the year from 1 November 2010 to 31 October 2011.

Business review

The business review seeks primarily to provide information about the Company's business, its principal risks and uncertainties and its results for the year ended 31 October 2011. It should be read in conjunction with the Chairman's Statement on pages 4 and 5 and the Portfolio Manager's Review on pages 6 to 8, which reviews the investment activity in the year and the outlook for the portfolio.

a) Status

Henderson Opportunities Trust plc ('the Company') is incorporated in England and Wales (number 1940906) and domiciled in the United Kingdom. It is an investment company as defined by section 833 of the Companies Act 2006 and operates as an investment trust in accordance with section 1158 of the Corporation Tax Act 2010. It traded throughout the year and was not dormant. HM Revenue & Customs has approved the Company's status as an investment trust in respect of the year ended 31 October 2010, although approval for that year may be subject to review should there be any subsequent enquiry under Corporation Tax Self Assessment. The Company will continue to seek approval under section 1158 of the Corporation Tax Act 2010 each year.

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

b) Objective and principal activity

The Company's objective is to achieve above average capital growth from investment in a portfolio of predominantly UK companies. The principal activity of the Company is to pursue that objective by operating as an investment trust company. The investment trust company structure allows the shareholders, whether institutions or private investors, to access a diversified portfolio of investments that is professionally managed. The principal activity remained unchanged throughout the year ended 31 October 2011. The objective was approved by the shareholders on 19 January 2007 (prior to which date the Company had invested in UK micro cap companies only).

c) Investment policy

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

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

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

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

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

Report of the Directors
continued

d) Strategy
The Company has appointed Henderson Global Investors Limited ('Henderson' or 'the Manager') to manage the investments and to provide the related administrative services. Henderson provides a specialist fund manager whose role it is to pursue the Company's objective within parameters determined by the Board. These parameters reflect the investment policy (as set out in the circular to shareholders dated 21 December 2006) and the Board's assessment of the 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 per cent of total net assets. In the event that the investment outlook becomes unfavourable, the Board may reduce the gearing to nil; indeed, it may hold net cash balances. However, it expects most of the shareholders' funds to remain invested in equities in all but unusual circumstances.

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

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

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

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

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

Total expense ratio ('TER')
The TER is a measure of the total expenses incurred by the Company. The Board reviews the TER and monitors the Company's expenses.

f) Principal risks and uncertainties
The principal risks and uncertainties facing the Company relate to the activity of investing in the shares of companies that are 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. Falls in the value of the Company's investments can be caused by unexpected or unanticipated external events. 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 contractors or sub-contractors 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.

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

Investment activity and strategy
The Manager provides the directors with management information, including performance data and reports and shareholder analyses on a monthly basis. 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 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

Report of the Directors

continued

confirms its compliance with them each month. The Board reviews investment strategy at each Board meeting. An inappropriate investment strategy (for example, in terms of asset allocation, stock selection, failure to anticipate external shocks or the level of gearing) may lead to underperformance against the Company's benchmark index and the Company's peer group; it may also result in the Company's shares trading on a wider discount than its peer group. The Board seeks to manage these risks by ensuring a diversification of investments, regular meetings with the Portfolio Manager with measurement against performance indicators and review of the extent of borrowings.

Financial instruments and the management of risk

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

Operational

Disruption to, or failure of, the Manager's accounting, dealing or payment systems or the Custodian's records could prevent the accurate reporting and monitoring of the Company's financial position. The Manager has contracted some of its operational functions, principally those relating to trade processing, investment administration and accounting, to BNP Paribas Securities Services. Details of how the Board monitors the services provided by the Manager and its other suppliers, and the key elements designed to provide effective internal control, are explained further in the internal control section of the Corporate Governance Statement on pages 21 and 22.

Accounting, legal and regulatory

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

Gearing

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

Failure of the Manager

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

g) Financial review

Capital

At 31 October 2011 the Company had in issue 8,065,168 ordinary shares of 25p each. The market price per share at that date was 392.0p, giving the Company a market capitalisation of £31.6 million. Shareholders' funds totalled £40.4 million, the net asset value per share at that date being 501.0p per share (inclusive of retained revenue for the year). Accordingly, the market price per share stood at a discount of 21.8% 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 its ordinary shares nor any of its subscription shares.

Subsequent to the year end and prior to the date of writing the Company bought back a total of 100,000 ordinary shares for cancellation at an average price of 351.10p per share and average discount of 28.1%.

Assets

The Company's net assets decreased during the year from £42.9 million to £40.4 million. The net asset value per ordinary share fell during the year from 532.0p to 501.0p.

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

Report of the Directors

continued

Performance

The Company had a difficult year in terms of both absolute and relative performance with stock selection being the main detractor. The revenue return increased by 7.3% on the previous year. The following table sets out, with comparatives, key indicators of performance:

	At 31 October 2011	At 31 October 2010	% Change
Shareholders' funds	**£40,408,000**	£42,898,000	-5.8
Net asset value per ordinary share	**501.0p**	532.0p	-5.8
Market price per ordinary share	**392.0p**	427.5p	-8.3
	Year ended 31 October 2011	Year ended 31 October 2010	% Change
Revenue return per ordinary share	**7.94p**	7.40p	+7.3
Capital return per ordinary share	**(32.44)p**	94.83p	–
Total return per ordinary share	**(24.50)p**	102.23p	–

On a total return basis the benchmark index returned 0.6% over the year ended 31 October 2011. By comparison the Company's net asset value total return was -4.7% (source: Datastream).

Costs

The Company's most significant items of recurring expenditure are the management fees payable to the Manager and the costs of borrowing money for investment (the costs of gearing). Other expenses include investment transaction costs, the directors' fees and insurance, the fees of professional advisers and regulators, marketing, and the production and issue of reports to shareholders. In the year under review borrowing costs totalled £160,000, the management fee totalled £304,000 and all other expenses totalled £209,000. These figures include VAT where applicable. The transaction costs, which include stamp duty and totalled £42,000, are included within the gains or losses from investments held at fair value through profit or loss.

The total expense ratio ('TER') is a measure of the Company's running costs. The definition used for the figures below is 'the total of the management fees and other administrative expenses as a percentage of the average of shareholders' funds at the beginning and end of the year'. This definition excludes borrowing costs and transaction costs. For the year ended 31 October 2011 the TER was 1.23% (2010: 1.20%).

Revenue and dividend

The Company's investment income and other revenue totalled £1,081,000 (2010: £1,023,000). After deducting expenses and taxation the net revenue profit for the year was £640,000 (2010: £599,000).

The Board proposes a final dividend of 5.00p per ordinary share in respect of the year ended 31 October 2011, which, added to the interim dividend of 2.00p per ordinary share paid on 23 September 2011, makes a total dividend for the year of 7.00p. If approved at the Annual General Meeting on 15 March 2012, the final dividend will be paid on 29 March 2012 to shareholders on the register at close of business on 10 February 2012. The amount available for distribution represents the investment income of the Company less the borrowing costs and management fees that are allocated to revenue, together with all other administrative expenses and taxation. The difference between the totals of income and expenditure may vary from year to year, not least because the Company's most significant costs are not closely related to the investment income. Since 1 November 2008, 50% of borrowing costs and management fees have been allocated to capital in order to reflect the Board's most recent assessment of the expected long-term split of returns.

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 2011 the Company had no trade creditors.

h) Going concern

The Company's articles of association require that at the annual general meeting of the Company to be held in 2011, and every third year thereafter, an ordinary resolution be put to approve the continuation of the Company. The resolution put to the annual general meeting in 2011 was duly passed. The next continuation vote will be put to shareholders at the annual general meeting to be held in 2014.

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

For these reasons, the directors believe that it is appropriate to continue to adopt the going concern basis in preparing the

Report of the Directors
continued

financial statements. In reviewing the position as at the date of this report, the Board has considered the guidance on this matter issued by the Financial Reporting Council.

i) Future developments

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

Directors

a) The directors

The directors of the Company at the date of this report are listed on page 3. Further details about them are given below. With the exception of Peter Jones, all the directors served on the Board throughout the year.

At the forthcoming annual general meeting, Mr R D H Bryce will retire and will not offer himself for re-election; Mr G B Burnett, who has served as a director for more than nine years, will retire in accordance with the Company's articles of association and, being eligible, offers himself for re-election. Mr M R King retires by rotation and offers himself for re-election. As a new director, Mr Jones, having been appointed on 12 December 2011, will stand for election for the first time.

As indicated on page 3, the Board considers all the directors to be independent. All the directors were and remain independent of Henderson ('the Manager').

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

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

b) Directors' interests

The directors who were members of the Board at 31 October 2011 had interests in the Company's ordinary share capital as follows:

	31 October 2011	1 November 2010
Beneficial interest:		
R D H Bryce	**29,532**	29,532
G B Burnett	**18,588**	18,588
C P Hills	**2,000**	–
P A Jones*	**–**	–
M R King	**1,000**	1,000
P N J May	**4,040**	–

The directors who were members of the Board at 31 October 2011 had interests in the Company's subscription share capital as follows:

	31 October 2011	1 November 2010
Beneficial interest:		
R D H Bryce	**3,490**	3,490
G B Burnett	**1,701**	1,701
C P Hills	**–**	–
P A Jones*	**–**	–
M R King	**200**	200
P N J May	**–**	–

*Mr P A Jones was appointed on 12 December 2011.

No changes to the directors' interests have been notified since the year end.

The Board is aware that the individual members of the management team at Henderson hold both ordinary and subscription shares in the Company. The Portfolio Manager and his immediate family are interested beneficially in the holdings of the Lord Faringdon 1977 Assigned Trust (as listed in the table of substantial share interests on page 21).

Report of the Directors

continued

c) Directors' fees

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

d) Directors' conflicts of interest

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

e) Directors' indemnity

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

Corporate Governance Statement

a) Background

The UK Listing Authority requires all listed companies to disclose how they have applied the principles and complied with the provisions of the UK Code on Corporate Governance ('the Code'). (The Code is accessible at www.frc.co.uk.)

During the year under review the Code in force was the UK Code on Corporate Governance issued by the Financial Reporting Council in 2010. In addition, the AIC Code of Corporate Governance, issued by the Association of Investment Companies in October 2010 ('the AIC Code'), applied to the Company. (The AIC Code, and the related Corporate Governance Guide for Investment Companies, are accessible at www.theaic.co.uk.)

b) Statement of compliance

The directors consider that the Company has complied during the year ended 31 October 2011 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 2011 with the AIC Code.

c) Application of the Principles of the Code

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

d) The Board of directors

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

Report of the Directors
continued

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

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

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

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

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

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

The Board'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

Report of the Directors

continued

most qualified to address the subject.

e) Board committees

The Board has established Audit, Management Engagement and Nomination Committees with defined terms of reference and duties (copies of which are available from the Manager's website www.hendersoninvestmenttrusts.com or on request from the company secretary). All three committees comprise non-executive directors appointed by the Board; the Board also appoints the Chairmen. The membership of these Committees is set out on page 3. A record of the meetings held during the year is set out on page 20.

Audit Committee

Three of the members of the Audit Committee are 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. With effect from 30 April 2011, in accordance with changes made by the Auditing Practices Board and the FRC to the APB's Ethical Standards for Auditors and the FRC's Guidance on Audit Committees, audit committees are required to formulate a written policy on the provision of non-audit services by the Company's statutory independent auditors.

The Audit Committee has reviewed the guidance and has formulated a policy on the provision of non-audit services by the Company's auditors. The Audit Committee has determined that the Company's appointed auditors will never be considered for the provision of non-audit services, such as accounting and preparation of the financial statements, internal audit and custody. The auditors may, if required, provide non-audit services relating to a review of the Company's half-year report and a review of the calculation of any performance fee provision. All other non-audit services will be judged on a case-by-case basis. There were no non-audit services provided by the auditors during the year.

The Audit Committee remains satisfied with the effectiveness of the audit provided by PricewaterhouseCoopers LLP. The Audit Committee undertook a review of the audit appointment, including an independent tender process, in 2006 and does not consider it necessary to repeat this at present. The auditors are required to rotate the audit partner every five years and this is the first year that the current partner has been in place. The Audit Committee meets with representatives of the Manager and receives reports on the quality and effectiveness of the accounting records and management information maintained on behalf of the Company. It is responsible to the Board for monitoring the Company's internal control and risk management procedures. The Audit Committee met four times during the year to carry out these duties.

Management Engagement Committee

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

Nomination Committee

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

The Board made an appointment following the year end. The directors determined the skills and experience required of the new director and, with the assistance of a firm of consultants, identified

Report of the Directors

continued

a short list of candidates from which Mr Peter Jones was selected.

f) Board attendance

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

	Board	Audit Committee
Number of meetings	5	4
R D H Bryce*	5	N/A
G B Burnett	5	4
C P Hills	5	4
P A Jones†	–	–
M R King	5	4
P N J May	5	4

* Not a member of the Audit Committee but in attendance by invitation.
Neither the Nomination Committee nor the Management Engagement Committee met formally during the year. The business of these committees was undertaken at Board level.
All the directors attended the Annual General Meeting.
† Mr Peter Jones joined the Board after the year end.

g) Directors' remuneration

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

h) Share capital

The Company's share capital comprises:

a) ordinary shares of 25p nominal value each ('shares')

The voting rights of the shares on a poll are one vote for each share held. At 31 October 2010 there were 8,064,087 shares in issue. During the year 1,081 subscription shares were converted into 1,081 shares. At 31 October 2011 there were 8,065,168 shares in issue and thus the number of voting rights was 8,065,168.

The Company's articles of association permit the Company to purchase its own shares and to fund any such purchases from its accumulated realised capital profits. At the annual general meeting in March 2011 a special resolution was passed giving the Company authority, until the conclusion of the annual general meeting in 2012, to make market purchases, either for cancellation or to hold in treasury, of the Company's own shares up to a maximum of 1,208,806 shares (being 14.99% of the issued ordinary share capital on 17 March 2011). As at 31 October 2011 the Company had valid authority, outstanding until the conclusion of the annual general meeting in 2012, to make market purchases, either for cancellation or to hold in treasury, of 1,208,806 shares. 100,000 shares were bought back for cancellation between the year end and the date of this report. No shares were held in treasury at either the year end or the date of this report. A fresh buy-back authority will be sought at the annual general meeting in March 2012. Shares are not bought back unless the result is an increase in the net asset value per share.

b) subscription shares of 1p nominal value each ('subscription shares')

At 31 October 2010 there were 1,640,753 subscription shares in issue. During the year 1,081 subscription shares were converted into 1,081 ordinary shares. At 31 October 2011 there were 1,639,672 subscription shares in issue. The subscription shareholders have no rights to attend and vote at general meetings. Further details on the subscription shares are given in note 16 on page 47.

At the annual general meeting in March 2011 a special resolution was passed giving the Company authority, until the conclusion of the annual general meeting in 2012, to make market purchases for cancellation of the Company's own subscription shares up to a maximum of 245,786 subscription shares (being 14.99% of the issued subscription share capital as at 17 March 2011). No subscription shares have been bought back. Accordingly, as at 31 October 2011 the Company had valid authority, outstanding until the conclusion of the annual general meeting in 2012, to make market purchases for cancellation of 245,786 subscription shares. No subscription shares were bought back between the year end and the date of this report. Accordingly, the same valid authority remained as at the date of this report. A fresh buy-back authority will be sought at the annual general meeting in March 2012.

With the exception of the 100,000 shares bought back for cancellation there have been no changes to the share capital or voting rights of the Company since 31 October 2011.

Report of the Directors

continued

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

i) Substantial share interests

As at 31 October 2011 the following had declared an interest in 3% or more of the voting rights of the Company:

Shareholder	**% of voting rights 31 October 2011**
Lowland Investment Company plc (direct)	**3.5**
Other discretionary managed clients of Henderson Global Investors Limited and its associated companies (direct)	**14.0**
Henderson Global Investors Limited	**17.5**
M&G Investment Management Limited (direct)	**7.3**
Armstrong Investments Limited (direct)	**5.2**
Lord Faringdon 1977 Assigned Trust (direct)	**3.5**

The above percentages are calculated by applying the shareholdings as notified to the Company to the issued ordinary share capital as at 31 October 2011 (the shareholdings being the voting rights).

Since the year end and up to the date of this report, the Company has not been advised of any changes to the above substantial interests in the Company's shares.

The Board is aware that, as at 31 October 2011, 18.6% of the issued ordinary share capital was held on behalf of participants in Halifax Share Dealing products (run by Halifax Share Dealing Limited ('HSDL') which is now part of Lloyds Banking Group) who transferred from the products managed by Henderson Global Investors Limited ('Henderson') or who have subsequently been introduced to HSDL via Henderson. In accordance with the arrangements made between HSDL and Henderson, these participants in the Halifax Share Dealing products are given the opportunity to instruct the nominee company of HSDL to exercise the voting rights appertaining to their shares in respect of all general meetings of the Company. HSDL has undertaken to instruct its nominee company to exercise the voting rights of any such shares held through the Halifax Share Dealing products that have not been exercised by the individual participants in them. It will do so by voting for or against all resolutions to be put at all general meetings of the Company (or by withholding votes on such resolutions) pro rata to the aggregate voting instructions for each resolution received from those participants who have chosen to exercise their voting rights.

j) Relations with shareholders

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

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

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

k) Accountability and audit

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

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

Report of the Directors

continued

l) Internal control

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

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

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

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

m) Corporate responsibility

Responsible investment

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

Voting policy

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

Report of the Directors

continued

rationale therefor are fed back to the investee company prior to voting. The Henderson Responsible Investment Policy can be found on the Henderson website, www.henderson.com

Environmental matters

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

Bribery Act

The Board has reviewed the implications of the Bribery Act 2010, which came into force on 1 July 2011. The Board believes that the likelihood of bribery activities affecting the business are very low. Notwithstanding that, it has confirmed its zero tolerance to bribery and corruption in its business activities. It has sought assurance from the Manager and its main suppliers that they will maintain adequate safeguards to protect against any potentially illegal behaviour by their employees and agents.

Related parties

The Manager

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

Other than directors, the relationship with Henderson is the only related party arrangement currently in place. Other than fees payable by the Company in the ordinary course of business, there have been no material transactions with Henderson affecting the financial position or performance of the Company during the year under review.

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). At the beginning of the year the Company had an investment in Henderson Liquid Assets Fund plc, a money market fund managed by Henderson. The holding was in a class of shares that does not bear management fees. The investment was sold during the year. 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 2011 was 0.60% (2010: 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

Report of the Directors
continued

779.44p. No performance fees were paid or payable under these arrangements in respect of the year ended 31 October 2011 (and none have been paid since the arrangements took effect in January 2007).

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

In addition to the fee arrangements detailed above, the Company paid £16,000 (reduced to £14,000 from 1 October 2011) per annum to Henderson towards the funding of additional marketing staff in Henderson's investment trusts department.

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

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

Custodian

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

Annual General Meeting

The next Annual General Meeting ('AGM') will be held at 2.30 pm on Thursday 15 March 2012 at the Company's Registered Office, 201 Bishopsgate, London EC2M 3AE. The Notice of Meeting is set out in the accompanying circular to shareholders.

Independent auditors

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

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

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

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

By order of the Board

T A Lago ACIS
For and on behalf of
Henderson Secretarial Services Limited,
Secretary
27 January 2012

Directors' Remuneration Report

Introduction

The Directors' Remuneration Report ("the Report") is prepared, in accordance with the Listing Rules of the Financial Services Authority and with sections 420 to 422 of the Companies Act 2006 ("the Act"), in respect of the year ended 31 October 2011. An ordinary resolution to approve the Report will be put to the annual general meeting on 15 March 2012. The Act requires the auditors to report to the Company's members on certain information contained within the Report and to state whether in their opinion those parts of the Report have been properly prepared in accordance with the Act. Therefore the Report has been divided into separate sections for audited and unaudited information.

Unaudited Information

Consideration by the directors of matters relating to directors' remuneration

The Board as a whole considered the directors' remuneration. The Board has not appointed a committee to consider matters relating to the directors' remuneration. The Board has not been provided with advice or services by any person in respect of its consideration of the directors' remuneration (although the directors expect from time to time to review the fees paid to the boards of directors of other investment trust companies, as it did during 2011).

Statement of the Company's policy on directors' remuneration

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

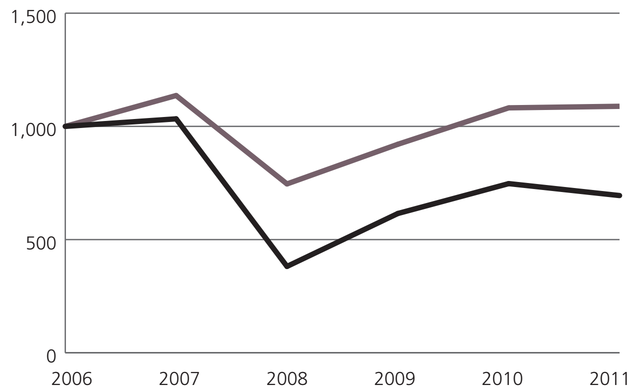
The Company's policy is that the fees payable to the directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the directors and should be sufficient to enable candidates of high calibre to be recruited. The policy is for the Chairman of the Board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

The Company's articles of association limit the total fees payable to the directors to £100,000 per annum. The directors' fees were last increased with effect from 1 April 2011, as follows: the Chairman from £16,500 to £18,000 per annum, the Chairman of the Audit Committee from £14,000 to £15,000 per annum and the other directors from £11,000 to £12,000 per annum. An increase in the fees of 5% was approved by the Board on 12 December 2011 and will take effect from 1 April 2012. Fees thereafter will be, the Chairman £18,900, Chairman of the Audit Committee £15,750 and the other directors £12,600. 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 2006 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 2006 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 2010, were as follows:

	2011 £	2010 £
R D H Bryce	**11,583**	10,833
G B Burnett	**17,375**	16,250
C P Hills[(i)]	**11,583**	4,090
P A Jones[(ii)]	**–**	–
M R King	**11,583**	10,833
P N J May	**14,583**	13,750
R W Smith[(iii)]	**–**	9,917
TOTAL	**66,707**	65,673

(i) Mr Hills joined the Board on 17 June 2010.
(ii) Mr Jones joined the Board on 12 December 2011.
(iii) Mr Smith retired from the Board on 30 September 2010.

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

By order of the Board

T A Lago ACIS
For and on behalf of
Henderson Secretarial Services Limited,
Secretary
27 January 2012

Statement of Directors' Responsibilities

in respect of the Annual Report and the Financial Statements

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

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

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

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

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

Statement under DTR 4.1.12

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

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

For and on behalf of the Board
G B Burnett
Chairman
27 January 2012

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

Independent Auditors' Report

to the members of Henderson Opportunities Trust plc

We have audited the financial statements of Henderson Opportunities Trust plc for the year ended 31 October 2011 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2011 and of its net return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:

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

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 15, in relation to going concern;
- the parts of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Sally Cosgrove (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 January 2012

Henderson Opportunities Trust plc
Income Statement

for the year ended 31 October 2011

Notes		**Year ended 31 October 2011** Revenue return £'000	**Capital return £'000**	**Total £'000**	Year ended 31 October 2010 Revenue return £'000	Capital return £'000	Total £'000
2	(Losses)/gains from investments held at fair value through profit or loss	**–**	**(2,384)**	**(2,384)**	–	7,884	7,884
3	Income from investments held at fair value through profit or loss	**1,064**	**–**	**1,064**	996	–	996
4	Other interest receivable and other income	**17**	**–**	**17**	27	–	27
	Gross revenue and capital (losses)/gains	**1,081**	**(2,384)**	**(1,303)**	1,023	7,884	8,907
5	Management fee	**(152)**	**(152)**	**(304)**	(130)	(130)	(260)
6	Other administrative expenses	**(209)**	**–**	**(209)**	(214)	–	(214)
	Net return/(loss) on ordinary activities before finance charges and taxation	**720**	**(2,536)**	**(1,816)**	679	7,754	8,433
7	Finance charges	**(80)**	**(80)**	**(160)**	(80)	(80)	(160)
	Net return/(loss) on ordinary activities before taxation	**640**	**(2,616)**	**(1,976)**	599	7,674	8,273
8	Taxation on net return/(loss) on ordinary activities	**–**	**–**	**–**	–	–	–
	Net return/(loss) on ordinary activities after taxation	**640**	**(2,616)**	**(1,976)**	599	7,674	8,273
9	**Return/(loss) per ordinary share**	**7.94p**	**(32.44)p**	**(24.50)p**	7.40p	94.83p	102.23p

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

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

Henderson Opportunities Trust plc
Reconciliation of Movements in Shareholders' Funds

for the year ended 31 October 2011

Notes	**Year ended 31 October 2011**	**Called up share capital £'000**	**Share premium account £'000**	**Capital redemption reserve £'000**	**Other capital reserves £'000**	**Revenue reserve £'000**	**Total £'000**
	At 31 October 2010	**2,032**	**14,512**	**2,390**	**23,170**	**794**	**42,898**
10	Dividends paid on the ordinary shares	**–**	**–**	**–**	**–**	**(524)**	**(524)**
	Net (loss)/return on ordinary activities after taxation	**–**	**–**	**–**	**(2,616)**	**640**	**(1,976)**
17	Conversion of subscription shares	**–**	**10**	**–**	**–**	**–**	**10**
	At 31 October 2011	**2,032**	**14,522**	**2,390**	**20,554**	**910**	**40,408**

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

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

Henderson Opportunities Trust plc
Balance Sheet
at 31 October 2011

Notes		2011 £'000	2010 £'000
11	**Investments held at fair value through profit or loss**		
	Listed at market value	**31,754**	31,556
	Quoted on AIM at market value	**15,428**	15,798
		47,182	47,354
	Current assets		
12	Investment held at fair value through profit or loss	**181**	1,037
13	Debtors	**164**	123
	Cash at bank	**180**	800
		525	1,960
14	**Creditors:** amounts falling due within one year	**(7,299)**	(6,416)
	Net current liabilities	**(6,774)**	(4,456)
	Total net assets	**40,408**	42,898
	Capital and reserves		
16	Called up share capital	**2,032**	2,032
17	Share premium account	**14,522**	14,512
18	Capital redemption reserve	**2,390**	2,390
18	Other capital reserves	**20,554**	23,170
19	Revenue reserve	**910**	794
	Shareholders' funds	**40,408**	42,898
20	**Net asset value per ordinary share**	**501.0p**	532.0p

These financial statements were approved and authorised for issue by the Board of directors on 27 January 2012 and were signed on their behalf by:

G B Burnett
Chairman

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

Henderson Opportunities Trust plc
Cash Flow Statement

for the year ended 31 October 2011

Notes		2011 £'000	2011 £'000	2010 £'000	2010 £'000
21	**Net cash inflow from operating activities**		**564**		553
	Servicing of finance				
	Interest paid	**(154)**		(163)	
	Net cash outflow from servicing of finance		**(154)**		(163)
	Taxation				
	Overseas withholding tax recovered	**2**		18	
	Net tax recovered		**2**		18
	Financial investment				
	Purchases of investments	**(11,316)**		(8,856)	
	Sales of investments	**8,995**		10,746	
	Net cash (outflow)/inflow from financial investment		**(2,321)**		1,890
	Net cash (outflow)/inflow before dividends paid, management of liquid resources and financing		**(1,909)**		2,298
	Equity dividends paid		**(524)**		(767)
	Management of liquid resources				
	Additions to money market funds	**(6,915)**		(3,045)	
	Withdrawals from money market funds	**7,771**		3,084	
	Net cash inflow from management of liquid resources		**856**		39
	Financing				
	Drawdown of short term loans	**945**		155	
	Repurchase of ordinary shares	**–**		(501)	
	Conversion of subscription shares	**10**		4	
	Net cash inflow/(outflow) from financing		**955**		(342)
	(Decrease)/increase in cash		**(622)**		1,228

Reconciliation of net cash flow to movement in net debt

Notes		2011 £'000	2010 £'000
	(Decrease)/increase in cash as above	**(622)**	1,228
	Net cash inflow from increase in loans	**(945)**	(155)
	Movements relating to cash flows	**(1,567)**	1,073
	Net cashflow from movement in liquid resources	**(856)**	(39)
	Exchange movements	**2**	–
	Movement in net debt	**(2,421)**	1,034
	Net debt at the start of the year	**(4,318)**	(5,352)
22	**Net debt at the end of the year**	**(6,739)**	(4,318)

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

Notes to the Financial Statements

1 Accounting policies

a) Basis of accounting

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

b) Going concern

The Company's Articles of Association require that at the annual general meeting of the Company to be held in 2008, and every third year thereafter, an ordinary resolution be put to approve the continuation of the Company. The resolution put to the annual general meeting in 2011 was duly passed. The next triennial continuation resolution will be put to the annual general meeting in March 2014. The assets of the Company consist almost entirely of securities that are listed (or quoted on AIM) and, accordingly, the directors believe that the Company has adequate resources to continue in existence for the foreseeable future. For these reasons the Board has decided that it is appropriate for the financial statements to be prepared on a going concern basis.

c) Valuation of fixed asset investments

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

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

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

d) Foreign currency

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

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

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

Notes to the Financial Statements
continued

1 Accounting policies (continued)

e) Income

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

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

f) Management fees, administrative expenses and finance charges

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

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

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

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

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

g) Taxation

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

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

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

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

Notes to the Financial Statements

continued

1 Accounting policies (continued)

h) Bank borrowings

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

i) Cash and liquid resources

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

j) Dividends payable to shareholders

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

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

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

l) Capital reserves

Capital reserve arising on investments sold

The following are accounted for in this reserve:

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

Capital reserve arising on revaluation of investments held

The following are accounted for in this reserve:

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

Notes to the Financial Statements

continued

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

	2011 £'000	2010 £'000
Gains/(losses) on sale of investments based on historical cost	**1,363**	(965)
Revaluation (gains)/losses recognised in previous years	**(105)**	2,390
Gains on investments sold in the year based on carrying value at previous balance sheet date	**1,258**	1,425
Revaluation of investments held at 31 October	**(3,644)**	6,459
Exchange gains	**2**	–
	(2,384)	7,884

3 Income from investments held at fair value through profit or loss

	2011 £'000	2010 £'000
Franked:		
Dividends from listed investments	**744**	703
Dividends from AIM investments	**228**	211
	972	914
Unfranked:		
Dividends from listed investments	**92**	74
Dividends from AIM investments	**–**	8
	92	82
	1,064	996

4 Other interest receivable and other income

	2011 £'000	2010 £'000
Deposit interest	**–**	3
Underwriting commission (allocated to revenue)*	**17**	24
	17	27

*During the year the Company was required to take up shares to the value of £59,000 and £1,000 of commission was taken to capital (2010: nil).

Notes to the Financial Statements

continued

5 **Management fee**	**Revenue return 2011 £'000**	**Capital return 2011 £'000**	**Total 2011 £'000**	Revenue return 2010 £'000	Capital return 2010 £'000	Total 2010 £'000
Management fee	**152**	**152**	**304**	130	130	260

(i) The basis on which the management fee is calculated is set out on pages 23 and 24 in the Report of the Directors.

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

6 **Other administrative expenses** (all charged to revenue)	**2011 £'000**	2010 £'000
Auditors' remuneration for audit services	**20**	20
Directors' fees (see the directors' remuneration report on pages 25 and 26)	**67**	66
Directors' and officers' liability insurance	**8**	9
Director recruitment	**5**	11
Listing and regulatory fees	**11**	11
Custody	**7**	5
Printing and postage	**27**	22
Registrar's fees	**7**	8
Marketing expenses payable to the Manager	**16**	16
Bank facilities: non-utilisation fees	**11**	16
Other expenses	**17**	16
Irrecoverable VAT	**13**	14
	209	214

7 **Finance charges**	**Revenue return 2011 £'000**	**Capital return 2011 £'000**	**Total 2011 £'000**	Revenue return 2010 £'000	Capital return 2010 £'000	Total 2010 £'000
On bank loans and overdrafts repayable within one year	**80**	**80**	**160**	80	80	160

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

Notes to the Financial Statements

continued

8	Taxation on net return/(loss) on ordinary activities	Revenue return 2011 £'000	Capital return 2011 £'000	Total 2011 £'000	Revenue return 2010 £'000	Capital return 2010 £'000	Total 2010 £'000
	(a) Analysis of the charge for the year						
	UK corporation tax at 26.83% (2010: 28%)	**–**	**–**	**–**	–	–	–
	Overseas taxation	**–**	**–**	**–**	–	–	–
	Taxation on net return/(loss) 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 2011 of 26.83% (2010: 28%).

The differences are explained below:

	Revenue return 2011 £'000	Capital return 2011 £'000	Total 2011 £'000	Revenue return 2010 £'000	Capital return 2010 £'000	Total 2010 £'000
Net return/(loss) on ordinary activities before taxation	**640**	**(2,616)**	**(1,976)**	599	7,674	8,273
Corporation tax at 26.83% (2010: 28%)	**172**	**(702)**	**(530)**	168	2,148	2,316
Non-taxable UK dividends	**(261)**	**–**	**(261)**	(256)	–	(256)
Non-taxable overseas dividends	**(24)**	**–**	**(24)**	(22)	–	(22)
Expenses not utilised in the year	**113**	**62**	**175**	110	60	170
Capital gains not subject to tax	**–**	**640**	**640**	–	(2,208)	(2,208)
Current tax charge	**–**	**–**	**–**	–	–	–

(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.

Notes to the Financial Statements
continued

8 Taxation on net return/(loss) on ordinary activities (continued)

(d) Factors that may affect future tax charges

The Company has not recognised a potential deferred tax asset of £3,061,000 (2010: £3,129,000), arising as a result of unutilised management expenses and non trade loan relationship deficits. These expenses could only be utilised if the Company were to generate taxable profits in the future. It is considered too uncertain that the Company will generate such profits and therefore no deferred tax asset has been recognised.

9 (Loss)/return per ordinary share

The total loss per ordinary share is based on the total loss attributable to the ordinary shares of £1,976,000 (2010: total return of £8,273,000) and on 8,064,762 ordinary shares (2010: 8,092,497) being the weighted average number of shares in issue during the year.

The total (loss)/return can be further analysed as follows:

	2011 £'000	2010 £'000
Revenue return	**640**	599
Capital (loss)/return	**(2,616)**	7,674
Total (loss)/return	**(1,976)**	8,273
Weighted average number of ordinary shares	**8,064,762**	8,092,497
Revenue return per ordinary share	**7.94p**	7.40p
Capital (loss)/return per ordinary share	**(32.44)p**	94.83p
Total (loss)/return per ordinary share	**(24.50)p**	102.23p

The Company has in issue 1,639,672 (2010: 1,640,753) 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 2010: no dilution).

Notes to the Financial Statements

continued

10	**Dividends**	**2011 £'000**	2010 £'000
	Amounts recognised as distributions to equity holders in the year:		
	Final dividend for the year ended 31 October 2010 of 4.50p (2009: 7.50p)	**362**	605
	Interim dividend for the year ended 31 October 2011 of 2.00p (2010: 2.00p)	**162**	162
		524	767

The final dividend of 4.50p per ordinary share in respect of the year ended 31 October 2010 was paid on 25 March 2011 to shareholders on the register of members at the close of business on 25 February 2011.

The interim dividend of 2.00p per ordinary share in respect of the year ended 31 October 2011 was paid on 23 September 2011 to shareholders on the register of members at close of business on 26 August 2011.

Subject to approval at the annual general meeting, the proposed final dividend of 5.00p per ordinary share will be paid on 29 March 2012 to shareholders on the register of members at the close of business on 10 February 2012.

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

	Year ended 31 October 2011 £'000
Revenue available for distribution by way of dividends for the year	**640**
Interim dividend for the year ended 31 October 2011: 2.00p	**(162)**
Proposed final dividend for the year ended 31 October 2011: 5.00p (based on the 7,965,168 ordinary shares in issue at 27 January 2012)	**(398)**
Undistributed revenue for section 1158 purposes*	**80**

*Undistributed revenue comprises 7.5% of the income from investments of £1,064,000.

Notes to the Financial Statements

continued

11 Investments held at fair value through profit or loss

	£'000
Valuation at 1 November 2010	47,354
Investment holding gains at 1 November 2010	(4,629)
Cost at 1 November 2010	42,725
Purchases at cost	11,248
Sales at cost	(7,671)
Cost at 31 October 2011	46,302
Investment holding gains at 31 October 2011	880
Valuation of investments at 31 October 2011	**47,182**

All the investments were equity investments.

Purchase transaction costs for the year ended 31 October 2011 were £28,000 (2010: £39,000). These comprise mainly stamp duty and commissions. Sale transaction costs for the year ended 31 October 2011 were £14,000 (2010: £13,000). These comprise mainly commissions.

Substantial interests in investments

The Company held interests in 3% or more of any class of share capital in Electric Word (2010: same).

12 Current asset investment

The Company has a holding in Deutsche Global Managed Platinum Income Fund, a money market fund which is viewed as a readily disposable store of value and which is used to invest cash balances that would otherwise be placed on short term deposit. At 31 October 2011 this holding had a value of £181,000 (2010: £1,037,000 held in Henderson Liquid Assets Fund plc).

13 Debtors

	2011 £'000	2010 £'000
Sales for future settlement	**57**	18
Prepayments and accrued income	**107**	103
Taxation recoverable	**–**	2
	164	123

14 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Unsecured sterling loans (see note 15.6)	**7,100**	6,155
Purchases for future settlement	**28**	96
Other creditors	**171**	165
	7,299	6,416

Notes to the Financial Statements
continued

15 Financial risk management policies and procedures

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

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

15.1 Market risk

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

15.1.1 Market price risk

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

The Company's exposure to market price risk at 31 October 2011 is represented by the investments it holds, as shown on the Balance Sheet on page 31 under the heading 'Investments held at fair value through profit or loss'.

Management of the risk

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

Concentration of exposure to market price risks

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

Notes to the Financial Statements

continued

15 Financial risk management policies and procedures (continued)

15.1.1 Market price risk (continued)

Market price risk sensitivity

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

Sensitivity analysis – market prices if prices change by 40%

	2011 If prices go up £'000	**2011 If prices go down £'000**	2010 If prices go up £'000	2010 If prices go down £'000
Investments (excluding investments in money market funds)	**47,182**	**47,182**	47,354	47,354
Impact on the income statement:				
Revenue return	**(57)**	**57**	(57)	57
Capital return	**18,816**	**(18,816)**	18,885	(18,885)
Impact on net assets and total return	**18,759**	**(18,759)**	18,828	(18,828)

15.1.2 Currency risk

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

Management of the risk

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

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

Foreign currency exposure and sensitivity

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

Notes to the Financial Statements

continued

15 Financial risk management policies and procedures (continued)

15.1.3 Interest rate risk

Interest rate movements may affect:

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

Management of the risk

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

Interest rate exposure

The Company's exposure at 31 October 2011 of financial assets and financial liabilities to interest rate risk is shown by reference to floating interest rates – when the interest rate is due to be reset.

	2011 Within one year £'000	**2011 Total £'000**	2010 Within one year £'000	2010 Total £'000
Exposure to floating interest rates:				
Cash at bank	**180**	**180**	800	800
Money market funds	**181**	**181**	1,037	1,037
Creditors – within one year:				
Borrowings under loan facility	**(7,100)**	**(7,100)**	(6,155)	(6,155)
Total exposure to interest rates	**(6,739)**	**(6,739)**	(4,318)	(4,318)

Interest receivable and finance costs are at the following rates:

- interest received on cash balances and money market funds, or paid on bank overdrafts, is at a margin linked to LIBOR (2010: same)
- interest paid on borrowings under the loan facility is at a margin over LIBOR for the type of loan. The weighted average interest rate of these is 2.7% as at 31 October 2011 (2010: 2.3%).

Interest rate risk sensitivity

The Company is exposed to interest rate risk primarily through its loan facility with ING Bank and money market funds. The sensitivity is as follows: borrowings vary throughout the year as a result of the Board's borrowing policy. Net borrowings at the year end were £6,739,000 (2010: £4,318,000) and if that level of borrowings was maintained for a full year, then a 200 basis points change in LIBOR (up or down) would decrease or increase total net return on ordinary activities after taxation and shareholders' funds by £135,000 (2010: £86,000).

Notes to the Financial Statements

continued

15 Financial risk management policies and procedures (continued)

15.2 Liquidity risk

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

Management of the risk

Liquidity risk is not significant as the majority of the Company's assets are investments in quoted securities that are readily realisable. The Company has unsecured sterling loan facilities totalling £8,000,000 (2010: £7,000,000) and an overdraft facility with the Custodian. The facilities are subject to regular review.

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

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

	31 October 2011		31 October 2010	
	Due within one month £'000	**Due between one and three months £'000**	Due within one month £'000	Due between one and three months £'000
Bank overdrafts, loans and interest	**–**	**7,149**	–	6,190
Other creditors and accruals	**176**	**–**	245	–
	176	**7,149**	245	6,190

15.3 Credit and counterparty risk

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

Management of the risk

The risk is managed as follows:

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

In summary, the exposure to credit risk at 31 October 2011 was to cash at bank and money market funds of £361,000 (2010: £1,837,000) and to other receivables of £164,000 (2010: £123,000) (see note 13).

15.4 Fair values of financial assets and financial liabilities

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

Notes to the Financial Statements

continued

15 Financial risk management policies and procedures (continued)

15.5 Fair value hierarchy disclosures

The tables below set out fair value measurements using the FRS 29 fair value hierarchy.

Fair value hierarchy at 31 October 2011	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Equity investments	**47,182**	**–**	**–**	**47,182**
Current asset investments	**181**	**–**	**–**	**181**
	47,363	**–**	**–**	**47,363**

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

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

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

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

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

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

Level 3 investments at fair value through profit or loss	**£'000**
Opening balance	–
Gains on disposal	28
Distribution of assets	(28)
Transfers into Level 3	–
Closing balance	–

The total value of unquoted investments at 31 October 2011 was £nil (2010: £nil).

15.6 Capital management policies and procedures

The Company's capital management objectives are:

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

through an appropriate balance of equity capital and debt.

The Company's capital at 31 October 2011 comprised its share capital, reserves and loans (as shown in note 14) that are included in the Balance Sheet at a total of £47,508,000 (2010: £49,053,000).

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

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

Notes to the Financial Statements

continued

15 Financial risk management policies and procedures (continued)

The Company is subject to several externally imposed capital requirements:

- borrowings under the current loan facility must not exceed 45% of the adjusted net asset value (as defined by the bank providing the loan facility) and the adjusted net asset value must not be less than £13 million at any time
- as a public company, the Company has a minimum share capital of £50,000
- in order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet the capital restriction tests imposed on investment companies by company law.

The Company has complied with these requirements.

In September 2011 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 2011 a sum of £7,100,000 was drawn down under the Facility. The Company was fully compliant with the terms of the Facility for the period from its inception in September 2011 to the date of this Annual Report.

16 Called up share capital

	2011 £'000	2010 £'000
Allotted, issued and fully paid:		
8,065,168 ordinary shares of 25p each (2010: 8,064,087)	**2,016**	2,016
1,639,672 subscription shares of 1p each (2010: 1,640,753)	**16**	16
	2,032	2,032

There were 1,639,672 subscription shares of 1p each in issue at 31 October 2011 (31 October 2010: 1,640,753). The subscription shares were issued, as a bonus issue to the ordinary shareholders, on 19 January 2007. During the year ended 31 October 2011, 1,081 of the Company's subscription shares were converted into 1,081 ordinary shares. Subscription shareholders have an opportunity to convert their subscription shares into ordinary shares, at the conversion price of 936p per share, in each of the years 2009 to 2014 inclusive.

17 Share premium account

	£'000
At 1 November 2010	14,512
Conversion of subscription shares (see note 16)	10
At 31 October 2011	14,522

18 Capital redemption reserve and other capital reserves

	Capital redemption reserve £'000	**Capital reserve arising on investments sold £'000**	**Capital reserve arising on revaluation of investments held £'000**	**Other capital reserves total £'000**
At 1 November 2010	**2,390**	18,541	4,629	**23,170**
Transfer on disposal of investments	**–**	105	(105)	**–**
Net gains/(losses) on investments	**–**	1,258	(3,644)	**(2,386)**
Net gains on foreign exchange	**–**	2	–	**2**
Expenses and finance charges allocated to capital	**–**	(232)	–	**(232)**
At 31 October 2011	**2,390**	**19,674**	**880**	**20,554**

Notes to the Financial Statements

continued

19 Revenue reserve

	£'000
At 31 October 2010	794
Net revenue return for the year after tax	640
Dividends paid (see note 10)	(524)
At 31 October 2011	**910**

20 Net asset value per ordinary share

The net asset value per ordinary share is based on the net assets attributable to the ordinary shares of £40,408,000 (2010: £42,898,000) and on the 8,065,168 ordinary shares in issue at 31 October 2011 (2010: 8,064,087). 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 2010: no dilution).

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

	£'000
Total net assets at 31 October 2010	42,898
Total net loss	(1,976)
Dividends paid in the year	(524)
Conversion of subscription shares	10
Total net assets at 31 October 2011	**40,408**

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

	2011 £'000	2010 £'000
Net total (loss)/return before finance charges and taxation	**(1,816)**	8,433
Less: capital loss/(return) before finance charges and taxation	**2,536**	(7,754)
Net revenue return before finance charges and taxation	**720**	679
Increase in accrued income	**(4)**	(10)
Increase in other creditors	**–**	14
Management fees charged to capital return	**(152)**	(130)
Net cash inflow from operating activities	**564**	553

22 Analysis of changes in net debt

	1 November 2010 £'000	Exchange Movements £'000	Cash flow £'000	**31 October 2011 £'000**
Cash at bank	800	2	(622)	**180**
Liquid resources	1,037	–	(856)	**181**
Bank loans falling due within one year	(6,155)	–	(945)	**(7,100)**
Net debt	(4,318)	2	(2,423)	**(6,739)**

Notes to the Financial Statements

continued

23 Capital commitments and contingent commitments

Capital commitments

There were no capital commitments at 31 October 2011 (2010: £nil).

Contingent commitments

At 31 October 2011 there were no commitments in respect of sub-underwriting (2010: £157,000).

24 Related party transactions

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

Details of the fee arrangements with the Manager for these services are given on pages 23 and 24 in the Report of the Directors. The fees payable under these arrangements are shown in note 5 on page 37. The other fees payable to the Manager are shown in note 6 on page 37.

The management fees payable to Henderson under this agreement in respect of the year ended 31 October 2011 were £304,000 (2010: £260,000) of which £89,000 was outstanding at 31 October 2011 (2010: £94,000). No performance fee was payable to Henderson in respect of the year ended 31 October 2011 (2010: £nil).

In addition to the above services, Henderson has provided the Company with marketing services. The total fees payable for these services for the year ended 31 October 2011 were £16,000 (excluding VAT) (2010: £16,000), of which £5,000 was outstanding at 31 October 2011 (2010: £5,000).

The compensation payable to key management personnel in respect of short term employment benefits was £67,000 (2010: £66,000). This disclosure relates to the fees paid to the directors in respect of the year. The directors are all non-executive and receive no other compensation. The Directors' Remuneration Report on pages 25 and 26 provides details. The Company has no employees.

Ten Year Historical Record

Year ended 31 October	Total assets less current liabilities in £'000	Net asset value per ordinary share in pence	Revenue return/ (loss) per ordinary share in pence[2]	Dividend per ordinary share in pence
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[1]	62,283	758.8	7.08	6.00
2008	26,248	319.8	17.72	15.50
2009	35,889	437.2	11.38	10.50
2010	42,898	532.0	7.40	6.50
2011	**40,408**	**501.0**	**7.94**	**7.00**

Notes

1. On 19 January 2007 the Company made, to the then ordinary shareholders, a bonus issue of subscription shares on a one for five basis. At 31 October 2011 the net asset value attributable to each subscription share was nil.
2. The revenue return figures for the years prior to 2006 have not been adjusted for the decision, made with effect from 1 November 2005, to allocate a proportion of the management and finance costs to the capital return.

Notes on the Bonus Issue of Subscription Shares

The calculation of capital gains

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

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

Ordinary Shares	708p
Subscription Shares	101p

Source: London Stock Exchange Daily Official List

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

Exercise

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

Glossary of Terms

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

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

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

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

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

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

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

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

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

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

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

General Shareholder Information

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

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

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

Final dividend tax vouchers
Tax vouchers (and, where applicable, cheques) in respect of the final dividend for the year ended 31 October 2011 will be posted on or around 26 March 2012 to shareholders on the register on 10 February 2012. The dividend will be paid on 29 March 2012, subject to approval at the AGM.

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

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

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

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

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

You can contact the Company's Registrar, Computershare Investor Services PLC, which has installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly, without the need for an intermediate operator, by dialling 0870 702 0005. Specially trained operators are available during normal business hours to answer queries via this service.

Alternatively, if you prefer to go through a 'typetalk' operator (provided by The Royal National Institute for Deaf People) you should dial 18001 followed by the number you wish to dial.

General Shareholder Information

continued

Nominee share code

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

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

History and background

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

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

Shareholders have the opportunity to vote every three years on the continued life of the Company: the next vote is scheduled for 2014.

Ordinary shareholder analysis as at 31 October 2011

	Number of ordinary shareholders	Number of ordinary shares held
Individuals	397	321,738
Nominee companies and other corporate holders*	265	7,743,430
	662	8,065,168

*includes investors through the Halifax Share Dealing Account and the Henderson ISAs as at 31 October 2011.

Source: Computershare Investor Services PLC.

Directors and other Information

Directors
G B Burnett* (Chairman)
R D H Bryce
P A Jones* (appointed 12 December 2011)
C P Hills*
M R King*
P N J May* (Chairman of the Audit Committee)

*Member of the Audit Committee

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

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

Secretary
Henderson Secretarial Services Limited,
represented by T A Lago ACIS

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

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

The Company is a member of:

aic
The Association of Investment Companies

London Stock Exchange
LISTED
PREMIUM

Statutory Auditors
PricewaterhouseCoopers LLP
7 More London
Riverside
London SE1 2RT

Stockbroker
JPMorgan Cazenove Limited
20 Moorgate
London EC2R 6DA

Solicitors
Slaughter and May
One Bunhill Row
London EC1Y 8YY

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

Registrar
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0870 707 1059

Henderson ISAs
ISA Department
Henderson Global Investors
PO Box 10665
Chelmsford CM99 2BF
Telephone: 0800 856 5656

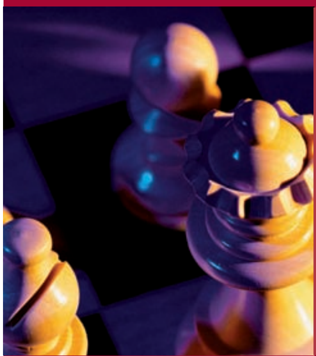
Halifax Share Dealing Limited
Lovell Park Road
Leeds LS1 1NS
Telephone: 0845 609 0408
Email: communications@halifax.com
Website: www.halifax.co.uk

Warning to Shareholders

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

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

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



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