

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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Business Address
*FEDERATED INVESTORS
TWR
PITTSBURGH PA 15222
4122882614*

INTERNATIONAL
INCOME
FUND

ANNUAL REPORT
November 30, 1993

Established 1991

FEDERATED SECURITIES CORP.
Distributor

A subsidiary of FEDERATED INVESTORS

FEDERATED INVESTORS TOWER
PITTSBURGH, PA 15222-3779

3010401 1/94

PRESIDENT'S MESSAGE

Dear Shareholder:

I am pleased to present the second Annual Report of the International Income Fund. This Report covers the period of December 1, 1992 to November 30, 1993. The report contains a listing of the Fund's high-quality international bonds and the Fund's financial statements. John W. Beck, Vice President of Fiduciary Trust International and the Fund's portfolio manager answers a few pertinent questions on the international bond market, the Fund's performance and his outlook on international bond rates.

The Fund invests in high-quality bonds spanning 14 countries, and they are diversified in 22 issues. The Fund's major bond commitments are to the Kingdom of Denmark (22.5% of Fund assets), Republic of Italy (19.4% of Fund assets), and the U.K. (11.2% of Fund assets).

From December 1, 1992 to November 30, 1993, the Fund's total assets increased from \$87 million to \$225 million. The Fund's share price increased from \$10.45 to \$11.86, an increase of 13.8%. The Fund's dividends paid \$0.75 per share income for Class A Shares, and capital gains distributions totaled \$0.1415 per share for Class A Shares.

In 1993, international bond funds benefited from lower interest rates on government bonds throughout the world. In the months ahead, we expect further declines in high-quality international bonds. Declines in interest rates occur as various countries' economies slow and the demand for borrowing is not excessive.

The public's perception of international investing continues to be favorably buoyed by the performance of both international stocks and bonds. The television stations of the world bring international news of financial events, the military, and economic conditions right into our home. The world has become smaller and certainly more visible. American investors continue to invest more of their dollars in the world around us. There is no question that there are many investment opportunities, and there are investment risks. Professional management is a must for investing a portion of your wealth abroad.

If at any time you have questions concerning the Fund or your account, please do not hesitate to write.

Very sincerely yours,

Glen R. Johnson
President
January 15, 1994

INVESTMENT REVIEW
JOHN W. BECK
ASSISTANT DIRECTOR, FIDUCIARY TRUST INTERNATIONAL LIMITED
LONDON OFFICE

Q In the summer months of 1993, the European Exchange Rate Mechanism

collapsed, which caused rates on European bonds to fall. Can you comment on this development and its effect on the Fund's performance?

A The ERM in its latter days acted as an inefficient means for its members to keep their currencies and interest rates at unnecessarily high levels. In particular, France and Denmark were, and still are, in the depths of recession, yet they were forced to keep their interest rates higher than their economies justified due to the strict confines of the system. Eventually the strain on virtually all the members of the ERM became too great. To avoid further pain after "speculators" (many people now call them liberators however) had pushed the currencies to the limit of their ranges, the trading bands were extended to 15%--effectively resulting in a breakdown in the ERM. At that time--the end of July--the International Income Fund was fully hedged out of those currencies which were most likely to suffer from a collapse. At the same time, the Fund held bonds in most European markets with a long duration, as well as several leveraged positions via warrants, which meant that when interest rates came down sharply, the Fund's performance was impressive--a near 5% rise in the net asset value in just one week.

Q How has the International Income Fund performed as compared to the J.P. Morgan Global Government (Traded) Bond (excluding U.S.) Index?

A The International Income Fund has performed very well and was especially well-positioned for the breakup in the European Exchange Rate Mechanism (ERM) over the summer, and we have had overweight positions in certain markets such as Italy which performed well and which enabled the Fund to substantially outperform its index of the J.P. Morgan Global Government (Traded) Bond (excluding U.S.) Index. In terms of total return, the Index, which is unmanaged, was up 2.33% in the six months to the end of November, but the Fund's total return was up by 13.60%.*

Q As a result of the European Rate Mechanism debacle, how have you structured the Fund's European holdings?

A Interest rates in Europe have fallen considerably since July, but there are still expectations of more cuts in rates following Germany's lead as recession persists. Hence, we still have most of our holdings in European bonds with a relatively long duration. Inflation keeps surprising the forecasters, especially after the recent falls in the price of oil, which has led to longer term yields reaching record lows. In Italy, our holdings are in five-year bonds, as we see short rates falling, but have not wanted to take any unnecessary risks during recent elections and political uncertainty. Currency has been an important factor in Fund management, and we presently have a majority of our European currency exposure hedged back into the U.S. Dollar as we see the Dollar gradually strengthening in coming months.

Q What is your outlook for other major international bond markets?

A The Fund actively invests in only three bond markets outside of Europe: Australia, New Zealand and Canada, which collectively account for around 15% of the whole portfolio. All three have had strong bond markets on the back of the strong U.S. bond market which reached record levels in the past six months. Additionally, spreads have narrowed which resulted in some outperformance of U.S. bonds. Their currencies have been somewhat volatile due to political considerations although the breakthrough on GATT has been positive for the Australian and New Zealand currencies, but we do continue to like these bond markets as core inflation remains subdued. However, the biggest gains for the coming year are, we expect, to still be found within Europe.

* Performance quoted represents past performance. Investment return and principal value will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than their original cost.

PERFORMANCE COMPARISON

COMPARISON OF CHANGE IN VALUE OF A HYPOTHETICAL \$10,000 PURCHASE IN
INTERNATIONAL INCOME FUND (CLASS A SHARES) AND
J.P. MORGAN GLOBAL GOVERNMENT BOND INDEX EX-U.S.\

Graphic Presentation Omitted. See Appendix A.

Past Performance is not indicative of future performance. Your investment return and principal value will fluctuate so when shares are redeemed, they may be worth more or less than original cost. Mutual funds are not obligations of or guaranteed by any bank and are not federally insured.

*Reflects performance of International Income Fund (Class A Shares)

from 6/11/91 through 11/30/93.

**Represents a hypothetical investment of \$10,000 in International Income Fund (Class A Shares), after deducting the maximum sales charge of 4.50% (\$10,000 investment minus \$450 sales charge = \$9,550). The Fund's performance assumes the reinvestment of all dividends and distributions. The J.P. Morgan Global Government Bond Index ex-U.S. is not adjusted to reflect reinvestment of income earned on securities in the index.

\The J.P. Morgan Global Government Bond Index ex-U.S. is not adjusted to reflect sales loads, expenses, or other fees that the SEC requires to be reflected in the Fund's performance.

\Returns reflect maximum applicable fees.

PERFORMANCE COMPARISON

COMPARISON OF CHANGE IN VALUE OF A HYPOTHETICAL \$10,000 PURCHASE IN INTERNATIONAL INCOME FUND (CLASS C SHARES) AND J.P. MORGAN GLOBAL GOVERNMENT BOND INDEX EX-U.S.\

Graphic Presentation Omitted. See Appendix B.

Past Performance is not indicative of future performance. Your investment return and principal value will fluctuate so when shares are redeemed, they may be worth more or less than original cost. Mutual funds are not obligations of or guaranteed by any bank and are not federally insured.

*Reflects performance of International Income Fund (Class C Shares) from 3/31/93 through 11/30/93 on a cumulative basis.

**Represents a hypothetical investment of \$10,000 in International Income Fund (Class C Shares). The ending value of the Fund reflects a redemption fee of 1% on any redemption less than 1 year from the purchase date. The Fund's performance assumes the reinvestment of all dividends and distributions. The J.P. Morgan Global Government Bond Index ex-U.S. is not adjusted to reflect reinvestment of income earned on securities in the index.

\The J.P. Morgan Global Government Bond Index ex-U.S. is not adjusted to reflect sales loads, expenses, or other fees that the SEC requires to be reflected in the Fund's performance.

\Returns reflect maximum applicable fees.

INTERNATIONAL INCOME FUND
PORTFOLIO OF INVESTMENTS
NOVEMBER 30, 1993

<TABLE> <CAPTION>			
FOREIGN CURRENCY PAR AMOUNT	<S>	CREDIT RATING: MOODY'S* (NOTE 8)	VALUE
<C>		<C>	<C>
BONDS--95.7%			
AUSTRALIAN DOLLAR--8.1%			
	AGENCY-4.6%		
16,500,000	New South Wales Treasury Corp., 6.50%, 5/1/2006	Aaa	\$ 10,276,493
SUPRANATIONAL--3.5%			
10,000,000	European Investment Bank, 10.25% 10/1/2001	Aaa	7,973,200
TOTAL AUSTRALIAN DOLLAR			18,249,693
BRITISH POUND--11.2%			

CORPORATE--4.8%			
7,000,000	Abbey National Treasury, 8.00%, 4/2/2003	Aa2	10,953,742
SUPRANATIONAL--6.4%			
4,000,000	African Development Bank, 11.25%, 7/23/2001	Aaa	7,376,745
4,000,000	World Bank, 9.25%, 7/20/2007	Aaa	6,972,082
TOTAL			14,348,827
TOTAL BRITISH POUND			25,302,569
CANADIAN DOLLAR--3.6%			
AGENCY--3.6%			
10,000,000	Ontario Hydro, 9.00%, 6/24/2002	Aa2	8,230,801
TOTAL CANADIAN DOLLAR			8,230,801
DANISH KRONE--22.5%			
SOVEREIGN--22.5%			
4,500,000	Kidder Peabody, Warrant on Denmark, 8.00%, 5/15/2003 (Expires 8/11/94)**	Aaa	2,356,542 (a)
295,000,000	Kingdom of Denmark, 8.00%, 5/15/2003	Aa1	48,325,342
TOTAL DANISH KRONE			50,681,884
DEUTSCHE MARK--1.5%			
SOVEREIGN--1.5%			
5,000,000	Federal Republic of Germany, 8.00%, 7/22/2002	Aaa	\$ 3,320,315
TOTAL DEUTSCHE MARK			3,320,315
FINNISH MARKKA--3.6%			
SOVEREIGN--3.6%			
6,000,000	Republic of Finland, 11.00%, 1/15/99	Aa2	1,228,657
35,000,000	Republic of Finland, 9.50%, 3/15/2004	Aa2	6,933,901
TOTAL FINNISH MARKKA			8,162,558
FRENCH FRANC--5.1%			
SOVEREIGN--5.1%			
142,116,420	Government of France, 0.00%, 10/25/2005	Aaa	11,411,525
TOTAL FRENCH FRANC			11,411,525
IRISH POUND--4.5%			
SOVEREIGN--4.5%			
6,000,000	Republic of Ireland, 9.25%, 7/11/2003	Aaa	10,042,391
TOTAL IRISH POUND			10,042,391
ITALIAN LIRA--19.4%			
SOVEREIGN--19.4%			
149,000,000,000	Merrill Lynch, Call option on BTP, 9.00%, 10/1/98 (Expires 11/8/94)***	A1	1,259,050 (a)
71,000,000,000	Republic of Italy, 10.00%, 8/1/98	Aa3	42,479,300
TOTAL ITALIAN LIRA			43,738,350
NETHERLANDS GUILDER--4.2%			
SOVEREIGN--4.2%			

16,000,000	Netherlands, 7.50%, 1/15/2023	Aaa	\$ 9,526,781
	TOTAL NETHERLANDS GUILDER		9,526,781
NEW ZEALAND DOLLAR--3.5%			
	SOVEREIGN--3.5%		
13,000,000	New Zealand, 8.00%, 4/15/2004	Aa3	7,955,281
	TOTAL NEW ZEALAND DOLLAR		7,955,281
SPANISH PESETA--3.9%			
	SOVEREIGN--3.9%		
1,100,000,000	Kingdom of Spain, 11.45%, 8/30/98	Aa2	8,807,029
	TOTAL SPANISH PESETA		8,807,029
SWEDISH KRONA--4.6%			
	SOVEREIGN--4.6%		
30,000,000	Kingdom of Sweden, 13.00%, 6/15/2001	Aaa	4,673,759
30,000,000	Kingdom of Sweden, 9.00%, 4/20/2009	Aaa	3,884,089
137,000	Salomon, Inc., Warrant on Sweden, 10.25%, 5/1/2003 (Expires 9/9/94)****	A3	1,774,150 (a)
	TOTAL SWEDISH KRONA		10,331,998
	TOTAL BONDS (IDENTIFIED COST \$222,001,520)		215,761,175
CURRENCY OPTION--0.4%			
60,000,000	Morgan Stanley, U.S. Dollar Call Option, Strike price DM 1.7400/US\$, 2/10/94*****	A1	\$ 918,000
	TOTAL CURRENCY OPTION (IDENTIFIED COST \$960,000)		918,000
	TOTAL INVESTMENTS (IDENTIFIED COST \$222,961,520)		\$ 216,679,175\

</TABLE>

* See Notes to Portfolio of Investments on page 10.

** Each warrant is exercisable into Dkr 1,000 par value of 8.00% Danish Government bonds due 5/15/2003 (currently rated Aa1) at a price of 108.85% of par. The Aaa rating shown is that of the rated senior obligations of Kidder, Peabody & Co., the issuer of the warrant.

*** This call option position is exercisable into Lit 149,000,000,000 par value of 9.00% Italian Government bonds due 10/1/98 (currently rated Aa3) at a price of 102.6% of par. The A1 rating shown is that of the rated senior obligations of Merrill Lynch & Co., the writer of the call option.

**** Each warrant is exercisable into Skr 1,000 par value of 10.25% Swedish Government bonds due 5/1/2003 (currently rated Aaa) at a price of 120.02% of par. The A3 rating shown is that of the rated senior obligations of Salomon, Inc., the issuer of the warrant.

***** The A1 rating shown is that of Morgan Stanley, the writer of the call option. The 60,000,000 represents the notional amount of the option.

\ The cost for federal tax purposes amounts to \$222,770,003. The net unrealized depreciation of investments amounts to \$6,090,828, which is comprised of \$2,648,961 appreciation and \$8,739,789 depreciation at November 30, 1993.

Note: The categories of investments are shown as a percentage of net assets (\$225,368,151) at November 30, 1993.

(a) Non-income producing.

The following abbreviations are used in this portfolio.

BTP--Buono del Tesoro Poliennale (Italian Government Bond)

(See Notes which are an integral part of the financial statements)

NOTES TO PORTFOLIO OF INVESTMENTS

The bonds rated by Moody's Investors Service, Inc. ("Moody's") in which the Fund may invest are Aaa, Aa and A. Bonds rated Aaa are judged to be of the "best quality." The rating of Aa is assigned to bonds which are of "high quality by all standards," but as to which margins of protection or other elements make long-term risks appear somewhat larger than Aaa-rated bonds. The Aaa and Aa-rated bonds comprise what are generally known as "high-grade bonds." Bonds which are rated A by Moody's possess many favorable investment attributes and are considered "upper medium grade obligations." Factors giving security to principal and interest of A-rated bonds are considered adequate, but elements may be present which suggest a susceptibility to impairment sometime in the future. Often the protection of interest and principal payments may be very moderate and thereby not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class. The letter ratings carry numerical modifiers with 1 indicating the higher end of the rating category, 2 indicating the mid-range and 3 indicating the lower end of the rating category.

Standard & Poor's Corporation's ("Standard & Poor's") highest rating for commercial paper is A-1. Short-term commercial paper rated A-1 is of the best quality. The capacity for timely payment on issues with an A-2 designation is strong. The rating Prime-1 (P-1) is the highest commercial paper rating assigned by Moody's. Issues rated Prime-2 (P-2) have a strong capacity for repayment of short-term promissory obligations.

The bonds rated by Standard & Poor's in which the Fund may invest are AAA, AA and A. Bonds rated AAA are "obligations of the highest quality." The rating AA is accorded to issues with investment characteristics "only slightly less marked than those of the prime quality issues." The category of A describes "the third strongest capacity for payment of debt service". Principal and interest payments on bonds in this category are regarded as safe. It differs from the two higher ratings because, with respect to general obligation bonds, there is some weakness, either in the local economic base, in debt burden, in the balance between revenues and expenditures, or in quality of management. Under certain adverse circumstances, any one such weakness might impair the ability of the issuer to meet debt obligations at some future date. With respect to revenue bonds, debt service coverage is good, but not exceptional. Stability of the pledge revenues could show some variations because of increased competition or economic influences on revenues. Basic security provisions, while satisfactory, are less stringent. These ratings may be modified by the addition of a plus or minus sign to show relative standing with the major rating categories.

NR indicates the bonds are not currently rated by Moody's or Standard & Poor's. However, management considers them to be of equivalent quality to the rated securities it purchases.

Bonds for which the security depends upon the completion of some act or the fulfillment of some condition are rated conditionally.

INTERNATIONAL INCOME FUND
STATEMENT OF ASSETS AND LIABILITIES
NOVEMBER 30, 1993

<TABLE> <S>	<C>	<C>
ASSETS:		
Investments in securities, at value (identified cost \$222,961,520; tax cost \$222,770,003) (Note 2A)		\$216,679,175
Cash		81,937
Interest receivable		6,941,549
Receivable for investments sold		4,093,905
Receivable for capital stock sold		782,918
Net unrealized appreciation of forward contracts (Notes 2F and 6)		39,775
Deferred expenses (Note 2J)		9,801
Total assets		228,629,060

LIABILITIES:

Payable to Bank	\$2,062,438
Payable for capital stock redeemed	522,870
Options written, at value (premiums received, \$408,000)	384,000
Tax withholding liability (Note 2L)	152,561
Payable to distributor	3,668
Payable for shareholder expense	1,522
Accrued expenses	133,850
Total liabilities	3,260,909
NET ASSETS for 18,997,357 shares of capital stock outstanding	\$225,368,151
NET ASSETS CONSIST OF:	
Paid in capital	\$215,339,173
Unrealized depreciation of investments	(6,449,083)
Accumulated net realized gain on investments	14,992,073
Undistributed net investment income	1,485,988
Total	\$225,368,151
NET ASSET VALUE:	
Class A (\$220,601,546 / 18,594,920 shares of capital stock outstanding)	\$11.86
Class C (\$4,766,605 / 402,437 shares of capital stock outstanding)	\$11.84
Computation of Offering Price:	
Class A Offering Price Per Share (100/95.5 of \$11.86)*	\$12.42
Computation of Proceeds on Redemption:	
Class A Redemption Proceeds Per Share (99.5/100 of \$11.86)**	\$11.80
Class C Redemption Proceeds Per Share (99/100 of \$11.84)***	\$11.72

</TABLE>

*There is no sales charge for purchases of \$2 million or more as stated under item "What Shares Cost" in the prospectus.

**Under certain circumstances, the redemption fee of .50 of 1% is not imposed. See "Redemption Fee" in the prospectus.

***Under certain circumstances the redemption fee of 1% is not imposed. See "Redemption Fee" in the prospectus.

(See Notes which are an integral part of the financial statements)

INTERNATIONAL INCOME FUND
STATEMENT OF OPERATIONS
YEAR ENDED NOVEMBER 30, 1993

<S>	<C>	<C>	<C>
INVESTMENT INCOME:			
Interest (net of foreign taxes withheld of \$305,636) (Note 2L)			\$ 11,770,648
EXPENSES:			
Investment advisory fee (Note 5)		\$	986,055
Administrative personnel and services fee (Note 5)			197,211
Custodian, transfer agent and dividend disbursing agent fees and expenses			136,858
Directors' fees			4,864

Auditing fees		35,519
Legal fees		19,073
Capital stock registration costs		94,311
Printing and postage		83,101
Insurance premiums		5,088
Taxes		16,938
Shareholder services fees (Note 5)		78,233
Distribution services fees (Note 5)		333,519
Miscellaneous		11,581
Total expenses		2,002,351
Deduct--		
Waiver of investment advisory fee (Note 5)	\$ 271,710	
Waiver of Distribution services fees (Note 5)	75,816	347,526
Net expenses		1,654,825
Net investment income		10,115,823
REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS:		
Realized gain on investment transactions (identified cost basis)--		
Net realized gain on investments		14,622,033
Unrealized appreciation/(depreciation) of investments--		
Change in unrealized depreciation		(1,145,113)
Net realized and unrealized gain/(loss) on investments		13,476,920
Change in net assets resulting from operations		\$ 23,592,743

</TABLE>

(See Notes which are an integral part of the financial statements)

INTERNATIONAL INCOME FUND
STATEMENT OF CHANGES IN NET ASSETS

<TABLE>

<CAPTION>

	YEAR ENDED NOVEMBER 30,	
	<C> 1993	<C> 1992
INCREASE (DECREASE) IN NET ASSETS:		
OPERATIONS--		
Net investment income	\$ 10,115,823	\$ 4,103,623
Net realized gain/(loss) on investment transactions (\$12,707,324 net gain and \$1,213,281 net gain, respectively, as computed for federal tax purposes)	14,622,033	1,559,371
Change in unrealized appreciation/(depreciation)	(1,145,113)	(5,695,976)
Change in net assets resulting from operations	23,592,743	(32,982)
DISTRIBUTIONS TO SHAREHOLDERS (NOTE 3)--		
Class A Dividends to shareholders from net investment income	(8,164,154)	(4,294,932)
Class A Distributions to shareholders from net realized gain on investment transactions	(1,189,069)	(116,010)
Class A Distributions in excess of net investment income	--	(427,058)

Class C Distributions to shareholders from net investment income	(38,623)	--
Change in net assets resulting from distributions to shareholders	(9,391,846)	(4,838,000)
CAPITAL STOCK TRANSACTIONS (NOTE 4)--		
Net proceeds from sale of shares	172,701,876	99,357,612
Net asset value of shares issued to shareholders electing to receive payment of dividends in capital stock	2,711,987	896,609
Cost of shares redeemed	(51,183,603)	(31,911,318)
Change in net assets resulting from capital stock transactions	124,230,260	68,342,903
Change in net assets	138,431,157	63,471,921
NET ASSETS:		
Beginning of period	86,936,994	23,465,073
End of period (including undistributed net investment income of \$1,485,988 and \$0, respectively)	\$ 225,368,151	\$ 86,936,994

</TABLE>

(See Notes which are an integral part of the financial statements)

INTERNATIONAL INCOME FUND
CLASS A SHARES
FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD)

<TABLE>
<CAPTION>

	YEAR ENDED NOVEMBER 30,		
	<C> 1993	<C> 1992	<C> 1991**
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 10.47	\$ 10.84	\$ 10.00
INCOME FROM INVESTMENT OPERATIONS			
Net investment income	0.88	0.62	0.25
Net realized and unrealized gain (loss) on investments	1.40	(0.20)	0.75
Total from investment operations	2.28	0.42	1.00
LESS DISTRIBUTIONS			
Dividends to shareholders from net investment income	(0.75)	(0.71)	(0.16)
Distributions to shareholders from net realized gain on investment transactions	(0.14)	(0.03)	--
Distributions in excess of net investment income	--	(0.05) (b)	--
TOTAL DISTRIBUTIONS	(0.89)	(0.79)	(0.16)
NET ASSET VALUE, END OF PERIOD	\$ 11.86	\$ 10.47	\$ 10.84
TOTAL RETURN*	22.95%	3.82%	10.07%
RATIOS TO AVERAGE NET ASSETS			
Expenses	1.25%	0.99%	0.32% (a)
Net investment income	7.71%	5.83%	7.54% (a)
Expense waiver/reimbursements (c)	0.27%	0.62%	1.18% (a)
SUPPLEMENTAL DATA			
Net assets, end of period (000 omitted)	220,602	86,937	23,465
Portfolio turnover rate***	189%	314%	35%

</TABLE>

* Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

** Reflects operations for the period June 4, 1991 (date of initial public investment) to November 30, 1991.

*** Represents portfolio turnover for the entire fund.

(a) Computed on an annualized basis.

(b) Distributions in excess of net investment income for the year ended November 30, 1992 were a result of certain book and tax timing differences. These distributions do not represent a return of capital for federal income tax purposes.

(c) Increase/decrease in above expense/income ratios due to waivers or reimbursements of expenses (Note 5).

(See Notes which are an integral part of the financial statements)

INTERNATIONAL INCOME FUND
CLASS C SHARES
FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD)

	YEAR ENDED NOVEMBER 30, 1993**
<S>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 10.23

INCOME FROM INVESTMENT OPERATIONS	

Net investment income	0.41

Net realized and unrealized gain (loss) on investments	1.58

Total from investment operations	1.99

LESS DISTRIBUTIONS	

Dividends to shareholders from net investment income	(0.38)

TOTAL DISTRIBUTIONS	(0.38)

NET ASSET VALUE, END OF PERIOD (000 OMITTED)	\$ 11.84

TOTAL RETURN*	19.67%

RATIOS TO AVERAGE NET ASSETS	

Expenses	2.05% (a)

Net investment income	5.39% (a)

Expense waiver/reimbursements (b)	0.21% (a)

SUPPLEMENTAL DATA	

Net assets, end of period (000 omitted)	4,767

Portfolio turnover rate***	189%

</TABLE>

* Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

** Reflects operations for the period from March 31, 1993 (date of initial public offering) to November 30, 1993.

*** Represents portfolio turnover for the entire fund.

(a) Computed on an annualized basis.

(b) Increase/decrease in above expense/income ratios due to waivers or reimbursements of expenses (Note 5).

INTERNATIONAL INCOME FUND
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 1993

(1) ORGANIZATION

FT Series, Inc. (the "Corporation") is registered under the Investment Company Act of 1940, as amended, as an open-end, management investment company with two portfolios. The financial statements included herein present only those of the non-diversified International Income Fund (the "Fund"). The Fund provides two classes of shares ("Class A Shares" and "Class C Shares"). Class A Shares and Class C Shares are sold pursuant to a distribution plan ("Plan") adopted in accordance with Investment Company Act Rule 12b-1. The financial statements of the other portfolio (International Equity Fund) are presented separately. The assets of each portfolio of FT Series, Inc. are segregated and a shareholder's interest is limited to the portfolio in which shares are held.

(2) SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. These policies are in conformity with generally accepted accounting principles.

- A. INVESTMENT VALUATIONS--Listed equity securities are valued at last sale price reported on national securities exchanges. Unlisted securities or listed securities in which there were no sales on the valuation date are valued at the mean between bid and asked prices. Listed corporate bonds and other fixed income securities are valued at the last sale price reported on a national securities exchange on that day, if available. Unlisted bonds and other fixed income securities are valued at the mean between bid and asked prices provided by an independent pricing service. Short-term obligations are generally valued at the mean between bid and asked prices as furnished by an independent pricing service. Short-term obligations with maturities of sixty days or less are valued at amortized cost, which approximates value.
- B. REPURCHASE AGREEMENTS--It is the policy of the Fund to require the custodian bank to take possession, to have legally segregated in the Federal Reserve Book Entry System or to have segregated within the custodian bank's vault, all securities held as collateral in support of repurchase agreement investments. Additionally, procedures have been established by the Fund to monitor on a daily basis, the market value of each repurchase agreement's underlying collateral to ensure the value at least equals the principal amount of the repurchase transaction, including accrued interest.
- The Fund will only enter into repurchase agreements with banks and other recognized financial institutions such as broker/dealers which are deemed by the Corporation's adviser to be creditworthy pursuant to guidelines established by the Directors. Risks may arise from the potential inability of counterparties to honor the terms of the repurchase agreement. Accordingly, the Fund could receive less than the repurchase price on the sale of collateral securities.
- C. INCOME--Interest income is recorded on the accrual basis and includes discount earned, less any premium on short-term obligations, and original issue discount on all other debt securities.
- D. CURRENCY TRANSLATION--Foreign currency amounts are converted into U.S. dollars at the current rate of such currencies against U.S. dollars as follows: assets and liabilities at the rate of exchange at the end of the respective period; purchases and sales of securities and income and expenses at the rate of exchange prevailing on the dates of such transactions. It is not practicable to isolate that portion of the results of operations arising from changes in the exchange rates from the portion arising from changes in the market prices of investment securities.
- E. FEDERAL TAXES--It is the Fund's policy to continue to comply with the provisions of the Internal Revenue Code applicable to regulated investment companies and to distribute to shareholders each year substantially all of its taxable income, including any net realized gain on investments. Accordingly, no provision for federal tax is necessary. However, federal taxes may be imposed on the Fund upon the disposition of certain investments in Passive Foreign Investment Companies. (See Note 2L for Foreign Taxes)
- F. FUTURES CONTRACTS--The Fund may enter into forward commitments for the

delayed delivery of securities or forward foreign currency exchange contracts which are based upon financial indices at a fixed price or exchange rate at a future date. Risks may arise upon entering these contracts from the potential inability of counterparties to meet the terms of their contracts and from unanticipated movements in security prices or foreign exchange rates. The forward foreign currency exchange contracts are adjusted by the daily exchange rate of the underlying currency and any gains or losses are recorded for financial statement purposes as unrealized until the contract settlement date (See Note 6).

- G. **OPTION CONTRACTS**--The Fund may write or purchase option contracts. Purchased options are accounted for as investment securities. A written option obligates the Fund to deliver (a call), or to receive (a put), the contract amount of foreign currency upon exercise by the holder of the option. The value of the option contract is recorded as a liability and unrealized gain or loss is measured by the difference between the current value and the premium received. The Fund had one written option outstanding at November 30, 1993. The written put is for a notional amount of 60,000,000 Deutsche Mark at a strike price of 1.66 per USD, and expires 2/10/94.
- H. **WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS**--The Fund may engage in when-issued or delayed delivery transactions. The Fund will record when-issued securities and maintains security positions such that sufficient liquid assets will be available to make payment for the securities purchased. Securities purchased on a when-issued or delayed delivery basis are marked to market daily and begin earning interest on the settlement date.
- I. **CONCENTRATION OF CREDIT RISK**--The Fund invests in fixed income securities of non-U.S. issuers. The political or economic developments within a particular country or region may have an adverse effect on the ability of domiciled issuers to meet their obligations. Additionally, political or economic developments may have an effect on the liquidity and volatility of portfolio securities and currency holdings.
- J. **DEFERRED EXPENSES**--The costs incurred by the Fund with respect to registration of its shares in its first fiscal year, excluding the initial expense of registering the shares, have been deferred and are being amortized using the straight-line method over a period of five years from the Fund's commencement date.
- K. **OTHER**--Investment transactions are accounted for on the date of the transaction.
- L. **FOREIGN TAXES**--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.

(3) DIVIDENDS AND DISTRIBUTIONS

Dividends from net investment income are declared and paid quarterly. Distributions of any net realized capital gains will be made at least once every twelve months. Dividends and capital gain distributions are automatically reinvested in additional shares on the payment date, at the ex-dividend date net asset value without a sales charge, unless cash payments are requested.

The amounts shown in the financial statements for net investment income for the years ended November 30, 1993 and 1992 differ from those determined for tax purposes because of certain timing differences. This resulted in distributions to shareholders in excess of net investment income for the year ended November 30, 1992. This distribution does not represent a return of capital for federal income tax purposes.

(4) CAPITAL STOCK

At November 30, 1993, there were 500,000,000 shares of \$.0001 par value capital stock authorized. Transactions in capital stock were as follows:

<TABLE>
<CAPTION>

<S>	YEAR ENDED NOVEMBER 30,	
	<C> 1993	<C> 1992
CLASS A SHARES		
-----	-----	-----
Shares outstanding, beginning of period	8,305,184	2,164,397
-----	-----	-----
Shares sold	14,494,139	8,977,384
-----	-----	-----
Shares issued to shareholders in payment of dividends declared	243,001	82,720
-----	-----	-----

Shares redeemed	(4,447,404)	(2,919,317)
Shares outstanding, end of period	18,594,920	8,305,184

</TABLE>

<TABLE>
<CAPTION>

	YEAR ENDED NOVEMBER 30,	
	<C> 1993**	
Shares outstanding, beginning of period	--	
Shares sold	409,680	
Shares issued to shareholders in payment of dividends declared	2,095	
Shares redeemed	(9,338)	
Shares outstanding, end of period	402,437	

</TABLE>

** For the period from March 31, 1993 (date of initial public offering) to November 30, 1993.

(5) INVESTMENT ADVISORY FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Fiduciary International Inc., the Fund's investment adviser (the "Adviser"), receives for its services an annual investment advisory fee equal to 0.75% of the Fund's average daily net assets. The Adviser may voluntarily waive all or a portion of its fee. The Adviser can modify or terminate this voluntary waiver at any time at its sole discretion. Under the terms of a sub-advisory agreement between Fiduciary International, Inc. and Federated Management, (the "Sub-Adviser"), Federated Management will receive an annual fee from Fiduciary International, Inc. equal to .375 of 1% of average daily net assets of the Fund. For the year ended November 30, 1993, the Adviser earned an investment advisory fee of \$986,055 of which \$271,710 was voluntarily waived. The Sub-Adviser received from the Adviser \$493,028 for sub-advisory services and voluntarily agreed to waive \$135,855.

Administrative personnel and services are provided by Federated Administrative Services ("FAS") at an annual rate of .15 of 1% on the first \$250 million of average aggregate daily net assets of the Corporation, .125 of 1% on the next \$250 million, .10 of 1% on the next \$250 million, and .075 of 1% on the average aggregate daily net assets in excess of \$750 million. For the year ended November 30, 1993 FAS earned \$197,211. Certain Officers and Directors of the Corporation are Officers and Directors of the above corporations.

Organizational expenses (\$32,825) were borne initially by FAS. The Fund has agreed to reimburse FAS, at an annual rate of .005 of 1% of average daily net assets, until expenses borne by FAS are fully reimbursed, or the expiration of five years after June 4, 1991, (date the Fund's portfolio first became effective) whichever occurs earlier. For the year ended November 30, 1993 the Fund paid \$5,937 in organization expenses.

The Fund has adopted a Distribution Plan (the "Plan") pursuant to Rule 12b-1 under the Investment Company Act of 1940. The Fund will compensate Federated Securities Corp. ("FSC"), the principal distributor, from the net assets of the Fund, for fees which relate to the distribution and administration of the Fund's Class A Shares and Class C Shares. The Plan provides that the Fund will incur distribution expenses up to 0.25 of 1% and 0.75 of 1% of the average daily net assets of the Class A Shares and Class C Shares, respectively, annually, to pay commissions, maintenance fees and to compensate FSC. For the year ended November 30, 1993, FSC earned \$326,268 and voluntarily waived \$75,816 for Class A Shares and earned \$7,251 for Class C Shares.

The Fund has adopted a Shareholder Services Plan (the "Services Plan") with respect to Class A and Class C Shares. The Fund will reimburse Federated Securities Corp. ("FSC"), from the net assets of the Fund for fees the Fund paid which relate to administrative support services of the Class A and Class C Shares. The Services Plan provides that the Fund may incur Shareholder services expenses up to 0.25 of 1% of the average daily net assets of the Class A and Class C Shares. For the year ended November 30, 1993, FSC earned \$78,233.

(6) FORWARD CONTRACTS

At November 30, 1993 the Fund had outstanding forward contracts as set out below.

<TABLE>
<CAPTION>

SETTLEMENT DATE	FORWARD FOREIGN CURRENCY EXCHANGE CONTRACTS		UNREALIZED APPRECIATION (DEPRECIATION)
	CONTRACTS TO DELIVER/RECEIVE	IN EXCHANGE FOR	
SALES			
<S>	<C>	<C>	<C>
Deutsche Mark	14,021,867	\$ 8,233,930	\$ 58,868
Danish Krone	238,345,000	35,034,500	(21,391)
Spanish Peseta	1,273,590,000	9,000,000	(42,173)
French Franc	79,598,000	13,350,926	(67,483)
Pound Sterling	17,277,589	25,536,276	(128,591)
Irish Pound	7,442,907	10,415,778	(86,419)
Italian Lira	16,600,000,000	9,968,772	261,170
Netherlands Guilder	18,434,000	9,691,903	65,794
		-----	-----
		\$ 121,232,085	\$ 39,775
		-----	-----

<CAPTION>

PURCHASES	
<S>	<C>
None	
Net Unrealized Appreciation on Forward Contracts	\$ 39,775

</TABLE>

(7) INVESTMENT TRANSACTIONS

Purchases, and sales of investments, excluding short-term securities, for the fiscal year ended November 30, 1993 were as follows:

<TABLE>	
<S>	<C>
-----	-----
PURCHASES	\$ 361,838,827
-----	-----
SALES AND MATURITIES	\$ 234,273,700
-----	-----

</TABLE>

(8) CURRENT CREDIT RATINGS

Current credit ratings and related notes are unaudited.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders and Board of Directors of
FT SERIES, INC., (International Income Fund):

We have audited the accompanying statement of assets and liabilities of International Income Fund (an investment portfolio of FT Series, Inc., a Maryland Corporation), including the schedule of portfolio investments, as of November 30, 1993, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended and financial highlights for each of the periods presented. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of the securities owned as of November 30, 1993 by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of International Income Fund, an investment portfolio of FT Series, Inc., as of November 30, 1993 and the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and financial highlights for each of the periods presented in conformity with generally accepted accounting principles.

Pittsburgh, Pennsylvania
January 21, 1994

DIRECTORS

OFFICERS

<TABLE>

<S>

John F. Donahue
John T. Conroy, Jr.
William J. Copeland
James E. Dowd
Lawrence D. Ellis, M.D.
Edward L. Flaherty, Jr.
Peter E. Madden
Gregor F. Meyer
Wesley W. Posvar
Marjorie P. Smuts

<C>

John F. Donahue
Chairman
Glen R. Johnson
President
J. Christopher Donahue
Vice President
Richard B. Fisher
Vice President
Edward C. Gonzales
Vice President and Treasurer
Joseph S. Machi
Vice President and Assistant Treasurer
John W. McGonigle
Vice President and Secretary
John A. Staley, IV
Vice President
David M. Taylor
Assistant Treasurer
Jeannette Fisher-Garber
Assistant Secretary

</TABLE>

Mutual funds are not obligations of or insured by any bank nor are they insured by the federal government or any of its agencies. Investment in these shares involves risk, including the possible loss of principal.

This report is authorized for distribution to prospective investors only when preceded or accompanied by the Fund's prospectus which contains facts concerning its objective and policies, management fees, expenses and other information.

DOCUMENT DESCRIPTION

DOCUMENT TYPE

COUNT 28

PRESIDENT'S MESSAGE

Dear Shareholder:

I am pleased to present the 9th Annual Report of the International Equity Fund. This report covers the period of December 1, 1992 to November 30, 1993. The report contains a listing of the Fund's holdings and the Fund's Financial Statements.

The International Equity Fund net assets of \$195.7 million are invested in 30 different countries and in over 150 issues. Margaret Lindsay, Vice President of Fiduciary Trust International and portfolio manager of the Fund discusses in detail the financial effects of the General Agreement of Tariff and Trade and NAFTA, which will give you an insight into the complexity of international investing in managing the Fund's portfolio.

In the past twelve months, individuals and institutions in the United States substantially increased their holdings in international and global funds. According to the Investment Company Institute, in the international arena now, there are \$57 billion in fund assets. In 1993 alone, over \$18 billion was invested in global and international equity funds, and there are almost 100 international equity funds. More institutions and individuals are placing a portion of their wealth in funds that invest outside of the United States.

Many countries around the world are privatizing a number of their industries. Capitalism seems to be taking a hold in these countries, and free market forces are projecting emerging market securities to investors throughout the world. There are probably more stock exchanges in more countries today than ever before, and more listed securities are being offered to investors.

Indeed, it is for these reasons that investors are utilizing the mutual fund concept. There are great opportunities for investment, but it does take knowledgeable and experienced people to select and follow the stocks and bonds being issued today at record rates.

We strongly believe in broad diversification by country and by issuer. As of November 30, 1993, the top holding in each of the ten largest country commitments were:

<TABLE>
<CAPTION>

Country -----	Market Value -----	% of Net Assets -----
<S>	<C>	<C>
Japan		
Murata Manufacturing	\$2,566,923	1.3%
United Kingdom		
Cable & Wireless	\$1,768,035	0.9%
France		
Valeo	\$1,562,315	0.8%
Hong Kong		
Sun Hung Kai Properties	\$1,913,786	1.0%
Switzerland		
Baloise Holdings	\$2,144,927	1.1%

</TABLE>

<TABLE>
<CAPTION>

Country -----	Market Value -----	% of Net Assets -----
<S>	<C>	<C>
Mexico		
Cifra	\$1,407,759	0.7%
Netherlands		
Polygram	\$1,532,228	0.8%
Germany		
Deutsche Bank	\$1,957,654	1.0%
Malaysia		
Genting	\$2,311,445	1.2%
Sweden		
Svenska Handelsbanken	\$1,845,916	0.9%

</TABLE>

During the report period, the fund's share price increased from \$14.09 to \$16.49, or 17.0%.

In the coming twelve months, we anticipate lower interest rates throughout the world, and improving international equity markets. We are optimistic about the international markets.

I urge you to add to your account, and if you have any questions, please do not hesitate to write.

Very sincerely yours,

Glen R. Johnson President
LOGO
January 15, 1994

INVESTMENT REVIEW
MARGARET LINDSAY SENIOR VICE PRESIDENT, FIDUCIARY TRUST INTERNATIONAL

Q Recently, the General Agreement on Tariffs and Trade, or GATT, has been front-page news. What is the potential impact of this Agreement between Europe and the U.S. on the European stock markets? As a result, how have you structured the Fund's European holdings?

A Although a number of unresolved issues remain, the GATT talks were concluded in mid-December with a fairly comprehensive agreement, thus removing the risk of an outright trade war. A trade war would have been negative for the European markets, with investors resorting to profit taking as they perceived greater political risk. Separately from GATT, the development of a regional trading bloc has been underway for quite some time culminating most recently in the "Single Market", which has been in place for more than a year now. Despite the difficulties encountered by the Maastricht Treaty and questions over the feasibility of a single currency, we believe that developments on the corporate level remain on track.

For example, corporate restructuring remains an important theme in the Fund's

European portfolio. As trade barriers fall, companies are moving into new markets. As competition increases, the need for restructuring has become more important to maintain efficiency and ensure adequate return. In many cases, cost-cutting measures are already starting to produce results despite the difficult economic environment. Holdings have recently been increased in Valeo (a French-based leading European supplier of auto components). New positions include Macintosh (a Dutch retailer looking to better margins) and Kuoni (a Swiss-based travel agency with a recently acquired German partner which increased opportunities for both).

The financial sector is a second important theme in the European portfolio. Holdings have been increased in Creditanstalt (an Austrian bank), AXA (a French insurance company which owns 49% of U.S. Equitable), Deutsche Bank, Aegon (a Dutch insurer active in the U.S.) and Svenska Handelsbanken (a Swedish bank). A second insurance company, Baloise, has been purchased in Switzerland. We believe all these stocks offer good value and are clear beneficiaries of lower interest rates as well as the positive effects rising markets are likely to have on their investment portfolios.

Infrastructure is a third area in which the portfolio is well represented. The Fund owns Wienerberger, an Austrian brick producer with important markets in eastern Europe, and, in Germany, Siemens, active in telecommunications, railways and power engineering, and Weru, the leading supplier of doors and window frames currently enjoying a booming business in the east. A new position has been added in Buderus, a German technology company benefitting from new environmental laws. The holding in Schindler, the Swiss elevator company, has been increased.

Continental Europe represents 26% of the Fund's total investments. The U.K. has been maintained at 10%, including several Irish stocks that were added earlier this year. In these two markets, recovery remains the investment theme. We expect financials like Barclays Bank and the telecom stock, Cable and Wireless, to continue to do well in the U.K. Ireland is recovering quickly and is expected to be one of the strongest economies in Europe in the 1993-94 period. The construction materials company, CRH, and the Bank of Ireland, both held by the Fund, are expected to benefit from the Irish economy's turnaround.

Q Let's turn to the NAFTA agreement, a major recent development in U.S. and Mexico trade relations. How significant will the resulting opportunities be for the Mexican market, and how is the Fund's portfolio positioned to respond?

A The long-awaited passage of NAFTA is highly positive for Mexico and the rest of Latin America. The effects are both political and economic and, we believe, will allow investors to view this equity market favorably over the longer term. We expect a higher market price-to-earnings multiple now that a great deal of the "country risk" associated with Mexico has been removed. A continuation of the government's centrist policies seems assured with the recent appointment of President Salinas' close associate, Mr. Colosio, as the ruling party's presidential candidate for next year's election. The passage of NAFTA removes the necessity of defending the Mexican peso with high interest rates, which would have been the case if the treaty had been rejected. An increasing inflow of foreign investment should keep the currency strong. As interest rates come down, economic growth should pick up significantly in 1994, with subsequent corporate earnings growth.

The combination of accelerating growth and lower interest rates should help retail companies and construction firms in Mexico. The Fund has been well positioned in these areas with holdings in Cifra, a retailer and Cemex, a cement company. Several new names have been added to the Mexican portfolio since the NAFTA vote. These include Casa Autrey, a wholesale distributor of pharmaceuticals and consumer goods and Elektra, a retailer. Consumer spending and infrastructure development are likely to remain the major investment themes for the Latin American region overall. Mexico currently accounts for half of the Fund's 10% exposure to Latin America. As NAFTA helps to build a foundation for sustainable long term growth in the region, we expect to increase our investments further as attractive opportunities and new issues become available.

Q Japan's markets remained depressed during the reporting period. Just how negative is the situation there, and what kind of position are you currently maintaining in Japan?

A Japan continued to have political and economic difficulties during the period under review with additional technical factors burdening the equity market. As a result, investors stayed largely on the sidelines. However, some progress has now been made on political reform with important new legislation passed by the lower house of Parliament in early December. The coalition government only came to power in July this year after decades of a single

ruling party. They have had a number of issues to work through which, apparently, have delayed further action on Japan's dismal economy. Official growth forecasts were reduced in early November, and were thus more in line with those of private observers. Nevertheless, the subsequent third quarter GNP figures were surprisingly better than expected. We believe these recent developments have, to a large extent, been discounted by the market. The outlook, we feel, is improving for a number of reasons. The falling oil price should help keep inflation at low levels. Interest rates are at record lows that will help industry as well as encouraging new housing starts. Infrastructure orders, resulting from the government's earlier stimulus measures, are now being placed and should stimulate demand for equipment as well as create new jobs. We expect a further supplementary budget, including an income tax cut, to be announced early in 1994. Japan's economy appears to be at or near its low point.

Japan accounts for 27% of the Fund's total investments. Our portfolio reflects the following expectations: a weaker yen that will benefit the exporters, the likelihood of even lower interest rates which will support the financial sector and an eventual economic recovery which can be played through consumer stocks. Overlying these themes is corporate restructuring and cost cutting that will produce visible gains in productivity once the recovery arrives. The Japanese yen reached historic highs against both the U.S. dollar and the European currencies in 1993. As a result, Japan's exporting sector has been depressed. Recently, this trend has reversed itself as the yen has begun to weaken against the U.S. dollar. Stocks such as Sharp, Sony and Canon have benefitted as the outlook has improved. A weaker yen will make these companies' products more competitive abroad. While the timing and extent of economic recovery is still difficult to call in Japan, housing starts have improved. Consumer confidence, however, remains at low levels, raising expectations that an income tax cut may help revive this sector. The Fund owns selected consumer stocks such as Ito Yokado in anticipation of this recovery. The sluggish economy also suggests further cuts in interest rates. We have maintained our exposure to the financial sector through Mitsubishi Bank and Daiwa Securities, among others. Finally, the corporate restructuring theme is best illustrated with Mitsumi Electric and Murata, companies that have made considerable progress in cost-cutting and the resourcing of production to countries such as China and even the U.S. We continue to believe a selective approach is appropriate in this market.

Q Can you comment on the Fund's positions in other Far East markets?

A Most of the Far Eastern markets performed well and reached new highs during the period under review. We continue to believe the outlook is attractive. To help capture this region's dynamic growth, the Fund has focussed on two predominant themes in its investment strategy. One is the continued development of infrastructure systems in countries that are climbing the ladder of economic development. Such developments include telecommunications, power projects, and transportation systems to name a few. Without expansion in this particular area, countries such as Malaysia, Thailand and China could not continue their rapid economic growth. In the Fund, specific names for this investment theme include Telecom Asia, China Light & Power and Korea Electric Power Company.

The other theme in the portfolio is consumer spending. As the region expands economically, wealth is created. This leads to an emerging middle class in many countries that previously lacked such a social strata. In countries with expanding manufacturing and service bases, middle managers are needed by the growing number of businesses. As their incomes increase, they are buying homes, cars, and consumer products for the first time. The Fund is positioned to benefit from the expected emergence of a consumer society through its holdings in Tsingtao Brewery in China, Samsung Electronics in Korea and Genting Berhad (leisure) in Malaysia. In addition, many regional banks, including HSBC Holdings in Hong Kong and Bangkok Bank in Thailand, are good proxies for this dynamic spending as consumers borrow to finance their major purchases. Infrastructural development and consumer spending will continue to be major themes for the Fund as the Far Eastern region develops. The total Far Eastern exposure is 19%. Our largest country weighting continues to be Hong Kong, with 5% of the Fund invested there.

PERFORMANCE COMPARISON

COMPARISON OF CHANGE IN VALUE OF A HYPOTHETICAL \$10,000 PURCHASE
IN INTERNATIONAL EQUITY FUND (CLASS A SHARES)
AND MORGAN STANLEY, EUROPE-AUSTRALIA-FAR EAST INDEX.

Graphic Presentation Omitted. See Appendix C.

Past performance is not indicative of future performance. Your investment return

and principal value will fluctuate so when shares are redeemed, they may be worth more or less than original cost. Mutual funds are not obligations of or guaranteed by any bank and are not federally insured.

*Reflects performance of International Equity Fund (Class A Shares) from 8/17/84 through 11/30/93.

**Represents a hypothetical investment of \$10,000 in International Equity Fund (Class A Shares), after deducting the maximum sales charge of 4.5% (\$10,000 investment minus \$450 sales charge = \$9,550). The Fund's performance assumes the reinvestment of all dividends and distributions. The Morgan Stanley Europe-Australia-Far East Index is adjusted to reflect reinvestment of dividends on securities in the index.

The Morgan Stanley Europe-Australia-Far East Index IS not adjusted to reflect sales loads, expenses, or other fees that the SEC requires to be reflected in the Fund's performance.

Returns reflect maximum applicable fees.

PERFORMANCE COMPARISON

COMPARISON OF CHANGE IN VALUE OF A HYPOTHETICAL \$10,000 PURCHASE
IN INTERNATIONAL EQUITY FUND (CLASS C SHARES)
AND MORGAN STANLEY, EUROPE-AUSTRALIA-FAR EAST INDEX.

Graphic Presentation Omitted. See Appendix D.

Past performance is not indicative of future performance. Your investment return and principal value will fluctuate so when shares are redeemed, they may be worth more or less than original cost. Mutual funds are not obligations of or guaranteed by any bank and are not federally insured.

*Reflects performance of International Equity Fund (Class C Shares) from 3/31/93 through 11/30/93, on a cumulative basis.

**Represents a hypothetical investment of \$10,000 in International Equity Fund (Class C Shares). The ending value of the Fund reflects a redemption fee of 1% on any redemption less than 1 year from the purchase date. The Morgan Stanley Europe-Australia-Far East Index is adjusted to reflect reinvestment of dividends on securities in the index.

The Morgan Stanley Europe-Australia-Far East Index IS not adjusted to reflect sales loads, expenses, or other fees that the SEC requires to be reflected in the Fund's performance.

Returns reflect maximum applicable fees.

INTERNATIONAL EQUITY FUND
Opportunities for Long-Term Capital Growth and Income
Through International Securities

If you invested \$10,000 initially and
reinvested all dividends
and capital gains . . .

Graphic Presentation Omitted. See Appendix E.

As this illustration shows, an investment of \$10,000 in the Class A Shares of International Equity Fund, Inc. on the Fund's inception date of 8/17/84, with dividends and capital gains reinvested and no redemption of shares, would be worth \$34,817 on 11/30/93. This reflects an attractive 14.44%* average annual total return for the 9-year investment.

ONE KEY TO INVESTING IS TO HAVE ALL DISTRIBUTIONS REINVESTED IN FUND SHARES. BY REINVESTING IN FUND SHARES, YOU BUY MORE SHARES EACH YEAR AND GAIN THE BENEFIT OF COMPOUNDING.

*Total return represents the change in the value of an investment after reinvesting all income and capital gains, and taking into account the 4.5% sales charge on the initial investment applicable to Class A Shares. Data quoted represent past performance and are not indicative of future results. INVESTMENT RETURN AND PRINCIPAL VALUE WILL FLUCTUATE SO AN INVESTOR'S SHARES, WHEN REDEEMED, MAY BE WORTH MORE OR LESS THAN THEIR ORIGINAL COST.

AS OF 12/31/93, THE CLASS A SHARES' AVERAGE ANNUALIZED ONE-YEAR, FIVE-YEAR, AND

SINCE INCEPTION TOTAL RETURNS WERE 25.34%, 5.84%, AND 15.56%, RESPECTIVELY, AND THE CLASS C SHARES' TOTAL RETURN SINCE INCEPTION (3/31/93) WAS 21.15%. THIS FIGURE REPRESENTS ONLY 9 MONTHS' PERFORMANCE AND MAY NOT BE A FAIR REPRESENTATION OF THE CLASS C SHARES' LONG-TERM PERFORMANCE.

Investing in International Equity Fund
 ONE STEP AT A TIME . . . \$1,000 invested each year for
 9 years (1984 to 1993)

 \$10,000 invested with all dividends and capital gains
 reinvested is valued at \$15,646 today

Graphic Presentation Omitted. See Appendix F.

WHEN IT COMES TO INVESTING, THE KEY IS CONSISTENCY.

Through systematic investing, you buy shares on a regular basis and reinvest all earnings. An investment plan works for you when you invest only \$1,000 annually. YOU CAN TAKE IT ONE STEP AT A TIME. Put time and compounding to work!

This graph illustrates the investment growth you would have enjoyed if you started investing \$1,000 annually in Class A Shares of International Equity Fund, Inc. on 8/17/84, reinvested your dividends and capital gains, and did not redeem any shares. As of 11/30/93, your investment account would have reached a total value of \$15,646.** This works out to an average annual total return of 9.07%.

*The difference from this ending figure and the actual reinvested figure is due to the increase in the share value of the shares purchased by the reinvestment of the dividends and capital gains.

**No method of investing can guarantee a profit or protect against loss in down markets. All accumulated shares have the ability to pay income to the investor.

INTERNATIONAL EQUITY FUND PORTFOLIO OF INVESTMENTS
 NOVEMBER 30, 1993

<TABLE>

<CAPTION>

SHARES		VALUE
<C>	<S>	<C>

COMMON STOCKS--90.0%		

ARGENTINA--0.9%		

8,000	Central Puerto	\$ 228,000

30,000	Telefonica de Argentina	1,627,500

	Total	1,855,500

AUSTRALIA--2.2%		

167,463	Amcor	1,024,563

160,000	National Australia Bank	1,265,823

220,045	News Corp.	1,436,211

200,000	West Australia News	507,648

	Total	4,234,245

AUSTRIA--0.5%		

2,960	Weinerberger Baustellung	938,845

BRAZIL--1.2%		

70,000	Aracruz Celulose**	700,000

46,500	Telebras	1,627,500

	Total	2,327,500

CHILE--2.0%		
37,000	Compania Cervecerias Unidas**	994,375
25,000	Compania de Telefonos de Chile	2,100,000
40,000	Madeco	855,000
	Total	3,949,375
CHINA--1.5%		
350,000	Citic Pacific Ltd.	915,210
7,200	Ek Chor China Motorcycle Corp.	198,900
33,000	Shanghai Petrochemical Corp.	1,072,500
700,000	Tsingtao Brewery	647,896
	Total	2,834,506

</TABLE>

INTERNATIONAL EQUITY FUND

<TABLE>

<CAPTION>

SHARES		VALUE
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
COLOMBIA--1.0%		
46,000	Banco Ganadero	\$ 828,000
70,000	Corporacion Financiera del Valle	1,155,000
	Total	1,983,000
FRANCE--5.8%		
5,980	AXA	1,498,658
1,820	Carrefour	1,157,330
3,893	Cetelem	783,133
10,700	Ecco	993,165
12,100	Imetal	1,061,851
4,820	L'Oreal	949,277
1,360	Legrand	1,122,336
9,637	Rexel	935,157
15,850	TV Francaise	1,377,563
8,050	Valeo	1,562,315
	Total	11,440,785
GERMANY--3.7%		
2,880	Buderus	1,011,484
3,965	Deutsche Bank	1,957,654
5,650	Preussag	1,364,168
4,635	Siemens	1,952,077
1,171	Weru	938,575
	Total	7,223,958

HONG KONG--5.6%

252,000	China Light & Power	1,484,272
1,152,050	Consolidated Electric Power--Asia	1,152,050
500,000	Hang Lung Development Co.	899,676
495,000	Hong Kong Land Holdings	1,211,067

</TABLE>

INTERNATIONAL EQUITY FUND

<TABLE>

<CAPTION>

SHARES		VALUE
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
HONG KONG--CONTINUED		
146,576	HSBC Holdings	\$ 1,622,297
194,000	Hutchison Whampoa	778,511
1,000,000	Oriental Press Group	757,281
308,000	Sun Hung Kai Properties	1,913,786
100,000	Swire Pacific**	692,557
102,000	Television Broadcasting	355,184
	Total	10,866,681
INDONESIA--0.4%		
88,400	Kabelmetal Indonesia	346,832
188,400	Lippo Bank	531,846
	Total	878,678
IRELAND--1.9%		
150,000	Bank of Ireland	613,677
258,960	CRH	1,269,035
160,000	Greencore	731,809
375,000	Irish Life	1,175,007
	Total	3,789,528
ITALY--0.4%		
457,000	SIP	823,134
JAPAN--26.8%		
180,000	Amada Co.	1,475,247
80,000	Asahi Bank	792,079
90,000	Canon Sales Co., Inc.	2,252,475
180,000	Canon, Inc.	2,260,726
180,000	Chugoku Marine Paints	782,178
180,000	Daiwa Securities	1,881,188

</TABLE>

INTERNATIONAL EQUITY FUND

<TABLE> <CAPTION> SHARES		VALUE
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		

JAPAN--CONTINUED		
32	DDI Corp.	\$ 1,628,163
33,000	Fuji Photo Film	683,718
86,000	Horiba	1,379,721
48,000	Ito Yokado Co.	2,319,032
140,000	Japan Securities Finance	1,732,673
120,000	Kaken Pharmaceuticals	1,606,161
200,000	Kamigumi	1,943,528
25,000	Kyocera	1,161,991
16,000	Mabuchi Motor	903,557
75,000	Mitsubishi Bank	1,787,679
305,000	Mitsubishi Heavy Industries	1,674,872
165,000	Mitsui Fudosan Co.	1,588,284
160,000	Mitsumi Electric	2,493,583
80,000	Murata Manufacturing	2,566,923
250,000	NEC Corp.	1,773,927
21,800	Nintendo	1,269,069
510,000	Nippon Steel Corp.	1,407,315
235	Nippon Telephone & Telegraph	1,473,597
140,000	Sharp Corp.	1,745,508
26,000	Shimachu	941,511
55,000	Sony Corp.	2,354,694
150,000	Suzuki Motor Corp.	1,320,132
125,000	Taisei Prefab Construction	1,650,165
127,000	Takashimaya Co.	1,187,569
165,000	Tokio Marine & Fire	1,679,043
65,000	Tokyo Style	989,182
167,000	Toyo Engineering	949,211

</TABLE>

INTERNATIONAL EQUITY FUND

<TABLE> <CAPTION> SHARES		VALUE
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		

JAPAN--CONTINUED		
28,000	Uniden Corp.	\$ 734,140
	Total	52,388,841

KOREA--1.1%		
66,500	Korea Asia Fund**	1,155,770
20,000	Korea Electric Power	482,733
15,202	Samsung Electronics	508,995
	Total	2,147,498
MALAYSIA--3.1%		
90,000	Aokam Perdana	879,765
200,000	Berjaya Sports	449,658
90,000	Edaran Otomobil	503,226
220,000	Genting	2,311,445
120,000	Malayan Banking	858,651
225,000	Pilecon Engineering	453,079
74,000	Telekom Malaysia	555,542
	Total	6,011,366
MEXICO--4.5%		
50,000	Cemex	1,322,639
500,000	Cifra	1,407,759
40,000	Consortio Grupo Dina	880,000
253,000	Farmacias Benavides	1,258,995
19,700	Banamex	140,760
930,000	Grupo Financiero Probursa	989,523
10,000	Grupo Televisa GDR**	593,818
25,000	Grupo Televisa L**	752,987
300,000	Herdez	307,415

</TABLE>

INTERNATIONAL EQUITY FUND

<TABLE>

<CAPTION>

SHARES		VALUE
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
MEXICO--CONTINUED		
400,000	Telefonos de Mexico	\$ 1,131,445
	Total	8,785,341
NETHERLANDS--4.1%		
29,000	Aegon	1,530,681
17,800	Elsevier	1,446,771
47,700	IHC Caland	982,278
72,500	KNP BT	1,508,060
34,965	Macintosh	990,948
39,550	Polygram	1,532,228

	Total	7,990,966
	-----	-----
	NEW ZEALAND--0.6%	
	-----	-----
265,876	Carter Holt Harvey	497,466
	-----	-----
112,500	Independent News	441,850
	-----	-----
150,000	Telecom Corp. of NZ	318,296
	-----	-----
	Total	1,257,612
	-----	-----
	NORWAY--1.0%	
	-----	-----
65,850	Dyno Industrier	994,112
	-----	-----
28,900	Orkla	1,023,833
	-----	-----
	Total	2,017,945
	-----	-----
	PHILIPPINES--0.8%	
	-----	-----
1,112,000	JG Summit Holdings, Inc.	426,753
	-----	-----
9,500	Philippine Long Distance	579,500
	-----	-----
93,600	San Miguel Corp.	632,895
	-----	-----
	Total	1,639,148
	-----	-----
	SINGAPORE--1.8%	
	-----	-----
180,000	City Developments	737,336
	-----	-----
18,000	City Developments Warrants	40,525
	-----	-----
113,750	Develoment Bank of Singapore	1,045,732
	-----	-----

</TABLE>

INTERNATIONAL EQUITY FUND

<TABLE>

<CAPTION>

SHARES		VALUE
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		

SINGAPORE--CONTINUED		
	-----	-----
100,000	Sembawang Shipyard	\$ 838,024
	-----	-----
101,250	United Overseas Bank	785,178
	-----	-----
	Total	3,446,795
	-----	-----
SPAIN--0.4%		
	-----	-----
15,100	Banco Pastor	749,097
	-----	-----
SWEDEN--2.9%		
	-----	-----
114,000	Bylock and Nordsjofr	909,574
	-----	-----
31,610	Electrolux	1,083,558
	-----	-----
65,150	Sandvik AB	862,506
	-----	-----
58,500	Svedala Industries	926,596
	-----	-----
147,325	Svenska Handelsbanken	1,845,916
	-----	-----
	Total	5,628,150
	-----	-----
SWITZERLAND--5.4%		
	-----	-----
1,265	Baloise Holdings	2,144,927
	-----	-----
980	Reiseburo Kuoni	1,125,234
	-----	-----

475	Roche Holding	1,907,293
330	Schindler Holding	1,514,519
1,780	Swiss Bank Corp.	1,560,174
1,725	Sulzer	842,924
585	Swiss Re	1,423,448
	Total	10,518,519
TAIWAN--0.7%		
52,000	Taiwan Fund, Inc.	1,397,500
THAILAND--0.8%		
140,500	Bangkok Bank	1,132,438
15,000	TelecomAsia Corp. Public Ltd.	328,050
	Total	1,460,488

</TABLE>

INTERNATIONAL EQUITY FUND

<TABLE>

<CAPTION>

SHARES		VALUE
<C>	<S>	<C>
COMMON STOCKS--CONTINUED		
TURKEY--0.6%		
173,300	Turkiye Garanti Bankasi	\$ 1,213,100
UNITED KINGDOM--7.9%		
75,000	BAA	1,024,651
153,468	Barclays Bank	1,333,216
253,318	Cable and Wireless	1,768,035
228,629	English China Clay	1,442,936
150,000	Guinness	1,042,471
406,214	Hanson Trust	1,711,660
548,927	Ladbroke Group	1,397,995
500,000	Lasmo	835,313
400,000	London International Group	825,661
275,000	Royal Insurance	1,204,707
182,700	Takare	577,890
77,415	Thorn EMI	1,084,661
356,231	Tomkins	1,232,578
	Total	15,481,774
VENEZUELA--0.4%		
100,000	Mavesa	837,000
	TOTAL COMMON STOCKS (IDENTIFIED COST \$156,543,664)	176,116,875
PREFERRED STOCKS--1.8%		
AUSTRIA --0.7%		

21,830	Creditanstalt Bankverein	1,348,592
	FINLAND--0.4%	
18,000	Nokia	861,259
	GERMANY--0.4%	
2,650	Fresenius	777,004

</TABLE>

INTERNATIONAL EQUITY FUND

<TABLE>

<CAPTION>

SHARES OR PRINCIPAL AMOUNT		VALUE
<C>	<S>	<C>
PREFERRED STOCKS--CONTINUED		
	HONG KONG--0.3%	
500,000	Amoy Properties	\$ 525,000
	TOTAL PREFERRED STOCKS (IDENTIFIED COST \$3,472,581)	3,511,855
CONVERTIBLE BONDS--0.2%		
	CHINA--0.2%	
300,000	Guangdong Province, 4.50%, 10/7/98	382,500
*REPURCHASE AGREEMENT--8.5%		
\$16,690,000	J. P. Morgan Securities, Inc., 3.24%, dated 11/30/93, due 12/1/93	16,690,000
	TOTAL INVESTMENTS (IDENTIFIED COST \$177,006,245)	\$196,701,230+

</TABLE>

The cost for federal tax purposes amounts to \$177,430,215. The net unrealized appreciation of investments amounts to \$19,271,015, which is comprised of \$28,178,708 appreciation and \$8,907,693 depreciation at November 30, 1993.

*Repurchase agreement is fully collateralized by U.S. government and/or agency obligations based on market prices at the date of the portfolio. The investment in the repurchase agreement is through participation in joint accounts with other Federated accounts.

**Non-income producing.

Note: The categories of investments are shown as a percentage of net assets (\$195,711,691) at November 30, 1993.

(See Notes which are an integral part of the financial statements)

INTERNATIONAL EQUITY FUND
STATEMENT OF ASSETS AND LIABILITIES
NOVEMBER 30, 1993

<S>	<C>	<C>
ASSETS:		
Investments, in repurchase agreements, at amor- tized cost and value (Note 2B)	\$ 16,690,000	
Investments in other securities, at value	180,011,230	
Total investments (Note 2A) (identified cost \$177,006,245 and tax cost, \$177,430,215)		\$196,701,230
Cash		52,401

Receivable for investments sold	802,618
Dividends and interest receivable	547,762
Receivable for capital stock sold	319,774
Total assets	198,423,785
LIABILITIES:	
Payable for investments purchased	2,251,724
Payable for capital stock redeemed	260,471
Dividend taxes withheld liability	78,996
Accrued expenses and other liabilities	120,903
Total liabilities	2,712,094
NET ASSETS for 11,870,007 shares of capital stock outstanding	\$195,711,691
NET ASSETS CONSISTS OF:	
Paid-in capital	\$177,772,100
Unrealized appreciation of investments	19,694,985
Accumulated net realized gain on investments	49,588,801
Distributions paid from capital gains	(50,597,175)
Distributions in excess of net investment income	(747,020)
Total	\$195,711,691
NET ASSET VALUE,	
Class A (\$192,860,132 / 11,696,283 shares of capital stock outstanding)	\$16.49
Class C (\$2,851,559 / 173,724 shares of capital stock outstanding)	\$16.41
Computation of Offering Price:	
Class A Offering Price Per Share (100/95.5 of \$16.49)*	\$17.27
Computation of Proceeds on Redemption:	
Class A Redemption Proceeds Per Share (99.5/100 of \$16.49)**	\$16.41
Class C Redemption Proceeds Per Share (99/100 of \$16.41)**	\$16.25

</TABLE>

*See "What Shares Cost" in the prospectus.

**See "Redemption Fee" in the prospectus.

(See Notes which are an integral part of the financial statements)

INTERNATIONAL EQUITY FUND
STATEMENT OF OPERATIONS
YEAR ENDED NOVEMBER 30, 1993

	<C>	<C>
INVESTMENT INCOME:		
Dividends (net of foreign taxes withheld of \$102,843)		\$ 2,003,755
Interest		395,850
Total investment income		2,399,605
EXPENSES:		
Investment advisory fee (Note 4)	\$1,387,617	

Administrative personnel and services fee (Note 4)	208,142	
Custodian, transfer and dividend disbursing agent fees and expenses	381,495	
Directors' fees	4,780	
Auditing fees	35,414	
Legal fees	19,075	
Capital stock registration costs	35,181	
Printing and postage	89,568	
Insurance premiums	14,533	
Taxes	19,886	
Miscellaneous	6,868	
Shareholder service fee (Note 4)	36,462	
Distribution fee (Note 4)	4,735	
Total expenses	2,243,756	
Deduct--waiver of investment advisory fee (Note 4)	16,560	2,227,196
Net investment income		172,409
NET REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS:		
Realized gain on investment transactions (identified cost basis)--		
Net realized gain on investments		5,894,827
Unrealized appreciation of investments--		
Change in unrealized appreciation		14,259,817
Net realized and unrealized gain/(loss) on investments		20,154,644
Change in net assets resulting from operations		\$20,327,053

</TABLE>

(See Notes which are an integral part of the financial statements)

INTERNATIONAL EQUITY FUND
STATEMENTS OF CHANGES IN NET ASSETS

	YEAR ENDED NOVEMBER 30,	
	1993	1992
<S>	<C>	<C>
INCREASE (DECREASE) IN NET ASSETS:		
OPERATIONS--		
Net investment income	\$ 172,409	\$ 750,899
Net realized gain/(loss) on investment and forward contract transactions (\$5,764,462 net gain and \$4,340,919 net loss, respectively, as computed for federal tax purposes)	5,894,827	(6,099,858)
Change in unrealized appreciation	14,259,817	2,917,308
Change in net assets resulting from operations	20,327,053	(2,431,651)
DISTRIBUTIONS TO SHAREHOLDERS (NOTE 2C)--		
Class A Dividends to shareholders from net investment income	(644,382)	(608,619)

Distributions in excess of net investment income	(747,020)	--
Change in net assets resulting from distributions to shareholders	(1,391,402)	(608,619)
CAPITAL STOCK TRANSACTIONS (NOTE 3)--		
Net proceeds from sale of shares	127,561,470	49,389,141
Net asset value of shares issued to shareholders electing to receive payment of dividends in capital stock	623,074	269,188
Cost of shares redeemed	(58,345,460)	(41,660,594)
Change in net assets from capital stock transactions	69,839,084	7,997,735
Change in net assets	88,774,735	4,957,465
NET ASSETS:		
Beginning of period	106,936,956	101,979,491
End of period (including undistributed net investment income of \$0 and \$471,973 respectively)	\$195,711,691	\$106,936,956

</TABLE>

(See Notes which are an integral part of the financial statements)

INTERNATIONAL EQUITY FUND
CLASS A SHARES
FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD)

<TABLE>
<CAPTION>

	YEAR ENDED NOVEMBER 30,									
	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984**
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$14.09	\$14.44	\$14.28	\$17.59	\$17.34	\$19.99	\$22.87	\$14.62	\$ 9.50	\$10.00
INCOME FROM INVESTMENT OPERATIONS										
Net investment income	0.06	0.10	0.11	0.19	0.18	0.19	0.24	0.04	0.09	0.02
Net realized and unrealized gain (loss) on investments	2.53	(0.37)	0.37	(1.16)	1.60	3.27	(0.72)	8.63	5.04	(0.52)
Total from investment operations	2.59	(.27)	0.48	(.97)	1.78	3.46	(0.48)	8.67	5.13	(0.50)
LESS DISTRIBUTIONS										
Dividends to shareholders from net investment income	(0.06)	(0.08)	(0.21)	(0.20)	(0.23)	(0.23)	(0.05)	(0.08)	(0.01)	--
Distributions for shareholders from net realized gain on investment transactions	--	--	(0.11)	(2.14)	(1.30)	(5.88)	(2.35)	(0.34)	--	--
Distributions in excess of net investment income	(0.13) (b)									
TOTAL DISTRIBUTIONS	(0.19)	(0.08)	(0.32)	(2.34)	(1.53)	(6.11)	(2.40)	(0.42)	(0.01)	--
NET ASSET VALUE, END OF	\$16.49	\$14.09	\$14.44	\$14.28	\$17.59	\$17.34	\$19.99	\$22.87	\$14.62	\$ 9.50

PERIOD										
TOTAL RETURN*	18.52%	(1.86%)	3.49%	(6.72)%	11.55%	24.33%	(2.70%)	60.75%	54.07%	(2.86)%
RATIOS TO AVERAGE NET ASSETS										
Expenses	1.60%	1.57%	1.52%	1.32%	1.01%	1.00%	1.00%	1.00%	1.00%	0.56% (a)
Net investment income	0.13%	0.69%	0.78%	1.39%	1.04%	1.43%	0.93%	0.34%	1.30%	2.89% (a)
Expense waiver/reimbursement (c)	0.01%	0.02%	0.30%	0.25%	0.46%	0.28%	0.17%	0.19%	0.50%	0.74% (a)
SUPPLEMENTAL DATA										
Net assets, end of period (000 omitted)	\$192,860	\$106,937	\$101,980	\$82,541	\$65,560	\$68,922	\$85,860	\$106,257	\$34,209	\$6,439
Portfolio turnover rate***	74%	91%	84%	114%	85%	98%	130%	70%	61%	6%

</TABLE>

* Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

** Reflects operations from August 17, 1984 to November 30, 1984. For the period from the start of business, March 12, 1984 to August 16, 1984, net investment income aggregating \$0.274 per share (\$27,229) was distributed to the Fund's former sub-adviser. Such distribution represented substantially all of the net income of the Fund prior to the initial public offering of Fund shares which commenced on August 17, 1984.

***Represents portfolio turnover rate for the entire fund.

(a) Computed on an annualized basis.

(b) Distributions in excess of net investment income for the year ended November 30, 1993 were a result of certain book and tax timing differences. These distributions do not represent a return of capital for federal income tax purposes.

(c) Increase/decrease in above expense/income ratios due to waivers or reimbursements of expenses (Note 4).

(See Notes which are an integral part of the financial statements)

INTERNATIONAL EQUITY FUND
CLASS C SHARES
FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD)

<TABLE>
<CAPTION>

	YEAR ENDED NOVEMBER 30, 1993**
NET ASSET VALUE, BEGINNING OF PERIOD	\$14.88
INCOME FROM INVESTMENT OPERATIONS	
Net investment income	(0.04)
Net realized and unrealized gain (loss) on investments	1.57
Total from investment operations	1.53
LESS DISTRIBUTIONS	
Dividends to shareholders from net investment income	--
Distributions for shareholders from net realized gain on investment transactions	--
TOTAL DISTRIBUTIONS	--
NET ASSET VALUE, END OF PERIOD	\$16.41
TOTAL RETURN*	10.28%
RATIOS TO AVERAGE NET ASSETS	

Expenses	2.57% (b)
Net investment income	(1.10%) (b)
Expense waiver/reimbursement (a)	.01% (b)
SUPPLEMENTAL DATA	
Net assets, end of period (000 omitted)	\$2,852
Portfolio turnover rate***	74%

</TABLE>

* Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

** Reflects operations for the period from March 31, 1993 (date of initial public offering) to November 30, 1993.

***Represents portfolio turnover rate for the entire fund.

(a) Increase/decrease in above expense/income ratios due to waivers or reimbursements of expenses (Note 4).

(b) Computed on an annualized basis.

(See Notes which are an integral part of the financial statements)

INTERNATIONAL EQUITY FUND
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 1993

(1) ORGANIZATION

FT Series, Inc. (the "Corporation") is registered under the Investment Company Act of 1940, as amended, as an open-end, management investment company with two portfolios. The financial statements included herein present only those of the diversified portfolio International Equity Fund (the "Fund"). The Fund provides two classes of shares ("Class A Shares" and "Class C Shares"). Class C Shares are identical in all respects to Class A Shares except that Class C Shares are sold pursuant to a distribution plan adopted in accordance with Investment Company Act Rule 12b-1. The financial statements of the other portfolio (International Income Fund) are presented separately. The assets of each portfolio of FT Series, Inc. are segregated and a shareholder's interest is limited to the portfolio in which shares are held.

(2) SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The policies are in conformity with generally accepted accounting principles.

A. INVESTMENTS VALUATIONS--Securities for which market quotations are readily available are valued at that price which most nearly represents the market value of the particular security (the last reported sale price, or, if no sale price is reported, the mean between bid and asked prices, and in the case of securities traded over-the-counter, the last reported bid price) as furnished by an independent pricing service. Short-term obligations are ordinarily valued at the mean between bid and asked prices as furnished by an independent pricing service. However, short-term obligations with maturities of sixty days or less are valued at amortized cost, which approximates value.

B. REPURCHASE AGREEMENTS--It is the policy of the Fund to require the custodian bank to take possession, to have legally segregated in the Federal Reserve Book Entry System or to have segregated within the custodian bank's vault, all securities held as collateral in support of repurchase agreement investments. Additionally, procedures have been established by the Fund to monitor on a daily basis, the market value of each repurchase agreement's underlying securities to ensure the existence of a proper level of collateral.

The Fund will only enter into repurchase agreements with banks and other recognized financial institutions such as broker/dealers which are deemed by the Corporation's adviser to be creditworthy pursuant to guidelines established by the Directors. Risks may arise from the potential inability of counterparties to honor the terms of the repurchase agreement. Accordingly, the Fund could receive less than the repurchase price on the sale of collateral securities.

C. INCOME--Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis. Interest income includes interest and discount earned (net or premium) on short-term obligations, and interest earned on all other debt securities including original issue discount as

required by the Internal Revenue Code. Dividends to shareholders and capital gain distributions, if any, are recorded on the ex-dividend date.

The amounts shown in the financial statements for net investment income for the year ended November 30, 1993 differ from those determined for tax purposes because of certain timing differences. This resulted in distributions to shareholders in excess of net investment income which were recorded for financial statement purposes only. This distribution does not represent a return of capital for federal income tax purposes.

- D. CURRENCY TRANSLATION--Foreign currency amounts are converted into U.S. dollars at the current rate of such currencies against U.S. dollars as follows: assets and liabilities at the rate of exchange at the end of the respective period; purchases and sales of securities and income and expenses at the rate of exchange prevailing on the dates of such transactions. It is not practicable to isolate that portion of the results of operations arising from changes in the exchange rates from the portion arising from changes in the market prices of investment securities.
- E. FEDERAL TAXES--It is the Fund's policy to comply with the provisions of the Internal Revenue Code (the "Code") applicable to investment companies and to distribute to shareholders each year all of its taxable income, including any net realized gain on investments. Accordingly, no provision for federal income tax is necessary. However, federal taxes may be imposed on the Fund upon the disposition of certain investments in Passive Foreign Investment Companies. At November 30, 1993, the Fund, for federal tax purposes, had a capital loss carryforward of \$1,732,047 which will reduce the Fund's taxable income arising from future net realized gain on investments, if any, to the extent permitted by the Code and thus will reduce the amount of the distributions to shareholders which would otherwise be necessary to relieve the Fund of any liability for federal tax. Pursuant to the Code, such capital loss carryforward will expire in 2000 (\$1,732,047). (See Note 2J for foreign taxes)
- F. FUTURES CONTRACTS--The Fund may enter into forward commitments for the delayed delivery of securities or forward foreign currency exchange contracts which are based upon financial indices at a fixed price or exchange rate at a future date. Risks may arise upon entering these contracts from the potential inability of counterparts to meet the terms of their contracts and from unanticipated movements in security prices or foreign exchange rates. The forward foreign currency exchange contracts are adjusted by the daily exchange rate of the underlying currency and any gains or losses are recorded for financial statement purposes as unrealized until the contract settlement date. The Fund had no forward foreign currency exchange contracts outstanding at November 30, 1993.
- G. OPTION CONTRACTS--The Fund may write or purchase currency option contracts. Purchased options are accounted for as Investment Securities. A written currency option obligates the Fund to deliver (a call), or to receive (a put) the contract amount of foreign currency upon exercise by the holder of the option. The value of the option contract is recorded as a liability and unrealized gain or loss is measured by the difference between the current value and the premium received. The Fund had no written options outstanding at November 30, 1993.
- H. CONCENTRATION OF CREDIT RISK--The Fund invests in equity and fixed income securities of non-U.S. issuers. Although the Fund maintains a diversified investment portfolio, the political or economic developments within a particular country or region may have an adverse effect on the ability of domiciled issuers to meet their obligations. Additionally, political or economic developments may have an effect on the liquidity and volatility of portfolio securities and currency holdings.

At November 30, 1993 the portfolio was diversified within the following industries:

<TABLE>

<S>	<C>	<C>	<C>
Automotive Products	2.7%	Industrial Products	9.1%
Banking	10.8	Media/Entertainment	5.9
Brewing	1.4	Metals	1.7
Chemicals	1.0	Other	7.6
Communications	7.5	Pharmaceuticals	1.6
Construction	3.4	Property Development	7.9
Consumer Products	9.1	Pulp/Paper Products	1.3
Diversified Investment Companies	4.8	Repurchase Agreement	8.5
Diversified Products	2.2	Retailing	3.1
Finance/Insurance	8.7	Utilities	1.7

</TABLE>

- I. OTHER--Investment transactions are accounted for on the date of the

transaction.

J.FOREIGN TAXES--Withholding taxes on foreign dividends and interest have been provided for in accordance with the Fund's understanding of the applicable country's tax rules and rates.

(3) CAPITAL STOCK

At November 30, 1993 there were 500,000,000 shares of \$.0001 par value capital stock authorized. Transactions in capital stock were as follows:

<TABLE>

<CAPTION>

	YEAR ENDED NOVEMBER 30,	
	1993	1992
CLASS A SHARES		
<S>	<C>	<C>
Shares outstanding, beginning of period	7,590,815	7,061,146
Shares sold	7,840,247	3,282,124
Shares issued to shareholders electing to receive payment of dividends in capital stock	45,118	18,279
Shares redeemed	(3,779,897)	(2,770,734)
Shares outstanding, end of period	11,696,283	7,590,815

</TABLE>

INTERNATIONAL EQUITY FUND

<TABLE>

<CAPTION>

	YEAR ENDED NOVEMBER 30,	
	1993	1992
CLASS C SHARES*		
<S>	<C>	<C>
Shares outstanding, beginning of period	--	--
Shares sold	177,586	--
Shares issued to shareholders electing to receive payment of dividends in capital stock	--	--
Shares redeemed	(3,862)	--
Shares outstanding, end of period	173,724	--

</TABLE>

* For the period from March 31, 1993 (date of initial public offering) to November 30, 1993.

(4) INVESTMENT ADVISORY FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Fiduciary International Inc., the Fund's investment adviser (the "Adviser") receives for its services an annual investment advisory fee equal to 1.00% of the Fund's average daily net assets. The Adviser may voluntarily waive all or a portion of its fee and may terminate this voluntary waiver at any time. Under the terms of a sub-advisory agreement between Fiduciary International, Inc. and Federated Management, (the "Sub-Adviser"), Federated Management will receive an annual fee from Fiduciary International, Inc. equal to .50 of 1% of average daily net assets of the Fund. For the year ended November 30, 1993, the Adviser earned an investment advisory fee of \$1,387,617, of which \$16,560 was voluntarily waived. The Sub-Adviser received from the Adviser \$693,809 for sub-advisory services and voluntarily agreed to waiver \$8,280.

Administrative personnel and services are provided by Federated Administrative Services ("FAS") at an annual rate of .15 of 1% on the first \$250 million of average aggregate daily net assets of the Corporation, .125 of 1% on the next \$250 million, .10 of 1% on the next \$250 million, and to .075 of 1% on average aggregate daily net assets in excess of \$750 million. For the year ended November 30, 1993, FAS earned \$208,142.

The Fund has adopted a Distribution Plan (the "Plan") pursuant to Rule 12b-1 under the Investment Company Act of 1940. The Fund will compensate Federated

Securities Corp. ("FSC"), the principal distributor from the net assets of the Class C Shares of the Fund, for fees which relate to the distribution and administration of the Fund's Class C Shares. The Plan provides that the Fund may incur distribution expenses up to 0.25% of the average daily net assets of the Class C Shares, annually, to pay commissions, maintenance fees and to compensate FSC. For the year ended November 30, 1993, FSC earned \$4,735 in distribution service fees. Certain Officers and Directors of the Corporation are Officers and Directors of the above corporations.

INTERNATIONAL EQUITY FUND

The Fund has adopted a Shareholder Services Plan (the "Services Plan") with respect to Class A and Class C Shares. The Fund will reimburse Federated Securities Corp. ("FSC"), from the net assets of the Fund for fees the Fund paid which relate to administrative support services of the Class A and Class C Shares. The Services Plan provides that the Fund may incur Shareholder services expenses up to .25 of 1% of the average daily net assets of the Class A and Class C Shares. For the year ended November 30, 1993, FSC earned \$36,462.

(5) INVESTMENT TRANSACTIONS

Purchases, and sales and maturities, of investments, excluding securities subject to repurchase agreements, for the year ended November 30, 1993, were as follows:

<TABLE>	
<S>	<C>
PURCHASES	\$165,915,275

SALES AND MATURITIES	\$ 94,882,395

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders and Board of Directors of FT SERIES, INC., (International Equity Fund):

We have audited the accompanying statement of assets and liabilities of International Equity Fund (an investment portfolio of FT Series, Inc., a Maryland Corporation), including the schedule of portfolio investments, as of November 30, 1993, and the related statement of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, and financial highlights for each of the periods presented. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of the securities owned as of November 30, 1993, by correspondence with the custodian and brokers. As to securities purchased but not received, we requested confirmation from brokers and, when replies were not received, we carried out other alternative auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of International Equity Fund, an investment portfolio of FT Series, Inc., as of November 30, 1993, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended; and financial highlights for each of the periods presented in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN & CO.

Pittsburgh, Pennsylvania
January 21, 1994

DIRECTORS

OFFICERS

John F. Donahue
John T. Conroy, Jr.
William J. Copeland
J. Christopher Donahue
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Lawrence D. Ellis, M.D.
Edward L. Flaherty, Jr.
Peter E. Madden
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John A. Staley, IV
Vice President
David M. Taylor
Assistant Treasurer
Jeannette Fisher-Garber
Assistant Secretary

Mutual funds are not obligations of or insured by any bank nor are they insured by the federal government or any of its agencies. Investment in these shares involves risk, including the possible loss of principal.

This report is authorized for distribution to prospective investors only when preceded or accompanied by the Fund's prospectus, which contains facts concerning its objective and policies, management fees, expenses and other information.

Appendix A

The graphic presentation displayed here consists of a boxed legend in the bottom center indicating the components of the corresponding line graph. International Income Fund Class A Shares is represented by a solid black line. The J.P. Morgan Global Government Bond (ex-U.S.) Index (the "Index") is represented by a dotted line. The line graph is a visual representation of a comparison of change in value of a hypothetical \$10,000 purchase in the Fund and the Index. The X axis of the graph represents time and the Y axis represents the value of the investment. The ending value of the Fund is \$13,418, and the ending value of the Index is \$13,960. There is also a box in the upper left quadrant of the graphic presentation which indicates the Average Annual Total Return for the lifetime of the Fund, and for the one year period ended November 30, 1993. The average annual return for the one year period was 17.46%. The average annual return for the life of the Fund (since June 11, 1991) was 12.66%.

Appendix B

The graphic presentation displayed here consists of a boxed legend in the bottom center indicating the components of the corresponding line graph. International Income Fund Class C Shares is represented by a solid black line. The J.P. Morgan Global Government Bond (ex-U.S.) Index (the "Index") is represented by a dotted line. The line graph is a visual representation of a comparison of change in value of a hypothetical \$10,000 purchase in the Fund and the Index. The X axis of the graph represents time and the Y axis represents the value of the investment. The ending value of the Fund is \$11,866, and the ending value of the Index is \$10,682. There is also a box in the upper left quadrant of the graphic presentation which indicates the Average Annual Total Return for the lifetime of the Fund (since March 31, 1993) which was 18.66%.

Appendix C

The graphic presentation displayed here consists of a boxed legend in the bottom center indicating the components of the corresponding line graph. International Equity Fund Class A Shares is represented by a solid black line. The Morgan Stanley Europe-Australia-Far East Index (the "Index") is represented by a dotted line. The line graph is a visual representation of a comparison of change in value of a hypothetical \$10,000 purchase in the Fund and the Index.

The X axis of the graph represents time and the Y axis represents the value of the investment. The ending value of the Fund is \$34,814, and the ending value of the Index is \$39,090. There is also a box in the lower right quadrant of the graphic presentation which indicates the Average Annual Total Return for the lifetime of the Fund, and for the one year and five year periods ended November 30, 1993. The average annual return for the one year period was 13.22%. The average annual return for the five year period was 3.65%. The average annual return for the life of the Fund was 14.44%.

Appendix D

The graphic presentation displayed here consists of a boxed legend in the bottom center indicating the components of the corresponding line graph. International Equity Fund Class C Shares is represented by a solid black line. The Morgan Stanley Europe-Australia-Far East Index (the "Index") is represented by a dotted line. The line graph is a visual representation of a comparison of change in value of a hypothetical \$10,000 purchase in the Fund and the Index. The X axis of the graph represents time and the Y axis represents the value of the investment. The ending value of the Fund is \$10,927, and the ending value of the Index is \$10,930. There is also a box in the upper left quadrant of the graphic presentation which indicates the Average Annual Total Return of the Fund since March 31, 1993, the Fund's start of business, which was 9.27%.

Appendix E

The graphic presentation displayed here consists of a mountain chart displaying the return of the International Equity Fund if all dividends and capital gains distributed since August 17, 1984 (the Fund's start of business) were reinvested. The Initial Net Asset Value is shown as a black area on the far right of the chart. The principal value of the investment is shown as a gray region of the chart, and the capital gains and reinvested dividends are shown as a white area of the chart. The ending value with capital gains and dividends reinvested as of November 30, 1993, was \$34,817.

Appendix F

The graphic presentation here consists of a bar graph displaying the total value of a hypothetical account into which \$1,000 dollars was invested annually since the start of business of the Fund in 1984. Each bar of the chart represents the value of the account at the end of each year since 1984. In each bar there is a gray area representing the principal value of the account, and a white area representing the value of capital gains and reinvested dividends. The total value of the account as of November 30, 1993 was \$15,646.