

THE EUROPEAN INVESTMENT TRUST PLC
Half-Yearly Financial Report
31 March 2010

The Directors announce the unaudited half-yearly financial report for the six months to 31 March 2010 as follows:-

Key highlights

- In the six months to 31 March 2010 the net asset value ("NAV") per share increased by 4.0% to 659.54p. The total NAV return per share was 6.2% for the six month period which compared to the total return from the FTSE All World Europe ex UK Index in sterling of 5.3%.
- The Company's share price fell by 0.4% to 552p. The share price discount to net asset value increased from 12.6% to 16.3%. During the period, which covered the change of investment manager and notice of withdrawal of the Company from the F&C savings plans, the Company bought back and cancelled 3,019,000 shares at a total cost of £15,288,000, which represented 6.6% of the share capital at the start of the period. The Board will continue to monitor the level of discount to NAV per share at which the shares trade as it continues to believe that share buybacks are an important factor in addressing supply/demand imbalances.
- Following the appointment of Edinburgh Partners Limited as investment manager from 1 February 2010 there was a significant portfolio repositioning. Of the 46 holdings inherited, 20 have been retained. 20 new investments have been made.
- Principal portfolio changes have been in the financial sector, where exposure to investment banking and insurance was reduced. Irish food and drinks companies were disposed of. New positions were established in the telecommunications sector, with its high and sustainable dividend yields, where there was no exposure previously.
- The rally in equity markets we have witnessed since early last year has closed out many of the more obvious valuation gaps which existed at that time. Equity valuations currently look to be in the territory of fair value, if not slightly above. However the portfolio comprises a diverse selection of companies which we are confident will reward investors over the longer term.

Copies of the half-yearly report can be obtained from the following websites:
www.theeuropeaninvestmenttrust.com and www.edinburghpartners.com.

FINANCIAL SUMMARY

	31 March 2010	30 September 2009	Change
Capital			
Net assets	£281.85m	£290.16m	(2.9)%
Net asset value per share ("NAV")	659.54p	634.18p	4.0%
Share price	552.00p	554.00p	(0.4)%
Share price discount to NAV	16.3%	12.6%	
	Six months to 31 March 2010	Six months to 31 March 2009	Year to 30 September 2009
Total return per Ordinary Share*			
Capital	28.40p	(137.89)p	25.53p
Revenue	0.94p	5.02p	13.24p
Total	29.34p	(132.87)p	38.77p

* Based on the weighted average number of shares in issue during the period.

Performance	Six months to 31 March 2010
NAV Total Return	+6.2%
FTSE All-World Europe ex UK Index Total Return*	+5.3%

* in sterling

The NAV Total Return is sourced from Edinburgh Partners and includes dividends reinvested. Prior to 1 February 2010, the investment manager was F&C Management Limited ("F&C") and NAV returns were sourced from F&C. The index performance figure is sourced from Thompson Reuters Datastream. Past performance is not a guide to future performance.

Objective and Investment Policy

Objective

The objective of The European Investment Trust plc is to achieve long-term capital growth through a diversified portfolio of Continental European securities.

Investment Policy

The Board believes that investment in the diverse and increasingly accessible markets of this region provides opportunities for capital growth over the long term. At the same time it considers the structure of the Company as a UK listed investment trust, with a fixed capital and an independent Board of Directors, to be well suited to investors seeking longer-term returns.

The Board recognises that investment in some European countries can be riskier than in others. Investment risks are diversified through holding a wide range of securities in different countries and industrial sectors. No more than 10% of the value of the portfolio in aggregate may be held in securities in those countries which are not included in the FTSE All-World European indices.

The Board has the authority to hedge the Company's exposure to movements in the rate of exchange of currencies, principally the euro, in which the Company's investments are denominated, against sterling, its reporting currency. However, it is not generally the Board's practice to do this and the portfolio is not currently hedged.

No investments in unquoted stocks can be made without the prior approval of the Board. There are no unquoted investments at present. The level of gearing within the portfolio is agreed by the Board and should not exceed 20% in normal market conditions.

No more than 10% of the total assets of the Company may be invested in other listed investment companies (including investment trusts) except in such other investment companies which themselves have stated that they will invest no more than 15% of their total assets in other listed investment companies, in which case the limit is 15%.

The Manager's compliance with the limits set out in the investment policy is monitored by the Board.

Manager's Review

Introduction

Edinburgh Partners was delighted and honoured to be selected as the Manager of your Company's assets with effect from 1 February 2010. We believe that our patient and disciplined approach is one which will serve shareholders well over the long term. As this is our first opportunity to write to you, as well as covering portfolio developments, I would like to take the opportunity to introduce Edinburgh Partners and our way of investing.

Background and Investment Style of Edinburgh Partners

Edinburgh Partners was formed in 2003 by a small group of experienced professionals who shared a common approach to investing. Whilst Edinburgh Partners is only seven years old, the Founders and Partners had all worked together in large investment houses in relationships going back well over twenty years. We have a relatively simple view of what an asset management company should be focused on,

namely the production of superior long-term investment returns. We have a flat, uncluttered structure which facilitates long-term, disciplined, research-intensive investing.

Although we have only been articulating our investment philosophy at Edinburgh Partners for seven years, it is in fact a very traditional approach. We believe that time horizon is the key market imperfection. By this we note that over the years, investors have become shorter and shorter term in their time horizons. Fifty years ago the average holding period for a share in the USA was over six years. Nowadays, companies can only rely on shareholder "loyalty" for an average of slightly less than nine months. We would expect our holding period to be between three to five years, in line with our experience to date.

It is the anomaly of short-termism which we seek to exploit through a patient and disciplined approach which focuses on the long-term profit streams of companies. This approach means that there will be times when the portfolio looks, and hence performs, very differently from prevailing market sentiment. However, it has always been our belief that short-term periods of underperformance are the inevitable cost of superior long-term returns. This has been our experience to date and I look forward to sharing with you in these developments over the coming years.

Portfolio Repositioning

We were informed in December 2009 that we were to be managing your Company's assets. There followed an intensive period of analytical due diligence on the portfolio we would be inheriting. On 1 February 2010 we placed a number of trades in the market to reposition the portfolio and 95% of this repositioning was completed by the end of this first week of our stewardship, at a minimal cost to shareholders. Of the 46 holdings we inherited, 20 have been retained. 20 new investments have been made. Your portfolio will at most times have in the region of 40 holdings, a number we think optimal for achieving a combination of diversification and high conviction in each investment.

Amongst the changes we made, the most noteworthy were in the financial sector, where we reduced the exposure to investment banking and insurance. There is certainly enough value in the financial sector to justify good portfolio representation, but given the presence of elevated regulatory risk, we think this is best achieved through a diversified (by product and geography) list of companies. We also sold 3 Irish food and drinks companies as we considered that, whilst they are reasonable companies, there was a better combination of quality and value available elsewhere.

Your portfolio has new positions in the following areas where there was no exposure previously: telecommunications (high and sustainable dividend yields); travel (Ryanair – a more mature business); Russia (long-term gas reserves, Gazprom) and Austria (leading global industrial company, Andritz). I look forward to introducing more of the investments in future reports.

I was asked at the Annual General Meeting about our approach to investing in "New" or Eastern Europe. We use a broad definition of Europe for our geographical boundaries, and whilst we have the capability to invest in a number of emerging countries, we currently see a better combination of risk and reward in the core European markets.

Results

The net asset value at the Company's half-year end of 31 March 2010 was 659.54p, an increase of 4.0% on the net asset value at 30 September 2009 of 634.18p. After including the special and final dividends totalling 13.6p which were paid in January 2010, the total return per share was 6.2% for the six month period. The total return from the FTSE All-World Europe ex UK Index in sterling was 5.3%.

Share Price and Discount

During the six months to 31 March 2010 the Company's share price saw a slight reduction of 0.4% from 554p to 552p. With the increase in the net asset value share detailed above this resulted in the share price discount to net asset value increasing from 12.6% to 16.3%. During the period, which covered the change of investment manager and notice of withdrawal of the Company from the F&C savings plans, the Company bought back and cancelled 3,019,000 shares at a total cost of £15,288,000. The shares bought back represented 6.6% of the share capital at the beginning of the Company's financial year on 1 October 2009. As stated in the annual report the Board will continue to monitor the level of discount to net asset value per share at which your shares trade and it believes that share buy backs are an important factor in addressing supply/demand imbalances.

Revenue

The net revenue return per share in the six months to 31 March 2010 was 0.94p. This compares with the net revenue return of 5.02p obtained in the six months to 31 March 2009. The principal reason for the reduction is that in 2009 the Company accounted for a recovery on historic investment management fees and interest

thereon totalling £2,166,000 which did not occur in 2010. The return in the current year was similar to the net revenue return of 0.93p generated in the 2008 half-year.

The revenue return for the half-year is not indicative of the full year return as European companies tend to pay dividends between April and September while expenses are incurred throughout the year.

Outlook

Investing with a five-year time horizon often means there can be periods when we have little new or really interesting to say. The rally in equity markets we have witnessed since early last year has closed out many of the more obvious valuation gaps which existed at that time. This leaves us today at a point where most equity valuations look to be in the territory of fair value, if not slightly above. However, your portfolio comprises a diverse selection of companies which we are confident will reward investors over the longer term.

Dale Robertson

Edinburgh Partners Limited
24 May 2010

Distribution of Investments

As at 31 March 2010 (% of net assets)

Sector distribution

Sector	Percentage
Industrials	19.3
Financials	17.7
Consumer Services	14.5
Consumer Goods	12.5
Oil & Gas	8.0
Health Care	7.9
Technology	6.7
Telecommunications	4.8
Basic Materials	3.7
Cash and other net assets	4.9
	<u>100.0</u>

Geographical distribution

Geographical	Percentage
France	18.1
Netherlands	18.0
Switzerland	12.0
Germany	10.3
Italy	7.6
Ireland	7.0
Sweden	5.3
Finland	4.3
Spain	4.2
Belgium	3.7
Russia	2.4
Austria	2.2
Cash and other net assets*	4.9
	<u>100.0</u>

* Cash and other net assets includes foreign currency balances of £14,400,000 (5.1%).

The figures detailed in the geographical distribution table represent the Company's equity exposure to those countries.

**Portfolio of Investments
as at 31 March 2010**

Company	Sector	Country	Valuation £'000	Net Assets %
Equity investments				
Nokia	Technology	Finland	9,497	3.4
Ahold	Consumer Services	Netherlands	8,879	3.2
Adidas	Consumer Goods	Germany	8,838	3.1
Vivendi	Consumer Services	France	8,581	3.0
Heineken	Consumer Goods	Netherlands	8,569	3.0
UBS	Financials	Switzerland	8,495	3.0
ENI	Oil & Gas	Italy	8,438	3.0
Swedbank	Financials	Sweden	8,381	3.0
Reed Elsevier	Consumer Services	Netherlands	8,120	2.9
Deutsche Post	Industrials	Germany	7,916	2.8
Syngenta	Basic Materials	Switzerland	7,697	2.7
Teleperformance	Consumer Services	France	7,668	2.7
BNP Paribas	Financials	France	7,575	2.7
Belgacom	Telecommunications	Belgium	7,556	2.7
Ryanair	Consumer Services	Ireland	7,474	2.7
Royal Dutch Shell	Oil & Gas	Netherlands	7,428	2.6
Bureau Veritas	Industrials	France	7,352	2.6
SAP	Technology	Germany	6,994	2.5
Intesa Sanpaolo	Financials	Italy	6,839	2.4
Gazprom	Oil & Gas	Russia	6,771	2.4
Total – 20 largest equity investments			159,068	56.4
Other equity investments			109,049	38.7
Total equity investments			268,117	95.1
Cash and other net assets			13,731	4.9
Net assets			281,848	100.0

The value of the twenty largest equity holdings represents 56.4% of the Company's net assets (30 September 2009: 57.9%).

The geographical distribution is based on each investment's principal stock exchange listing except in instances when this would not give a proper indication of where its activities predominate.

Directors' Statement of Principal Risks and Uncertainties

The Company's assets consist of quoted equity securities and its principal risks are therefore market related. Other key risks faced by the Company relate to investment strategy, currency, gearing, investment management resources, regulatory issues, counterparties and financial controls. These risks, and the way in which they are managed, are described in more detail under the heading "Principal risks and their management" within the Directors' Report and Business Review in the Company's annual report for the year ended 30 September 2009. The Company's principal risks and uncertainties have not changed materially since the date of that report.

Directors' Statement of Responsibilities in respect of the Financial Statements

The Directors confirm that to the best of their knowledge:

- The condensed set of financial statements has been prepared in accordance with the statement on Half-Yearly Financial Reports issued by the UK Accounting Standards Board and gives a true and fair view of the assets, liabilities, financial position and profit of the Company.
- This Half-Yearly Financial Report includes a fair review of the information required by:

a) 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

b) 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last annual report that could do so.

- There were no related party transactions during the period. Under the AIC SORP issued in January 2009 the Investment Manager is not considered to be a related party of the Company.

The Half-Yearly Financial Report was approved by the Board of Directors on 24 May 2010 and the above responsibility statement was signed on its behalf by Douglas McDougall, Chairman.

Income Statement (unaudited)
for the six months to 31 March 2010

Notes	Six months to 31 March 2010			Six months to 31 March 2009			Year to 30 September 2009		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	-	12,949	12,949	-	(67,533)	(67,533)	-	11,105	11,105
Foreign exchange (losses)/gains	(3)	(185)	(188)	33	1,162	1,195	22	1,029	1,051
Income	1,663	-	1,663	3,206	-	3,206	9,261	-	9,261
Investment management fee	(702)	-	(702)	(591)	-	(591)	(1,151)	-	(1,151)
Recoverable VAT	-	-	-	1,103	-	1,103	1,103	-	1,103
Other expenses	(379)	-	(379)	(328)	(20)	(348)	(693)	(19)	(712)
Net return before finance costs and taxation	579	12,764	13,343	3,423	(66,391)	(62,968)	8,542	12,115	20,657
Finance costs	-	-	-	(63)	-	(63)	(68)	-	(68)
Net return on ordinary activities before taxation	579	12,764	13,343	3,360	(66,391)	(63,031)	8,474	12,115	20,589
Taxation on ordinary activities	(157)	-	(157)	(943)	-	(943)	(2,190)	-	(2,190)
Net return after taxation	422	12,764	13,186	2,417	(66,391)	(63,974)	6,284	12,115	18,399
Return per share*	pence	pence	pence	pence	pence	pence	pence	pence	pence
	0.94	28.40	29.34	5.02	(137.89)	(132.87)	13.24	25.53	38.77

The total column of this statement is the profit and loss account of the Company. The revenue return and capital return columns are supplementary to this and are prepared in accordance with guidance issued by the Association of Investment Companies.

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

A separate Statement of Recognised Gains and Losses has not been prepared as all such gains and losses are included in the Income Statement.

* The return per share for the six months to 31 March 2010 is based on the net revenue return after taxation of £422,000 (six months to 31 March 2009: £2,417,000; year to 30 September 2009: £6,284,000) and the net capital return after taxation of £12,764,000 (six months to 31 March 2009: £(66,391,000); year to 30 September 2009: £12,115,000) and on 44,939,984 (six months to 31 March 2009: 48,147,218; year to 30 September 2009: 47,455,798) shares, being the weighted average number of shares in issue during the period.

Balance Sheet (unaudited)

as at 31 March 2010

	Note	31 March 2010 £'000	31 March 2009 £'000	30 September 2009 £'000
Fixed assets				
Investments at fair value through profit or loss		268,117	214,233	290,067
Current assets				
Debtors		333	4,975	851
Taxation recoverable		430	354	425
Cash at bank		14,445	200	2,200
		<u>15,208</u>	<u>5,529</u>	<u>3,476</u>
Creditors – amounts falling due within one year		<u>1,477</u>	<u>3,868</u>	<u>3,388</u>
Net current assets		<u>13,731</u>	<u>1,661</u>	<u>88</u>
Net assets		<u>281,848</u>	<u>215,894</u>	<u>290,155</u>
Capital and reserves				
Called-up share capital	4	10,683	11,876	11,438
Special premium account		123,749	123,749	123,749
Capital redemption reserve		8,128	6,935	7,373
Capital reserve		134,806	66,936	137,330
Distributable revenue reserve		4,482	6,398	10,265
		<u>281,848</u>	<u>215,894</u>	<u>290,155</u>
Total equity shareholders' funds		<u>281,848</u>	<u>215,894</u>	<u>290,155</u>
Net asset value per share	6	<u>pence 659.54</u>	<u>pence 454.46</u>	<u>pence 634.18</u>

Cash Flow Statement (unaudited)

for the six months to 31 March 2010

	Note	Six months to 31 March 2010 £'000	Six months to 31 March 2009 £'000	Year to 30 September 2009 £'000
Operating activities				
Investment income received		1,466	1,929	8,046
Interest received		4	114	120
Other income		-	-	52
Investment management fees paid		(631)	(591)	(1,276)
VAT recovered (including interest thereon)		-	4,039	4,166
Other cash payments		(331)	(355)	(671)
Net cash inflow from operating activities	7	<u>508</u>	<u>5,136</u>	<u>10,437</u>
Servicing of finance				
Interest paid		-	(82)	(87)
Taxation		<u>(1,035)</u>	<u>(1,628)</u>	<u>(2,784)</u>
Capital expenditure and financial investment				
Purchases of investments		(173,820)	(198,554)	(257,803)
Sales of investments		209,100	217,626	282,172
Exchange gains on settlement		287	-	-
Other capital charges		-	(17)	(21)
Net cash inflow from capital expenditure		<u>35,567</u>	<u>19,055</u>	<u>24,348</u>

and financial investment				
Equity dividends paid	5	(6,205)	(7,219)	(7,219)
Net cash inflow before financing		28,835	15,262	24,695
Financing				
Loans redeemed		-	(11,912)	(11,912)
Own shares purchased and cancelled		(16,118)	(5,294)	(12,576)
Net cash outflow from financing		(16,118)	(17,206)	(24,488)
Increase/(decrease) in cash	8	12,717	(1,944)	207

Reconciliation of Movements in Shareholders' Funds (unaudited)
for the six months to 31 March 2010

	Six months to 31 March 2010 £'000	Six months to 31 March 2009 £'000	Year to 30 September 2009 £'000
Opening equity shareholders' funds	290,155	292,378	292,378
Dividends paid	(6,205)	(7,219)	(7,219)
Shares purchased and cancelled	(15,288)	(5,291)	(13,403)
Net return attributable to equity shareholders	13,186	(63,974)	18,399
Closing equity shareholders' funds	281,848	215,894	290,155

Notes to the Financial Statements (unaudited)
for the six months to 31 March 2010

1 Accounting policies

These financial statements have been prepared on the basis of the accounting policies set out in the Company's financial statements for the year ended 30 September 2009. These accounting policies are expected to be followed throughout the year ending 30 September 2010.

2. Income

	Six months to 31 March 2010 £'000	Six months to 31 March 2009 £'000	Year to 30 September 2009 £'000
Income from investments:			
Overseas dividends	1,642	2,029	7,795
UK dividends	17	-	231
	1,659	2,029	8,026
Other income:			
Interest on recoverable VAT	-	1,063	1,063
Bank interest	4	114	120
Underwriting commission	-	-	52
	4	1,177	1,235
Total income	1,663	3,206	9,261

3. Taxation

The taxation charge for the six months to 31 March 2010 is £157,000 (six months to 31 March 2009: £943,000; year to 30 September 2009: £2,190,000).

The tax charge comprises a corporation tax charge for the six months to 31 March 2010 of £nil (six months to 31 March 2009: £912,000; year to 30 September 2009: £1,489,000) and irrecoverable withholding tax suffered of £157,000 (six months to 31 March 2009: £31,000; year to 30 September 2009: £701,000).

4. Share capital

Equity share capital	Authorised		Issued and fully paid	
	Number of shares	£'000	Number of shares	£'000
Ordinary shares of 25p each				
Balance at 30 September 2009	100,000,000	25,000	45,752,748	11,438
Shares cancelled	-	-	(3,019,000)	(755)
Balance at 31 March 2010	100,000,000	25,000	42,733,748	10,683

During the six months to 31 March 2010 3,019,000 ordinary shares were purchased and cancelled at a cost of £15,288,000. Since the period end a further 33,000 ordinary shares have been purchased and cancelled at a cost of £188,000.

5. Dividends

	Payment date	Six months	Six months	Year
		to 31 March 2010 £'000	to 31 March 2009 £'000	to 30 September 2009 £'000
Final dividend for the year ended 30 September 2009 of 10.2p	25 January 2010	4,654	-	-
Special dividend for the year ended 30 September 2009 of 3.4p	25 January 2010	1,551	-	-
Final dividend for the year ended 30 September 2008 of 12.0p	22 December 2008	-	5,814	5,814
Special dividend for the year ended 30 September 2008 of 2.9p	22 December 2008	-	1,405	1,405
		6,205	7,219	7,219

6. Net asset value per share

	31 March 2010	31 March 2009	30 September 2009
Net assets attributable at the period end	£281,848,000	£215,894,000	£290,155,000
Number of ordinary shares in issue at the period end	42,733,748	47,506,053	45,752,748
Net asset value per share	659.54p	454.46p	634.18p

7. Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities

	Six months to 31 March 2010 £'000	Six months to 31 March 2009 £'000	Year to 30 September 2009 £'000
Net return before finance costs and taxation	13,343	(62,968)	20,657
Adjustment for returns from non-			

