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**Foreign & Colonial
Eurotrust PLC**

Report and Accounts

for the half-year ended **31 March 2009**

Objective

The objective of Foreign & Colonial Eurotrust PLC is to achieve long-term capital growth through a diversified portfolio of Continental European securities.

Summary of Unaudited Results

Attributable to equity shareholders	31 March 2009	30 September 2008	% Change
Net assets	£215.89m	£292.38m	-26.2
Net asset value per share	454.46p	599.36p	-24.2
FTSE World Europe Index – excluding the UK (adjusted to sterling)			-19.0
Share price	381.25p	518.00p	-26.4
	Half-year ended 31 March 2009	Half-year ended 31 March 2008	% Change
Revenue return per share	5.02p	0.93p	+439.8

Visit the website at www.foreignandcolonialeurotrust.com

Registered in England with Company Registration Number: 1055384

Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

Manager's Review

Capital performance

Over the half-year ended 31 March 2009, your Company's net asset value per share fell by 24.2% from 599.36p to 454.46p compared with a fall of 19.0% in the FTSE World Europe Index, excluding the UK and adjusted to sterling. The Company's share price fell by 26.4% from 518.00p to 381.25p. The discount widened from 13.6% to 16.1%.

Revenue

The net revenue return attributable to shareholders of 5.02p is higher than at the half-year stage in 2008 of 0.93p. This is primarily due to the recovery of VAT on management fees and interest thereon. From a total recovery of £4,166,000, £2,166,000 has been recognised in the period. £2,000,000 was recognised in the Income Statement for the year ended 30 September 2008. Management fees and finance costs are also lower in the period. Management fees are based on lower average assets under management and the decrease in finance costs reflects the decision to repay the loan during the period. The figures are not indicative of the full year results because European companies tend to pay their dividends between April and September whereas expenses are incurred throughout the year.

Review of markets

The European equity market backdrop remains difficult as 2009 progresses. Economic surveys confirm the marked loss of momentum and the period under review was the weakest since the post-war period. We are yet to see clear signs of stabilisation, suggesting that sentiment and the inventory cycle are under severe strain.

Within this environment, capacity utilisation fell rapidly, as indicated by the collapse of industrial commodity prices and freight rates.

In response, the European Central Bank ("ECB") cut rates by a further 25 bps at its meeting in the first week of May. The ECB has now slashed official borrowing costs by 325 bps since early October, to 1%, the lowest ever. It also announced that the unlimited liquidity provisions, introduced after Lehman Brothers collapsed last September, would be extended.

The combination of collapsing economic growth expectations and sharp negative revisions to earnings expectations put downward pressure on the equity market. Further pressure came from the high level of equity issuance to shore up balance sheets, particularly in the financial sectors.

Some support to the market has been gained from the global fiscal policy response, such as pledges to assist the auto industry in France and Germany. The size of the fiscal response by governments around the world has few precedents.

Portfolio strategy

We have focused investment on companies with high quality businesses that exhibit solid, long-term growth prospects and are not highly dependent on external funding. Examples of this are the media companies Wolters Kluwer and Reed Elsevier, which are intellectual property businesses, and SAP, which is driven by innovation.

Elsewhere we used market weakness to increase our exposure to Nokia and CRH. The former should be a beneficiary of an improving product portfolio at a time when its competitors are likely to see extreme pressure.

At the same time the company is progressing well in taking costs out of its business. CRH, in the short term, should benefit from the US fiscal stimulus plan, where highway and bridge building will receive US\$30 billion, which is to be spent within three years.

We have continued to add to the sounder financial stocks, such as Credit Suisse, with the belief that institutions with strong franchises will earn good profits over the long term as weaker competitors withdraw from the industry. On top of this, and at least as important, is that the policy actions around the financial system have moved on from piecemeal to systemic as they have increased in scale.

Outlook

We believe the recent stabilisation in equity markets reflects the progress made in both cleaning up banks' balance sheets and the headway made in recapitalising the financial

sector. For longer term growth, bond yields will need to remain low to reduce the cost of capital, promote investment and facilitate debt reduction. On the economic front there is little room for further fiscal stimulus given the constrained government budgets.

However, a range of lead or early-cycle indicators, such as the ISM new orders index, are showing a slower rate of descent. This has led to some increase in risk appetite.

Finally, lower commodity prices offer some respite from the inflationary pressures felt over the last year, enabling policy makers in Europe to remain aggressive with monetary policy.



Peter Jarvis
12 May 2009

Twenty Largest Equity Holdings at 31 March 2009

31 Mar 2009	30 Sep 2008	Company Sector (Country)	Value £'000s	% of total investments
1	–	Total Oil & gas producers (<i>France</i>)	11,393	5.3%
2	1	Novartis Pharmaceuticals & biotechnology (<i>Switzerland</i>)	9,021	4.2%
3	–	Roche Pharmaceuticals & biotechnology (<i>Switzerland</i>)	8,370	3.9%
4	42	Credit Suisse Banks (<i>Switzerland</i>)	7,739	3.6%
5	–	Nokia Technology hardware & equipment (<i>Finland</i>)	7,382	3.4%
6	–	ENI Oil & gas producers (<i>Italy</i>)	7,318	3.4%
7	19	G4S Support services (<i>Denmark</i>)	6,640	3.1%
8	–	Siemens General industrial (<i>Germany</i>)	6,622	3.1%
9	26	Koninklijke Philips Electronics Electrical goods (<i>Netherlands</i>)	6,008	2.8%
10	6	Unilever Food producers (<i>Netherlands</i>)	5,829	2.7%

31 Mar 2009	30 Sep 2008	Company Sector (Country)	Value £'000s	% of total investments
11	37	Wolters Kluwer Media (<i>Netherlands</i>)	5,796	2.7%
12	–	Reed Elsevier Media (<i>Netherlands</i>)	5,763	2.7%
13	10	E.On Gas, water & multi-utilities (<i>Germany</i>)	5,604	2.6%
14	–	Deutsche Telecom Diversified telecom (<i>Germany</i>)	5,514	2.6%
15	–	SAP Software & computer services (<i>Germany</i>)	5,457	2.5%
16	24	Allianz Non-life insurance (<i>Germany</i>)	5,205	2.4%
17	15	Zurich Financial Non-life insurance (<i>Switzerland</i>)	5,052	2.4%
18	–	Aegon Life insurance (<i>Netherlands</i>)	4,910	2.3%
19	–	UBS Banks (<i>Switzerland</i>)	4,872	2.3%
20	17	Svenska Handelsbanken Banks (<i>Sweden</i>)	4,857	2.3%

The value of the twenty largest equity holdings represents 60.4% of the Company's total investments (30 September 2008: 49.4%). The country is the country of incorporation.

Unaudited Income Statement

Notes	Half-year ended 31 March 2009			Half-year ended 31 March 2008			Year ended 30 September 2008		
	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
	–	(67,533)	(67,533)	–	(46,021)	(46,021)	–	(153,461)	(153,461)
	33	1,162	1,195	36	(393)	(357)	11	(941)	(930)
2	3,206	–	3,206	2,301	–	2,301	11,607	–	11,607
	(591)	–	(591)	(987)	–	(987)	(1,863)	–	(1,863)
3	1,103	–	1,103	–	–	–	2,000	–	2,000
	(328)	(20)	(348)	(347)	(21)	(368)	(662)	(24)	(686)
	3,423	(66,391)	(62,968)	1,003	(46,435)	(45,432)	11,093	(154,426)	(143,333)
	(63)	–	(63)	(460)	–	(460)	(895)	–	(895)
	3,360	(66,391)	(63,031)	543	(46,435)	(45,892)	10,198	(154,426)	(144,228)
	(943)	–	(943)	(64)	–	(64)	(2,934)	–	(2,934)
4	2,417	(66,391)	(63,974)	479	(46,435)	(45,956)	7,264	(154,426)	(147,162)
4	5.02	(137.89)	(132.87)	0.93	(90.58)	(89.65)	14.30	(303.93)	(289.63)

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 under guidance published by the Association of Investment Companies. All revenue and capital items in the above statement derive from continuing operations. A statement of total recognised gains and losses is not required as all gains and losses of the Company have been reflected in the above statement.

Unaudited Reconciliation of Movements in Shareholders' Funds

Notes	Called-up share capital £'000s	Share premium account £'000s	Capital redemption reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total equity shareholders' funds £'000s
Half-year ended 31 March 2009						
Balance at 30 September 2008	12,195	123,749	6,616	138,618	11,200	292,378
Movements during the half-year ended 31 March 2009						
5 Dividends paid	-	-	-	-	(7,219)	(7,219)
7 Shares purchased and cancelled	(319)	-	319	(5,291)	-	(5,291)
4 Return attributable to equity shareholders	-	-	-	(66,391)	2,417	(63,974)
Balance at 31 March 2009	11,876	123,749	6,935	66,936	6,398	215,894
Half-year ended 31 March 2008						
Balance at 30 September 2007	12,942	123,749	5,869	313,755	8,205	464,520
Movements during the half-year ended 31 March 2008						
5 Dividends paid	-	-	-	-	(4,269)	(4,269)
Shares purchased and cancelled	(229)	-	229	(7,154)	-	(7,154)
4 Return attributable to equity shareholders	-	-	-	(46,435)	479	(45,956)
Balance at 31 March 2008	12,713	123,749	6,098	260,166	4,415	407,141
Year ended 30 September 2008						
Balance at 30 September 2007	12,942	123,749	5,869	313,755	8,205	464,520
Movements during the year ended 30 September 2008						
5 Dividends paid	-	-	-	-	(4,269)	(4,269)
Shares purchased and cancelled	(747)	-	747	(20,711)	-	(20,711)
4 Return attributable to equity shareholders	-	-	-	(154,426)	7,264	(147,162)
Balance at 30 September 2008	12,195	123,749	6,616	138,618	11,200	292,378

Unaudited Balance Sheet

Notes	£'000s	31 March 2009 £'000s	£'000s	31 March 2008 £'000s	£'000s	30 September 2008 £'000s
Fixed assets						
Listed investments		214,233		410,828		286,025
Current assets						
Debtors	4,975		4,863		19,817	
Taxation recoverable	354		245		292	
Cash at bank	200		–		877	
	5,529		5,108		20,986	
Creditors: amounts falling due within one year						
6 Foreign currency loans	–		–		(11,820)	
Other	(3,868)		(8,795)		(2,813)	
	(3,868)		(8,795)		(14,633)	
Net current assets/(liabilities)		1,661		(3,687)		6,353
Net assets		215,894		407,141		292,378
Capital and reserves						
7 Called-up share capital		11,876		12,713		12,195
Share premium account	123,749		123,749		123,749	
Capital redemption reserve	6,935		6,098		6,616	
Capital reserves	66,936		260,166		138,618	
Revenue reserve	6,398		4,415		11,200	
		204,018		394,428		280,183
8 Total shareholders' funds – equity		215,894		407,141		292,378
8 Net asset value per share – pence		454.46		800.62		599.36

Unaudited Summary Cash Flow Statement

Notes	Half-year ended 31 March 2009 £'000s	Half-year ended 31 March 2008 £'000s	Year ended 30 September 2008 £'000s
9 Net cash inflow from operating activities	5,136	1,131	9,690
Interest paid	(82)	(513)	(941)
Total tax paid	(1,628)	(291)	(2,015)
Net cash inflow from purchases and sales of investments	19,055	43,783	48,307
Equity dividends paid	(7,219)	(4,269)	(4,269)
Net cash inflow before use of liquid resources and financing	15,262	39,841	50,772
Net cash outflow from financing	(17,206)	(39,749)	(41,070)
(Decrease)/increase in cash	(1,944)	92	9,702
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash	(1,944)	92	9,702
Decrease in short-term loans	11,912	32,595	20,362
Movement in net debt resulting from cash flows	9,968	32,687	30,064
Foreign exchange movement	1,175	(419)	(799)
Movement in net debt	11,143	32,268	29,265
Net debt brought forward	(10,943)	(40,208)	(40,208)
Net cash/(debt) carried forward	200	(7,940)	(10,943)
Represented by:			
Cash at bank	200	–	877
Bank overdraft	–	(7,940)	–
	200	(7,940)	877
Short-term loans	–	–	(11,820)
	200	(7,940)	(10,943)

Unaudited Notes on the Accounts

1 Accounting policies

These financial statements have been prepared on the basis of the accounting policies set out in the Company's financial statements at 30 September 2008. These accounting policies are expected to be followed throughout the year ending 30 September 2009.

2 Income

	Half-year ended 31 March 2009 £'000s	Half-year ended 31 March 2008 £'000s	Year ended 30 September 2008 £'000s
Income from investments			
Overseas dividends	2,029	2,103	11,216
UK dividends	–	–	71
	2,029	2,103	11,287
Other income			
Interest on recoverable VAT (see note 3)	1,063	–	–
Bank interest	114	152	274
Stock lending fees	–	46	46
	1,177	198	320
Total income	3,206	2,301	11,607

3 Recoverable VAT

	Half-year ended 31 March 2009 £'000s	Half-year ended 31 March 2008 £'000s	Year ended 30 September 2008 £'000s
VAT recovered in respect of management fees	1,103	–	2,000

Management fees are no longer subject to VAT. The Company has now recovered £3,103,000 from HMRC, via its Manager, in relation to VAT paid on such fees in the periods 1990 to 1996 and 2001 to 2007. Of this amount, £2,000,000 was recognised in the Income Statement for the year ended 30 September 2008 and £1,103,000 has been recognised in the current period to 31 March 2009. Amounts relating to the period 1997 to 2000 have not been accrued or recognised as a contingent asset as their recovery remains uncertain under law. In addition, interest of £1,063,000 relating to the VAT recovered has been received and is recognised in the Income Statement in the current period (see note 2).

Unaudited Notes on the Accounts (continued)

4 Return per share

	Half-year ended 31 March 2009	Half-year ended 31 March 2008	Year ended 30 September 2008
Revenue return per share – pence	5.02	0.93	14.30
Net revenue return attributable to equity shareholders – £'000s	2,417	479	7,264
Capital return per share – pence	(137.89)	(90.58)	(303.93)
Net capital return attributable to equity shareholders – £'000s	(66,391)	(46,435)	(154,426)
Weighted average number of shares in issue during the period	48,147,218	51,262,887	50,810,529

5 Dividends

Dividends on ordinary shares	Register date	Payment date	Half-year ended 31 March 2009 £'000s	Half-year ended 31 March 2008 £'000s	Year ended 30 September 2008 £'000s
Final for the year ended 30 September 2008 of 12.0p	14 November 2008	22 December 2008	5,814	–	–
Special for the year ended 30 September 2008 of 2.9p	14 November 2008	22 December 2008	1,405	–	–
Final for the year ended 30 September 2007 of 1.7p	16 November 2007	20 December 2007	–	874	874
Special for the year ended 30 September 2007 of 6.6p	16 November 2007	20 December 2007	–	3,395	3,395
			7,219	4,269	4,269

The Directors have not declared an interim dividend.

6 Creditors: amounts falling due within one year

	31 March 2009 £'000s	31 March 2008 £'000s	30 September 2008 £'000s
Foreign currency loans	–	–	11,820
Comprise	£'000s	€'000s	€'000s
Euro denominated	–	–	15,000

7 Called-up share capital

	Authorised		Issued and fully paid	
Equity share capital	Number	£'000s	Number	£'000s
Ordinary shares of 25p each				
Balance at 30 September 2008	100,000,000	25,000	48,781,641	12,195
Transfer to capital redemption reserve	–	–	(1,275,588)	(319)
Balance at 31 March 2009	100,000,000	25,000	47,506,053	11,876

During the half-year ended 31 March 2009 1,275,588 ordinary shares were purchased and cancelled at a cost of £5,291,000. Since the period end a further 134,180 ordinary shares have been purchased and cancelled at a cost of £574,000.

8 Net asset value per share

	31 March 2009	31 March 2008	30 September 2008
Net asset value per share – pence	454.46	800.62	599.36
Net assets attributable at the period end – £'000s	215,894	407,141	292,378
Number of ordinary shares in issue at the period end	47,506,053	50,853,206	48,781,641

Unaudited Notes on the Accounts (continued)

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

	Half-year ended 31 March 2009 £'000s	Half-year ended 31 March 2008 £'000s	Year ended 30 September 2008 £'000s
Return before finance costs and taxation	(62,968)	(45,432)	(143,333)
Adjust for returns from non-operating activities			
– Losses on investments	67,533	46,021	153,461
– Foreign exchange (gains)/losses of a capital nature	(1,162)	393	941
– Non-operating expenses of a capital nature	20	21	24
Return from operating activities	3,423	1,003	11,093
Adjust for non-cash flow items			
– Foreign exchange gains of a revenue nature	(33)	(36)	(11)
– Decrease/(increase) in recoverable VAT debtor	2,000	–	(2,000)
– (Increase)/decrease in prepayments and accrued income	(105)	408	951
– Decrease in other creditors	(149)	(244)	(343)
Net cash inflow from operating activities	5,136	1,131	9,690

10 Results

The results for the half-year ended 31 March 2009 and for the half-year ended 31 March 2008, which are unaudited, constitute non-statutory accounts within the meaning of Section 434 of the Companies Act 2006. The latest published accounts which have been delivered to the Registrar of Companies are for the year ended 30 September 2008; the report of the independent auditors thereon was unqualified and did not contain a statement under Section 498 of the Companies Act 2006. The abridged financial statements shown above for the year ended 30 September 2008 are an extract from those accounts.

By order of the Board
F&C Management Limited, Secretary
Exchange House
Primrose Street
London EC2A 2NY

12 May 2009

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" within the Directors' Report and Business Review in the Company's annual report for the year ended 30 September 2008. 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

In accordance with Chapter 4 of the Disclosure and Transparency Rules, the Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with applicable UK Accounting Standards and gives a true and fair view of the assets, liabilities, financial position and return of the Company;
- the half-yearly report includes a fair review of the important events that have occurred during the first six months of the financial year and their impact on the financial statements;
- the Directors' Statement of Principal Risks and Uncertainties shown above is a fair review of the principal risks and uncertainties for the remainder of the financial year; and
- the half-yearly report includes details on related party transactions.

On behalf of the Board
Douglas McDougall
Chairman
12 May 2009

Availability of report and accounts

The Company's report and accounts are available on the Internet at www.foreignandcolonialeurotrust.com. Printed copies may be obtained from the Company's registered office, Exchange House, Primrose Street, London EC2A 2NY