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**Foreign & Colonial
Eurotrust PLC**

Report and Accounts
for the half-year ended **31 March 2007**

Objective

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

Financial Highlights

Summary of Unaudited Results

Attributable to equity shareholders	31 March 2007	30 September 2006	% Change
Net assets	£451.41m	£406.69m	+11.0
Net asset value per share	841.76p	731.20p	+15.1
Share price	770.00p	664.50p	+15.9
	Half-year ended 31 March 2007	Half-year ended 31 March 2006	
Revenue return per share	0.05p	1.05p	

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.

Manager's Review

Capital Performance

Between the year end at 30 September 2006 and 31 March 2007, your Company's net asset value per share rose by 15.1% from 731.20p to 841.76p compared with a rise of 10.8% in the FTSE All-World Europe ex UK Index which is adjusted for the movement in sterling against the European currencies. The Company's share price rose by 15.9% from 664.50p to 770.00p and the discount narrowed from 9.1% to 8.5%.

Revenue

The revenue surplus for the period is less than at the interim stage last year, mainly because income has fallen from the high level of last year. Management fees have risen in line with the increased value of the portfolio and finance costs have increased as interest rates rise. 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.

Gearing

The effective gearing of the Company was 5.5% at 31 March 2007. It is the policy of the Board that the level of gearing should not exceed 20%.

Review of Markets

Despite a pull back towards the end of February, investors in European equities enjoyed strong gains during the period under review. The equity market was supported by strong corporate earnings growth, a relatively buoyant global economy and high levels of merger and acquisition (M&A) activity.

Europe's domestic economies proved to be in good shape – a fact highlighted by strong confidence levels among the business community and consumers. In March, the European Central Bank (ECB) raised interest rates by 0.25% to 3.75% in a widely expected move reflecting the region's robust growth and a desire to keep inflation in check. The one economic sore spot remained the US where fears of a consumer slowdown were heightened as the housing market continued to weaken and defaults in the sub-prime mortgage market caused concern for investors.

Against this supportive backdrop corporate Europe performed well with announced results bettering expectations at a rate of three to one by the period's close. In terms of sector performance industrial stocks were amongst the better performers and technology stocks lagged.

M&A activity provided further impetus which was driven by both low interest rates and the strength of corporate balance sheets.

Portfolio Strategy

Oil prices have remained high over the period and we believe this will continue to benefit the specialist equipment and service stocks. The oil majors have rapidly increased capital expenditure as they look to maintain and increase their output. We added to the Company's holding of Vallourec, the niche seamless oil pipe manufacturer. We have further exposure to the sector through Awilco Offshore, Saipem and Prosafe.

We increased the Company's exposure to the German market over the period as we believe the recent momentum in corporate restructuring will gather pace. EU accession countries continue to present some good

investment opportunities, particularly in areas of under penetration such as banking and financial services. We bought shares in Bank of Cyprus, which as well as being attractive in its own right looks a potential target amid consolidation in the industry.

Following strong performance, we have switched our holdings within the capital goods sector as they are now trading at less attractive valuations. We have sold out of our holding in Wartsila and reduced the position in KCI Konecranes. We established a new holding in German railway engineer Vossloh as we believe it looks well placed to benefit from infrastructure spending increases in the emerging markets and US.

In the mid-cap arena we initiated positions in Datalex, Axis and Balda. Datalex provides e-business infrastructure and solutions to airlines, Axis is the global leader in digital CCTV and Balda is a key component supplier to the new Apple iPhone.

The Company's performance benefited from M&A activity as the bid for Altadis by Imperial Tobacco drove the share price of the former up considerably. Whilst we believe there is a possibility of a higher bid or counter-offer by a private equity consortium, we halved our position and locked in some profits. In the banking sector our recent purchase of ABN AMRO performed strongly on speculation of an imminent bid.

Elsewhere, we further cut our weighting in the investment banking sector as investors continue to be wary of both the fallout from the US sub-prime mortgage market and the effects of recent interest rate moves.

Outlook

Whilst economic growth is expected to slow as a result of higher interest rates, we remain fundamentally positive on the outlook for European shares. Europe's corporate environment remains encouraging with recent earnings results generally meeting or bettering expectations. Healthy balance sheets, solid M&A activity and higher dividends should continue to generate support.



Davina Curling



Peter Jarvis

May 2007

Twenty Largest Equity Holdings at 31 March 2007

This period	Last period*	Company Sector (Country)	Value £'000s	% of total investments
1	(2)	Total Oil & gas producers (France)	17,511	3.6
2	(1)	Roche Pharmaceuticals & biotechnology (Switzerland)	13,383	2.8
3	(14)	Siemens Electronic & electrical equipment (Germany)	12,067	2.5
4	(9)	BBVA Banks (Spain)	11,679	2.4
5	(-)	Daimler Chrysler Automobiles & parts (Germany)	9,968	2.1
6	(8)	ENI Oil & gas producers (Italy)	9,872	2.0
7	(-)	E.ON Gas, water & multi utilities (Germany)	9,620	2.0
8	(10)	Allianz Non-life insurance (Germany)	9,388	1.9
9	(42)	Nokia Technology hardware & equipment (Finland)	8,349	1.7
10	(-)	Ericsson Technology hardware & equipment (Sweden)	8,152	1.7

This period	Last period*	Company Sector (Country)	Value £'000s	% of total investments
11	(-)	Continental Automobiles & parts (Germany)	7,623	1.6
12	(-)	CIR Media (Italy)	7,531	1.6
13	(-)	Awilco Offshore oil & gas producers (Norway)	7,529	1.6
14	(33)	Actelion Pharmaceuticals & biotechnology (Switzerland)	7,521	1.6
15	(17)	Zurich Financial Services Non-life insurance (Switzerland)	7,480	1.6
16	(18)	National Bank of Greece Banks (Greece)	7,466	1.5
17	(58)	ABN AMRO Banks (Netherlands)	7,435	1.5
18	(59)	Muenchener Rueckver Non-life insurance (Germany)	7,208	1.5
19	(38)	Sanofi-Aventis Pharmaceuticals & biotechnology (France)	6,703	1.4
20	(-)	Barry Callebaut Food producers (Switzerland)	6,502	1.3

The value of the twenty largest equity holdings represents 37.9% of the Company's total investments (30 September 2006: 41.9%).

The country is the country of incorporation.

* The figures in brackets denote the position at 30 September 2006.

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 2007						
Balance brought forward at 30 September 2006	13,905	123,749	4,906	255,269	8,861	406,690
Movements during the half-year ended 31 March 2007						
4 Dividends paid	-	-	-	-	(4,977)	(4,977)
Shares purchased by the Company	(498)	-	498	(14,552)	-	(14,552)
Return attributable to equity shareholders	-	-	-	64,223	27	64,250
Balance carried forward at 31 March 2007	13,407	123,749	5,404	304,940	3,911	451,411
Half-year ended 31 March 2006						
Balance brought forward at 30 September 2005	15,657	123,749	3,154	240,559	8,235	391,354
Movements during the half-year ended 31 March 2006						
4 Dividends paid	-	-	-	-	(4,417)	(4,417)
Shares purchased by the Company	(1,122)	-	1,122	(25,841)	-	(25,841)
Return attributable to equity shareholders	-	-	-	71,838	620	72,458
Balance carried forward at 31 March 2006	14,535	123,749	4,276	286,556	4,438	433,554
Year ended 30 September 2006						
Balance brought forward at 30 September 2005	15,657	123,749	3,154	240,559	8,235	391,354
Movements during the year ended 30 September 2006						
4 Dividends paid	-	-	-	-	(4,417)	(4,417)
Shares purchased by the Company	(1,752)	-	1,752	(42,092)	-	(42,092)
Return attributable to equity shareholders	-	-	-	56,802	5,043	61,845
Balance carried forward at 30 September 2006	13,905	123,749	4,906	255,269	8,861	406,690

Unaudited Balance Sheet

Notes	31 March 2007		31 March 2006		30 September 2006	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Fixed assets						
Listed investments		482,326		465,335		437,827
Current assets						
Debtors	2,519		5,264		306	
Taxation recoverable	582		81		360	
Cash at bank and short-term deposits	5,540		4,585		3,923	
	8,641		9,930		4,589	
Creditors: amounts falling due within one year						
5 Foreign currency loans	(30,541)		(40,465)		(30,517)	
Other	(9,015)		(1,246)		(5,209)	
	(39,556)		(41,711)		(35,726)	
Net current liabilities		(30,915)		(31,781)		(31,137)
Net assets		451,411		433,554		406,690
Capital and reserves						
6 Called-up share capital		13,407		14,535		13,905
Share premium account	123,749		123,749		123,749	
Capital redemption reserve	5,404		4,276		4,906	
Capital reserves	304,940		286,556		255,269	
Revenue reserve	3,911		4,438		8,861	
		438,004		419,019		392,785
7 Total equity shareholders' funds		451,411		433,554		406,690
7 Net asset value per share – pence		841.76		745.71		731.20

Unaudited Summary Cash Flow Statement

Notes	Half-year ended		Year ended	
	31 March 2007	31 March 2006	30 September 2006	
	£'000s	£'000s	£'000s	
8	Net cash inflow from operating activities	844	746	8,307
	Cash outflow from servicing of finance	(763)	(511)	(1,225)
	Net tax paid	(756)	(400)	(2,161)
	Net cash inflow from financial investment	21,928	28,309	47,754
	Equity dividends paid	(4,977)	(4,417)	(4,417)
	Net cash inflow before use of liquid resources and financing	16,276	23,727	48,258
	(Increase)/decrease in short-term deposits	(79)	13,897	13,884
	Net cash outflow from financing	(14,668)	(34,121)	(59,199)
	Increase in cash	1,529	3,503	2,943
	Reconciliation of net cash flow to movement in net debt			
	Increase in cash	1,529	3,503	2,943
	Increase/(decrease) in short-term deposits	79	(13,897)	(13,884)
	Decrease/(increase) in short-term loans	116	(15,609)	(6,782)
	Movement in net debt resulting from cash flows	1,724	(26,003)	(17,723)
	Exchange movement	(131)	(931)	75
	Movement in net debt	1,593	(26,934)	(17,648)
	Net debt brought forward	(26,594)	(8,946)	(8,946)
	Net debt carried forward	(25,001)	(35,880)	(26,594)
	Represented by:			
	Cash at bank and short-term deposits	5,540	4,585	3,923
	Short-term loans	(30,541)	(40,465)	(30,517)
		(25,001)	(35,880)	(26,594)

Unaudited Notes on the Accounts

1 Significant 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 2006. These accounting policies are expected to be followed in the year ending 30 September 2007.

2 Income

	Half-year ended	Half-year ended	Year ended
	31 March 2007	31 March 2006	30 September 2006
	£'000s	£'000s	£'000s
Income from investments			
Listed overseas dividends	2,477	2,986	11,310
	2,477	2,986	11,310
Other income			
Interest on cash and short-term deposits	37	62	125
Stock lending fees	53	34	186
	90	96	311
Total income	2,567	3,082	11,621

3 Return per share

	Half-year ended	Half-year ended	Year ended
	31 March 2007	31 March 2006	30 September 2006
	£'000s	£'000s	£'000s
Revenue return	27	620	5,043
Capital return	64,223	71,838	56,802
Total return	64,250	72,458	61,845
	Number	Number	Number
Weighted average ordinary shares in issue	54,937,829	58,823,382	57,792,436

Unaudited Notes on the Accounts (continued)

4 Dividends

	Register date	Payment date	Half-year ended	Half-year ended	Year ended
			31 March 2007	31 March 2006	30 September 2006
Dividends on ordinary shares			£'000s	£'000s	£'000s
Final for the year ended 30 September 2005 of 1.7p	18 November 2005	22 December 2005	–	1,001	1,001
Special for the year ended 30 September 2005 of 5.8p	18 November 2005	22 December 2005	–	3,416	3,416
Final for the year ended 30 September 2006 of 1.7p	17 November 2006	21 December 2006	940	–	–
Special for the year ended 30 September 2006 of 7.3p	17 November 2006	21 December 2006	4,037	–	–
			4,977	4,417	4,417

The Directors have not declared an interim dividend.

5 Creditors: amounts falling due within one year

	31 March 2007	31 March 2006	30 September 2006
Foreign currency loans	£'000s	£'000s	£'000s
	30,541	40,465	30,517
Comprise	€'000s	€'000s	€'000s
Euro denominated	45,000	58,000	45,000

6 Called-up share capital

Equity share capital	Authorised		Issued and fully paid	
	Number	£'000s	Number	£'000s
Ordinary shares of 25p each				
Balance brought forward at 30 September 2006	100,000,000	25,000	55,619,765	13,905
Shares purchased and cancelled by the Company	–	–	(1,992,958)	(498)
Balance at 31 March 2007	100,000,000	25,000	53,626,807	13,407

During the half-year ended 31 March 2007 1,992,958 ordinary shares were purchased for cancellation at a cost of £14,552,000.

7 Net asset value per share

	31 March 2007	31 March 2006	30 September 2006
Net asset value per share – pence	841.76	745.71	731.20
Net assets attributable at the period end – £'000s	451,411	433,554	406,690
Ordinary shares of 25p in issue at the period end – number	53,626,807	58,139,765	55,619,765

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

	Half-year ended 31 March 2007	Half-year ended 31 March 2006	Year ended 30 September 2006
	£'000s	£'000s	£'000s
Total return before finance costs and taxation	65,070	73,259	65,261
Adjust for returns from non-operating activities			
Gains on investments	(64,369)	(72,766)	(56,792)
Exchange losses/(gains) of a capital nature	124	901	(55)
Non-operating expenses of a capital nature	22	27	45
Return from operating activities	847	1,421	8,459
Adjust for non-cash flow items			
Exchange losses of a revenue nature	6	10	9
Increase in prepayments and accrued income	(84)	(677)	(137)
Increase/(decrease) in accruals and other creditors	75	(8)	(24)
	844	746	8,307

Unaudited Notes on the Accounts (continued)

9 Results

The results for the half-year ended 31 March 2007 and for the half-year ended 31 March 2006, which are unaudited, constitute non-statutory accounts within the meaning of Section 240 of the Companies Act 1985. The latest published accounts which have been delivered to the Registrar of Companies are for the year ended 30 September 2006. The report of the auditors thereon was unqualified and did not contain a statement under Section 237 of the Companies Act 1985. The abridged financial statements shown above for the year ended 30 September 2006 are an extract from those accounts.

By order of the Board
F&C Management Limited, Secretary
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16 May 2007