TR European Growth Trust PLC

Annual Report and Financial Statements for the year ended 30 June 2013

Policy

To invest predominantly in smaller and medium sized companies in Europe (excluding the UK).

Objective

To achieve capital growth, aiming for a net asset value total return greater than our benchmark index.

Benchmark

The return of the HSBC Smaller Europe (ex UK) Index (expressed in sterling).

Contents

Dividend

Subject to shareholder approval at the annual general meeting on 11 November 2013, a final dividend of 6.00p (2012: 4.50p) per ordinary share and a special dividend of 2.00p (2012: 1.50p) per ordinary share will be paid on 18 November 2013 to shareholders on the register on 18 October 2013. The shares will be quoted ex-dividend on 16 October 2013.

Cover picture: Shipwreck Beach, Smugglers Cove, Zante, Greece.

Financial Highlights

Performance	30 June 2013	30 June 2012	% Change
Net asset value ("NAV") per ordinary share	**492.49p**	370.19p	+33.0
NAV total return performance[1]			+34.3
Ordinary share price	**409.25p**	283.00p	+44.6
Share price total return performance[1]			+47.3
HSBC Smaller Europe (ex UK) Index[2] **(benchmark)**	**604.57**	455.90	+32.6
Profit/(loss) for the year	**£64,115,000**	(£75,149,000)	
Return per ordinary share	**128.29p**	(148.84p)	

Assets	30 June 2013 £'000	30 June 2012 £'000	% Change
Total assets	**282,761**	204,572	+38.2
Net assets	**246,124**	185,006	+33.0
Divided between:	**%**	%	
Quoted investments	**106.0**	103.3	
Unquoted investments	**6.0**	6.2	
Net current liabilities	**(12.0)**	(9.5)	
	100.0	100.0	

Revenue	30 June 2013 £'000	30 June 2012 £'000	% Change
Gross revenue	**5,822**	4,724	+23.2
Net revenue after taxation	**4,645**	3,481	+33.4
Revenue return per ordinary share	**9.29p**	6.89p	+34.8
Final dividend per share	**6.00p**	4.50p	
Special dividend per share	**2.00p**	1.50p	
Total dividend for the year	**8.00p**	6.00p	+33.3

(1) Source: Morningstar for the AIC. These figures are preliminary estimates made by the AIC, which is the industry recognised source for performance data, and do not reflect any subsequent change in the year end NAVs reflected in this report.

(2) Indices expressed on a total return basis (expressed in sterling), source: Datastream.

Chairman's Statement

I am pleased to report that over the year to 30 June 2013 our net asset value per share total return was 34.3% and our share price total return was 47.3% compared to a total return for our benchmark of 32.6%.

Over the last year we have seen volatility decrease and European equities make good gains. It is pleasing to see the restructured portfolio perform well in these more 'normal' market conditions.

Performance fee

As a consequence of this performance we will be paying a performance fee to our Manager for the year of £362,000.

Revenue and dividends

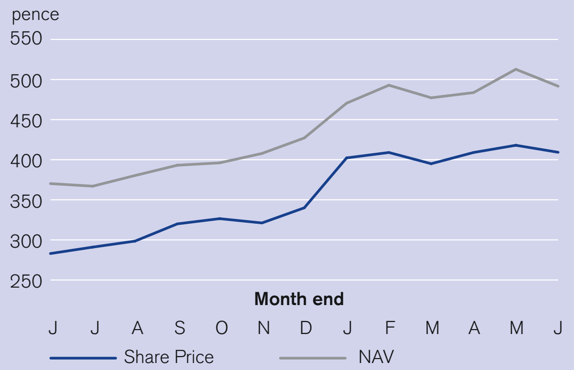
Revenue return per share was 9.29p, a rise of 34.8%. This increase was mainly due to a higher level of investment income.

We are proposing, subject to shareholder approval at our annual general meeting, a final dividend per ordinary share of 6.00p, an increase of 33.3% over last year's final dividend of 4.50p. We are also proposing a special dividend of 2.00p per ordinary share, making a total dividend of 8.00p.

Annual general meeting ("AGM")

Shareholders are encouraged to attend the AGM on Monday 11 November 2013 at 201 Bishopsgate, London EC2M 3AE. The meeting will start at 12.30 p.m., will include a presentation by Ollie Beckett and will be followed by an opportunity for shareholders to meet the Board and management team. The notice of the meeting and full details of the resolutions to be proposed are included in a separate circular posted to shareholders with the annual report. The Directors recommend that shareholders vote in favour of all of the proposed resolutions as they intend to do in respect of their own beneficial holdings.

Ordinary share price and net asset value in the year ended 30 June 2013



Continuation vote

Pursuant to the Company's articles of association an ordinary resolution proposing the continuation of the Company will be proposed at the AGM and the Board is recommending that shareholders vote in favour.

Regulatory

The Board has noted that the Alternative Investment Fund Managers Directive was written into UK legislation with effect from 22 July 2013. There is a one year transition period for your Company to comply with the provisions of this directive, which include appointing an alternative investment fund manager ("AIFM") and an independent depositary, who will provide an independent monitoring role to ensure your Company complies with the regulations. Having taken advice, your Board has agreed in principle that Henderson, its Manager, will be appointed as the AIFM and has instructed Henderson to take the necessary actions to ensure that all documentation and processes to enable the Company to comply with these regulations are in place within the transition period. A decision on the appointment of a depositary will be taken in due course.

Corporate governance

The Company is committed to high standards of corporate governance and the Board believes that the Company has complied with the relevant parts of the guidance in this area, more information on which is given on pages 21 to 28.

Outlook

Following years of volatility caused in part by political inaction, the European Central Bank ("ECB") under the stewardship of Mario Draghi has installed confidence in the system once again. A number of reassuring press conferences, the most crucial being the "whatever it takes" speech in the summer of 2012, as well as the announcement of outright monetary transactions has lowered the markets' perception that there will be a euro break up.

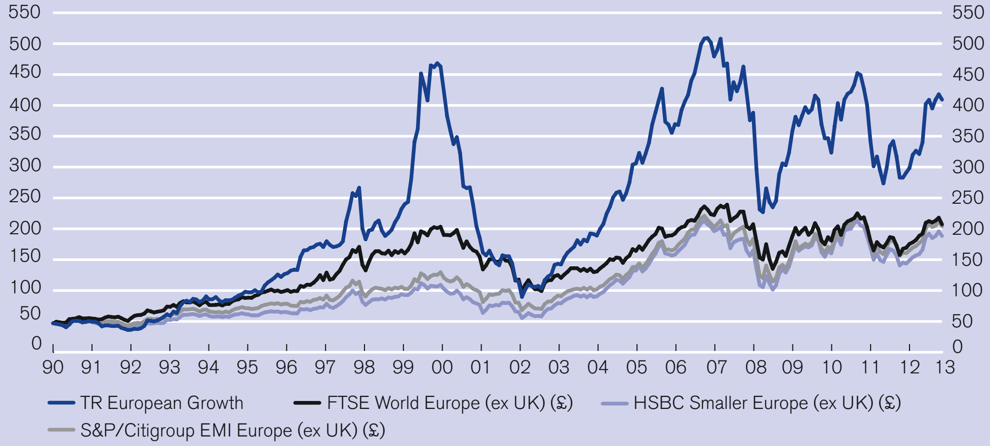
It is not to say the euro crisis is over; high sovereign debt levels need to be addressed and further reforms implemented, but ultimately the ECB has provided the stability needed for investors to focus once again on the great companies that are based in Europe. It is a continent that now looks relatively attractive compared to some of the more exotic markets in the world.

The current environment should provide ample opportunity for our Manager to seek profitable investment opportunities in the European smaller company arena.

Audley Twiston-Davies
Chairman
7 October 2013

Historical Performance

Share price movement against indices since launch[1]



rebased to ordinary subscription price at launch

Source: Datastream

Year ended 30 June 2013	1 year %	3 years %	5 years %	10 years %	Since launch[1] %
Net asset value total return					
TR European Growth[2]	**34.3**	**32.0**	**14.7**	**247.3**	**834.4**
Average European smaller companies investment trust[2]	33.5	47.7	32.0	284.7	1,180.3
Average European investment trust[2]	29.7	48.5	41.3	213.9	781.1
Share price total return					
TR European Growth[2]	**47.3**	**23.2**	**5.4**	**270.3**	**660.9**
Average European smaller companies investment trust[2]	43.7	48.8	32.8	343.6	1,079.9
Average European investment trust[2]	35.8	56.1	45.6	256.6	716.4
HSBC Smaller Europe (ex UK) Index (£)[3] (benchmark)	32.6	31.4	30.2	239.8	660.4
S&P/Citigroup EMI Europe (ex UK) Index (£)[3]	29.7	36.3	26.9	215.1	650.3
FTSE World Europe (ex UK) Index (£)[3]	27.9	32.5	22.6	146.6	738.2
Compound annual growth					
Net asset value total return[2]		**9.7**	**2.8**	**13.3**	**10.8**
Share price total return[2]		**7.2**	**1.0**	**14.0**	**9.8**
HSBC Smaller Europe (ex UK) Index (£)[3]		9.5	5.4	13.0	9.8

Year to 30 June	2004[4]	2005[4]	2006	2007	2008	2009	2010	2011	2012	2013
Net assets (£m)	343.5	294.9	365.4	460.1	331.9	215.4	199.5	264.4	185.0	**246.1**
Price per ordinary share (pence):										
NAV per share	226.3	311.1	417.0	565.0	458.6	334.1	386.4	522.2	370.2	**492.5**
Net revenue return	3.57	2.92	3.10	2.92	5.39	5.79	4.31	3.79	6.89	**9.29**
Final dividend	2.40	2.50	2.60	2.80	3.00	3.20	3.40	3.60	4.50	**6.00**
Special dividend	0.50	1.50	–	–	2.00	2.30	0.85	0.65	1.50	**2.00**

Total return assumes net dividends are re-invested and excludes transaction costs.
[1]Calculated from end September 1990 (the Company commenced business on 6 September 1990);
Sources: [2]Morningstar for the AIC, using cum income NAV for one, three and five years and capital NAV plus income reinvested for all other periods; [3]Datastream;
[4]Restated for the change to IFRS in 2005.

Ten Largest Investments
at 30 June 2013

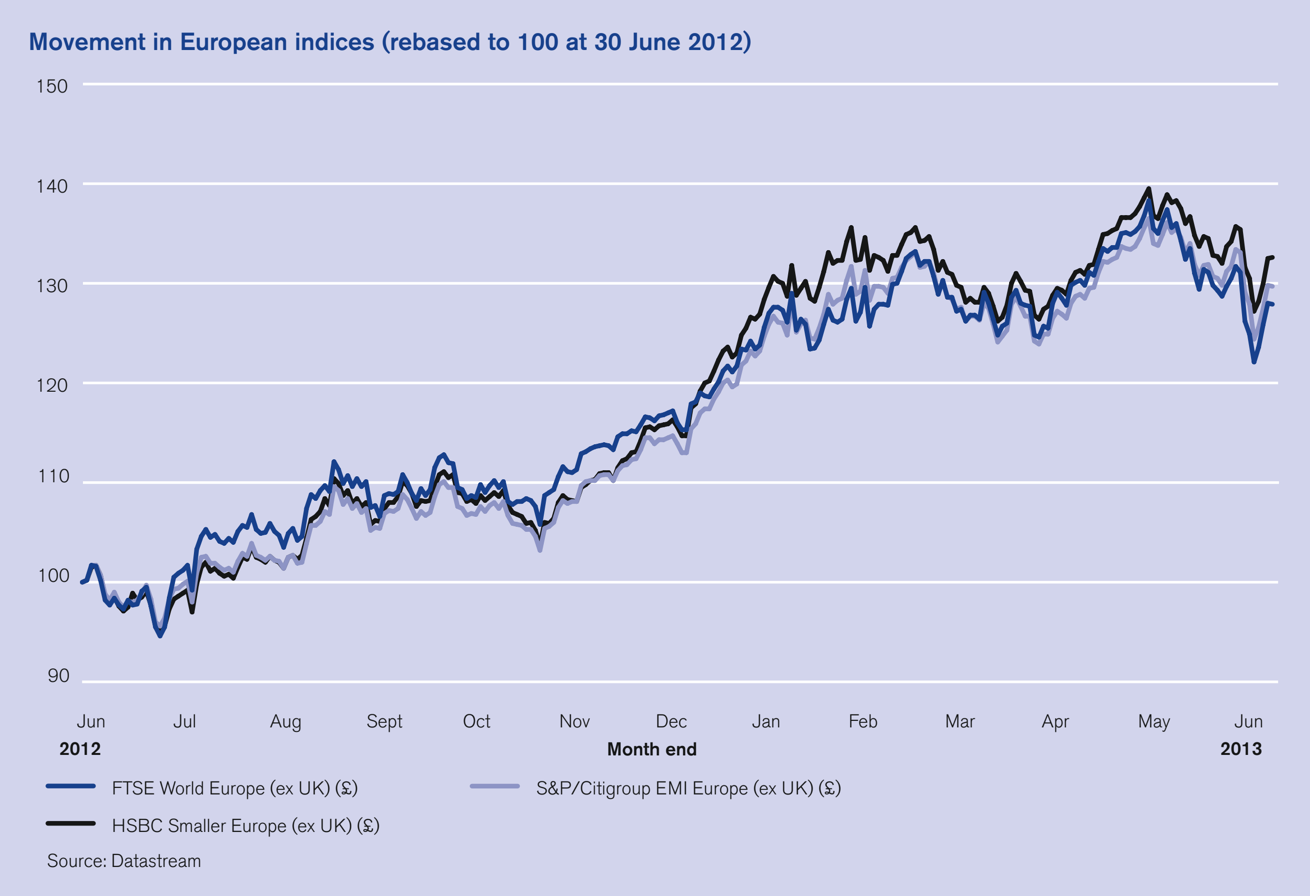
The ten largest investments (bonds and all classes of equity in any one Company being treated as one investment) were as follows:

		Value of holding 2013 (2012) £ million		% of portfolio 2013 (2012)
1	**Brainlab (Germany)**	**7.6 (6.0)**	*Radiotherapy and image-guided surgery equipment www.brainlab.com*	**2.8 (2.9)**
2	**21 Centrale Partners III (France)**	**6.4 (5.2)**	*Private equity fund www.21centralepartners.com*	**2.3 (2.6)**
3	**Inficon (Switzerland)**	**5.4 (3.6)**	*Instruments for gas analysis, measurement and control www.inficon.com*	**1.9 (1.8)**
4	**ASM International (Netherlands)**	**4.5 (4.3)**	*Semiconductor production equipment www.asm.com*	**1.6 (2.1)**
5	**EFG International (Switzerland)**	**4.3 (1.8)**	*Bank offering private banking and asset management services www.efginternational.com*	**1.5 (0.9)**
6	**SAF-Holland (Germany)**	**4.1 (3.1)**	*Manufacturer and supplier of systems and components for commercial vehicles www.saf-holland.com*	**1.5 (1.5)**
7	**Pandora (Denmark)**	**3.7 (1.7)**	*Designs, manufactures, markets and distributes hand finished modern jewellery www.pandora.net*	**1.4 (0.8)**
8	**Norma (Germany)**	**3.7 (2.2)**	*Develops and manufactures plastic and metal based components and systems in the field of connecting technology www.normagroup.com*	**1.3 (1.1)**
9	**Stolt-Nielsen (Norway)**	**3.6 (2.1)**	*Global company with significant operations within various maritime related industries www.stolt-nielsen.com*	**1.3 (1.0)**
10	**Faiveley Transport (France)**	**3.6 (3.0)**	*Components and systems for trains and trams www.faiveleytransport.com*	**1.3 (1.5)**

The top ten holdings represent 16.9% (2012: 19.2%) of the portfolio.

Portfolio Manager's Report

European stock market performance



Introduction

The last year has been a very good one for European equity markets and that has been reflected in the Company's returns, which have been on an upward trajectory. European equities have gradually lost their pariah status. Mario Draghi, the European Central Bank ("ECB") president has managed to install a degree of confidence with his "whatever it takes" attitude to intervention. This backing has provided the platform from which a recovery can begin and there are increasing signs that the European economies are past their worst. Sentiment has also improved with investors becoming increasingly confident that the eurozone will remain intact for the medium term. At the same time government bonds and emerging market equities have become relatively less attractive for investors. Europe has become a good place for people to invest their money.

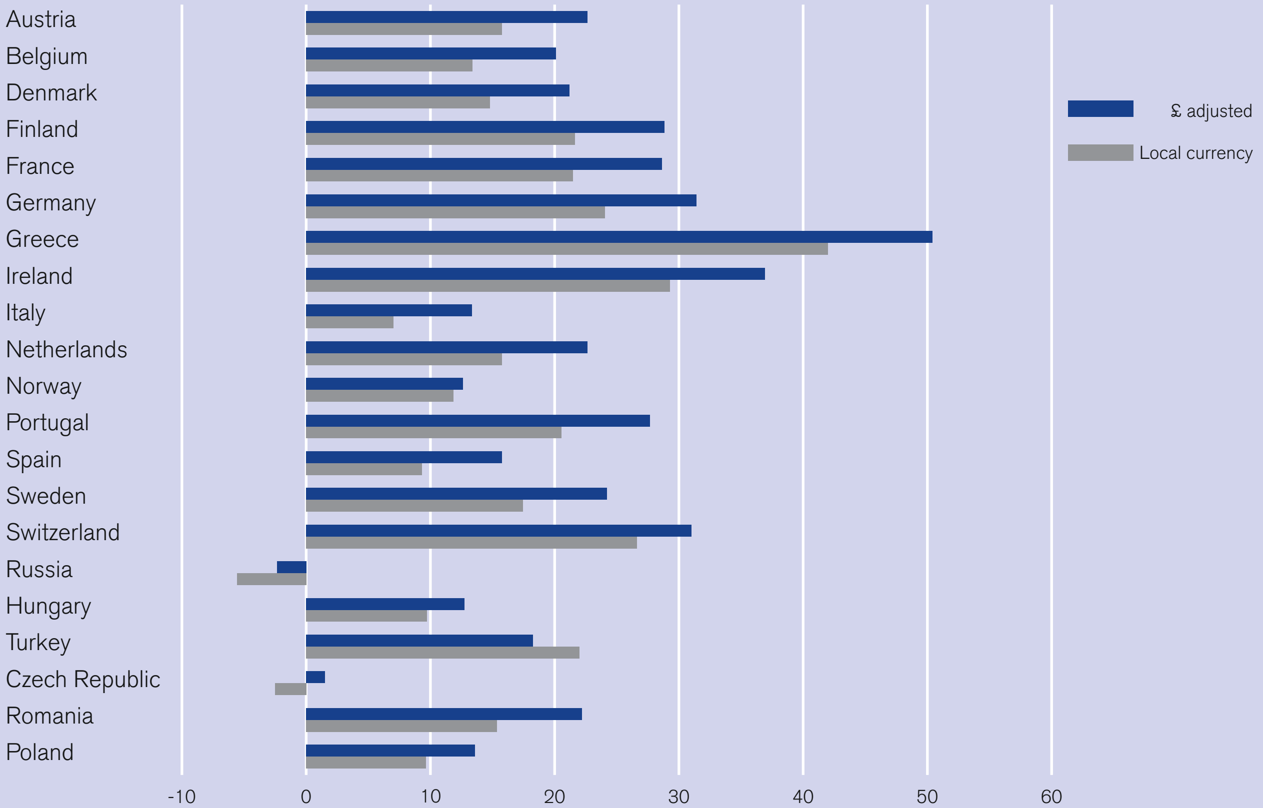
The graph on page 6 shows the spread of returns by geography within Europe. Of most significance has been the continued stellar performance of Germany and Switzerland. Interestingly Greece is the best performing market, as was the case in 2012, reflecting the decline of concerns surrounding a eurozone break-up. In more recent months we have seen improved performance from other peripheral nations, highlighting the importance of staying open-minded about where the best investment ideas can originate.

The poorest relative performance has come from emerging eastern Europe and this has been accentuated by the decline of their currencies versus sterling. This has had negligible impact on the portfolio as in the last two years the portfolio has been almost solely focused on western Europe.

I have now been managing the portfolio for two years and the restructuring is essentially complete. There can be no excuses and I take full responsibility for the investments.

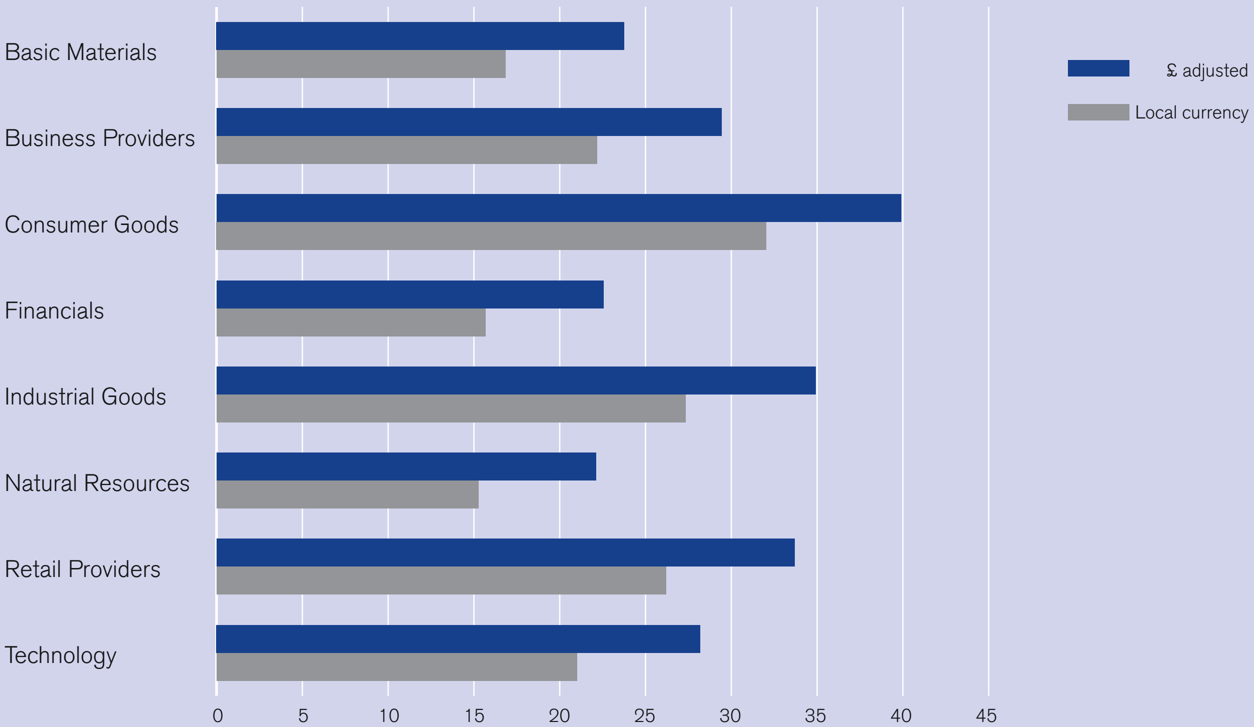
Portfolio Manager's Report
continued

European stock exchange indices % total return for the year ended 30 June 2013



Source: Datastream

Industry sector biases Europe (ex UK) % total return for the year ended 30 June 2013



Source: Datastream

Portfolio Manager's Report
The Portfolio

Geographical distribution (% of portfolio)	30 June 2012	30 June 2013	Benchmark* 30 June 2013
Austria	4.4	**2.5**	3.4
Belgium	3.3	**3.2**	4.3
Denmark	0.8	**2.6**	4.2
Finland	1.4	**1.6**	5.1
France	16.0	**12.9**	12.3
Germany	29.3	**27.0**	15.1
Greece	–	**1.4**	2.7
Ireland	2.6	**3.5**	1.6
Italy	10.7	**10.8**	11.1
Luxembourg	0.4	**–**	–
Netherlands	4.4	**5.1**	4.8
Norway	7.2	**4.9**	6.7
Portugal	–	**0.5**	1.6
Spain	2.5	**4.5**	6.3
Sweden	3.8	**5.4**	10.8
Switzerland	12.6	**13.6**	10.0
Ukraine	0.4	**0.2**	–
Other	0.2	**0.3**	–
	100.0	**100.0**	100.0

*Source: Factset

Sector distribution (% of portfolio)	30 June 2012	30 June 2013	Benchmark* 30 June 2013
Basic materials	10.2	**13.0**	10.0
Business providers	12.9	**13.9**	18.8
Consumer goods	11.4	**11.5**	16.4
Diversified	–	**1.0**	–
Financials	12.2	**13.2**	21.0
Industrial goods	18.0	**21.4**	14.7
Natural resources	5.2	**1.2**	4.1
Retail providers	10.1	**9.2**	6.3
Technology	20.0	**15.6**	8.7
	100.0	**100.0**	100.0

*Source: Factset

Portfolio positioning

In the last three years it has been correct to focus on those companies that have global, rather than purely European, exposure. These stocks have tended to benefit from the faster rate of recovery in the US and the sustained level of high economic growth in Asia and the emerging markets. Recent events, however, suggest this trend may be coming to an end. The US Federal Reserve has indicated it will scale back quantitative easing and raise interest rates sooner than many expected. Equally we have seen growth downgrades in the emerging markets, spurred by a change in leadership in China. In contrast Europe is improving, so we have increasingly been focusing our time on stocks that have a high level of domestic exposure. These stocks include Spanish IT systems company **Indra Sistemas**, which specialises in traffic signalling systems, and **GFK** in Germany. GFK is the world's fifth largest market research group and generates over 70% of its revenue in Europe. The company has proven itself expert in gathering data on internet retailing and consumer behaviour, something many corporates are happy to pay for as more and more people are purchasing online.

Another area of focus has been on those companies that have been restructuring their operations. Management in many cases have done some quite simple things to reduce costs which are having meaningful effects on performance and returns. As stated kitchen manufacturer **Nobia** is a good example. Also, in this category is Swiss industrial **Oerlikon**. Management have sold non-core solar and natural fibre businesses to focus on higher return divisions. Most notably in man-made fibre spinning machines, which are in high demand from China due to increased labour costs, and their metal coatings division.

Overall we continue to allocate the bulk of the Company's capital to high growth, high return-on-capital businesses. These include online payment processor **Wirecard** and online fashion retailer **Yoox**. Each company is growing earnings impressively and have limited dependence on economic growth. Alongside these holdings we have a group of stocks that have a higher degree of cyclicality, typically higher domestic exposure and valuations that are lower than the market average. We believe this barbell approach leaves the Company well placed to perform strongly in the low, but positive, economic growth environment that is expected.

Geographical and sector distribution

As ever, the portfolio is constructed primarily through a process of stock selection i.e. investing in specific companies. This can and does result in country and sector weightings

Portfolio Manager's Report

continued

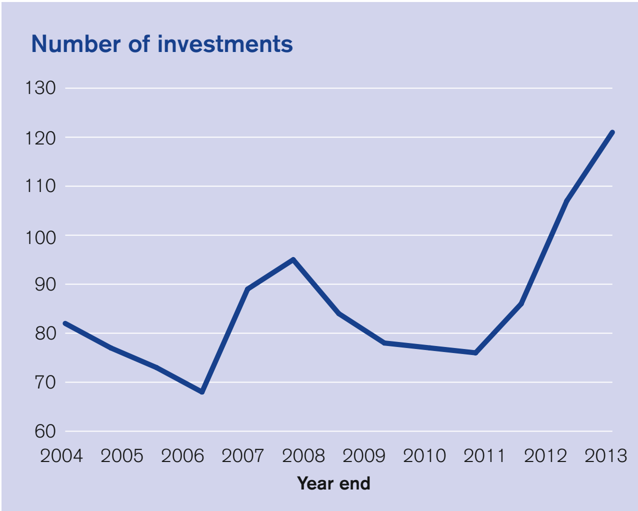
Investment activity during the year to 30 June 2013	Value at 30 June 2012 £'000	Purchases £'000	Sales £'000	Change in valuation £'000	Value at 30 June 2013 £'000
Austria	8,809	539	(4,005)	1,405	6,748
Belgium	6,591	5,562	(4,131)	769	8,791
Denmark	1,665	4,972	(3,317)	3,848	7,168
Finland	2,866	1,380	(300)	421	4,367
France	32,484	10,246	(14,476)	7,260	35,514
Germany	59,346	20,475	(24,125)	18,775	74,471
Greece	–	3,127	–	716	3,843
Ireland	5,297	3,003	(3,431)	4,790	9,659
Italy	21,652	11,786	(13,537)	9,877	29,778
Luxembourg	864	–	(837)	(27)	–
Netherlands	8,850	6,733	(1,005)	(650)	13,928
Norway	14,606	5,856	(7,324)	373	13,511
Portugal	–	1,108	(49)	221	1,280
Spain	5,074	8,924	(6,139)	4,606	12,465
Sweden	7,710	6,411	(1,941)	2,823	15,003
Switzerland	25,612	15,920	(10,827)	6,902	37,607
Ukraine	819	–	(229)	(57)	533
Other	298	–	–	610	908
Total portfolio	**202,543**	**106,042**	**(95,673)**	**62,662**	**275,574**

that differ widely from the benchmark. However, we are still cognizant of how the portfolio as a whole is positioned.

The Company continues to be significantly overweight Germany, though at the margin slightly less than last year. It is a position we will continue to monitor particularly in its role as industrial technology provider to the emerging markets in the east. It remains a market with a number of great companies on reasonable valuations.

The two most significant changes are a doubling of our Spanish weighting and a marked decline in our French weighting. In Spain we made a timely purchase of **Bankinter** as Credit Agricole sold down to focus on banking in France. It has proven to be a rare Spanish bank with resilient net interest income and asset quality. In France we took profits in **Ingenico**, the payment terminal business and sold down our positions in technology companies **Bull** and **Parrot** where we were not comfortable with their strategic positioning.

The disposal of the French holdings stated above has made a significant contribution to the reduction of the technology weighting since last year. Natural resources has been the other sector that has seen a decrease in its weighting. This sector has not been a success story for the Company and we continue to mistrust smaller mining companies and their ability to forecast either their capital or even their operating expenditure. **Northland Resources**, the Scandinavian iron ore prospector proved another case in point and was sold. With increasing confidence in the gradual recovery of the European economy some cyclicality has been added to the portfolio. This has resulted in the industrial goods weighting being marginally increased.



Portfolio Manager's Report
continued

There has also been a slight increase in the basic materials, business providers and financials sector allocations. This has been a result of portfolio activity as well as individual share price performance.

The number of investments has continued to increase, as shown in the graph on page 8. This reflects the desire to take a stock's trading liquidity into account more than may have been the case under the previous portfolio manager. We do not think the number of holdings will increase dramatically from the current level going forward.

Other purchases

During the year we have added a number of new stocks to the portfolio, some of which we believe will provide good structural growth prospects at attractive valuations and some which we believe will benefit from an improving macroeconomic environment.

One company with continually interesting growth prospects is **Industria Macchine Automatiche** a global leader in machines for the processing and packaging of drugs, food and the highly profitable tea. They achieve a price premium for their products, which have limited cyclicality. The group has a high growth potential organically and through add-on acquisitions.

We initiated a position in **Trelleborg**, the Swedish company that is a world leader in polymer solutions that seal, damp and protect critical applications in demanding environments. Through its end market exposure to general industry, oil and gas, automotive and agriculture the company is exposed to the macro environment. The relatively new management has also made great strides in operational efficiency.

Through the year we have increased our weightings in peripheral Europe as concerns surrounding the eurozone break-up (which we never shared) have receded. In Iberia we have added **Melia Hotels International** and in Portugal, **Portucel** the eucalyptus pulp and office paper producer. The latter has state-of-the-art industrial infrastructure, which enables it to deliver superior returns, generate good cash flow and pay healthy dividends. Spanish Melia Hotels group has a decent collection of international assets, which trade at a substantial discount to book value despite a number of disposals at a premium. If we see any improvement in their domestic returns this will be an important positive swing factor for earnings.

We have also found some interesting investment opportunities in Greece. **Folli Follie** the jewellery producer and retailer has been added to the portfolio. The company became more investable post the disposal of the majority of Hellenic Duty Free to **Dufry**, (who acquired a good asset at a good price) thereby repairing the company's highly leveraged balance sheet. The company is seeing good success with its own brand and the acquired Links of London brand. More recently we added **Titan Cement** to the portfolio, which is an attractively valued recovery play on the cement and aggregate markets of the United States and Greece. In Greece, cement consumption has fallen to levels last seen in 1964.

In the latter half of the financial year we have increased our exposure to domestic Europe. This has included adding **Nobia**, Europe's largest kitchen manufacturer to the portfolio. The company has successfully rationalised production, driving up gross margins and is now set to benefit from the leverage created by sales acceleration, which we are starting to see in key markets such as the UK and Sweden. **Forbo**, the Swiss flooring systems producer for both commercial and residential property has been added to the portfolio. It is a highly cash generative business with its end markets almost solely European.

We will continue to seek exciting investment opportunities at the low end of the market capitalisation range. Since the year end we have added **Comet Holding** a provider of systems, components and services in x-ray, e-beam and radio frequency technologies. They do non-destructive testing for the electronics, automotive and aerospace industries as well as plasma excitation for the semiconductor and flat panel sectors. Also, very excitingly they will provide sterilization e-beam technology to the Tetra-Pak production lines. We believe it is a company with a bright future.

Other disposals

To finance the repositioning a number of stocks have been sold. Some positions have been sold primarily on valuation grounds,

Portfolio ranked by size of holding as at 30 June 2013	Market value £'000	% of the portfolio
1-10	46,852	16.9
11-20	34,054	12.4
21-30	31,147	11.3
31-40	28,270	10.3
41-50	25,985	9.4
51-60	23,418	8.5
61-70	20,560	7.5
71-80	17,647	6.4
81-90	15,767	5.7
91-100	13,083	4.7
101-110	11,158	4.1
111-120	7,259	2.7
121	374	0.1
	275,574	**100.0**

Portfolio Manager's Report
continued

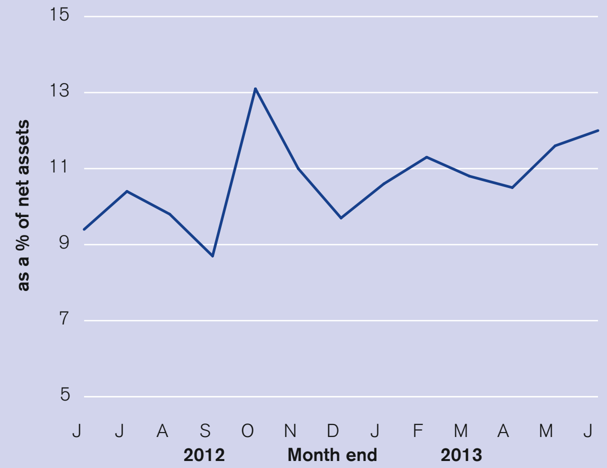
for example **Amplifon**, the hearing aid retailer. One disposal was of the very long standing holding **Andritz**, the manufacturer for the pulp and paper industry as well as for hydroelectric power. The company was bought at the initial public offering ("IPO") by Stephen Peak and Simon Savill in 2001 and has been the Company's most successful holding bringing a return of over 1000%. However, the valuation had caught up with events by autumn last year and the order book was not looking as healthy as in the past, so we said goodbye to the holding. We will continue our search for the next Andritz.

In the last financial year we continued to attempt to dispose of small residual legacy holdings. This has included selling **Dietswell**, the tiny French oil services company and the slightly larger jack-up rig companies in the same sector **Discovery Offshore** and **Prospector Offshore Drilling**. For the former their growth prospects look bleak and for the latter we were concerned about their balance sheets.

Other disposals such as **Aperam**, the stainless steel manufacturer, which was spun out of ArcelorMittal were sold as we believe the industry dynamics to be unattractive. We can find better prospects elsewhere. We also disposed of **D'ieteren** the Belgian holding company whose primary asset is Belron, the windscreen repair company. The results have been disappointing and we have been frustrated by not being allowed to speak to any of the operational management for explanations.

The Company did benefit from the acquisition of **Vueling**, the discount Spanish airline, by International Consolidated Airlines (the group that owns British Airways and Iberia). In the last financial year this was a rare piece of merger and acquisition activity. Going forward with the increased stability in the eurozone we would expect a pickup in deals particularly in the smaller company space.

Gearing



Gearing

As the chart above shows, gearing levels have remained relatively constant in the 8 to 12% range. It should be remembered that the Company has just under 6% weighting in unquoted assets. Our use of gearing is to ensure flexibility of action, allowing us to respond to opportunities immediately rather than having to first raise money by selling part of the portfolio. The gearing also gives us the opportunity to enhance the return on assets.

Portfolio distribution by market capitalisation as at 30 June 2013

Portfolio Manager's Report

continued

Market capitalisation range

As the chart on page 10 shows, we have continued to focus the portfolio towards smaller and medium sized companies. The weighted average market capitalisation as at 30 June 2013 was £1,047 million.

The largest company in the portfolio (by market capitalisation) is Partners Group, the Swiss private equity group with a market capitalisation of £4.7 billion. The smallest is Batla Minerals, the mining group, with a market capitalisation of £11 million.

Unquoted investments

The Company continues to have the three legacy unquoted holdings. Brainlab is a global leading company in software for high precision radiotherapy and image guided surgery. This is a good asset for which we will continue to seek a decent, fair price. To achieve that aim we have visited the company and had extensive dialogue with them in the last year. We are also invested in the French private equity fund, 21 Centrale Partners III. This is now in payback mode and will gradually decline in importance for the Company.

These are good quality assets, however, going forward we will not be seeking unquoted opportunities.

Performance attribution

Despite all the macroeconomic and political noise in the last year performance has been primarily driven by stock selection rather than any sector or geographical allocation. This is as you would expect from a portfolio driven by bottom-up stock selection. The portfolio has also benefited in sterling terms by the relative strength of the euro. It is important to reiterate that the portfolio is unhedged.

Our investment in **Pandora**, the Danish jewellery company famed for its charm bracelets, has been the portfolio's biggest contributor to performance. We bought this company before the benefits of their restructuring under new management become obvious to the wider investment community, and have, therefore, reaped the benefits. Despite the phenomenal performance we think there is significant upside left in the shares.

The Company has also benefited from our holdings in asset gatherers **Azimut**, the Italian fund manager and **EFG International** the Swiss private bank. Azimut has performed well on its great assets under management growth and EFG on its extensive cost cutting programme. If the latter is to benefit fully from here it needs to grow its asset base.

Our German industrial holdings have been very beneficial to the portfolio. **Norma**, which essentially provide clamps primarily for the automotive industry, has gained favour as it has proven that its high profitability is sustainable, due to its products' mission critical nature. This is a company we took at the IPO in 2011 and subsequently topped up on the markets initial scepticism. **SAF-Holland**, the component maker for trucks and trailers, has been rerated positively as their underlying markets have started to recover after a number of years of very little expenditure. This company was detrimental to performance last year so it is nice to see our patience rewarded. The valuation remains very attractive.

Our smaller market capitalisation holdings **Let's Gowex** and **LPKF Laser & Electronics** have been very positive contributors to performance. The former is a new holding this year, which provides WiFi and telecommunication services primarily to municipalities. The company is currently seeing rapid growth. The latter, which we bought last year, is a global leader in laser systems for cutting and prototyping, primarily in the electronics industry. The growth has largely been driven by smartphones and tablets.

Unquoted investments as at 30 June 2013	Value £'000	% of the portfolio
Brainlab	7,620	2.8
21 Centrale Partners III	6,358	2.3
Doughty Hanson & Co. Fund III	908	0.3
	14,886	**5.4**

In the last year we have held a number of stocks that we believed would emerge stronger from this downturn. One such company is **Nexity**, the French property developer, which unlike its competition has a healthy balance sheet. This has enabled them to pay an attractive dividend. The market has recognised that the company was attractively valued, particularly if there are any improvements in the underlying market.

The largest negative contribution for the second year running came from **Northland Resources**, the iron ore development company which, as stated, yet again underestimated the finances required for both its operational and capital expenditure. We have belatedly sold the position. The second was **Pescanova**, the Spanish fish farming and wild catch business, which has gone into administration. This has been a case of fraudulent (audited) accounts upon which we based our investment decision. The Company had prudently written the holding down to zero before Pescanova officially went into administration.

ASM International the semiconductor equipment company was also a disappointment in this financial year. The company's expectation management has been very poor with regard to their holding in ASM Pacific, a Hong Kong listed subsidiary. In the latter they have reduced their position to 40%. Many short-term orientated investors had hoped for a complete disposal. Since the end of the financial year the stock has performed better. We continue to believe in the company and particularly the acceptance by customers of their new deposition technologies.

There are a number of other holdings that have not been as successful as we would have hoped. We continue to hold the vast majority of them in expectation that they make a positive contribution in the year ahead.

Outlook

The performance of the portfolio in the last year has been satisfactory and with the restructuring of the portfolio essentially complete I believe we are well positioned. In absolute terms the Company has delivered very healthy returns as European equity markets have come back into favour. The latter, alongside the better performance of the portfolio, has also led to a narrowing of the discount to net asset value ("NAV"), particularly compared to the trough levels of December 2012.

European equity markets have been moving in the right direction ever since the intervention of Mario Draghi, president of the ECB and his statements that he would "do whatever it takes." The European economy as indicated by the recent Purchasing Managers' Index data is showing signs of life. As the economy has improved political shenanigans such as the Italian election and the raid on deposits in Cyprus have largely been dismissed as noise. I do not think this would have been the case, in the depths of the eurozone crisis.

I do believe progress has been made in Europe in the last year. For example, there has been a degree of the much needed rebalancing within Europe with wages in Germany rising whilst falling significantly in Greece and Spain. Companies are looking to relocate areas of their business to peripheral Europe due to the lower costs. Savings ratios in Germany are falling. Immigration into Germany from Southern Europe is increasing. These are all positive signs; though much more needs to be done. Italy has made announcements but is yet to implement the much needed labour and taxation reform. France has made very little progress. With rose-tinted glasses, if we see reform Europe-wide, maybe the Continent will emerge from the crisis more competitive.

Despite the progress in Europe in the last year, we cannot lose sight of the fact that huge disagreements still exist between the key protagonists on the European stage. There is the possibility that they re-emerge post the German election. Conversely, maybe post the September election the ECB is allowed to be more aggressive and we see an end to austerity, a push for the renegotiation of Portugal, Ireland, Greece and Spain (PIGS) country debt, and even moves towards a banking union. Whatever you may think of such moves from a political standpoint these more assertive moves are likely to be positive for equity markets. I personally believe that Europe's appetite for austerity has long been sated and the youth of the continent need to be given more hope.

One area where we definitely need an improvement is the availability of bank credit to small and medium sized enterprises. When speaking of the latter I am generally speaking about smaller companies in the private sector rather than the constituents of the Company's portfolio. Hopefully this will be the last piece of the jigsaw to fit into place and the European recovery can gather some momentum.

With the economic stabilisation in the region there has been a willingness of global equity investors to return to the Continent. In terms of valuation European smaller companies look very attractive trading at a substantial discount to their US and Asian peers. It is a rare asset class still being down meaningfully from the highs of 2007. European smaller companies are likely to disproportionately benefit, if we see an improvement in the global economy.

We clearly are seeing improvements in the US economy. The great uncertainty is China, where I cannot claim to have any meaningful insight having never even been to the country. At the time of writing the most recent economic data from China has been broadly positive and does not point towards an imminent collapse of their economy. Also, the feedback from the European companies we are seeing is on the whole positive. That said we still expect the biggest delta of improvement on a company level to come from companies exposed to the less bad Europe.

Our central scenario of a long drawn out recovery appears to be coming to fruition and the Company is in good shape to profit from that. In addition to our investments benefiting from this recovery we will also continue our search for structural growth companies, which we believe the market to be undervaluing.

In the year ahead we will continue our increased levels of marketing and communication with the aim of reducing the Company's discount to NAV. Key to that will be delivering good performance for our shareholders.

Ollie Beckett
7 October 2013

List of Investments
as at 30 June 2013

	Valuation £'000	% of total portfolio
Austria		
AMAG Austria Metal	1,240	
Lenzing	1,341	
Schoeller-Bleckmann	2,987	
Zumtobel	1,180	
	6,748	**2.5**
Belgium		
EVS Broadcast Equipment	3,427	
Nyrstar	1,349	
Sipef	1,092	
Tessenderlo Chemie	2,923	
	8,791	**3.2**
Denmark		
Auriga	1,214	
FLsmidth & Co	2,218	
Pandora	3,736	
	7,168	**2.6**
Finland		
Cargotec	2,590	
Outotec	1,777	
	4,367	**1.6**
France		
*21 Centrale Partners III	6,358	
Altran	3,140	
Batla Minerals	809	
Cafom	374	
CFI	1,167	
Faiveley Transport	3,601	
Haulotte	1,521	
Hi-Media	1,517	
Imerys	2,535	
Inside Secure	413	
Medica	2,464	
Naturex	901	
Nexans	2,277	
Nexity	3,425	
Rubis	2,477	
Teleperformance	2,535	
	35,514	**12.9**

	Valuation £'000	% of total portfolio
Germany		
Aareal Bank	3,326	
Aixtron	1,869	
Aurelius	1,122	
Axel Springer	1,719	
Bauer	2,534	
Bechtle	1,185	
*Brainlab	7,620	
Carl Zeiss Meditec	1,753	
Evotec	1,365	
GFK	3,293	
Grenkeleasing	3,580	
Isra Vision	583	
Krones	3,226	
KSB	1,219	
LPKF Laser & Electronics	2,052	
Manz	1,641	
Norma	3,694	
Pfeiffer Vacuum Technology	1,393	
Powerland	795	
Rib Software	1,032	
SAF-Holland	4,109	
SHW	2,311	
Sky Deutschland	1,541	
SNP Schneider-Neureither & Partner	954	
Stratec Biomedical	2,793	
Stroer Out-of-Home Media	1,680	
Suess Microtec	1,624	
Tom Tailor	2,976	
Tomorrow Focus	1,215	
United Internet	2,451	
Uzin Utz	2,312	
Winzor Nixdorf	2,074	
Wirecard	3,430	
	74,471	**27.0**
Greece		
Folli Follie	2,146	
Titan Cement	1,697	
	3,843	**1.4**

List of Investments
continued

	Valuation £'000	% of total portfolio
Ireland		
C & C Group	2,534	
DCC	2,699	
Irish Continental Group	1,718	
United Drug	2,708	
	9,659	**3.5**
Italy		
Azimut	3,296	
Credito Emiliano	1,745	
Danieli & C Risp	1,729	
Delclima	682	
De'Longhi	2,340	
Fondiaria Sai	1,211	
Industria Macchine Automatiche	1,491	
Interpump	2,042	
Moleskin	2,669	
Saes Getters Di Risp	1,117	
Salvatore Ferragamo	2,267	
Sorin	3,590	
Trevi Finanziaria Industrial	2,708	
Yoox	2,891	
	29,778	**10.8**
Netherlands		
ASM International	4,479	
Delta Lloyd	3,225	
Fugro	3,355	
TKH	2,869	
	13,928	**5.1**
Norway		
BWG Homes	2,000	
Borregaard	1,995	
Kvaerner	1,467	
Stolt-Nielsen	3,621	
Storebrand	2,935	
Tomra	1,493	
	13,511	**4.9**
Portugal		
Portucel	1,280	
	1,280	**0.5**

	Valuation £'000	% of total portfolio
Spain		
Bankinter	2,011	
Fluidra	809	
Indra Sistemas	3,275	
Lets Gowex	2,563	
Melia Hotels International	2,709	
Miquel Y Costa	1,098	
	12,465	**4.5**
Sweden		
Byggmax	1,622	
Lindab	3,045	
Nobia	2,038	
SAAB	2,933	
Trelleborg	2,033	
Unibet	3,332	
	15,003	**5.4**
Switzerland		
Acino	1,637	
Clariant	3,079	
Comet	2,169	
Daetwyler	2,301	
Dufry	2,650	
EFG International	4,266	
Forbo	2,676	
Gurit	1,821	
Inficon	5,368	
Komax	1,819	
Kuoni	3,062	
Myriad	826	
OC Oerlikon	3,132	
Partners Group	2,801	
	37,607	**13.6**
Ukraine		
Avangardco	533	
	533	**0.2**
Other		
*Doughty Hanson & Co. Fund III	908	
	908	**0.3**
Total portfolio	**275,574**	**100.0**

*Unquoted investments

Directors

Audley Twiston-Davies (Chairman) joined the Board in 2000 and was elected Chairman in May 2002. He is currently chairman of BlackRock Frontiers Investment Trust plc. Audley was formerly chairman of Taylor Young Investment Management Limited and previously chief executive officer of Foreign & Colonial Emerging Markets Limited. He is Chairman of the Company's subsidiary, TREG Finance Limited and Chairman of the Company's Management Engagement and Nominations Committees.

Christopher Casey (Audit Committee Chairman) joined the Board on 1 March 2010. He has over 30 years' strategic financial experience. He was a partner of KPMG LLP and its predecessor firms from 1992, having joined Peat Marwick & Mitchell in 1977. Mr Casey was head of transaction services for the South region of KPMG LLP from 1997 to 2007 and subsequently had a market-facing role as a senior partner of the firm. He retired from KPMG LLP in February 2010. He is also a non-executive director of China Polymetallic Mining Limited and BlackRock North American Trust plc. Mr Casey is also a director of the Company's subsidiary, TREG Finance Limited.

Andrew Martin Smith joined the Board in May 2008. He currently works as an adviser and consultant with Guinness Asset Management Limited. He holds a number of directorships including, Atlantis Japan Growth Fund Limited, M&G High Income Investment Trust, Church House Investments and North Investment Partners Limited. He is chairman of Parmenion Capital Management.

Alexander Mettenheimer joined the Board on 1 July 2011. He was deputy chairman of the board of administration for Bayerische Landesbank, the leading Bavarian commercial bank for large and middle-market corporate customers in Germany and Europe from 2010 to 2013. Mr Mettenheimer's previous appointments include CEO of both Merck Finck & Co Privatbankiers and Confia SA as well as various positions with Citibank. He holds other board positions in Germany.

Robert Jeens joined the Board in 2002. He is also a non-executive director of Henderson Group plc, JPMorgan Russian Securities plc and RCM Technology Trust PLC. Past non-executive appointments include chairman of nCipher plc, deputy chairman of Hepworth plc and director of The Royal London Mutual Assurance Society Limited and he was previously group finance director of Woolwich plc and finance director of Kleinwort Benson Group plc.

Jane Tufnell joined the Board on 1 September 2012. She co-founded Ruffer Investment Management Ltd, a privately owned investment management firm, in 1994. She is a non-executive director of the Diverse Income Trust plc. She joined County NatWest in 1987 where she ran the NatWest pension fund exposure to UK small companies.

All directors are non-executive and deemed by the Board to be independent, with the exception of Mr Jeens who is a non-executive director of Henderson Group plc. All independent directors are members of the Company's Audit Committee, Management Engagement Committee and Nominations Committee.

Management

The portfolio management team is led by Ollie Beckett (since 1 July 2011), assisted by Rory Stokes. Debbie Fish ACIS is the appointed representative of the Company Secretary, Henderson Secretarial Services Limited.

In November 2012 Simon Savill left Henderson Global Investors. Simon provided many years of enthusiastic, thoughtful and committed service to TR European Growth assisting first Stephen Peak and more latterly Ollie Beckett. The Board, Stephen and Ollie thank him wholeheartedly.

Simon has been replaced by Rory Stokes, who most recently was a European equity sales person at Liberum Capital and prior to that at Credit Suisse. Rory has made a very positive start to his portfolio management career and we are very confident he will make a notable contribution to the Company and help drive its performance.

Ollie Beckett

Rory Stokes

Debbie Fish

Directors' Remuneration Report

Introduction

This report is submitted in accordance with Sections 420-422 of the Companies Act 2006 ("the Act"). The report also meets the relevant Listing Rules of the Financial Conduct Authority and describes how the Board has applied the principles relating to directors' remuneration. As required by Section 439 of the Act, an ordinary resolution to approve this report will be proposed at the annual general meeting. The Company's auditors are required to report on certain information contained within this report. Where information set out below has been audited, it is indicated as such.

Remuneration policy

The Board as a whole considers directors' remuneration; accordingly a committee to consider such matters has not been appointed. All directors are non-executive. None of the directors has a contract of service and a director may resign by notice in writing to the Board at any time; there are no set notice period and no compensation is payable for loss of office. Directors are remunerated in the form of fees, payable quarterly in arrears. There are no long term incentive schemes or pension arrangements with the Company or its subsidiary 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 Chairman of the Board and the Chairman of the Audit Committee are paid higher fees than the other directors in recognition of their more onerous roles.

The Company's articles of association limit the aggregate fees payable to the Board to a total of £200,000 p.a. In the year under review, directors' fees were paid at the following annual rates: Chairman of the Board: £28,000; Chairman of the Audit Committee: £23,000; remaining directors: £21,000. The policy is to review these rates annually, although such review will not necessarily result in any change to the rates.

Amount of each director's emoluments (audited)

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

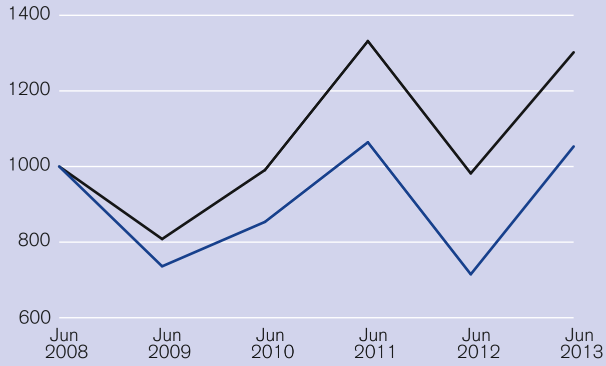
	2013	2012
	£	£
Audley Twiston-Davies	**28,000**	28,000
Christopher Casey	**23,000**	23,000
Bernard Clark[1]	**–**	7,476
Robert Jeens	**21,000**	21,000
Andrew Martin Smith	**21,000**	21,000
Alexander Mettenheimer	**21,000**	21,000
Jane Tufnell[2]	**17,500**	–
Total	**131,500**	121,476

[1] Retired from the Board on 7 November 2011.

[2] Appointed to the Board on 1 September 2012.

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

Performance against the benchmark



TR European Growth share price total return, assuming the investment of £1,000 on 30 June 2008 and the reinvestment of all dividends (excluding dealing expenses). (Source: Morningstar for the AIC)

HSBC Smaller Europe (ex UK) Index total return, assuming the notional investment of £1,000 on 30 June 2008 and the reinvestment of all income (excluding dealing expenses). (Source: Datastream)

By order of the Board

Debbie Fish ACIS
For and on behalf of
Henderson Secretarial Services Limited
Company Secretary
7 October 2013

Report of the Directors

The directors present the audited financial statements of the Group and their report for the year from 1 July 2012 to 30 June 2013. The Group comprises TR European Growth Trust PLC (the "Company") and its wholly owned subsidiary, TREG Finance Limited (the "subsidiary").

The subsidiary is incorporated and operates within the UK, carrying on the business of an investment dealing company. It was not active in the year.

Business Review

The following Business Review is designed to provide information primarily about the Company's business and results for the year ended 30 June 2013. The Business Review should be read in conjunction with the Portfolio Manager's Report on pages 5 to 12, which gives a detailed review of the investment activities for the year and an outlook for the future.

a) Status

The Company (registered in England and Wales on 10 July 1990 with company registration number 2520734 and domiciled in the United Kingdom) was active throughout the year and was not dormant. The Company is an investment company as defined in Section 833 of the Companies Act 2006 ("the Act") and operates as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010 ("section 1158"). It is subject to the UK Listing Authority's Listing Rules and is governed by its articles of association, amendments to which must be approved by shareholders by way of a special resolution. The Company is not a close company.

The Company was required to seek approval from HM Revenue & Customs ("HMRC") of its status as an investment trust under Section 1158 up to and including the year ended 30 June 2012 and such approval was granted. From 1 July 2012 approval is by way of a one-off application for investment trust status, which approval has been granted. The directors are of the opinion that the Company will continue to conduct its affairs in a manner that will enable it to continue to hold such approval.

b) Investment objective and policy

The Company's investment objective is to achieve capital growth by investing predominantly in smaller and medium sized companies in Europe (excluding the UK). The benchmark is the return of the HSBC Smaller Europe (ex UK) Index (expressed in sterling).

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 HMRC as an investment trust.

- Diversification
  The Company maintains a diversified portfolio. The Company will not invest more than 7% of its total assets, calculated as at the time of investment, in any one holding. The portfolio is managed by Henderson Global Investors Limited (the "Manager" or "Henderson") which provides regular reports on investment activity and portfolio construction to the directors at and between Board meetings.

- Asset allocation
  Generally, the Company will invest in companies which are quoted, domiciled, listed or have operations in European countries. Unquoted investments are permitted with prior Board approval. Investments may include shares, securities and related financial instruments, including derivatives.

- Gearing
  The Company will borrow money for investment purposes if the Board considers it appropriate. Net borrowings are limited to a maximum of 30% of net asset value ("NAV") at the time of investment.

- General
  In accordance with the listing rules of the UK Listing Authority (the "Listing Rules"), it is the Company's stated policy that it will not invest more than 15% of its gross assets in other listed investment companies, including investment trusts, and will not invest more than 10% of its gross assets in companies that themselves may invest more than 15% of their gross assets in UK listed investment companies.

Report of the Directors
continued

c) Financial review

	At 30 June 2013	At 30 June 2012	% Change
Net assets	**£246.1m**	£185.0m	+33.0
Revenue return for the year	**£4.6m**	£3.5m	+31.4
Dividends – final	**6.00p**	4.50p	+33.3
– special	**2.00p**	1.50p	+33.3

- Assets

Net assets at 30 June 2013 amounted to £246,124,000 compared with £185,006,000 at 30 June 2012; the NAV per ordinary share increased from 370.19p to 492.49p.

At 30 June 2013 there were 121 (2012: 107) separate investments, as detailed on pages 13 and 14.

- Revenue

The Group's gross revenue totalled £5,822,000 (2012: £4,724,000). After deducting expenses, the revenue return for the year was £4,645,000 (2012: £3,481,000), an increase of 33.4% from the previous year. The increase was mostly due to an uplift in investment income.

- Expenses

In the year under review the management fee was £1,117,000 (2012: £951,000) and other expenses totalled £503,000 (2012: £512,000). These figures include VAT where applicable. A performance fee of £362,000 (2012: nil) is payable as the Company has outperformed the benchmark index over the three year rolling period. Finance costs totalled £351,000 (2012: £437,000). The transaction costs, which include stamp duty and totalled £306,000 (2012: £355,000), are included within the purchase costs or netted against the sales proceeds of investments.

- Ongoing charges

The Board regularly reviews the Company's ongoing charges and monitors all expenses. For the year ended 30 June 2013 the ongoing charges were 0.74% (2012: 0.72%). Any performance fee payable is excluded from the ongoing charges calculation. For information, such charges including the performance fee were 0.88% in the year (2012: no performance fee impact).

- Dividends

The Board aims to make progressive and steady increases in annual dividend payments. Shareholders must, however, recognise that such increases can never be guaranteed, and that circumstances may arise when it is necessary to reduce a dividend payment. Equally, there may be instances when the level of payment must be increased in order to comply with Section 1158 in respect of the retention of distributable income. Where such instances would result in a payment going beyond the Board's aim, one-off "special dividend" payments will be declared and paid.

Subject to approval at the annual general meeting ("AGM"), a final dividend of 6.00p and a special dividend of 2.00p, totalling 8.00p, (2012: final of 4.50p and special of 1.50p) per share will be paid on 18 November 2013 to shareholders on the register on 18 October 2013. The ex-dividend date will be 16 October 2013.

- Payment of suppliers

The Company's principal supplier is Henderson Global Investors Limited, its Manager, the payment terms for which are set out on page 20. In relation to other suppliers, it is the payment policy of the Company to obtain the best possible 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. There were no trade payables at 30 June 2013 or 2012.

- Borrowings and gearing

During the year the Board had in place a secured multi-currency overdraft arrangement with HSBC Bank plc that allowed it to borrow up to £30 million as and when required. Gearing (investments as a percentage of net assets) at 30 June 2013 was 12.0% (2012: 9.5%).

Since the year end the Company's overdraft limit has been increased to the lesser of £50 million and 25% of custody assets.

- Future developments

While the future performance of the Company is largely dependent on the performance of international financial markets, which are subject to many external factors, the Board's intention is that, subject to the passing of the continuation vote by shareholders at the AGM, the

Company will continue to pursue its stated investment objective in accordance with the policy outlined above. Further comments on the outlook for the Company for the next 12 months are set out in both the Chairman's Statement on page 2 and the Portfolio Manager's Report on page 12.

d) Performance measurement and key performance indicators

In order to measure the success of the Company in meeting its objective 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 and compares, at each meeting, the performance of both the NAV per share and share price for the Company and its benchmark, the total return of the HSBC Smaller Europe (ex UK) Index. The Board considers the benchmark to be its most important key performance indicator and has determined that it should also be used to calculate whether a performance fee is payable to the Manager. Details of the performance fee arrangements are set out in (f) "Management arrangements" below.

- Discount to NAV
  At each Board meeting, the Board monitors the level of the Company's discount to NAV per share (including income) and reviews the average discount/premium for the AIC European Smaller Companies sector.

  The Company publishes a NAV per share figure on a daily basis, through the official newswire of the London Stock Exchange. This figure is calculated in accordance with the AIC formula, which includes current year revenue items.

- Performance against the Company's peer group
  The Company is included in the AIC European Smaller Companies sector. In addition to comparison against the stated benchmark, the Board also considers at each meeting the performance of this AIC sector, as well as other European investment trusts and other European funds managed by Henderson.

The following table sets out, with comparatives, the key performance indicators:

	% Year to 30 June 2013	% Year to 30 June 2012
NAV total return	**34.3**	-28.1
Benchmark total return*	**32.6**	-26.3
AIC Sector NAV total return	**33.5**	-21.7
Share price total return	**47.3**	-32.9
AIC Sector share price total return	**43.7**	-23.7
Discount at year end	**16.9**	23.6

Source: Morningstar for the AIC, except * Datastream.

e) Duration of the Company and going concern statement

The Company's articles of association require that at every third AGM of the Company an ordinary resolution be put to shareholders asking them to approve the continuation of the Company; the next such resolution will be proposed at the AGM in 2013. More information is given in the separate circular to shareholders sent with this report.

The assets of the Company consist mainly of a portfolio of diversified securities that are readily realisable, and the Company has adequate financial resources to meet its liabilities and continue in operational existence for the foreseeable future.

For these reasons, the directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. In reviewing the position as at the date of this report, the Board has considered "Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009" published by the Financial Reporting Council.

The ongoing validity of the going concern basis depends on the outcome of the continuation vote, on which the Board is recommending that shareholders vote in favour. In particular, no provision has been made for the costs of winding-up the Company or liquidating its investments in the event that the resolution is not passed.

f) Management arrangements and related party transactions

Investment management, accounting, company secretarial and administration services are provided to the Company by wholly-owned subsidiary companies of Henderson, which is authorised and regulated by the Financial Conduct Authority. Other than the relationship between the Company, its subsidiary and its directors, the provision of services by 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 other material transactions with this related party affecting the financial position or performance of the Company during the year under review.

Details of the individuals at Henderson responsible for managing the day-to-day operations of the Company are given on page 15.

Some of the administration and accounting services are carried out, on behalf of Henderson, by BNP Paribas Securities Services Limited. Custody services are provided by HSBC Bank plc.

The base ad valorem fee payable to the Manager is 0.5% per annum, and is calculated as 0.125% of income-inclusive total net assets at each quarter end. The notice period is six months.

The Manager may also be eligible to receive a performance related fee. In order to determine whether a performance fee will be paid, performance is measured against, and expressed relative to, the benchmark. Performance of both the Company and the benchmark is measured on a NAV total return (with gross income reinvested) basis and is measured over three years.

In any given year in which a performance fee is payable, the performance fee rate will be 15% of the positive difference between the average annual NAV total return and the average annual total return of the benchmark. The upper limit on the total fee, including the base fee and any performance fee, for any given accounting year will be 2.4% of the income-inclusive NAV of the Company as at the last day of the relevant calculation period. For clarity, performance will be measured solely on the basis of NAV total return relative to the total return of the benchmark index; no account will be taken of whether the NAV grows or shrinks in absolute terms.

As performance is measured on a three-year rolling basis, the performance for the year under review has been calculated on the average performance in the financial years ended June 2011 to June 2013. A performance fee is payable for this year as detailed in note 4 on page 40.

g) Principal risks and uncertainties
The Board has drawn up a matrix of risks facing the Company and has put in place a schedule of investment limits and restrictions, appropriate to the Company's investment objective and policy, in order to mitigate these risks as far as practicable. The principal risks which have been identified, which have not changed from last year, and the steps taken by the Board to mitigate these, are as follows:

- Investment activity and performance risks
  An inappropriate investment strategy (for example, in terms of asset allocation or the level of gearing) may result in underperformance against the Company's benchmark index and the companies in its peer group. The Board monitors investment performance at each Board meeting and regularly reviews the extent of its borrowings.

- Portfolio and market price risks
  Although the Company invests almost entirely in securities that are quoted on recognised markets, share prices may move rapidly. The companies in which investments are made may operate unsuccessfully, or fail entirely. A fall in the market value of the Company's portfolio would have an adverse effect on shareholders' funds. The Manager seeks to maintain a diversified portfolio to mitigate against this risk. The Board regularly reviews the portfolio, activities and performance.

- Tax and regulatory risks
  A breach of Section 1158 could lead to a loss of investment trust status, resulting in capital gains realised within the portfolio being subject to corporation tax. A breach of the UKLA Listing Rules could result in suspension of the Company's shares, while a breach of the Act could lead to criminal proceedings, or financial or reputational damage.

  The Manager has contracted to provide investment, company secretarial, administration and accounting services through qualified professionals. The Board receives internal control reports produced by the Manager on a quarterly basis, which confirm regulatory compliance.

- Operational risks
  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 Company is also exposed to the operational risk that one or more of its suppliers may not provide the required level of service. 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 controls section of the corporate governance statement on pages 25 and 26.

Further details of the Company's exposure to market risk (including market price risk, currency risk and interest rate risk), liquidity risk and credit risk and how they are managed are contained in note 15 on pages 47 to 54.

Corporate governance statement

a) Applicable corporate governance code

The Board is accountable to shareholders for the governance of the Company's affairs. As an investment trust, the Company's day-to-day responsibilities are delegated to third parties; the Company has no employees and the directors are all non-executive. Thus not all the provisions of the UK Corporate Governance Code (the "UK Code") issued by the FRC are directly applicable to the Company.

The Board has therefore considered the principles and recommendations of the Code of Corporate Governance published by the Association of Investment Companies in October 2010 (the "AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the applicable principles, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The FRC has confirmed that by following the AIC Guide, boards of investment companies should fully meet their obligations in relation to the UK Code and paragraph 9.8.6 of the Listing Rules.

Copies of the AIC Code and the AIC Guide can be found at **www.theaic.co.uk**

b) Statement of compliance

The AIC Code comprises 21 principles. The directors believe that during the year under review they have complied with the provisions of the AIC Code that are applicable to smaller companies (those below the FTSE 350) during the year under review and up to the date of this report, and with the provisions of the UK Code except as set out below or elsewhere in the Corporate Governance Statement. The UK Code includes provisions relating to:

- the role of chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

As the Company delegates its day-to-day operations to an external investment manager and has no employees or executive directors, the Board does not consider these provisions to be relevant to the Company and has not reported further in respect of these provisions.

A senior independent 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 where issues arise and to whom concerns can be conveyed.

c) Directors

- Board composition

  The articles of association provide that the total number of directors shall not be less than two nor more than eight; the Board currently consists of six non-executive directors. The biographies of the directors holding office at the date of this report, which are set out on page 15, demonstrate the breadth of investment, commercial and professional experience relevant to their positions as directors. All directors, apart from Jane Tuffnell who was appointed on 1 September 2012, served throughout the year. All directors, apart from Alexander Mettenheimer, who is resident in Germany, are resident in the UK.

- Directors' appointment, retirement and rotation

  The Board may appoint directors to the Board without shareholder approval. Any director so appointed must stand for election by the shareholders at the next AGM in accordance with the articles of association.

  The Listing Rules state that any director who is also a director of the Manager is subject to annual re-election. Robert Jeens is therefore required to seek re-election to the Board at the 2013 AGM.

  The AIC Code states that any director who has served for more than nine years is subject to annual re-election. Audley Twiston-Davies (who was appointed in 2000) is therefore required to seek re-election to the Board at the 2013 AGM.

  All directors retire at intervals of not more than three years; the Company's articles of association also provide that one-third (but not more than one-third) of "relevant directors" must seek re-election at each AGM. "Relevant directors" exclude any director who is required to seek re-election for any reason other than rotation in accordance with the articles of association. Excluding Robert Jeens and Audley Twiston-Davies, who are already required to stand down and seek re-election and are therefore excluded from the calculation, there are four "relevant" directors, one of whom must retire. Andrew Martin Smith will retire by rotation at the 2013 AGM and has confirmed that he wishes to seek re-election to the Board.

Director	Date of appointment	Date of last re-election
Audley Twiston-Davies	31 January 2000	Annual re-election under Code
Christopher Casey	1 March 2010	2012
Robert Jeens	20 May 2002	Annual re-election under Listing Rules
Andrew Martin Smith	19 May 2008	2011
Alexander Mettenheimer	1 July 2011	2011
Jane Tufnell	1 September 2012	2012

The contribution and performance of each of the directors seeking re-election was reviewed by the Nominations Committee at its meeting in July 2013, which recommended to the Board the continuing appointment of each of those directors.

Under the articles of association shareholders may remove a director before the end of his term by passing an ordinary resolution at a meeting. An ordinary resolution is passed if more than 50% of the votes cast, in person or by proxy, are in favour of the resolution.

- Board independence and tenure

The Board's policy on tenure is that retaining directors with sufficient experience of both the Company and the markets is of great benefit to shareholders and long-serving directors are less likely to take a short term view. The Board also believes that length of service does not diminish the contribution from a director; conversely a director's experience and knowledge of the Company can be a positive benefit to the Board.

The directors have reviewed the balance of ages and experience of all of the Board members and confirm that each of the directors, including the Chairman (who has served for more than twelve years) and Robert Jeens (who is a director of Henderson Group plc, the parent company of the Manager), continues to provide a valuable and beneficial contribution to the Company, offering a mix of complementary abilities, length of tenure and experience. All directors have a wide range of other interests and are not dependent on the Company itself. The Board has therefore concluded that, with the exception of Mr Jeens, all the directors remain independent. There is therefore a majority of independent directors.

Except as disclosed above in relation to Robert Jeens' interest in the contract between the Company and the Manager, there were no contracts subsisting 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.

- Directors' remuneration

A separate remuneration committee has not been established as the Board consists of only non-executive directors. A separate report on directors' remuneration is set out in the Directors' Remuneration Report on page 16, which includes the Board's procedure for determining directors' remuneration.

- Directors' interests in shares

The interests of the directors in the ordinary shares of the Company at the beginning and end of the financial year are shown in the table below.

	Ordinary shares of 12.5p	
	30 June 2013	**1 July 2012**
Beneficial:		
Audley Twiston-Davies	**12,500**	12,500
Christopher Casey	**6,000**	6,000
Robert Jeens	**10,000**	10,000
Andrew Martin Smith	**10,000**	10,000
Alexander Mettenheimer	**–**	–
Jane Tufnell[1]	**–**	n/a

[1] Appointed on 1 September 2012.

Since the year end, Jane Tufnell has purchased 1,215 shares. No director held any interest, beneficial or otherwise, in the issued shares of the Company other than stated above. There have been no other changes to the directors' holdings since year end. Alexander Mettenheimer does not hold shares in the Company because of penal tax treatment of investment trust holdings by the German authorities.

- Directors' conflicts of interest

The Company's articles of association permit the Board to consider and, if it sees fit, to authorise situations where a director has an interest that conflicts, or may possibly conflict, with the interests of the Company ("situational conflicts"). The Board has a formal system in place for directors to declare situational conflicts to be considered for authorisation by those directors who have no interest in the matter being considered. In deciding whether to authorise a situational conflict, the non-conflicted directors must act honestly and in good faith with a view to the best interests of the Company and they may impose limits or conditions when giving the authorisation, or subsequently, if they think this is appropriate.

Any situational conflicts considered, and any authorisations given, are recorded in the relevant meetings' minutes. The prescribed procedures have been followed in deciding whether, and on what terms, to authorise situational conflicts and the Board believes that the systems it has in place for reporting and considering situational conflicts continues to operate effectively.

- Directors' professional development
When a new director is appointed he or she is offered an induction seminar which is held 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 also participate in relevant training and industry seminars at the expense of the Company and each director's individual training requirements are considered as part of the annual performance appraisal.

- Directors' insurance and indemnification
Directors' and officers' liability insurance cover is in place in respect of the directors. Under the Company's articles of association and, subject to the provisions of UK legislation, a qualifying third party provision indemnity may be provided to directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as directors, in which they are acquitted or judgment is given in their favour by the Court. No indemnity was given during the year or up to the date of this report.

d) the Board and its committees

- Responsibilities of the Board and its Committees
Currently the Board meets at least five times each year and is responsible for the effective stewardship of the Company's affairs. Additional meetings of the Board may be arranged as required. The directors have regular contact with the Portfolio Manager and representatives of the Company Secretary between formal meetings.

The Board has a formal schedule of matters specifically reserved for its decision, which are categorised under various headings including strategy, management, structure, capital, financial reporting, internal controls, gearing, asset allocation, share price discount, contracts, investment policy, finance, risk, investment restrictions, performance, corporate governance and Board membership and appointments. The Board is responsible for the approval of annual and half year results, interim management statements and other public documents.

At each meeting the Board reviews the Company's investment performance and considers financial analyses and other reports of an operational nature. The Board monitors compliance with the Company's objective and is responsible for setting asset allocation, investment and gearing limits within which the Manager has discretion to act and reviews investment strategy. The Board has responsibility for the approval of unquoted investments and any investments in in-house funds managed or advised by the Manager. It has adopted a procedure for directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. In order to enable them to discharge their responsibilities, all directors have full and timely access to relevant information.

The Board has three Committees: the Audit Committee, the Management Engagement Committee and the Nominations Committee. The terms of reference for these Committees are available on the website **www.treuropeangrowthtrust.com** or via the Company Secretary.

- Audit Committee
The Audit Committee currently consists of all the directors except Robert Jeens. All the members are independent and have a combination of financial, investment and other experience gained throughout their careers, as detailed on page 15. The Chairman is Christopher Casey, who is a chartered accountant.

The Committee meets at least twice a year to review the internal financial and non-financial controls; to consider and recommend to the Board for approval the contents of the draft half year and annual reports to shareholders; and to review the accounting policies and significant financial reporting and valuation judgments. In addition, the Committee reviews the nature and scope of the external audit on the annual report and the findings therefrom, the terms of appointment of the auditors together with their remuneration, performance, independence and objectivity, as well as any non-audit services provided by the auditors. It meets with representatives of the Manager and receives reports on the quality and effectiveness of the accounting records and management information maintained on behalf of the Company. Representatives of the Manager's internal audit and risk departments regularly attend meetings to report on the systems of internal controls in place.

The Audit Committee has formulated a policy on the provision of non-audit services by the Company's auditors and has determined that they will never be considered for the provision of services related to 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, with all other non-audit services judged on a case-by-case basis, considering the following factors:

- whether the audit firm is the most suitable supplier of non audit services;
- the impact on the auditors' independence and objectivity and what safeguards can be put in place to eliminate or reduce any threat in this regard; and
- the cost-effectiveness of the services.

During the year PricewaterhouseCoopers LLP were appointed to provide non-audit services in relation to the provision of tax advice to a director.

The Audit Committee remains satisfied with the effectiveness of the audit provided by PricewaterhouseCoopers LLP, whose fees can be found on page 41, note 5 and is satisfied that the auditors are independent of the Company. The Audit Committee has reviewed the audit appointment in the past 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 third year that the current partner has been in place.

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 2013 AGM.

The Audit Committee has reviewed and is satisfied with the "whistle blowing" policy that the Manager has put in place for staff to raise concerns about possible improprieties, including in relation to the Company, in confidence. The policy includes the necessary arrangements for independent investigation and follow-up action.

- Nominations Committee

All directors are members of the Nominations Committee except Robert Jeens. Audley Twiston-Davies is Chairman of the Committee but would not chair the Committee if his successor was being considered. The Committee is responsible for reviewing Board succession planning and tenure policy, the performance of the Board as a whole and the Board Committees and the appointment of new directors. The Committee met in July 2013 to carry out its annual review of the composition and size of the Board and its Committees. The results of the performance evaluation are contained in the following section (e) "Performance evaluation".

When considering succession planning, the Committee bears in mind the balance of skills, knowledge, experience and diversity existing on the Board. The Committee has noted that the FRC has implemented amendments to the UK Code to strengthen the principle on boardroom diversity. The Nominations Committee considers diversity as part of the annual performance evaluation and it is considered that there is a range of backgrounds and each director brings different qualities to the Board and its discussions. It is not considered appropriate for the Company to have set targets in relation to diversity; candidates will be assessed in relation to the relevant needs of the Company at the time of appointment. The Nominations Committee will recommend when the recruitment of additional non-executive directors is required. Once a decision is made to recruit additional directors to the Board, a formal job description is drawn up and each director is invited to submit nominations and these are considered in accordance with the Board's agreed procedures. The Committee may also use external agencies as and when the requirement to recruit an additional Board member becomes necessary.

The Committee also reviews and recommends to the Board the directors seeking re-election. Recommendation is not automatic and will follow a process of evaluation of each director's performance and consideration of independence. The Committee takes into account the mix of skills and experience of the current Board members. In accordance with the UK Code any director serving for longer than six years would be subject to more rigorous assessment.

- Management Engagement Committee

  All the directors except Robert Jeens are members of the Committee. The Chairman of the Committee is Audley Twiston-Davies. The Committee meets annually to review the investment management agreement with Henderson and to review the services provided. Details of the process are contained in (h) "Continued Appointment of the Manager" on page 26.

- Board attendance

  Attendance at the Board and committee meetings held during the financial year are shown in the following table. All directors usually attend the AGM.

	Board	Audit Committee	Nominations Committee	Management Engagement Committee
Number of meetings	**5**	**3**	**1**	**1**
Audley Twiston-Davies	5	3	1	1
Christopher Casey	5	3	1	1
Robert Jeens[(1)]	5	n/a	n/a	n/a
Andrew Martin Smith	5	3	1	1
Alexander Mettenheimer	5	3	1	1
Jane Tufnell[(2)]	4	3	n/a	n/a

(1) Robert Jeens is not a member of the Company's committees but is invited to attend meetings when appropriate.

(2) Appointed on 1 September 2012

The directors and committees of the Board also met during the year to undertake business such as the approval of the Company's results and dividend.

e) Performance evaluation

- The Company

  The performance of the Company is considered in detail at each Board meeting.

- The Board

  The work of the Board as a whole and of the Board Committees was reviewed by the Nominations Committee in July 2013 and no areas of concern were identified.

- Individual directors

  The Chairman reviews each individual director's contribution on an annual basis. The Nominations Committee meets without the Chairman present in order to review the performance of the Chairman. At the Nominations Committee meeting in July 2013 it was agreed that the Chairman continues to promote effective leadership and each of the directors contributes valuable experience and skills to the Board. The Committee also reviewed the performance of the directors who will be seeking re-election at the 2013 AGM and recommended to the Board the continuing appointment of those directors.

f) Internal controls

The Board has established an ongoing process for identifying, evaluating and managing any major risks faced by the Group. The process accords with the advice issued by the FRC and is subject to regular review by the Board.

The Board has overall responsibility for the system of internal controls and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate risks of failure to achieve the Group's business objective and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has reviewed the effectiveness of the system of internal controls for the year ended 30 June 2013 and confirmed that it had not identified, or been advised of, any failings or weaknesses that have been determined as significant. All business risks have been analysed and recorded in a risk map which is reviewed regularly.

The Manager has established an internal control framework to provide reasonable, but not absolute, 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 compliance, internal audit and risk departments on a continuing basis.

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 which includes a report from the Manager's auditors on the design and operating effectiveness of its controls.

The ongoing process for identifying, evaluating and managing significant risks faced by the Group has been in place throughout the year under review and up to the date of this report. Systems are in operation to safeguard the Group's assets and shareholders' investments, to maintain proper accounting records and to ensure that financial information used within the business, or published, is reliable. As all of the Group's management functions are delegated to third parties, and the Board monitors the controls in place through the Manager's internal audit department, the Board feels that there is currently no need for the Group to have its own internal audit function.

g) Accountability and relationship with the Manager
The Statement of Directors' Responsibilities in respect of the financial statements is set out on page 29, the Independent Auditors' Report on pages 30 and 31 and the going concern statement on page 19.

The Board has delegated contractually to external third parties, 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 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, the Chairman is able to attend meetings of all the chairmen of the investment trust companies managed by Henderson; these meetings provide a forum to discuss industry matters which would then be reported to the Board.

The Manager takes decisions as to the purchase and sale of individual investments. The Manager also ensures that all directors receive, in a timely manner, all relevant management, regulatory and financial information. Representatives of the Manager attend each Board meeting enabling the directors to probe further on matters of concern. The directors have access to the advice and services of the Company Secretary through its appointed representative who is responsible to the Board for ensuring that Board and Committee procedures are followed and that applicable rules and regulations are complied with. The Board and the Manager operate in a supportive, cooperative and open environment.

The Manager and BNP Paribas Securities Services, which acts for the Manager, have arrangements in place by which their staff may, in confidence, raise concerns about possible improprieties in relation to financial reporting or other matters.

h) Continued appointment of the Manager
The Board considers the arrangements for the provision of investment management and other services to the Company on an ongoing basis. The principal contents of the agreement with the Manager are explained under "Management arrangements and related party transactions" on pages 19 and 20.

The Board reviews investment performance at each Board meeting and a formal review of the Manager, which includes a review of the other services provided by Henderson, is conducted annually by the Management Engagement Committee.

As a result of the Committee's review in July 2013, it is the opinion of the directors that the continued appointment of the current Manager on the terms agreed is in the interests of the Company's shareholders as a whole.

i) Share capital and shareholders

- Share capital
  The Company's share capital comprises ordinary shares of 12.5p nominal value. The voting rights of the ordinary shares on a poll are one vote for every two shares held. At 30 June 2013, there were 49,975,897 shares in issue with 24,987,948 voting rights. This is unchanged since the year end. All ordinary shares rank equally for dividends and distributions and there are no restrictions concerning the transfer of securities in the Company, no special rights with regard to control attached to securities, no agreements between holders of securities regarding their transfer known to the Company and no agreement which the Company is party to that affects its control following a takeover bid. To the extent that they exist, the revenue profits of the Company (including accumulated revenue reserves) are available for distribution by way of dividends to the holders of the ordinary shares. Upon a winding-up, after meeting the liabilities of the Company, the surplus

assets would be distributed to the shareholders pro rata to their holding of ordinary shares.

- Holdings in the Company's shares
Declarations of interests in the voting rights of the Company at 30 June 2013 are set out below.

Shareholder	% of voting rights
1607 Capital Partners	5.1%
Rathbone Brothers plc	5.0%
Legal & General Investment Management	3.1%
Investec Wealth & Investment	3.0%

Since the year end, Legal & General Investment Management notified the Company that its holding was under 3% of the voting rights and Investec Wealth & Investment notified that its holding had increased to 4.0% of the voting rights.

At 30 June 2013, 16.9% of the ordinary shares were held by participants in Halifax Share Dealing products and 3.6% by participants in Henderson products. These participants are given the opportunity to instruct the relevant nominee company to exercise the voting rights appertaining to their shares in respect of all general meetings of the Company. The nominee companies have stated that they will exercise the voting rights of any shares held through the schemes that have not been exercised by the individual participants. They 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.

- Relations with shareholders
Shareholder relations are given high priority by the Board. The prime medium by which the Company communicates with its shareholders is through the half year results and the annual report and financial statements which aim to provide shareholders with a clear understanding of the Company's activities and their results. This information is supplemented by periodic interim management statements and the daily calculation and publication of the NAV per share of the Company's ordinary shares to a regulatory information service and a monthly fact sheet available on the website.

The Board considers that shareholders should be encouraged to attend and participate in the AGM. Shareholders have the opportunity to address questions to the Chairman of the Board, the Chairman of the Audit Committee and all other directors at the meeting. The Portfolio Manager, as the representative of Henderson, makes a presentation to shareholders. A summary of the proxy votes received on the resolutions proposed is displayed at the meeting and each substantial issue is dealt with in a separate resolution. It is the intention of the Board that the annual report and financial statements and notice of AGM be issued to shareholders so as to provide at least 20 working days' notice of the meeting. These documents are also included on the website. Shareholders wishing to lodge questions in advance of the meeting are invited to do so by writing to the Company Secretary at the registered office address given on page 60.

General presentations to both shareholders and analysts follow the publication of the annual results. All meetings between the Manager and shareholders are reported to the Board.

- Board authorities to issue and buy back shares
At each AGM the directors seek annual authority from shareholders to allot new ordinary shares, to disapply the pre-emption rights of existing shareholders, and to buy back for cancellation the Company's ordinary shares. As at the date of this report the authorities granted at the 2012 AGM have not been used.

More details of the authorities to be sought at the 2013 AGM are set out in the separate circular containing the notice of AGM.

j) Corporate responsibilities

- Responsible investment (SEE statement)
Responsible investment is the term Henderson uses to cover its work on corporate governance and corporate responsibility (or social, environmental and ethical ("SEE") issues) in the companies in which it invest 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.

Report of the Directors
continued

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; however, an investment may not necessarily be ruled out on social and environmental grounds only.

- Voting policy and the UK Stewardship Code
  Henderson's responsible investment policy sets out the Manager's 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 reviewed Henderson's policy and has delegated responsibility for voting to the Manager. The Board receives regular reports on the voting undertaken by the Manager 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 and/or members of the Board will give specific instructions on voting non-routine and unusual or controversial resolutions. Decisions not to support resolutions and the rationale therefor are fed back to the investee company prior to voting.

  The Henderson responsible investment policy can be found at **www.henderson.com**.

- Employee and environmental matters
  The Company has no employees and outsources its investment, management and company secretarial services to subsidiaries of 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.

  Henderson's corporate responsibility statement is included on the website **www.henderson.com**. For 2012 it was granted CarbonNeutral Company status which it has committed to maintain at least until the end of 2015.

  The Company's annual and half year reports are printed on carbon balanced paper, whereby the carbon impact of the production and distribution process has been balanced, or offset, by the World Land Trust, an international conservation charity.

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

Annual General Meeting

The AGM will be held on Monday 11 November 2013 at 12.30 p.m. at the Company's registered office. The formal notice of the AGM, including details of the business to be conducted at the meeting and explanations of the resolutions, is set out in the separate circular to be sent to shareholders with this report.

Directors' statement as to disclosure of information to auditors

The directors who were members of the Board at the time of approving this report are listed on page 15. Each of those directors confirms that:

- to the best of their knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and

- they have 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

Debbie Fish ACIS
For and on behalf of
Henderson Secretarial Services Limited
Company Secretary

7 October 2013

Statement of Directors' Responsibilities

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 prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. 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 Group and the Company and of the profit or loss of the Group for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors consider that the annual report and financial statements are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Statement under DTR 4.1.12

Each of the directors, who are listed on page 15, confirms that, to the best of their knowledge:

- the Group and Parent Company financial statements, which have been prepared in accordance with IFRS as adopted by the European Union on a going concern basis, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Parent Company; and
- the annual report and financial statements include a fair review of the development and performance of the business and the position of the Group and Parent Company, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board
Christopher Casey, Director
7 October 2013

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

Independent Auditors' Report
to the members of TR European Growth Trust PLC

We have audited the financial statements of TR European Growth Trust PLC for the year ended 30 June 2013 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 29, 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 Group's and the Parent 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 Annual 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 Group's and of the Parent Company's affairs as at 30 June 2013 and of the Group's profit and Group's and Parent Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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

Independent Auditors' Report
continued

- 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 19, 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
7 October 2013

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2013

Notes		Year ended 30 June 2013 Revenue return £'000	Capital return £'000	Total £'000	Year ended 30 June 2012 Revenue return £'000	Capital return £'000	Total £'000
2	Investment income	**5,795**	**–**	**5,795**	4,722	–	4,722
3	Other income	**27**	**–**	**27**	2	–	2
10	Gains/(losses) on investments held at fair value through profit or loss	**–**	**61,046**	**61,046**	–	(77,519)	(77,519)
	Total income/(loss)	**5,822**	**61,046**	**66,868**	4,724	(77,519)	(72,795)
	Expenses						
4	Management fees	**(223)**	**(1,256)**	**(1,479)**	(190)	(761)	(951)
5	Other operating expenses	**(503)**	**–**	**(503)**	(512)	–	(512)
	Profit/(loss) before finance costs and taxation	**5,096**	**59,790**	**64,886**	4,022	(78,280)	(74,258)
6	Finance costs	**(70)**	**(281)**	**(351)**	(87)	(350)	(437)
	Profit/(loss) before taxation	**5,026**	**59,509**	**64,535**	3,935	(78,630)	(74,695)
7	Taxation	**(381)**	**(39)**	**(420)**	(454)	–	(454)
	Profit/(loss) for the year and total comprehensive income/(loss)	**4,645**	**59,470**	**64,115**	3,481	(78,630)	(75,149)
8	**Return per ordinary share – basic and diluted**	**9.29p**	**119.00p**	**128.29p**	6.89p	(155.73p)	(148.84p)

The total column of this statement represents the Consolidated Statement of Comprehensive Income, prepared in accordance with IFRS, as adopted by the European Union.

The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All income is attributable to the equity holders of TR European Growth Trust PLC, the Parent Company.

The net profit of the Company for the year was £64,115,000 (2012: loss of £75,149,000).

The notes on pages 36 to 57 form part of these financial statements

Consolidated and Parent Company Statements of Changes in Equity

for the year ended 30 June 2013

Consolidated — Year ended 30 June 2013

Notes		Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	Total equity at 1 July 2012	**6,247**	**115,451**	**13,931**	**31,735**	**17,642**	**185,006**
	Total comprehensive income:						
	Profit for the year	**–**	**–**	**–**	**59,470**	**4,645**	**64,115**
	Transactions with owners, recorded directly to equity:						
9	**Ordinary dividends paid**	**–**	**–**	**–**	**–**	**(2,999)**	**(2,999)**
	Refund of unclaimed dividends over 12 years old	**–**	**–**	**–**	**–**	**2**	**2**
	Total equity at 30 June 2013	**6,247**	**115,451**	**13,931**	**91,205**	**19,290**	**246,124**

Consolidated — Year ended 30 June 2012

Notes		Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	Total equity at 1 July 2011	6,329	115,451	13,849	112,472	16,313	264,414
	Total comprehensive income:						
	(Loss)/profit for the year	–	–	–	(78,630)	3,481	(75,149)
	Transactions with owners, recorded directly to equity:						
9	Ordinary dividends paid	–	–	–	–	(2,152)	(2,152)
16	Buy-backs of ordinary shares	(82)	–	82	(2,107)	–	(2,107)
	Total equity at 30 June 2012	6,247	115,451	13,931	31,735	17,642	185,006

Company — Year ended 30 June 2013

Notes		Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	Total equity at 1 July 2012	**6,247**	**115,451**	**13,931**	**32,790**	**16,587**	**185,006**
	Total comprehensive income:						
	Profit for the year	**–**	**–**	**–**	**59,466**	**4,649**	**64,115**
	Transactions with owners, recorded directly to equity:						
9	**Ordinary dividends paid**	**–**	**–**	**–**	**–**	**(2,999)**	**(2,999)**
	Refund of unclaimed dividends over 12 years old	**–**	**–**	**–**	**–**	**2**	**2**
	Total equity at 30 June 2013	**6,247**	**115,451**	**13,931**	**92,256**	**18,239**	**246,124**

Company — Year ended 30 June 2012

Notes		Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	Total equity at 1 July 2011	6,329	115,451	13,849	113,528	15,257	264,414
	Total comprehensive income:						
	(Loss)/profit for the year	–	–	–	(78,631)	3,482	(75,149)
	Transactions with owners, recorded directly to equity:						
9	Ordinary dividends paid	–	–	–	–	(2,152)	(2,152)
16	Buy-backs of ordinary shares	(82)	–	82	(2,107)	–	(2,107)
	Total equity at 30 June 2012	6,247	115,451	13,931	32,790	16,587	185,006

The notes on pages 36 to 57 form part of these financial statements

Consolidated and Parent Company Balance Sheets
at 30 June 2013

Notes		Consolidated 2013 £'000	Consolidated 2012 £'000	Company 2013 £'000	Company 2012 £'000
	Non current assets				
10	Investments held at fair value through profit or loss	**275,574**	202,543	**276,556**	203,529
	Current assets				
13	Receivables	**3,784**	2,026	**3,784**	2,026
	Cash and cash equivalents	**3,403**	3	**3,400**	–
		7,187	2,029	**7,184**	2,026
	Total assets	**282,761**	204,572	**283,740**	205,555
	Current liabilities				
14	Payables	**(4,075)**	(790)	**(5,054)**	(1,773)
	Bank overdrafts	**(32,562)**	(18,776)	**(32,562)**	(18,776)
		(36,637)	(19,566)	**(37,616)**	(20,549)
	Net assets	**246,124**	185,006	**246,124**	185,006
	Equity attributable to equity shareholders				
16	Called up share capital	**6,247**	6,247	**6,247**	6,247
17	Share premium account	**115,451**	115,451	**115,451**	115,451
18	Capital redemption reserve	**13,931**	13,931	**13,931**	13,931
	Retained earnings:				
18	Other capital reserves	**91,205**	31,735	**92,256**	32,790
19	Revenue reserve	**19,290**	17,642	**18,239**	16,587
20	**Total equity**	**246,124**	185,006	**246,124**	185,006
20	**Net asset value per ordinary share – basic and diluted**	**492.49p**	370.19p	**492.49p**	370.19p

The financial statements on pages 32 to 35 were approved by the Board on 7 October 2013 and signed on its behalf by:

Christopher Casey
Director

The notes on pages 36 to 57 form part of these financial statements

Consolidated and Parent Company Cash Flow Statements

for the year ended 30 June 2013

	Year ended 30 June 2013		Year ended 30 June 2012	
	Consolidated £'000	**Company £'000**	Consolidated £'000	Company £'000
Operating activities				
Profit/(loss) before taxation	**64,535**	**64,535**	(74,695)	(74,695)
Add back: interest payable	**351**	**351**	437	437
(Less)/add (gains)/losses on investments held at fair value through profit or loss	**(61,046)**	**(61,042)**	77,519	77,520
Sales of investments held at fair value through profit or loss	**95,673**	**95,673**	106,945	106,945
Purchases of investments held at fair value through profit or loss	**(106,042)**	**(106,042)**	(117,726)	(117,726)
Loss on forward exchange contracts	**(129)**	**(129)**	–	–
Withholding tax on dividends deducted at source	**(707)**	**(707)**	(630)	(630)
Increase in prepayments and accrued income	**(281)**	**(281)**	(57)	(57)
(Increase)/decrease in amounts due from brokers	**(1,393)**	**(1,393)**	553	553
Increase/(decrease) in accruals and deferred income	**451**	**447**	(116)	(117)
Increase in amounts due to brokers	**2,958**	**2,958**	225	225
Net cash outflow from operating activities before interest and taxation	**(5,630)**	**(5,630)**	(7,545)	(7,545)
Interest paid	**(351)**	**(351)**	(437)	(437)
Taxation recovered	**208**	**208**	182	182
Net cash outflow from operating activities	**(5,773)**	**(5,773)**	(7,800)	(7,800)
Financing activities				
Equity dividends paid (net of refund of unclaimed dividends– see note 9)	**(2,997)**	**(2,997)**	(2,152)	(2,152)
Buy-backs of ordinary shares	**–**	**–**	(2,107)	(2,107)
Net cash used in financing	**(2,997)**	**(2,997)**	(4,259)	(4,259)
Decrease in cash and cash equivalents	**(8,770)**	**(8,770)**	(12,059)	(12,059)
Cash and cash equivalents at the start of year	**(18,773)**	**(18,776)**	(8,357)	(8,360)
Exchange movements	**(1,616)**	**(1,616)**	1,643	1,643
Cash and cash equivalents at the end of year	**(29,159)**	**(29,162)**	(18,773)	(18,776)
Comprising:				
Cash at bank	**3,403**	**3,400**	3	–
Bank overdrafts	**(32,562)**	**(32,562)**	(18,776)	(18,776)
	(29,159)	**(29,162)**	(18,773)	(18,776)

The notes on pages 36 to 57 form part of these financial statements

Notes to the Financial Statements

1 Accounting policies

a) Basis of preparation

The consolidated and Parent Company financial statements for the year ended 30 June 2013 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and with those parts of the Companies Act 2006 ("the Act") applicable to companies reporting under IFRS. IFRS comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), together with interpretations of the International Accounting Standards and Standing Interpretations Committee approved by the International Accounting Standards Committee ("IASC") that remain in effect to the extent that IFRS have been adopted by the European Union. The accounting policies have been consistently applied in the current and previous year.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas which assumptions and estimates are significant to the financial statements are disclosed in notes 10, 11 and 15.5.

The Company's shareholders are asked every three years to vote for the continuation of the Company. An ordinary resolution to this effect will be put to shareholders at the annual general meeting ("AGM") to be held on 11 November 2013 and the Board has no reason to believe that this resolution will not be passed. Therefore the financial statements have been prepared on a going concern basis. They have also been prepared on the historical cost basis, except for the revaluation of certain financial instruments at fair value through profit and loss. The principal accounting policies adopted are set out below. Where presentational guidance set out in the Statement of Recommended Practice ("SORP") for investment trusts issued by the Association of Investment Companies ("AIC") in January 2009 is consistent with the requirements of IFRS, the directors have sought to prepare the financial statements on a basis consistent with the recommendations of the SORP.

The financial position of the Group is described in the Business Review on pages 17 to 21. Note 15 to the financial statements includes the Group's policies and process for managing its capital; its financial risk management objectives; and details of financial instruments and exposure to credit risk and liquidity risk.

Accounting standards

i) New and amended standards adopted by the Company

- IAS 1 (amendment), Presentation of Financial Statements – amendments regarding other comprehensive income. No impact on financial statements.

ii) New standards, amendments and interpretations issued but not effective for the current financial year and not early adopted by the Company:

- IFRS 7 (amendment), Financial Instruments – Disclosures (effective for financial periods beginning on or after 1 January 2013) – amendments enhancing disclosures about offsetting financial assets and financial liabilities.
- IAS 32 (amendment), Financial Instruments – Presentation (effective for financial periods beginning on or after 1 January 2014) – amendment that updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.
- IFRS 9, 'Financial instruments' (effective for financial periods beginning on or after 1 January 2015) – addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the financial accounting period beginning on or after 1 January 2013, subject to endorsement by the EU.

1 Accounting policies (continued)

- IFRS 13, 'Fair value measurement' (effective for financial periods beginning on or after 1 January 2013) – aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. The Company is yet to assess IFRS13's full impact and intends to adopt IFRS 13 no later than the financial accounting period beginning on or after 1 January 2013.
- IFRS 10, Consolidated financial statements, (effective for financial periods beginning on or after 1 January 2013) – This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. Owing to the subsidiary being wholly owned, this standard will not have any additional impact on the Company.

iii) New standards, amendments and interpretations issued but not effective for the current financial year and not relevant to the Company's operations:

- IFRS 1 (amendments), First Time Adoption of International Financial Reporting Standards
- IFRS 11, Joint Arrangements
- IAS 12 (amendment), Income Taxes
- IAS 27 Separate Financial Statement
- IAS 28 Associates and joint venture
- IAS 19, Employee benefits
- IFRS 12, Disclosure of interest in other entities

b) Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and of its sole wholly owned subsidiary undertaking, TREG Finance Limited (the "subsidiary"). Consistent accounting policies have been used across the Group. The intragroup balances are eliminated on consolidation. The investment in the subsidiary is recognised at fair value in the financial statements of the Company.

c) Investments held at fair value through profit or loss

All investments are designated upon initial recognition as held at fair value through profit or loss. Investment transactions are accounted for on a trade date basis. Proceeds are measured at fair value, which are regarded as the proceeds of sale less any transaction costs. The fair value of the financial instruments in the balance sheet is based on their quoted bid price at the balance sheet date, without deduction of the estimated future selling costs. Unquoted investments (including the Company's investment in its subsidiary) are valued by the directors using primary valuation techniques such as earnings multiples, recent transactions and net assets. Where fair value cannot be reliably 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 Consolidated Statement of Comprehensive Income as "Gains or losses on investments held at fair value through profit or loss". Also included within this caption are transaction costs in relation to the purchase or sale of investments, including the difference between the purchase price of an investment and its bid price at the date of purchase.

1 Accounting policies (continued)

d) Presentation of Statement of Comprehensive Income

In order to better reflect the activities of an investment trust company, and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income. Additionally, the net revenue is the measure the directors believe appropriate in assessing the Group's compliance with certain requirements set out in Section 1158 of the Corporation Tax Act 2010.

e) Income

Dividends receivable on equity shares are recognised as revenue for the year on an ex-dividend basis. Special dividends are treated as revenue return or as capital return, depending on the facts of each individual case. Bank deposit interest 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 created. Any such derivatives are recognised initially at fair value. They are re-measured subsequently at fair value, with the related gains and losses being reflected in the Statement of Comprehensive Income. 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) Expenses

All expenses and interest payable are accounted for on an accruals basis. On the basis of the Board's expected long-term split of total returns in the form of capital and revenue returns of 80% and 20%, respectively, the Company charges 80% of its finance costs and management fees to capital. Any performance fees payable are allocated wholly to capital, reflecting the fact that although they are calculated on a total return basis they are expected to be attributable largely, if not wholly, to capital performance. Expenses which are incidental to the purchase or sale of an investment are charged to the capital return column of the Statement of Comprehensive Income and allocated to other capital reserves. All other operating expenses are charged to the revenue return column of the Statement of Comprehensive Income.

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 Statement of Comprehensive Income 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 Group's liability for current tax is calculated using the effective tax 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 Statement of Comprehensive Income 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 Statement of Comprehensive Income, then no tax relief is transferred to the capital return column.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Investment trusts which have approval as such under Section 1158 of the Corporation Tax Act 2010 are not liable for taxation on capital gains.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1 Accounting policies (continued)

h) 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 Statement of Changes in Equity.

i) Foreign currency

For the purposes of the consolidated financial statements, the results and financial position of each entity are expressed in pounds sterling, which is the functional currency of the Company and of its subsidiary and the presentational currency of the Group. Sterling is the functional currency because it is the currency of the primary economic environment in which the Company and its subsidiary 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 that are denominated in overseas currencies at the balance sheet date are translated into sterling at the exchange rates ruling at that date. Exchange gains and losses on investments held at fair value through profit or loss are included within "Gains or losses on investments held at fair value through profit or loss".

j) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. In the Cash Flow Statement, cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. In the Balance Sheet, bank overdrafts are shown within borrowings in current liabilities.

k) Bank borrowings

Interest bearing bank loans and overdrafts are recorded initially at fair value, being the proceeds received, net of direct issue costs. They are subsequently measured at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Statement of Comprehensive Income 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.

l) Receivables

Receivables are amounts due from securities sold for future settlement, withholding tax recoverable, prepayments and accrued income in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non current assets. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

m) Payables

Trade payables are obligations to pay for securities purchased for future settlement, amounts due to the subsidiary undertaking, accruals and deferred income that have been acquired/incurred in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

n) Repurchase of ordinary shares

The costs of repurchasing ordinary shares, including related stamp duty and transaction costs, are taken directly to equity and dealt with in the Statement of Changes in Equity. Share repurchase transactions are accounted for on a trade date basis. The nominal value of ordinary share capital repurchased and cancelled is transferred out of called up share capital and into the capital redemption reserve.

Notes to the Financial Statements
continued

1 Accounting policies (continued)

o) Capital reserves

The following are accounted for in the “Capital reserve arising on investments sold”:

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

The following are accounted for in the “Capital reserve arising on revaluation of investments held”:

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

p) Key estimates and assumptions

Estimates and assumptions used in preparing the financial statements are reviewed on an ongoing basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these estimates and assumptions form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

The only estimates and assumptions that may cause material adjustment to the carrying value of assets and liabilities relate to the valuation of unquoted investments. These are valued in accordance with the techniques set out in note 1 c). At the year end, unquoted investments represented 5.4% of net assets (2012: 6.2%). These comprise the entirety of the Group’s Level 3 investments in Note 15.

q) Operating segments

Under IFRS 8, operating segments are considered to be the components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The directors meet regularly to consider investment strategy and monitor the Company’s performance. The Portfolio Manager, who has been appointed to manage the Company’s investments, attends all Board meetings at which investment strategy and performance are discussed. The directors consider that the Group has one operating segment, being the Parent Company’s activity of investing in shares and securities primarily for capital appreciation in accordance with the Company’s published investment objective. Its wholly owned subsidiary, exists to trade in securities to enhance the Group’s returns but has not entered into any such transactions in recent years.

An analysis of investment activity by country has been provided in the Investment Activity table on page 8. Further analyses of expenses, investment gains or losses, profit and other assets and liabilities by country have not been given as either it is not possible to prepare such information in a meaningful way or the results are not considered to be significant.

2 Investment income

	2013 £’000	2012 £’000
Overseas dividend income from listed investments	**5,795**	4,722

All dividend income is derived from investments in Continental Europe.

3 Other income

	2013 £’000	2012 £’000
Bank interest	**6**	2
Underwriting commission (allocated to revenue)*	**21**	–
	27	2

*The Company was not required to take up any shares in respect of its underwriting commitments in this or the previous year.

4 Management & performance fee	2013 Revenue return £'000	2013 Capital return £'000	2013 Total £'000	2012 Revenue return £'000	2012 Capital return £'000	2012 Total £'000
Management fees	**223**	**894**	**1,117**	190	761	951
Performance fee	**–**	**362**	**362**	–	–	–
Total	**223**	**1,256**	**1,479**	190	761	951

A summary of the terms of the management agreement is given on page 20 in the Report of the Directors.

5 Other operating expenses	2013 £'000	2012 £'000
Auditors' remuneration:		
– audit services relating to the Group and Parent Company	**25**	24
– audit services relating to the subsidiary undertaking	**1**	1
– non audit services	**2**	2
Directors' emoluments (see Directors' Remuneration Report on page 16)	**132**	121
Other expenses payable to the management company*	**17**	25
Custody fees	**58**	115
Printing	**30**	30
AIC fee	**23**	24
Irrecoverable VAT	**33**	23
Other expenses	**182**	147
	503	512

*Other expenses payable to the management company relate to marketing services.

6 Finance costs	2013 Revenue return £'000	2013 Capital return £'000	2013 Total £'000	2012 Revenue return £'000	2012 Capital return £'000	2012 Total £'000
Bank overdraft interest	**70**	**281**	**351**	87	350	437

7 Taxation	2013 Revenue return £'000	2013 Capital return £'000	2013 Total £'000	2012 Revenue return £'000	2012 Capital return £'000	2012 Total £'000
a) Analysis of charge in year						
Foreign withholding taxes	**707**	**68**	**775**	709	–	709
Overseas tax reclaimable	**(263)**	**(29)**	**(292)**	(255)	–	(255)
Prior year adjustment	**(63)**	**–**	**(63)**	–	–	–
Total current tax for the year (see note 7 b))	**381**	**39**	**420**	454	–	454

7 Taxation (continued)

b) Factors affecting tax charge for the year

The standard rate of corporation tax in the UK changed from 24% to 23% with effect from 1 April 2013. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 23.75%.

The tax assessed for the year ended 30 June 2013 is lower than the effective rate of corporation tax of 23.75% (2012: 25.5%).

	2013 Revenue return £'000	2013 Capital return £'000	2013 Total £'000	2012 Revenue return £'000	2012 Capital return £'000	2012 Total £'000
Net profit/(loss) on ordinary activities before taxation	**5,026**	**59,509**	**64,535**	3,935	(78,630)	(74,695)
Corporation tax at 23.75% (2012: 25.5%)	**1,194**	**14,133**	**15,327**	1,003	(20,050)	(19,047)
Effects of:						
(Gains)/losses on investments held not taxable	**–**	**(14,498)**	**(14,498)**	–	19,767	19,767
Capital expenses unutilised for tax purposes	**–**	**365**	**365**	–	283	283
Non-taxable dividends	**(1,358)**	**–**	**(1,358)**	(1,204)	–	(1,204)
Overseas tax	**444**	**39**	**483**	454	–	454
Disallowable expenses	**–**	**–**	**–**	3	–	3
Losses available to be utilised	**164**	**–**	**164**	198	–	198
Prior year adjustment	**(63)**	**–**	**(63)**	–	–	–
Tax charge	**381**	**39**	**420**	454	–	454

c) Provision for deferred taxation

No provision for deferred taxation has been made in the current year or in the prior year. Due to the Company's tax status as an investment trust and the intention to continue meeting the conditions required to obtain approval of such status in the foreseeable future, the Company has not provided deferred tax on any capital gains arising on the revaluation or disposal of investments.

d) Factors that may affect future tax charges

The Group has not recognised deferred tax assets of £2,390,000 (2012: £1,960,000) arising as a result of loan relationship deficits and excess management expenses. These expenses will only be utilised if the Group has profits chargeable to corporation tax in the future.

8 Return per ordinary share

The return per ordinary share figure is based on the net profit for the year of £64,115,000 (2012: loss of £75,149,000) and on the weighted average number of ordinary shares in issue during the year of 49,975,897 (2012: 50,489,161).

The return per ordinary share figure detailed above can be further analysed between revenue and capital, as below. The Company has no securities in issue that could dilute the return per ordinary share. Therefore the basic and diluted return per ordinary share are the same.

8 Return per ordinary share (continued)

	2013 £'000	2012 £'000
Net revenue profit	**4,645**	3,481
Net capital profit/(loss)	**59,470**	(78,630)
Net profit/(loss)	**64,115**	(75,149)
Weighted average number of ordinary shares in issue during the year	**49,975,897**	50,489,161

	Pence	Pence
Revenue return per ordinary share	**9.29**	6.89
Capital return per ordinary share	**119.00**	(155.73)
Total return per ordinary share	**128.29**	(148.84)

9 Dividends

	2013 £'000	2012 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend of 4.50p and special dividend of 1.50p per ordinary share for the year ended 30 June 2012 (2012: final dividend of 3.60p and special dividend of 0.65p per ordinary share for the year ended 30 June 2011)	**2,999**	2,152
	2,999	2,152

The final dividend of 4.50p and the special dividend of 1.50p per ordinary share in respect of the year ended 30 June 2012 were paid on 9 November 2012 to shareholders on the register of members at the close of business on 5 October 2012. The total dividend paid amounted to £2,999,000.

Subject to approval at the AGM in November 2013, the proposed final dividend of 6.00p and a special dividend of 2.00p per ordinary share will be paid on 18 November 2013 to shareholders on the register of members at the close of business on 18 October 2013. The shares will be quoted ex-dividend on 16 October 2013.

The proposed final and special dividends for the year ended 30 June 2013 have not been included as a liability in these financial statements. Under IFRS, these dividends are not recognised until approved by shareholders.

During the year the Company received a refund of £2,000 of unclaimed dividends over 12 years old.

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

	Consolidated 2013 £'000	Consolidated 2012 £'000	Company 2013 £'000	Company 2012 £'000
Revenue available for distribution by way of dividends for the year	**4,645**	3,481	**4,649**	3,482
Proposed total dividend for the year ended 30 June 2013 – 8.00p (2012: 6.00p) (comprising a final dividend of 6.00p and a special dividend of 2.00p) (based on 49,975,897 shares in issue at 4 October 2013)	**(3,998)**	(2,999)	**(3,998)**	(2,999)
Revenue surplus	**647**	482	**651**	483

For Section 1158 purposes the Company's undistributed revenue represents 11.2% of the income from investments of £5,795,000.

Notes to the Financial Statements
continued

10 Investments held at fair value through profit or loss

a) Consolidated

	2013 £'000	2012 £'000
Cost at 1 July	**264,907**	249,664
Investment holding (losses)/gains at 1 July	**(62,364)**	21,136
Valuation at 1 July	**202,543**	270,800
Movements in the year:		
Acquisitions at cost	**106,042**	117,726
Disposals at cost	**(97,468)**	(102,483)
Movements in investment holding losses/(gains)	**64,457**	(83,500)
Valuation at 30 June	**275,574**	202,543
Cost at 30 June	**273,481**	264,907
Investment holding gains/(losses)	**2,093**	(62,364)
Valuation at 30 June	**275,574**	202,543

Included in the total investments are unquoted investments shown at the directors' fair valuation of £14,886,000 (2012: £11,439,000).

At 30 June 2013 no convertible or fixed interest securities were held in the portfolio (2012: none).

b) Company

	Investments £'000	Subsidiary undertaking £'000	Total £'000
2013			
Cost at 1 July 2012	264,907	–	**264,907**
Investment holding (losses)/gains at 1 July 2012	(62,364)	986	**(61,378)**
Valuation at 1 July 2012	202,543	986	**203,529**
Movements in the year:			
Acquisitions at cost	106,042	–	**106,042**
Disposals at cost	(97,468)	–	**(97,468)**
Movements in investment holding gains/(losses)	64,457	(4)	**64,453**
Valuation at 30 June 2013	275,574	982	**276,556**
Cost at 30 June 2013	273,481	–	**273,481**
Investment holding gains	2,093	982	**3,075**
Valuation at 30 June 2013	275,574	982	**276,556**

Included in the total investments are unquoted investments shown at the directors' fair valuation of £15,868,000 (2012: £12,425,000).

Purchase and sale transaction costs for the Company during the year ended 30 June 2013 were £179,000 and £127,000 respectively (2012: transaction costs of purchases £214,000; transaction costs of sales £141,000). These comprise mainly stamp duty and commission.

10 Investments held at fair value through profit or loss (continued)

b) Company (continued)	Investments £'000	Subsidiary undertaking £'000	Total £'000
2012			
Cost at 1 July 2011	249,664	–	249,664
Investment holding gains at 1 July 2011	21,136	987	22,123
Valuation at 1 July 2011	270,800	987	271,787
Movements in the year:			
Acquisitions at cost	117,726	–	117,726
Disposals at cost	(102,483)	–	(102,483)
Movements in investment holding gains	(83,500)	(1)	(83,501)
Valuation at 30 June 2012	202,543	986	203,529
Cost at 30 June 2012	264,907	–	264,907
Investment holding (losses)/gains	(62,364)	986	(61,378)
Valuation at 30 June 2012	202,543	986	203,529

Included in the total investments are unquoted investments shown at the directors' fair valuation of £12,425,000 (2011: £20,342,000).

Purchase and sale transaction costs for the Company during the year ended 30 June 2012 were £214,000 and £141,000 respectively (2011: transaction costs of purchases £121,000; transaction costs of sales £186,000). These comprise mainly stamp duty and commission.

c) Total capital gains/(losses) from investments	**2013 £'000**	2012 £'000
Realised (losses)/gains based on historical cost	**(1,795)**	4,462
Add/(less) revaluation losses/(gains) recognised in previous years	**16,771**	(12,123)
Gains/(losses) on investments sold in the year on carrying value at the previous balance sheet date	**14,976**	(7,661)
Revaluation of investments held at 30 June	**47,686**	(71,377)
Exchange (losses)/gains	**(1,616)**	1,519
	61,046	(77,519)

A geographical analysis of capital losses is shown in the investment activity table on page 8.

Notes to the Financial Statements

continued

11 Subsidiary undertaking and other investee company information

TREG Finance Limited

The Company has an investment in the entire issued ordinary share capital, fully paid, of £2 in its wholly owned subsidiary undertaking, TREG Finance Limited, which is registered in England and Wales and operates in the United Kingdom as an investment dealing company. The investment is stated in the Company's financial statements at the NAV, which is considered by the directors to equate to fair value. The amount due to the subsidiary company at 30 June 2013 amounted to £982,000 (2012: £986,000). This payable has been eliminated on consolidation.

21 Centrale Partners III (unquoted investment)

21 Centrale Partners III is in the top ten largest investments as at 30 June 2013. It is valued at £6,358,000 (2012: £5,169,000), which includes all classes of investment. The Company owns 3.02% of its share capital, which was acquired at a cost of £5,871,000. The following information has been obtained from the most recently available audited accounts of the partnership for the year ended 31 December 2012:

Profit per share	€2.09
Dividend per share	€nil
Net assets attributable to the interest held by the Company	€7,005,000

Brainlab (unquoted investment)

Brainlab, a medical technology company, is in the top ten largest investments as at 30 June 2013. It is valued at £7,620,000 (2012: £5,972,000), which includes all classes of investment. The Company owns 6.9% of Brainlab's share capital, which was acquired at a cost of £10,565,000. The valuation of the holding in Brainlab is considered with reference to a number of valuation measures, both absolute and relative to a basket of listed peers. The following information has been obtained from the most recently available audited accounts of Brainlab for the year ended 30 September 2012:

Profit per share	€0.65
Dividend per share	€0.22
Net assets attributable to the ordinary shares held by the Company	€4,624,000

12 Substantial interests

The Group has interests of 3% or more of any class of capital in 5 investee companies. At 30 June 2013 no one company represented more than 3% of the investments. These investments are not considered by the directors to be significant in the context of these financial statements.

Company	Valuation £'000	% of issued share capital
Brainlab	7,620	6.9
CFI	1,167	3.1
Batla Minerals	809	10.0

STS and Safwood are Level 3 securities and are valued at zero in the portfolio at 30 June 2013.

13 Receivables	Consolidated 2013 £'000	Consolidated 2012 £'000	Company 2013 £'000	Company 2012 £'000
Securities sold for future settlement	**2,845**	1,452	**2,845**	1,452
Withholding tax recoverable	**449**	370	**449**	370
Prepayments and accrued income	**485**	204	**485**	204
Unrealised gain on spot exchange contracts	**5**	–	**5**	–
	3,784	2,026	**3,784**	2,026

14 Payables	Consolidated 2013 £'000	Consolidated 2012 £'000	Company 2013 £'000	Company 2012 £'000
Securities purchased for future settlement	**3,251**	293	**3,251**	293
Amounts due to subsidiary undertaking	**–**	–	**982**	984
Accruals and deferred income	**824**	373	**821**	372
Unrealised loss on forward exchange contracts	**–**	124	**–**	124
	4,075	790	**5,054**	1,773

15 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 objectives as stated on the inside front cover and in the Business Review. In pursuing its investment objective, the Group is exposed to a variety of financial risks that could result in either a reduction in the Group'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 risk, and the directors' approach to the management of these risks, are set out below. The Board of directors and the Manager co-ordinate the Group's risk management.

The Board determines the objectives, policies and processes for managing the risks, and these are set out below under the relevant risk category. The policies for the management of risk have not changed from the previous accounting period.

15.1 Market risk

The fair value of a financial instrument held by the Group may fluctuate due to changes in market prices. 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 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 Risk management policies and procedures (continued)

15.1.1 Market price risk

Market price risks (i.e. changes in market prices other than those arising from interest rate risk or currency risk) may affect the fair value of the quoted and unquoted investments.

Management of the risk

The Board of directors manages the risks inherent in the investment portfolio by ensuring full and timely reporting of relevant information from the Manager. Investment performance is reviewed at each Board meeting. The Board monitors the Manager's compliance with the Group's objectives and is directly responsible for investment strategy and asset allocation, including as between countries and economies.

The Group's exposure to changes in market prices on equity investments was £275,574,000 (2012: £202,543,000).

Concentration of exposure to market price risk

An analysis of the Group's investment portfolio is shown on pages 13 and 14. There is a concentration of exposure to France, Germany and Switzerland though it is recognised that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country.

Market price risk sensitivity

Based on the Group's investments at each balance sheet date, an increase or decrease of 20% (2012: 20%) in market prices would increase or decrease revenue return after tax by £55,000 (2012: £41,000), capital return after tax by £54,894,000 (2012: £40,347,000) and total profit after tax and total equity by £54,839,000 (2012: £40,306,000). This level of change is considered to be reasonable based on current market conditions.

15.1.2 Currency risk

A proportion of the Group's assets, liabilities, income and expenses are denominated in currencies other than sterling (the Group'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 Group's exposure to foreign currencies on a daily basis and reports to the Board at each Board meeting. The Manager measures the risk to the Group of the foreign currency exposure by considering the effect on the Group's NAV and total return of a movement in the exchange rate to which the Group's assets, liabilities, income and expenses are exposed.

Foreign currency borrowing and financial instruments may be used to limit the Group's exposure to future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. Borrowings are limited to 30% of NAV.

Investment income denominated in foreign currencies is converted into sterling on receipt. The Group 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

The fair values of the Group's monetary items that have foreign currency exposure at year end are shown below. Where the Group's equity investments (which are not monetary items) are denominated in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

15 Risk management policies and procedures (continued)

2013	**Euro £'000**	**US$ £'000**	**Swiss franc £'000**	**Other £'000**
Receivables (securities sold for future settlement, dividends and other income receivable)	**2,201**	**–**	**52**	**867**
Payables (securities purchased for future settlement, accruals and other payables)	**(1,519)**	**–**	**(140)**	**(1,620)**
Bank overdrafts	**(32,562)**	**–**	**–**	**–**
Total foreign currency exposure on net monetary items	**(31,880)**	**–**	**(88)**	**(753)**
Investments	**195,437**	**1,441**	**37,606**	**35,682**
Total net foreign currency exposure	**163,557**	**1,441**	**37,518**	**34,929**

2012	Euro £'000	US$ £'000	Swiss franc £'000	Other £'000
Receivables (securities sold for future settlement, dividends and other income receivable)	1,336	–	62	605
Payables (securities purchased for future settlement, accruals and other payables)	(409)	–	–	(7)
Total foreign currency exposure on net monetary items	927	–	62	598
Investments	153,498	1,117	25,612	22,316
Total net foreign currency exposure	154,425	1,117	25,674	22,914

The above amounts are not representative of the exposure to risk during each year, as levels of monetary foreign currency exposure change significantly throughout the year.

Foreign currency sensitivity

The following tables illustrate the sensitivity of the total profit after tax for the year and the net assets in regard to movements in the Company's foreign currency financial assets and financial liabilities caused by changes in the exchange rates for the euro/sterling, US dollar/sterling, Swiss franc/sterling and other/sterling.

It assumes the following changes in exchange rates:
Euro/sterling +/- 10% (2012: 10%). US dollar/sterling +/- 10% (2012: 10%).
Swiss franc/sterling +/- 10% (2012: 10%). Other/sterling +/- 10% (2012: 10%).

These percentages are deemed reasonable based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial assets and financial liabilities held at each balance sheet date.

15 Risk management policies and procedures (continued)

The impact on the total profit after tax and the year end net assets of a depreciation in the year end exchange rate for sterling against the currencies shown would have been as follows:

	2013				2012			
	Euro £'000	US$ £'000	Swiss franc £'000	Other £'000	Euro £'000	US$ £'000	Swiss franc £'000	Other £'000
Profit after tax								
Revenue return	**399**	**10**	**67**	**60**	335	6	71	47
Capital return	**18,023**	**159**	**4,161**	**3,949**	16,801	123	2,834	2,654
Change to profit after tax for the year	**18,422**	**169**	**4,228**	**4,009**	17,136	129	2,905	2,701
Impact on net assets	**18,422**	**169**	**4,228**	**4,009**	17,136	129	2,905	2,701

The impact on the total profit after tax and the year end net assets of an appreciation in the year end exchange rate for sterling against the currencies shown would have been as follows:

	2013				2012			
	Euro £'000	US$ £'000	Swiss franc £'000	Other £'000	Euro £'000	US$ £'000	Swiss franc £'000	Other £'000
Profit after tax								
Revenue return	**(327)**	**(9)**	**(56)**	**(49)**	(274)	(5)	(59)	(38)
Capital return	**(14,746)**	**(130)**	**(3,405)**	**(2,581)**	(13,747)	(102)	(2,318)	(2,171)
Change to profit after tax for the year	**(15,073)**	**(139)**	**(3,461)**	**(2,630)**	(14,021)	(107)	(2,377)	(2,209)
Impact on net assets	**(15,073)**	**(139)**	**(3,461)**	**(2,630)**	(14,021)	(107)	(2,377)	(2,209)

In the opinion of the directors, the above sensitivity analyses are not representative of the year as a whole since the level of exposure changes frequently as part of the currency risk management process used to meet the Group's objective.

15.1.3 Interest rate risk

Interest rate movements may affect the level of interest receivable from cash and cash equivalents and the interest payable on the Group's short term borrowings. Interest rate changes may also have an impact on the market value of the Company's equity investments. In particular, the effect of interest rate changes on the earnings of companies held within the portfolio may have a significant impact on the valuations of those companies.

Management of the risk

The Group finances part of its activities through borrowings at levels approved and monitored by the Board. Derivative contracts are not used to hedge against the exposure to interest rate risk.

Interest rate exposure

The exposure of financial assets and liabilities to floating interest rate risk can be found on the balance sheet under the headings "Cash and cash equivalents" and "Bank overdrafts". These amounts are not necessarily representative of the exposure to interest rates during the year as the level of exposure changes as investments are made, borrowings are drawn down and repaid. The Group does not have any fixed interest rate exposure.

Interest received on cash balances or paid on the bank overdraft is at a margin over the applicable base rate (2012: same).

15 Risk management policies and procedures (continued)

Interest rate sensitivity

The impact on the total profit after tax and the year end net assets of an increase or decrease of 100 basis points (2012: 100 basis points) in interest rates would have been as follows:

	Increase in rates 2013 £'000	**Decrease in rates 2013 £'000**	Increase in rates 2012 £'000	Decrease in rates 2012 £'000
Statement of Comprehensive Income				
Profit after tax				
Revenue return	**(31)**	**31**	(38)	38
Capital return	**(261)**	**261**	(150)	150
Change to net profit and net assets	**(292)**	**292**	(188)	188

This level of change is considered to be reasonable based on current market conditions.

In the opinion of the directors, these sensitivity analyses are not representative of the year as a whole since exposure changes as investments are made and borrowings are drawn down or repaid throughout the year.

15.2 Liquidity risk

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

Management of the risk

Liquidity risk is not significant as the majority of the Group's assets are investments in quoted securities that are readily realisable. During the year the Group had a secured multi-currency overdraft facility of £30,000,000 with HSBC Bank plc, the Company's custodian (2012: a £20,000,000 unsecured multi-currency borrowing facility with JPMorgan Chase Bank NA). Since the year end the overdraft facility limit with HSBC has been amended to the lesser of £50,000,000 and 25% of custody assets.

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.

Liquidity risk exposure

The remaining contractual maturities of the financial liabilities at the year end, based on the earliest date on which payment can be required, was as follows:

	2013 3 months or less £'000	**2013 Total £'000**	2012 3 months or less £'000	2012 Total £'000
Current liabilities:				
Borrowings under the overdraft facility	**32,562**	**32,562**	18,776	18,776
Amounts due in relation to securities purchased for future settlement and accruals	**4,075**	**4,075**	790	790
	36,637	**36,637**	19,566	19,566

The Company's cash balances are offset against its borrowings under the overdraft facility for the purposes of monitoring the level of borrowing within the overdraft limit.

15 Risk management policies and procedures (continued)

15.3 Credit risk

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

Management of the risk

Credit risk is managed as follows:

- transactions involving derivatives are entered into only with investment banks, the credit rating of which is taken into account so as to minimise the risk to the Group of default;
- investment transactions are carried out with a large number of approved brokers, whose credit-standard is reviewed periodically by the Manager, and limits are set on the amount that may be due from any one broker;
- cash is held only with reputable banks and is subject to continual review.

None of the Group's financial assets or liabilities is secured by collateral or other credit enhancements.

Outstanding settlements are subject to credit risk. Credit risk is mitigated by the Group through its decision to transact with counterparties of high credit quality. The Group only buys and sells investments through brokers which are approved counterparties, thus minimising the risk of default during settlement. The credit ratings of brokers are reviewed periodically by the Manager and limits are set on the amount that may be due from any one broker.

The Group is also exposed to credit risk through the use of banks for its cash position. Bankruptcy or insolvency of banks may cause the Group's rights with respect to cash held by banks to be delayed or limited. The Group's cash balances are held by the custodian, HSBC Bank plc. The directors believe this counterparty is of high credit quality; therefore the Group has minimal exposure to credit risk.

Credit risk exposure

The table below summarises the maximum credit risk exposure of the Group as at the year end:

	2013 £'000	2012 £'000
Receivables:		
Securities sold for future settlement	**2,845**	1,452
Accrued income	**465**	181
Cash and cash equivalents	**3,403**	3
	6,713	1,636

15.4 Fair values of financial assets and financial liabilities

Financial assets and financial liabilities are either carried in the balance sheet at their fair value (investments) or their carrying amount is a reasonable approximation of fair value due to their short term to maturity (amounts due from securities sold for future settlement, dividends and interest receivable, amounts related to securities purchased for future settlement, accruals, cash and cash equivalents and bank overdrafts).

15.5 Fair value hierarchy disclosures

The table below sets out the fair value measurements using the IFRS 7 fair value hierarchy.

Categorisation within the hierarchy has been determined on the basis of the lowest level of 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 within Level 1.
Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

The valuation techniques used by the Company are explained in the accounting policies note on page 37.

15 Risk management policies and procedures (continued)

15.5 Fair value hierarchy disclosures (continued)

Fair value hierarchy	**Group 2013 £'000**	**Company 2013 £'000**
Equity Investments		
Level 1	**260,688**	**260,688**
Level 2	**–**	**–**
Level 3	**14,886**	**15,868**
Total	**275,574**	**276,556**

Level 3 represents the Group's and Company's unquoted investments. A reconciliation of fair value movements within Level 3 is set out below.

Level 3 investments at fair value through profit or loss	**Group 2013 £'000**	**Company 2013 £'000**
Opening balance	**11,439**	**12,425**
Acquisitions[(1)]	**340**	**340**
Disposal proceeds	**(710)**	**(710)**
Transfers into level[(2)]	**3,429**	**3,429**
	14,498	**15,484**
Total gains included in the Consolidated Statement of Comprehensive Income		
– on assets sold	**8,087**	**8,087**
– on assets held at the year end	**(7,699)**	**(7,703)**
	388	**384**
Closing balance	**14,886**	**15,868**

Fair value hierarchy	Group 2012 £'000	Company 2012 £'000
Equity Investments		
Level 1	191,104	191,104
Level 2	–	–
Level 3	11,439	12,425
Total	202,543	203,529

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

Level 3 investments at fair value through profit or loss	Group 2012 £'000	Company 2012 £'000
Opening balance	19,355	20,342
Acquisitions	137	137
Disposal proceeds	(4,675)	(4,675)
	14,817	15,804
Total gains included in the Consolidated Statement of Comprehensive Income		
– on assets sold	3,301	3,301
– on assets held at the year end	(6,679)	(6,680)
	(3,378)	(3,379)
Closing balance	11,439	12,425

[(1)] Aquisitions in Level 3 relate to the net of calls and distributions on the investment in 21 Centrale Partners III.
[(2)] STS and Pescanova were written down to zero and transferred into Level 3 in 2013.
If the discount rate that has been applied to the valuation of an investment within level 3 would change by +/- 20%, the impact would be an increase or decrease in revenue after tax of £4,000 (2012: £3,000), capital return after tax by £4,334,000 (2012: £3,399,000) and total profit after tax by £4,330,000 (2012: £3,396,000).

15 Risk management policies and procedures (continued)

15.5 Fair value hierarchy disclosures (continued)

The total value of unquoted investments as at 30 June 2013 was £14,886,000 (2012: £11,439,000). A list of unquoted investments is shown on page 11.

15.6 Capital management policies and procedures

The Group's capital management objectives are:
- to ensure that it will be able to continue as a going concern; and
- to maximise the income and capital return to its equity shareholders through an appropriate balance of equity capital and debt.

The portfolio includes unquoted investments which total 5.4% of the total portfolio. These unquoted investments include limited liability partnerships (where the valuations are based on accounts produced by those companies) and unquoted holdings (which are held at directors' valuations).

The Group's capital at 30 June 2013 comprised its equity share capital, reserves and debt that are shown in the balance sheet at a total of £278,686,000 (2012: £203,782,000).

The Board, with the assistance of the Manager, monitors and reviews the broad structure of the Group's capital on an ongoing basis. This review includes:
- the need to buy back equity shares for cancellation, which takes account of the difference between the NAV per share and the share price (i.e. the level of share price discount or premium);
- the need for new issues of equity shares;
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's policies and processes for managing capital are unchanged from the preceding accounting period.

The Company is subject to the following externally imposed capital requirements:
- 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 one of the two capital restriction tests imposed on investment companies by law.

These requirements are unchanged since last year, and the Company has complied with them.

16 Called up share capital (Group & Company)

	2013 number of shares	2013 £'000	2012 number of shares	2012 £'000
Allotted, issued and fully paid				
Ordinary shares of 12.5p	**49,975,897**	**6,247**	49,975,897	6,247

During the year no (2012: 658,332 at a cost of £2,107,000) ordinary shares were bought back for cancellation. No shares were bought back between 30 June 2013 and 4 October 2013.

17 Share premium account

	Group and Company £'000
At 1 July 2012 and at 30 June 2013	**115,451**

18 Capital redemption reserve and other capital reserves

2013

a) Consolidated

	Capital redemption reserve £'000	Capital reserve arising on revaluation of investments held £'000	Capital reserve arising on investments sold £'000	Total £'000
At 1 July 2012	**13,931**	(62,364)	94,099	**31,735**
Transfer on disposal of investments (see note 10 c))	**–**	16,771	(16,771)	**–**
Capital gains for the year	**–**	47,686	14,976	**62,662**
Expenses, finance costs and taxation charged to capital	**–**	–	(1,576)	**(1,576)**
Net loss on foreign exchange	**–**	–	(1,616)	**(1,616)**
At 30 June 2013	**13,931**	**2,093**	**89,112**	**91,205**

The capital reserve arising on revaluation of investments held at 30 June 2013 includes a loss of £26,852,000 in respect of the revaluation of unquoted investments (2012: loss of £19,153,000).

b) Company

	Capital redemption reserve £'000	Capital reserve arising on revaluation of investments held £'000	Capital reserve arising on investments sold £'000	Total £'000
At 1 July 2012	**13,931**	(61,378)	94,168	**32,790**
Transfer on disposal of investments (see note 10 c))	**–**	16,771	(16,771)	**–**
Capital gains for the year	**–**	47,682	14,976	**62,658**
Expenses, finance costs and taxation charged to capital	**–**	–	(1,576)	**(1,576)**
Net gain on foreign exchange	**–**	–	(1,616)	**(1,616)**
At 30 June 2013	**13,931**	**3,075**	**89,181**	**92,256**

The capital reserve arising on revaluation of investments held at 30 June 2013 includes a loss of £25,870,000 in respect of the revaluation of unquoted investments (2012: loss of £18,167,000).

2012

a) Consolidated

	Capital redemption reserve £'000	Capital reserve arising on revaluation of investments held £'000	Capital reserve arising on investments sold £'000	Total £'000
At 1 July 2011	13,849	21,136	91,336	112,472
Transfer on disposal of investments (see note 10c))	–	(12,123)	12,123	–
Capital losses for the year	–	(71,377)	(7,661)	(79,038)
Expenses and finance costs charged to capital after tax relief	–	–	(1,111)	(1,111)
Net gain on foreign exchange	–	–	1,519	1,519
Buy-backs of ordinary shares	82	–	(2,107)	(2,107)
At 30 June 2012	13,931	(62,364)	94,099	31,735

The capital reserve arising on revaluation of investments held at 30 June 2012 includes a loss of £19,153,000 in respect of the revaluation of unquoted investments (2011: loss of £12,474,000).

Notes to the Financial Statements
continued

18 Capital redemption reserve and other capital reserves (continued)

b) Company	Capital redemption reserve £'000	Capital reserve arising on revaluation of investments held £'000	Capital reserve arising on investments sold £'000	Total £'000
At 1 July 2011	13,849	22,123	91,405	113,528
Transfer on disposal of investments (see note 10c))	–	(12,123)	12,123	–
Capital losses for the year	–	(71,378)	(7,661)	(79,039)
Expenses and finance costs charged to capital after tax relief	–	–	(1,111)	(1,111)
Net gain on foreign exchange	–	–	1,519	1,519
Buy-backs of ordinary shares	82	–	(2,107)	(2,107)
At 30 June 2012	13,931	(61,378)	94,168	32,790

The capital reserve arising on revaluation of investments held at 30 June 2012 includes a loss of £18,167,000 in respect of the revaluation of unquoted investments (2011: loss of £11,487,000).

19 Retained earnings – revenue reserve

	2013 Consolidated £'000	2012 Consolidated £'000	**2013 Company £'000**	2012 Company £'000
At 1 July	**17,642**	16,313	**16,587**	15,257
Ordinary dividends paid	**(2,999)**	(2,152)	**(2,999)**	(2,152)
Revenue profit for the year	**4,645**	3,481	**4,649**	3,482
Refund of unclaimed dividends over 12 years old	**2**	–	**2**	–
At 30 June	**19,290**	17,642	**18,239**	16,587

As permitted by Section 408 of the Act, the Company has not presented its own Statement of Comprehensive Income. The return after taxation of the Company amounted to £64,115,000 (2012: loss of £75,149,000).

20 Net asset value per ordinary share

The NAV per ordinary share is based on the net assets attributable to the ordinary shares of £246,124,000 (2012: £185,006,000) and on the 49,975,897 ordinary shares in issue at 30 June 2013 (2012: 49,975,897). The Company has no securities in issue that could dilute the NAV per ordinary share (2012: same).

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

	2013 £'000	2012 £'000
Net assets attributable to ordinary shares at 1 July	**185,006**	264,414
Buy-backs of ordinary shares	**–**	(2,107)
Profit/(loss) for the year	**64,115**	(75,149)
Dividends paid in the year	**(2,999)**	(2,152)
Refund of unclaimed dividends over 12 years old	**2**	–
Net assets at 30 June	**246,124**	185,006

21 Capital commitments and contingent liabilities

Capital commitments

At 30 June 2013 there were capital commitments of £1,018,000 (2012: £575,000) in respect of the Company's holdings in limited partnerships.

Contingent liabilities

At 30 June 2013 there were contingent liabilities in respect of sub underwriting participations of £2,073,000 (2012: none).

22 Transactions with the management company

Under the terms of an agreement dated 24 February 1995, the Company has appointed wholly owned subsidiaries of Henderson Group plc ("Henderson") to provide investment management, accounting, administration and secretarial services. Henderson has contracted with BNP Paribas Securities Services to provide accounting and administration services.

Details of the arrangements for these services are given on pages 19 and 20 in the Report of the Directors. The total of the fees paid or payable to Henderson under this agreement in respect of the year ended 30 June 2013 was £1,479,000 (2012: £951,000), of which £670,000 was outstanding at 30 June 2013 (2012: £232,000).

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 30 June 2013 amounted to £17,000 (excluding VAT) (2012: £25,000), of which £5,000 (excluding VAT) was outstanding at 30 June 2013 (2012: £4,000).

General Shareholder Information

Release of results
The half year results are announced in February. The full year results are announced in October.

Annual General Meeting ("AGM")
The AGM will be held in London at 12.30 p.m. on 11 November 2013.

Dividend payment date
Subject to shareholder approval at the AGM, a dividend will be paid on the ordinary shares on 18 November 2013.

Dividend payments
Dividends can be paid to ordinary shareholders by means of BACS (Bankers' Automated Clearing Services); mandate forms for this purpose are available from the Registrar. Alternatively, shareholders can write to the Registrar (the address is given on page 60) 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.

Share price listings
The market price of the Company's ordinary shares is published daily in the Financial Times, The Times and the Daily Telegraph. The Financial Times also shows figures for the estimated net asset value ("NAV") per share and the discount/premium applicable. Details of the Company's share price and NAV per share can also be found on the website.

Share price information
The ISIN/SEDOL (Stock Exchange Daily Official List) code numbers of the Company's ordinary shares are GB0009066928/0906692. Other sources include Bloomberg (TRG LN) and Reuters (TRG.L).

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.

Investors in the Henderson and Halifax share dealing products receive all shareholder communications. A voting instruction form is provided to facilitate voting at general meetings of the Company.

ISA
The Company intends to continue to manage its affairs in order to qualify as an eligible investment for a stocks and shares ISA.

Performance details
Details of the Company's performance are updated daily on the website.

Disability Act
Copies of this Report or 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 Registrar, Equiniti Limited, 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 600 3950. 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.

Website
Further information on the Company can be found at **www.treuropeangrowth.com**.

General Shareholder Information
continued

Glossary of Terms

Discount
The amount by which the market price per share of an investment trust is lower than the net asset value ("NAV") per share. The discount is normally expressed as a percentage of the net asset value per share.

Gearing
The gearing percentage reflects the amount of borrowings (i.e. bank loans or overdrafts) the Company has used to invest in the market. This figure indicates the extra amount by which shareholders' funds would move if the Company's investments were to rise or fall. This is calculated by dividing total assets less cash, before deducting borrowings and debt by net assets, expressed as a percentage.

Net asset value
The value of total assets less liabilities. The NAV divided by the number of shares in issue produces the NAV per share. The Company publishes its NAV per share figure on a daily basis through the official newswire of the London Stock Exchange. This figure is calculated in accordance with the AIC formula and includes current financial year revenue items.

Ongoing Charges
Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the Company as a collective fund, excluding the costs of acquisition or disposal of investments, financing charges and gains or losses arising on investments. Ongoing charges are based on actual costs incurred in the year as being the best estimate of future costs.

Premium
The amount by which the market price per share of an investment trust exceeds the NAV per share. The premium is normally expressed as a percentage of the NAV per share.

Total return performance
This is the return on the share price or NAV taking into account both the rise and fall of share prices and the dividends and interest 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 NAV total return).

Keeping up to date with TR European Growth Trust plc

Website
For more information about TR European Growth Trust plc, visit the website at **www.treuropeangrowth.com**

HGi
HGi is a content platform provided by Henderson that offers a new level of online personalisation where you can "follow" investment experts, topics and the trusts that are of interest to you. By creating your HGi profile you will be updated regularly on the topics that interest you most, bringing you closer to Henderson's investment expertise.

Scan the QR code or use this short URL to register for HGi. http://HGi.co/hgt

Follow us on Twitter
To get the latest updates follow us on Twitter @HGiTrusts

Warning to Shareholders

Many companies are 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, Equiniti, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment 'advice'.

If you are in any doubt about the veracity of an unsolicited phone call, please call the Company Secretary at the number provided on page 60.

Directors and Other Information

Directors
Audley Twiston-Davies (Chairman)
Christopher Casey
Robert Jeens
Andrew Martin Smith
Alexander Mettenheimer
Jane Tufnell

Registered office
201 Bishopsgate
London EC2M 3AE
Telephone: 020 7818 1818
www.treuropeangrowth.com

Registered number
Registered as an investment company in England and Wales number 2520734

Investment Manager
Henderson Global Investors Limited, authorised and regulated by the Financial Conduct Authority represented by:
Ollie Beckett
Rory Stokes

Company Secretary
Henderson Secretarial Services Limited represented by Debbie Fish ACIS

Independent auditors
PricewaterhouseCoopers LLP
Chartered accountants and statutory auditors
7 More London Riverside
London SE1 2RT

Stockbrokers
Winterflood Investment Trusts
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

Registrar
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone: 0871 384 2472
(or +44 121 415 7047 if calling from overseas)

Calls to this number cost 8p per minute plus network extras. Lines are open 8.30 a.m. to 5.30 p.m., Monday to Friday.

There is a range of shareholder information online. You can check your holding and find practical help on transferring shares or updating your details at **www.shareview.co.uk**

Halifax Share Dealing Limited
Lovell Park Road
Leeds LS1 1NS
Telephone: 0845 722 5522
Email: communications@halifax.co.uk
Website: **www.halifax.co.uk**

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

aic
The Association of Investment Companies

PREMIUM MAIN MARKET
LONDON STOCK EXCHANGE

TR European Growth Trust PLC is managed by

Henderson
GLOBAL INVESTORS

This report is printed on Revive, a paper containing 50% recycled fibre from both pre- and post-consumer waste and 50% FSC certified virgin fibre. Pulps used are elemental chlorine free manufactured at a mill accredited with the ISO 14001 environmental management system.

The FSC logo identifies products which contain wood from well managed forests certified in accordance with the rules of the Forest Stewardship Council.

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C021652

CARBON BALANCED PAPER
WORLD LAND TRUST™
www.carbonbalancedpaper.com
Henderson Global Investors

Printed by Leycol, London

HGI9228/2013