**Rotterdam, 27 July 2009**

# PRESS RELEASE
# European Assets Trust NV

## UNAUDITED INTERIM RESULTS – SIX MONTHS TO 30 JUNE 2009

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

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

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

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

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

| | Sterling | Euro |
|---|---|---|
| January and May dividend paid per share<br>(further dividend of €0.1191 payable in August) | £0.213 | €0.236 |

### 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 (net €0.108 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.

### 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 NAV 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 18th 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 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

*Capital performance with dividends added back

| **Balance Sheet** | Note | **30 June 2009 Euro 000** | 31 December 2008 Euro 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 ordinary share** | 7 | **€6.32** | €5.38 |
| Expressed in sterling - basic | | **£5.38** | £5.20 |
| - treasury | | **£5.36** | £5.17 |

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

| **Revenue Account – six months to** | Note | **30 June 2009 Euro 000** | 30 June 2008 Euro 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 | Euro | **1.11** | (4.60) |
| Dividends per share | Euro | **0.236** | 0.54 |

**Statement of Cash Flows – six months to**

| | 30 June 2009 Euro 000 | 30 June 2008 Euro 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 |

## 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.

**Notes**

1. Income is stated after deduction of irrecoverable withholding taxes of Euro nil (2008 – Euro 361,000).

2. Income for the six months period should not be taken as an indication of the income for the full year.

3. Two dividends totalling Euro 0.236 per share have been paid in January and May 2009 respectively, a further dividend of Euro 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).

5. Listed investments are valued at the bid price on the valuation date on the relevant stock markets.

6. During the first half of the year the Company had a banking facility available. The Company had Euro nil drawn down on its bank facility at 30 June 2009 (31 December 2008: Euro nil). Since 30 June 2009, a new banking facility was put in place with KAS Bank with an available amount of Euro 18.5 million.

7. 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.

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

9. Copies of the interim report will be mailed to shareholders and will be available from the registered office of the Company and the website www.europeanassets.co.uk.

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