

# SECURITIES AND EXCHANGE COMMISSION

## FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

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### FILER

#### **PRUDENTIAL EUROPE GROWTH FUND INC**

CIK: **921073** | State of Incorporation: **MD** | Fiscal Year End: **1231**  
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LETTER TO SHAREHOLDERS

December 19, 1994

Dear Shareholder:

International investors have enjoyed modest returns from European investments in the past six months, as most of the region's economies finally began to shrug off the effects of the global recession that marked the beginning of the decade. Of course, economic growth has been followed by generally rising rates that have marked 1994, so far. This held back returns in the U.S., which in turn dampened stock market activity on most of Europe's stock exchanges.

The Fund's Objective

The Prudential Europe Growth Fund seeks long-term capital growth from a diversified portfolio of European stocks, as well as bonds. Since it invests outside the U.S., it is subject to all the risks associated with foreign investing, including currency, political and social risks. The Fund may occasionally use derivatives like options and futures to hedge currency risk, although we did not during this reporting period.

FUND PERFORMANCE

<TABLE>

<CAPTION>

	Cumulative Total Returns	NAV	
	Since Incep.*	7/13/94 to	10/31/94
<S>	<C>	<C>	<C>
Class A	2.0%	\$12.00	\$11.23
Class B	1.8x	12.00	11.20
Class C	1.8	12.00	11.60

</TABLE>

Past performance is not indicative of future results. Principal and investment return will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

\*Inception dates: 7/13/94 Class A, Class B and Class C.

The Market

Against a backdrop of expanding global economies, 1994 marks what appears to be a lull in one of the strongest U.S. bull stock markets in many decades. And Wall Street's woes have lead to slow equity markets in some parts of the world. Still, there's an underlying tone of confidence in global earnings and growth and it's reflected in returns: the S&P 500 is up a meager

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3.6% through the end of October 1994, while the Morgan Stanley Capital International index is up 9.3% in the same time.

Why are Europe's stock market returns uneven while most of the region's economies are thriving? The U.S. Federal Reserve, with one eye on growing gross domestic product and the other on rising commodities prices (a historical precursor to inflation), began in February to dampen growth by raising short-term interest rates. In Europe, investors are not so much afraid of resurging inflation as concerned that the move to stave it off may also crush the global economic recovery. The U.S. stock market slumped on the news and most of Europe's exchanges followed suit. The news was slightly less damaging in Europe, however, since valuations there remain exceptionally low -- exactly opposite to the situation in the U.S.

What we did well...

In general, our growth investing style would not lend itself to spectacular returns when interest rates are rising, but we made a few good moves as we began to invest in Europe. European companies are reporting strong and durable earnings reports, and while stock performance has been uneven, the countries of continental Europe have outperformed eastern Europe (which we avoided entirely during this reporting period) and the United Kingdom.

-- We are looking at a lot of discount retailers, which should benefit as Europeans look for bargains and shun the pricey goods that were so popular in recent years. We have placed about 15% of the Fund's assets in these types of companies.

-- Technology firms look attractive to us because companies and individuals are buying more computers as the economy expands and their cash flows increase. The U.S. embraced the technological revolution five years ago, but the industrialized and developing countries of the Europe have a long way to go before there's a computer in every office, much less every kitchen. And even in the U.S. we see demand growing, since ever-falling prices are stimulating demand beyond what was predicted even two years ago.

-- We are also buying stock in companies that supply parts and equipment to Europe's big manufacturers. They should benefit as individuals and businesses spend money in the growing economy, as well as from a trend towards thrift and increased productivity. We invested in Imetal, a French specialty steel company.

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...And don't forget commodities

As the global recovery stimulates a growing demand for basic materials, or commodities, we anticipate the stocks of companies that produce raw materials will perform well. One of our better selections was the Finnish timber company Kymmene Oy. We don't invest directly in commodities.

Interest rates are the barometer

Looking into the next 12 months, we plan to keep our eye on both U.S. and European interest rates. The world's stock markets probably won't start producing healthy returns until interest rates settle in to a comfortable new trading range. In the meantime, we'll keep looking for basic goods producers and hope that interest rates don't rise so high that they choke off the global recovery. If interest rates spike another percentage point higher, you can expect us to buy more defensive stocks. But with growth continuing at a moderate pace, we feel confident that technology stocks will be good performers for the foreseeable future, so they are likely to form a big part of our strategy this year.

In closing, we are optimistic, but realistic. Europe should provide fertile ground for investors as the region's economies emerge from recession. But the transition from a disinflationary economy to one that may be more inflationary is bound to make the stock markets jumpy. We anticipate strong earnings growth, and expect to find more stability once interest rates settle in to a new trading range.

We're pleased you've chosen to explore the opportunity for long-term gains from European stocks with us.

Sincerely,

Lawrence C. McQuade  
President

PORTFOLIO Q&A

(PHOTO)

Dan Duane

Talking With Dan Duane

Since the value of the U.S. dollar, compared to the currencies of other countries, plays a role in returns, we talked with Dan about how the markets are reacting to the weak U.S. dollar.

Q. How does the weak U.S. dollar impact returns?

A. Generally, investors believe the dollar's movements have more impact on total returns than they actually do. It is true that when the U.S. dollar is weak, returns from stocks denominated in the foreign currency are improved because it takes fewer French francs, for instance, to buy a dollar. When we value our European holdings every day, or when they pay dividends or we take profits in them, we translate the value of our holdings into U.S. dollars. If it now takes less foreign money to buy a dollar, our dollar value automatically rises.

Q. What happens if the dollar starts rising?

A. We are looking for companies that will benefit from a rising dollar. These are generally companies that have assets or revenue denominated in dollars and costs denominated in a foreign currency. That steers us to producers of commodities, since most enjoy revenues that are priced in dollars (metals, oil, gold, timber). We do not invest directly in commodities. In addition, most technology and telecommunications company revenues are in dollars. So companies from all these sectors are important in our portfolio for two reasons -- because the global recovery should stimulate demand for their products and because their stocks are a good hedge against a rising dollar.

PRUDENTIAL EUROPE GROWTH FUND, INC. Portfolio of Investments  
October 31, 1994 (Unaudited)

<TABLE>  
<CAPTION>

Shares <C>	Description <S>	Value (Note 1) <C>
	LONG-TERM INVESTMENTS--82.1 %	
	Common Stocks--74.3%	
	Belgium--2.9%	
23,000	Barco Industries N.V. .... (Financial services)	\$ 1,792,283
2,975	Bekaert S.A., N.V. .... (Industrial components)	2,303,851
		----- 4,096,134 -----
	Denmark--2.1%	
40,300	Danske Traelastkomp* ..... (Merchandising)	2,944,054
	Federal Republic Of Germany--6.7%	
13,000	BASF AG ..... (Chemicals)	2,751,172
4,750	Bilfinger & Berger AG .... (Construction & housing)	2,681,261
2,400	Hornbach AG ..... (Construction & housing)	1,300,489

	(Merchandising)	
8,700	Preussag AG .....	2,548,020
	(Multi-industry)	-----
		9,280,942
		-----
	Finland--2.1%	
106,900	Kymmene Corp. ....	2,920,881
	(Forest products & paper)	-----
	France--16.7%	
20,100	Ecco S.A. ....	2,596,193
	(Business & public services)	
21,600	Imetal S.A. ....	2,307,468
	(Miscellaneous materials & commodities)	
38,600	La Farge Coppee .....	3,061,160
	(Building materials & components)	
37,300	Lapeyre S.A. ....	2,028,552
	(Building materials & components)	
1,500	Legrand S.A. ....	\$ 2,010,294
	(Electronics)	
36,012	Naf Naf S.A. ....	2,385,179
	(Merchandising)	
18,500	Rexel S.A. ....	2,565,602
	(Electronics)	
19,700	Sidel S.A. ....	3,749,830
	(Machinery & engineering)	
46,300	Valeo S.A. ....	2,513,519
	(Automotive)	-----
		23,217,797
		-----
	Italy--1.5%	
2,566,700	Montedison SPA* .....	2,103,959
	(Chemicals)	-----
	Netherlands--1.4%	
82,700	Royal Boskalis Westminster N.V. ....	1,878,630
	(Construction & housing)	-----
	Spain--8.0%	
31,600	Acerinox S.A. ....	3,498,501
	(Metals-steel)	
192,400	Centros Comerciale (Pryca) .....	3,165,950
	(Merchandising)	
140,200	Dragados y Construcciones .....	2,094,216
	(Construction & housing)	
128,300	Vallehermoso .....	2,295,654
	(Real estate)	-----
		11,054,321
		-----
	Sweden--9.7%	
116,600	Allgon AB .....	2,627,932
	(Telecommunications)	
114,100	Astra B Free .....	3,047,808
	(Health & personal care)	
47,600	Hennes & Mauritz B Free .....	2,635,668
	(Merchandising)	

</TABLE>

-7- See Notes to Financial Statements.

PRUDENTIAL EUROPE GROWTH FUND, INC.

<TABLE>

<CAPTION>

Shares	Description	Value (Note 1)
--------	-------------	-------------------

<C>	<S>	<C>
	Sweden--(cont'd)	
56,900	Missouri Och Domsjo AB*	\$ 2,596,490
	.....	
	(Forest products & paper)	
130,700	Volvo AB Free .....	2,582,050
	(Automobiles)	-----
		13,489,948
		-----
	United Kingdom--23.2%	
502,300	Allied Colloids .....	1,108,701
	(Chemicals)	
149,000	British Petroleum ORD ....	1,059,725
	(Energy sources)	
195,000	BTR ORD .....	977,198
	(Multi-industry)	
172,500	Carlton Communications PLC	2,487,570
	.....	
	(Television & communication equipment)	
577,500	Compass Group .....	3,068,690
	(Leisure & tourism)	
426,600	Guest Keen & Nettlefolds	4,247,719
	ORD .....	
	(Automobiles)	
693,100	House of Fraser PLC .....	2,272,102
	(Merchandising)	
113,000	Lloyd's Bank .....	1,059,569
	(Financial services)	
310,400	Pearson ORD .....	3,217,574
	(Broadcasting & publishing)	
112,000	PowerGen PLC .....	1,040,121
	(Electrical & gas)	
71,000	RTZ Corp., ORD .....	998,331
	(Gold mines)	
327,400	Siebe PLC .....	2,869,202
	(Machinery & engineering)	
366,300	Smith Holdings .....	3,054,392
	(Forest products & paper)	
54,700	Unilever ORD .....	\$ 1,017,764
	(Food & household products)	
1,078,900	Vodafone Group .....	3,735,272
	(Telecommunications)	-----
		32,213,930
		-----
	Total common stocks	
	(cost US\$101,553,367)....	103,200,596
		-----
	Preferred Stock--7.8%	
	Federal Republic Of Germany--4.9%	
1,200	Hornbach AG .....	1,276,553
	(Merchandising)	
10,200	Jungheinrich AG .....	2,427,845
	(Machinery & engineering)	
3,350	Krones AG .....	3,064,792
	(Machinery & engineering)	-----
		6,769,190
		-----
	Finland--2.9%	
26,800	Nokia Corp. ....	4,039,106
	(Television & electronics)	-----
	Total preferred stocks	
	(cost US\$9,536,305).....	10,808,296
		-----
	Warrants*	
	France	
2,912	Naf Naf	

Warrants expiring Feb '98 @	
FF 460 .....	11,142
(Merchandising)	-----
Total long-term investments	
(cost US\$111,089,672)....	114,020,034
	-----

</TABLE>

-8- See Notes to Financial Statements.

PRUDENTIAL EUROPE GROWTH FUND, INC.

<TABLE>

<CAPTION>

Principal

Amount (000)	Description	Value (Note 1)
<C>	<S>	<C>
	SHORT-TERM INVESTMENTS--16.4%	
	U.S. Government Securities--16.4%	
\$1,700	Federal Farm Credit Bank, Zero Coupon, 11/07/94.....	\$ 1,698,463
635	Federal Home Loan Bank, Zero Coupon, 11/01/94.....	634,918
	Federal Home Loan Mortgage Corp.,	
7,500	Zero Coupon, 11/02/94.....	7,497,996
	Federal National Mortgage Association,	
13,000	Zero Coupon, 11/18/94.....	12,969,125
		-----
	Total short-term investments (cost \$22,801,724).....	22,800,502
		-----
	Total Investments--98.5% (cost US\$133,891,396; Note 4).....	136,820,536
	Other assets in excess of liabilities--1.5%.....	2,106,294
		-----
	Net Assets--100%.....	\$138,926,830
		-----

</TABLE>

\*Non-income producing security.

-9- See Notes to Financial Statements.

PRUDENTIAL EUROPE GROWTH FUND, INC.

Statement of Assets and Liabilities

(Unaudited)

<TABLE>

<CAPTION>

Assets

	October 31, 1994
<S>	<C>
Investments, at value (cost \$133,891,396).....	\$136,820,536
Foreign currency, at value (cost \$3,193,670).....	3,202,396
Cash.....	667,660
Receivable for investments sold.....	14,405,000
Receivable for foreign currency.....	1,432,318
Receivable for Fund shares sold.....	1,404,206
Dividends receivable.....	141,536
Deferred expenses and other assets.....	231,099
	-----
Total assets.....	158,304,751
	-----
Liabilities	
Payable for investments purchased.....	15,034,287

Payable for foreign currency.....	3,484,485
Accrued expenses.....	230,137
Payable for Fund shares reacquired.....	301,305
Due to Distributors.....	114,009
Accrued organization expense.....	111,583
Due to Manager.....	102,115
	-----
Total liabilities.....	19,377,921
	-----
Net Assets.....	\$138,926,830
	-----
Net assets were comprised of:	
Common stock, at par.....	\$ 11,969
Paid-in capital in excess of par.....	136,796,136
	-----
	136,808,105
Accumulated net investment loss.....	(164,921)
Accumulated net realized loss on investment and foreign currency transactions.....	(639,577)
Net unrealized appreciation on investments and foreign currencies.....	2,923,223
	-----
Net assets, October 31, 1994.....	\$138,926,830
	-----
Class A:	
Net asset value and redemption price per share	
(\$29,246,374 / 2,514,908 shares of common stock issued and outstanding).....	\$11.63
Maximum sales charge (5.00% of offering price).....	.61
	-----
Maximum offering price to public.....	\$12.24
	-----
Class B:	
Net asset value, offering price and redemption price per share	
(\$102,481,462 / 8,833,114 shares of common stock issued and outstanding).....	\$11.60
	-----
Class C:	
Net asset value, offering price and redemption price per share	
(\$7,198,994 / 620,497 shares of common stock issued and outstanding).....	\$11.60
	-----

</TABLE>

See Notes to Financial Statements.

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PRUDENTIAL EUROPE GROWTH FUND, INC.  
Statement of Operations  
(Unaudited)

<TABLE>

<CAPTION>

	July 13, 1994 (D) Through October 31, 1994
Net Investment Income	-----
<S>	<C>
Income	
Dividends (net of foreign withholding taxes of \$29,665).....	\$ 194,062
Interest.....	292,774
	-----
Total income.....	486,836
	-----
Expenses	
Distribution fee--Class A.....	18,928
Distribution fee--Class B.....	219,835
Distribution fee--Class C.....	17,544



Management fee.....	234,819
Custodian's fees and expenses.....	41,000
Registration fees.....	21,500
Reports to shareholders.....	20,000
Transfer agent's fees and expenses....	17,000
Amortization of organization expense.....	15,000
Directors' fees.....	8,500
Audit fee.....	7,500
Legal fees.....	6,000
Miscellaneous.....	24,131
	-----
Total operating expenses.....	651,757
	-----
Net investment loss.....	(164,921)
	-----
Realized and Unrealized Loss on Investments and Foreign Currency Transactions	
Net realized loss on:	
Investment transactions.....	(426,596)
Foreign currency transactions.....	(212,981)
	-----
	(639,577)
	-----
Net change in unrealized appreciation/depreciation on:	
Investments.....	2,929,140
Foreign currencies.....	(5,917)
	-----
	2,923,223
	-----
Net gain on investments and foreign currencies.....	2,283,646
	-----
Net Increase in Net Assets Resulting from Operations.....	\$2,118,725
	-----
	-----

</TABLE>

PRUDENTIAL EUROPE GROWTH FUND, INC.  
Statement of Changes in Net Assets  
(Unaudited)

<TABLE>

<CAPTION>

	July 13, 1994 (D) Through October 31, 1994
Increase (Decrease) in Net Assets	-----
<S>	<C>
Operations	
Net investment loss.....	\$ (164,921)
Net realized loss on investment and foreign currency transactions....	(639,577)
Net change in unrealized appreciation/depreciation of investments and foreign currencies.....	2,923,223
	-----
Net increase in net assets resulting from operations.....	2,118,725
	-----
Fund share transactions (Note 5)	
Net proceeds from shares subscribed.....	147,494,180
Cost of shares reacquired.....	(10,786,075)
	-----

Net increase in net assets from	
Fund share transactions.....	136,708,105
	-----
Total increase.....	138,826,830
Net Assets	
Beginning of period.....	100,000
	-----
End of period.....	\$138,926,830
	-----
	-----

See Notes to Financial Statements. (D) Commencement of investment operations.  
</TABLE>

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PRUDENTIAL EUROPE GROWTH FUND, INC.  
Notes to Financial Statements  
(Unaudited)

Prudential Europe Growth Fund, Inc. (the "Fund"), which was incorporated in Maryland on March 18, 1994, is an open-end, diversified management investment company. The Fund had no operations other than the issuance of 2,924 shares each of Class A, Class B and Class C common stock for \$100,000 on June 15, 1994 to Prudential Mutual Fund Management, Inc. (PMF). The Fund commenced investment operations on July 13, 1994. The investment objective of the Fund is to seek long-term capital growth by investing primarily in equity securities of companies domiciled in Europe.

Note 1. Accounting  
Policies

The following is a summary  
of significant accounting poli-  
cies followed by the Fund in the preparation of

its financial statements.

Securities Valuation: Securities traded on an exchange (whether domestic or foreign) are valued at the last reported sales price on the primary exchange on which they are traded. Securities traded in the over-the-counter market (including securities listed on exchanges for which a last sales price is not available) are valued at the average of the last reported bid and asked prices.

Short-term securities which mature in more than 60 days are valued based upon current market quotations. Short-term securities which mature in 60 days or less are valued at amortized cost which approximates market value.

In connection with transactions in repurchase agreements with U.S. financial institutions, it is the Fund's policy that its custodian or designated subcustodians, as the case may be under triparty repurchase agreements, take possession of the underlying collateral securities, the value of which exceeds the principal amount of the repurchase transaction including accrued interest. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited.

Foreign Currency Translation: The books and records of the Fund are maintained in U.S. dollars. Foreign currency amounts are translated into U.S. dollars on the following basis:

(i) market value of investment securities, other assets and liabilities--at the closing daily rate of exchange as reported by a major bank;

(ii) purchases and sales of investment securities, income and expenses--at the rate of exchange prevailing on the respective dates of such transactions.

Although the net assets of the Fund are presented at the foreign exchange rates and market values at the close of the fiscal year, the Fund does not isolate that portion of the results of operations arising as a result of changes in the foreign exchange rates from the fluctuations arising from changes in the market prices of securities held at fiscal year end. Similarly, the Fund does not isolate the effect of changes in foreign exchange rates from the fluctuations arising from changes in the market prices of long-term portfolio securities sold during the fiscal year.

Net realized losses on foreign currency transactions of \$212,981 represent net foreign exchange gains or losses from sales and maturities of short-term securities, holding of foreign currencies, currency gains or losses realized between the trade and settlement dates on security transactions, and the difference between the amounts of dividends and foreign taxes recorded on the Fund's books and the U.S. dollar equivalent amounts actually received or paid. Net currency gains and losses from valuing foreign currency denominated assets and liabilities (other than investments) at year end exchange rates are

reflected as a component of unrealized appreciation on foreign currencies.

Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of domestic origin as a result of, among other factors, the possibility of political and economic instability and the level of governmental supervision and regulation of foreign securities markets.

**Forward Currency Contracts:** The Fund enters into forward currency contracts in order to hedge its exposure to changes in foreign currency exchange rates on its foreign portfolio holdings. A forward contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the settlement value of the original and renegotiated forward contract, if any, is isolated and is included in net realized gains from foreign currency transactions. Risks may arise upon entering into these contracts from the potential inability of the counterparties to meet the terms of their contracts.

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**Securities Transactions and Investment Income:** Securities transactions are recorded on the trade date. Realized gains and losses from investment and currency transactions are calculated on the identified cost basis. Dividend income is recorded on the ex-dividend date, and interest income is recorded on an accrual basis.

Net investment income (other than distribution fees) and unrealized and realized gains or losses are allocated daily to each class of shares of the Fund based upon the relative proportion of net assets of each class at the beginning of the day.

**Equalization:** The Fund follows the accounting practice known as equalization by which a portion of the proceeds from sales and costs of reacquisitions of Fund shares, equivalent on a per share basis to the amount of distributable net investment income on the date of the transaction, is credited or charged to undistributed net investment income. As a result, undistributed net investment income per share is unaffected by sales or reacquisitions of the Fund's shares. **Dividends and Distributions:** The Fund expects to pay dividends of net investment income and distributions of net realized capital and currency gains, if any, annually. Dividends and distributions are recorded on the ex-dividend date.

Income distributions and capital gain distributions are determined in accordance with income tax regulations which may differ from generally accepted accounting principles. These differences are primarily due to differing treatments for foreign currency transactions.

**Federal Income Taxes:** It is the Fund's policy to continue to meet the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable income to shareholders.

Therefore, no federal income tax provision is required.

Withholding taxes on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable country's tax rules and rates. **Deferred Organization Expenses:** Approximately \$250,000 of expenses were incurred in connection with the organization of the Fund. These costs have been deferred and are being amortized ratably over a period of sixty months from the date the Fund commenced investment operations.

## Note 2. Agreements

The Fund has a management agreement with PMF. Pursuant to this agreement, PMF has responsibility for all investment advisory services and supervises the subadviser's performance of such services. PMF has entered into a subadvisory agreement with The Prudential Investment Corporation (''PIC''); PIC furnishes investment advisory services in connection with the management of the Fund. PMF pays for the cost of the subadviser's services, the compensation of officers of the Fund, occupancy and certain clerical and bookkeeping costs of the Fund. The Fund bears all other costs and expenses.

The management fee paid PMF is computed daily and payable monthly, at an annual rate of .75 of 1% of the average daily net assets of the Fund.

The Fund has distribution agreements with Prudential Mutual Fund Distributors, Inc. (''PMFD''), which acts as the distributor of the Class A shares of the Fund, and with Prudential Securities Incorporated (''PSI''), which acts as distributor of the Class B and Class C shares of the Fund (collectively the ''Distributors''). The Fund compensates the Distributors for distributing and servicing the Fund's Class A, Class B and Class C shares, pursuant to plans of distribution, (the ''Class A, B and C Plans'') regardless of expenses actually incurred by them. The distribution fees are accrued daily and payable

monthly.

Pursuant to the Class A, B and Class C Plans, the Fund compensates the Distributors for distribution-related activities at an annual rate of up to .30 of 1%, 1% and 1% of the average daily net assets of Class A, B and C shares, respectively. Such expenses under the Plans were .25 of 1%, 1% and 1% of the average daily net assets of the Class A, B and C shares, respectively, for the period ended October 31, 1994.

PMFD has advised the Fund that it has received approximately \$796,000 in front-end sales charges resulting from sales of Class A shares during the period ended October 31, 1994. From these fees, PMFD paid such sales charges to PSI and Pruco Securities Corporation, affiliated broker-dealers, which in turn paid commissions to salespersons and incurred other distribution costs.

PSI has advised the Fund that for the period ended October 31, 1994, it received approximately \$600 in contingent deferred sales charges imposed upon certain redemptions by Class B and C shareholders.

PMFD is a wholly-owned subsidiary of PMF; PSI, PMF and PIC are (indirect) wholly-owned subsidiaries of The Prudential Insurance Company of America ('Prudential').

Note 3. Other Transactions With Affiliates Prudential Mutual Fund Services, Inc. ('PMFS'), a wholly owned subsidiary of PMF, serves as the Fund's transfer agent and during the period ended October 31, 1994, the Fund incurred fees of approximately \$43,000 for the services of PMFS. As of October 31, 1994, approximately \$18,000 of such fees were due to PMFS. Transfer

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agent fees and expenses in the Statement of Operations include certain out-of-pocket expenses paid to non-affiliates.

Note 4. Portfolio Securities Purchases and sales of investment securities, other than short-term investments, for the period ended October 31, 1994 were \$112,884,945 and \$1,368,669, respectively.

The United States federal income tax basis of the Fund's investments is substantially the same as for financial reporting purposes and, accordingly, as of October 31, 1994 net unrealized appreciation for federal income tax purposes was \$2,923,223 (gross unrealized appreciation--\$5,262,599; gross unrealized depreciation--\$2,339,376).

Note 5. Capital The Fund offers Class A, Class B and Class C shares. Class A shares are sold with a front-end sales charge of up to 5.00%. Class B shares are sold with a contingent deferred sales charge which declines from 5% to zero depending on the period of time the shares are held. Class C shares are sold with a contingent deferred sales charge of 1% during the first year. Class B shares will automatically convert to Class A shares on a quarterly basis approximately seven years after purchase. All classes of shares have equal rights as to earnings, assets and voting privileges except that each class bears different distribution expenses and has exclusive voting rights with respect to its distribution plan. There are 2 billion shares of \$.001 par value common stock authorized, divided into three classes, designated Class A, Class B and Class C, each of which consists of 1 billion, 500 million and 500 million shares, respectively.

Transactions in shares of common stock were as follows:

<TABLE>  
<CAPTION>

Class A	Shares	Amount
<S>	<C>	<C>
July 13(D) through October 31, 1994:		
Shares sold.....	2,903,969	\$ 32,990,570
Shares reacquired.....	(389,061)	(4,368,319)
Net increase in shares outstanding.....	2,514,908	\$ 28,622,251

<CAPTION> Class B		
<S>	<C>	<C>
July 13(D) through October 31, 1994:		
Shares sold.....	9,369,138	\$107,116,112
Shares reacquired.....	(536,024)	(6,133,350)
-----		
Net increase in shares outstanding.....	8,833,114	\$100,982,762
-----		

<CAPTION> Class C		
<S>	<C>	<C>
July 13(D) through October 31, 1994:		
Shares sold.....	645,248	\$ 7,387,498
Shares reacquired.....	(24,751)	(284,406)
-----		
Net increase in shares outstanding.....	620,497	\$ 7,103,092
-----		

</TABLE>

(D) Commencement of investment operations.

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PRUDENTIAL EUROPE GROWTH FUND, INC.

Financial Highlights

(Unaudited)

<TABLE>

<CAPTION>

Class C	Class A	Class B
July 13, 1994 (D) through PER SHARE OPERATING 31 October 31, PERFORMANCE (1): 1994	July 13, 1994 (D) through October 31, 1994	July 13, 1994 (D) through October, 1994
<S>	<C>	<C>
Net asset value, beginning of period..... \$ 11.40	\$ 11.40	\$ 11.40
-----		
Income from investment operations	--	(.03)
Net investment loss..... (.03)		
Net realized and unrealized loss on investment and foreign currency transactions..... .23	.23	.23
-----		
Total from investment operations..... .20	.23	.20

-----	-----	-----
Net asset value, end of period.....	\$ 11.63	\$ 11.60
\$ 11.60		
-----	-----	-----
-----	-----	-----
TOTAL RETURN#.....	2.02%	1.80%
1.80%		
RATIOS/SUPPLEMENTAL DATA:		
Net assets, end of period (000).....	\$ 29,246	\$102,481
\$ 7,199		
Average net assets (000).....	\$ 20,029	\$ 58,156
\$ 4,641		
Ratios to average net assets:		
Expenses, including distribution fees.....	1.61%*	2.36%*
2.36%*		
Expenses, excluding distribution fees.....	1.36%*	1.36%*
1.36%*		
Net investment loss.....	(.01)%*	
(.69)%*           (.70)%*		
Portfolio turnover rate.....	2%	
2%                   2%		

</TABLE>

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\* Annualized.

(D) Commencement of investment operations.

(1) Based on average shares outstanding, by class.

# Total return does not consider the effects of sales loads. Total return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total returns for periods of less than a full year are not annualized.

See Notes to Financial Statements.