



European Assets Trust NV

Interim Report 2009

Company Summary

Objective

The investment objective of the Company is to achieve growth of capital through investment in quoted medium-sized companies in Europe, excluding the United Kingdom.

A high distribution policy has been adopted and dividends have been paid mainly out of other reserves.

The Company

The Company is an investment company with variable capital incorporated in the Netherlands and its shares are listed on the London Stock Exchange and Euronext Amsterdam Stock Market. The Company is a member of the Association of Investment Companies.

Benchmark Index

HSBC Smaller Europe (ex UK) Index.

Investment manager

F&C Investment Business Limited – Crispin Longden/Frank Rushbrook.

Equity shareholders' funds

€97.5 million at 30 June 2009.

Capital structure

The Company has a simple capital structure, being financed exclusively by ordinary shares. It may also employ gearing up to 20 per cent of assets.

Website

The Company's internet address is www.europeanassets.co.uk

Financial Highlights

● Total return* performance for the six months to 30 June 2009

	Euro	Sterling
Net asset value per share	22.4%	8.0%
HSBC Smaller Europe (ex UK) Index	21.6%	7.0%

● Total return* performance since December 1997 (portfolio refocused)

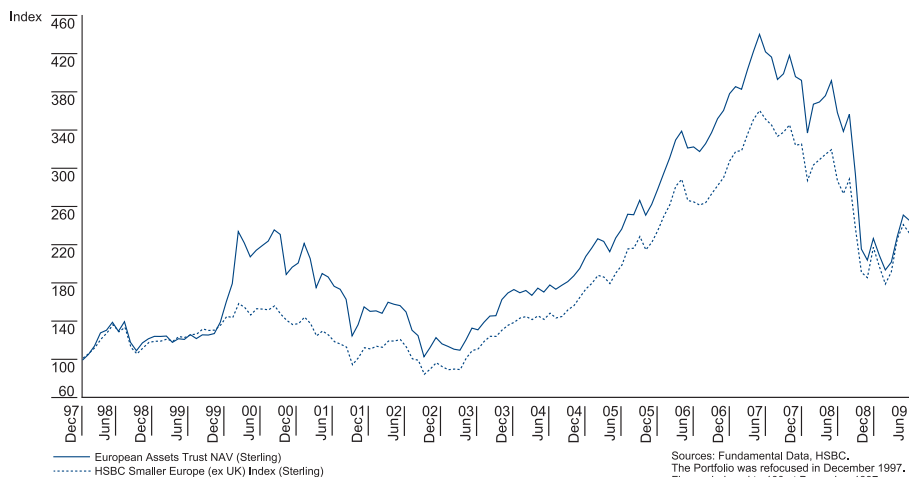
	Euro	Sterling
Net asset value per share	100.6%	146.2%
HSBC Smaller Europe (ex UK) Index	81.8%	131.5%

● Annual dividend of 6% of net asset value per share (2009: Euro 0.3551)

	Euro	Sterling
January and May dividends paid per share	€0.236	£0.213
(further dividend of €0.1191 payable in August)		

Total Return Performance*

European Assets Trust Net Asset Value v HSBC Smaller Europe (ex UK) Index



*Total return wherever used in this document means capital performance with dividends added back.

Performance Summary

	Euro		Sterling	
	Six months to 30 June 2009	Six months to 30 June 2008	Six months to 30 June 2009	Six months to 30 June 2008
Total Return				
Net asset value total return per share*	22.4%	-16.6%	8.0%	-10.1%
Market price total return per share	20.2%‡	-16.2%‡	6.0%	-9.7%
HSBC Smaller Europe (ex UK) Index	21.6%	-18.2%	7.0%	-11.9%
Dividends per share	€0.236	€0.540	21.3p	41.5p
Dividends announced for 2009 totalling €0.3551 per share (2008: €0.8535)				
	Euro		Sterling	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Capital				
Total assets (less current liabilities)	€97.5m	€88.0m	£83.0m	£85.1m
Net asset value per share – basic	€6.32	€5.38	538.4p	520.0p
Net asset value per share – treasury†	€6.29	€5.35	535.7p	517.4p
Market price per share	€5.69‡	€4.95‡	484.5p	479.0p
HSBC Smaller Europe (ex UK) Index	250.52	211.38	213.37	204.37
Discount (difference between share price and treasury net asset value)			9.6%	7.4%

The performance of the Company over the past 5 years is shown in the table below.

	Net asset value per share		Dividends per share	Net asset value total return per share	Share price total return per share
	Sterling	Euro	Euro	Sterling	Sterling
31 December					
2004	£6.20	€8.75	€0.465	+19.9%	+22.4%
2005	£7.83	€11.39	€0.555	+33.7%	+38.7%
2006	£10.01	€14.85	€0.7325	+35.9%	+43.0%
2007	£9.78	€13.32	€0.912	+3.7%	-2.2%
2008	£5.20	€5.38	€0.8535	-42.1%	-41.6%
30 June 2009	£5.38	€6.32	€0.3551	+8.0%	+6.0%

Sources: AIC/Datastream/HSBC

* Based on net asset value per share – basic.

† In accordance with the AIC calculation method where shares are held in Treasury; subject to the Company's resale policy, including limiting dilution to 0.5 per cent of net asset value per annum. Based on shares held in treasury since the liquidity enhancement policy was put in place in 2005.

‡ London Stock Exchange price converted into Euros at period end exchange rate.

Investment Manager's Review

Performance

There was little respite for continental European smaller company equity markets in the early weeks of 2009 as share prices initially continued their precipitous slide. The immediate catalyst was provided by poor economic statistics. For the month of February, the 16-nation Eurozone region registered an unprecedented drop in industrial production, 18.4 per cent on an annual basis. Even by May, the annual decline was still 17 per cent. The rapid fall in economic activity across the region has turned annual inflation negative for the first time since the single Euro currency was introduced in 1999. This has raised fears that the recession could become self-reinforcing if consumers were to conserve cash in anticipation of ever lower prices for goods and services. During the first quarter of the year, credit concerns spread from the financial sector to envelop sovereign nations, with central and eastern European countries singled out in particular for their use of foreign currency capital inflows to finance rapid growth. The mood began to improve after the first week in March as economic indicators suggested that the pace of the decline was slackening. At first such signs were tentative but as further series of statistics were released, so the evidence of "green shoots" strengthened. Just as ever worsening actual production numbers had earlier reinforced negative sentiment, so a brightening in the trend caused forward-looking measures of business, consumer and investor outlook to improve.

Despite this volatile backdrop, the net asset value of European Assets Trust rose by 8.0 per cent in Sterling total return* terms over the period, outpacing the gain in the HSBC Smaller Europe (ex UK) Index of 7.0 per cent. This favourable relative performance can be attributed in the main to positive stock selection. Expressed in Euro total return* terms, the increase in the net asset value of European Assets Trust was a much more impressive 22.4 per cent compared to 21.6 per cent for the benchmark index. This was a reflection more of Euro weakness than of Sterling strength with currency traders concerned about the speed of any recovery across the European continent.

The overall gain in the markets over the six months disguises the extremes of market moves as the mood shifted during the period. At its nadir in early March, the year-to-date decline in the HSBC Smaller Europe (ex UK) Index stood at 23.2 per cent in Sterling total return* terms. From this point to the end of the half year period the Index gained 39.3 per cent, a swing of 62.5 per cent. Given the wide fluctuations in the level of the index, it is not surprising that returns from our individual stock holdings also diverged considerably. **Norkom**, the Irish provider of anti-fraud and anti-money laundering software to the banking sector, recorded a noteworthy gain of 106 per cent in local currency terms over the period. The company continues to grow its client base and profits despite the difficult market and sector back-drop. Our two investments in the biotechnology sector featured both at the top and the bottom of the league table. Belgian-based **TiGenix** registered a gain of 117.3 per cent as investors first anticipated and then applauded the approval of the company's first commercial product, a procedure for repairing damaged cartilages. The Swiss biotech. company **Cytos**, on the other hand, recorded a loss of 51.1 per cent with a number of its trials for innovative vaccines failing to produce significant results. Another poor performer over the period was **Baron de Ley** with a price fall of 24.2 per cent after having held up relatively well throughout 2008. Changing wine-drinking habits have dented the company's export prospects and brought about a series of poor earnings releases.

Liquidity Enhancement Policy

Over the first six months of 2009, a total of 965,000 shares were taken into treasury at a discount, which was value enhancing to shareholders. The last of the purchases into treasury during the period took place on 18 May 2009 at a price of £4.80.

Gearing and Cash

The Managers adopted a cautious approach throughout the period, maintaining a cash balance which fluctuated between 12 per cent and 18 per cent of assets and ended the half year at 15 per cent. Some

Investment Manager's Review

new stocks were added to the portfolio as part of a broader sector strategy and increased risk diversification but these were financed from the partial sale of existing holdings and, in particular, those whose weighting within the portfolio was disproportionate to their size and liquidity.

Outlook

The market has experienced a rally of some considerable magnitude and duration since early March but the mood remains uncertain as investors doubt its longevity. There are sound reasons for these doubts. Firstly, the rally has been led by precisely those same sectors and stocks which powered markets on to their previous highs and which subsequently retreated because they had become too expensive at the market peak. Secondly, the rally has occurred on very low trading volumes. Besides making it difficult to deploy cash without having a major impact on a particular share price, this feature is often associated with a temporary blip in a longer bear market rather than a genuine recovery. Finally and most crucially, we would argue that prices for stocks in the smaller company asset class at their recent low failed to reach that elusive point of final capitulation and that, after a 39 per cent reversal, they are now factoring in a much sharper and more rapid improvement in profitability and balance sheet health than the current economic conditions or immediate outlook warrant.

Yet the Managers have taken advantage of recent market moves to make further adjustments to the composition of the investment portfolio, continuing on the process already outlined in the 2008 annual report. In particular, we have reduced substantially the portfolio's weighting in industrial goods companies. Many of these can be characterised as late cycle and they may suffer a prolonged period of poor share price performance should the economic downturn prove protracted. The addition of stocks such as Irish distributor **DCC** and Dutch temporary employment company **Randstad** has raised our weighting in the business services sector, while household appliances manufacturer **SEB** and the branded spirits company **Davide Campari** increase our exposure to the consumer goods sector. We remain very underweight in financials but will likely review this stance should prices in this sector fall back again as we anticipate. Our ample liquidity and potential to gear leave us well positioned to take advantage of any renewed set-back not just in the share prices of financial services companies but in the continental European smaller company asset class as a whole.

Crispin Longden

Investment Manager

F&C Investment Business Limited

23 July 2009

*Capital performance with dividends added back.

Dividend Information

2009

Dividends of €0.108 and €0.128 per share have been paid in January and May 2009 respectively and a further dividend will be paid in August 2009 of €0.1191 per share. This will result in total dividends paid for the year of €0.3551 per share. The increase in the May and August dividends is to offset the element of Dutch withholding tax applicable and provide a full 6 per cent annual payment to shareholders. The Board works with its advisers to seek to minimise Dutch tax.

Shareholders may elect to receive dividends by way of further shares in the Company rather than cash; the shares will be issued at the net asset value of the Company. Subject to personal circumstances, UK resident individual shareholders who receive a scrip dividend will not be liable to UK income tax but UK capital gains tax rules will apply.

Investment Portfolio

Company	Nature of Business	Valuation €000	% of Total Assets	Country of Incorporation
TiGenix	Biotechnology	4,335	4.4	Belgium
Indra Sistemas	IT Services & Defence	4,088	4.2	Spain
Norkom	Financial Crime Protection Software	3,792	3.9	Ireland
Andritz	Capital Goods Machinery Manufacturer	3,737	3.8	Austria
Digital Multimedia Technologies	Communications Equipment	3,670	3.8	Italy
Goldbach Media	Media Advertising	3,605	3.7	Switzerland
Acino	Generic Drug Manufacturer & Distributor	3,294	3.4	Switzerland
Grafton	Building Materials	3,177	3.3	Ireland
Partners Group	Alternative Asset Management	3,109	3.2	Switzerland
Hera	Utility	2,932	3.0	Italy
Ten largest investments		35,739	36.7	
Ringkjoebing Landobank	Bank	2,916	3.0	Denmark
Faiveley	Rail Components	2,638	2.7	France
Tods	Leather Goods	2,627	2.7	Italy
Meda	Pharmaceuticals Marketing	2,438	2.5	Sweden
Davide Campari	Beverages	2,270	2.3	Italy
ODIM	Oil Equipment	2,262	2.3	Norway
Nexity	Construction	2,123	2.2	France
Kloeckner	Steel Wholesaler	2,043	2.1	Germany
Rubis	Liquid Storage & Distribution	2,033	2.1	France
DCC	Multi-distribution	1,901	1.9	Ireland
Twenty largest investments		58,990	60.5	
Cargotec	Crane Manufacturing & Servicing	1,896	1.9	Finland
Rheinmetall	Defence & Auto Components	1,847	1.9	Germany
AF	Technical Consultancy	1,836	1.9	Sweden
Frigoglass	Refrigeration Display Units	1,631	1.7	Greece
Baron de Ley	Winery	1,620	1.7	Spain
Lindt & Spruengli	Confectionery Manufacturer	1,568	1.6	Switzerland
IPSOS	Market Research	1,559	1.6	France
Konecranes	Crane Manufacturing & Servicing	1,508	1.6	Finland
Arcadis	Engineering Consultant	1,481	1.5	Netherlands
Topdanmark	Life Assurance	1,478	1.5	Denmark
Thirty largest investments		75,414	77.4	
Other investments (7)		7,421	7.6	
Total investments		82,835	85.0	
Net current assets		14,634	15.0	
Equity shareholders' funds/total assets (less current liabilities)		97,469	100.0	

Revenue Account

for the six months ended 30 June

	Notes	2009 €000	2008 €000
Income from investments			
Securities		1,932	3,188
Deposit interest		26	50
Securities lending		–	91
	1	1,958	3,329
Movements on investments – realised		(30,445)	2,675
Movements on investments – unrealised		46,846	(42,006)
		16,401	(39,331)
Total income/(loss)		18,359	(36,002)
Expenses and interest			
	4		
Administration expenses		(345)	(554)
Investment management fee		(375)	(883)
Interest		(69)	(646)
Net income/(loss)	2	17,570	(38,085)
Distributed by dividends	3	3,656	8,889
Earnings per share		€1.11	(€4.60)
Dividends per share		€0.236	€0.54

The financial statements for the half-year ending 30 June 2009 have not been audited.

Accounting principles

The accounting policies applied in preparing the half-year figures at 30 June 2009 are consistent with those underlying the 2008 annual accounts.

Monies are deposited at market rates.

Securities lending, on a collateral basis, took place during the half-year ending 30 June 2008. On 1 July 2008 the Company terminated its stock lending agreement with KAS Bank.

The Company does not use futures and options as financial instruments.

Notes:

1. Income is stated after deduction of irrecoverable withholding taxes of €nil (2008 – €361,000).
2. Income for the six month period should not be taken as an indication of income for the full year.
3. Two dividends totalling €0.236 per share have been paid in January and May 2009 respectively, a further dividend of €0.1191 per share will be paid on 28 August 2009.
4. The total expense ratio, based on average shareholders' funds for the first half of the year, amounted to 1.70 per cent annualised (first half year 2008, 1.48 per cent annualised).

Balance Sheet

		30 June 2009	31 December 2008
	Notes	€000	€000
Investments			
Securities	5	82,835	81,054
Net current assets	6	14,634	6,986
Total assets less current liabilities		97,469	88,040
Equity shareholders' funds		97,469	88,040
Net asset value per share – basic	7	€6.32	€5.38
Expressed in sterling		£5.20	£5.20

The number of €0.46 shares in issue at 30 June 2009 was 15,417,974 (31 December 2008 – 16,370,208).

Notes:

- Listed investments are valued at the bid price on the valuation date on the relevant stock markets.
- During the first half of the year the Company had a banking facility available. The Company had €nil drawn down on its bank facility at 30 June 2009 (31 December 2008 – €nil). Since 30 June 2009, a new banking facility has been put in place with KAS Bank with an available amount of €18.5 million.
- During the six months to 30 June 2009 the Company purchased 965,000 shares to be held in treasury. In addition, 12,766 shares were issued during the period via the scrip dividend option.

Summary of changes in shareholders' funds for the six months to 30 June

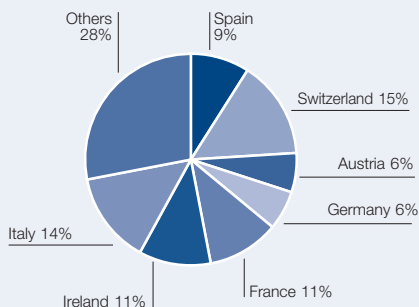
	2009	2008
	€000	€000
Total as at 1 January	88,040	228,921
Repurchase of own shares	(4,485)	(7,853)
Profit/(loss) for period	17,570	(38,085)
Dividends distributed	(3,656)	(8,889)
Total as at 30 June	97,469	174,094

Statement of Cash Flows

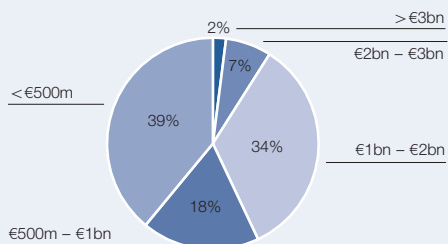
for the six months ended 30 June

	2009	2008
	€000	€000
Cash flow from investment activities		
Interest, dividends and other income	1,723	3,496
Purchases of shares	(24,857)	(32,841)
Sales of shares	39,064	27,719
Administrative expenses, investment management fees and interest charges	(981)	(2,231)
	14,949	(3,857)
Cash flows from financial activities		
Dividends paid	(3,656)	(8,889)
Repurchase of own shares	(4,507)	(11,375)
Loan facility	–	27,500
	(8,163)	7,236
Cash at bank		
Net increase for the period	6,786	3,379
Balance as at 31 December	7,611	(467)
Balance as at 30 June	14,397	2,912

Portfolio Split by Country
as at 30 June 2009



Portfolio Split by Market
Capitalisation as at 30 June 2009



Company Reviews

TIGENIX – Belgium, Biotechnology

TiGenix is a biomedical company focusing on late stage innovative local treatments for damaged and osteoarthritic joints. Through regenerative medicine TiGenix is developing a portfolio of products to address specific musculoskeletal disorders.

Full Year Results to 31 December		2008	2007	% Change
Turnover	€m	0.32	0.23	+39.1%
EPS	€	-0.62	-0.50	-24.0%
DPS	€	–	–	–

INDRA SISTEMAS – Spain, IT Services & Defence

Indra is a leading provider of defence electronics equipment, information technology solutions and IT consultancy services. The company provides services and products to such sectors as Transport, Energy, Healthcare, Telecommunications, Finance, and Defence.

Full Year Results to 31 December		2008	2007	% Change
Turnover	€m	2,379.6	2,167.6	+9.8%
EPS	€	1.139	0.916	+24.3%
DPS	€	0.50	0.78*	+16.3%†

*Includes extraordinary dividend of €0.35.

†Excluding extraordinary dividend

NORKOM – Ireland, Financial Crime Protection Software

Norkom is a provider of financial crime and compliance solutions to the global financial services industry. The company's software enables organizations to detect and combat financial crime from money laundering to all types of fraud and address the ever changing compliance and regulatory requirements.

Full Year Results to 31 March		2009	2008	% Change
Turnover	€m	48.0	41.0	+17.1%
EPS	€	7.74	7.69	+0.7%
DPS	€	–	–	–

Company Reviews

ANDRITZ – Austria, Capital Goods Machinery Manufacturer

Andritz is an engineering conglomerate with strong franchises in a number of niche engineering spheres. It builds, installs and services large-scale plants for the production of pulp and paper, steel, animal feed and sewage treatment.

Full Year Results to 31 December		2008	2007	% Change
Turnover	€m	3,609.8	3,282.50	+10.0%
EPS	€	2.73	2.56	+6.6%
DPS	€	1.10	1.00	+10.0%

DIGITAL MULTIMEDIA TECHNOLOGIES – Italy, Communications Equipment

DMT operates in the communication infrastructure sector offering products and services to radio and television network operators and wireless operators. The Technology division provides transmission systems and components whilst the Tower division provides hosting sites for broadcasting operators.

Full Year Results to 31 December		2008	2007	% Change
Turnover	€m	78.3	77.5	+1.0%
EPS (continuing operations)	€	-1.17	-1.19	+1.7%
DPS	€	–	–	–

Other Information

Representation concerning financial statements and Investment Manager's review

The Management Board confirms that, to the best of its knowledge, the condensed financial statements, together with comparative figures, have been prepared in accordance with applicable Dutch generally accepted accounting principles for interim reporting. These condensed financial statements give a true and fair view of the state of affairs of the Company at 30 June 2009 and of the net result for the period then ended.

The Investment Manager's Review in this Interim Report gives a true and fair view of the situation on the balance sheet date and of developments during the six months period, together with a description of the principal opportunities and risks associated with the expected development of the Company for the remaining months of the financial year.

In the normal course of its business, the Company holds a portfolio of equities and other securities and manages investment activities with on-balance sheet risk. Risk management is described in the Notes to the Accounts for the year ended 31 December 2008 and the principal risks have not changed materially since the date of that report.

Other Information (continued)

Major shareholders

Dutch Act on the Disclosure of Major Holdings and Capital Interests in Securities-Issuing Institutions (Wet melding zeggenschap en kapitaalbelang in effectenuitgevende instellingen (Wmz 2006))

In the register of major holdings maintained by AFM the following major holdings in the Company are disclosed:

European Assets Trust NV: 38.2 per cent*. This concerns shares held by the Company in treasury, which are currently not in circulation and disregarded both from a financial and a voting right point of view.

F&C Asset Management plc: 25.0 per cent†. This concerns shares held by F&C Asset Management plc only for the benefit of its clients. The Company is advised that the financial and voting rights for 8.2 per cent† are exercised by F&C Asset Management and 16.8 per cent† only at and in accordance with the instructions of these clients and strictly for their benefit.

*This concerns the percentage as at 23 July 2009. At 30 June 2009 the Company held 38.2 per cent of the total number of shares issued, amounting to 24,937,280 (including all shares held in treasury).

†This concerns the percentage of the number of shares issued, amounting to 24,937,280 (including all shares held in treasury).

Outsourcing

The Company has drawn up service level agreements for the outsourced duties with the following external parties, which among others deal with requirements regarding mutual transfer of information, terms of notice, compliance with regulation and fees.

Main duty:

Outsourced to:

Accounting, Custodian + IT	KAS BANK NV
Managing Director	FCA Management BV
Asset management	F&C Investment Business Limited

Taxation

Information on taxation can be found in the Annual Report.

Summary of net asset value for the six months to 30 June 2009

	Euro	Sterling
31 December 2008	€5.38	£5.20
31 January 2009	5.22	4.64
28 February 2009	4.85	4.32
31 March 2009	4.88	4.53
30 April 2009	5.77	5.16
31 May 2009	6.18	5.45
30 June 2009	6.32	5.38

Investing in European Assets Trust NV

As well as investing in European Assets Trust directly through a stockbroker, you can enjoy some additional benefits by investing through one of the savings plans run by F&C Management Limited ('F&C').

You can enjoy the convenience of making regular savings by Direct Debit, take advantage of a tax-efficient ISA wrapper, receive a simple statement every six months and automatically reinvest your dividends.

- **Private Investor Plan**

A flexible, low cost way to invest with a lump sum from £500 or regular savings from £50 a month.

- **Investment Trust ISA**

Invest up to £7,200 tax-efficiently each year with a lump sum from £500 or regular savings from £50 a month. It has recently been announced that ISA contribution limits are to be increased to £10,200 with effect from 6 April 2010 (or 6 October 2009 for individuals aged over 50). You can also transfer any existing ISAs.

- **Child Trust Fund ('CTF')**

F&C is a leading provider of children's investment plans and is currently one of the few providers to offer an investment trust based CTF. Suitable for children born after 1 September 2002.

- **Children's Investment Plan**

Suitable for older children ineligible for a CTF, or if you need access to the funds before the child is 18. This flexible plan can easily be written under trust to help reduce inheritance tax liability. Investments can be made from a £250 lump sum or £25 a month.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and you may not receive back the full amount originally invested. Tax rates and reliefs depend on the circumstances of the original investor.

Low charges

All the plans are low cost and flexible. When you buy or sell shares in these plans the dealing fee is only 0.2 per cent. Government stamp duty of 0.5 per cent also applies on purchases. There are no initial or exit charges. The only annual management fee is on the ISA, which is £60+VAT (no matter how many tax years' ISAs you take out with F&C, or how many ISAs you transfer).

The F&C Child Trust Fund has no initial charges, dealing charges or annual management fee.

How to invest

For more information on any of these products, please contact F&C's Investor Services Team:

Call us on **0800 136 420**

email at **info@fandc.com**

invest online at **www.fandc.com**

Existing plan holders' enquiry line
0845 600 3030

Existing plan holders' email us at:
investors.enquiries@fandc.com

Calls may be recorded.



The information on this page has been approved by F&C Management Limited which is a member of the F&C Asset Management Group and is authorised and regulated by the Financial Services Authority ('FSA').

Corporate Information

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Sir John Ward CBE (Chairman)
N L A Cook
W D Maris
Professor R A H van der Meer
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