



Half Year Report **2011**
JPMorgan European
Investment Trust plc

Half Year Report & Accounts for the six months ended 30th September 2011

Half Year Performance

Total returns (includes dividends reinvested)

Growth Portfolio

-26.7%

Return to shareholders¹

-24.7%

Return on net assets²

-22.4%

Benchmark return³

Long Term Performance¹

	Return to shareholders	Return on net assets	Benchmark return
3 Year Performance (1st Oct 2008 - 30th Sept 2011)	-2.3%	+0.8%	+0.5%
5 Year Performance (1st Oct 2006 - 30th Sept 2011)	-15.7%	-11.3%	-3.9%
10 Year Performance (1st Oct 2001 - 30th Sept 2011)	+56.4%	+62.0%	+60.4%

Financial Data

	30th September 2011	31st March 2011	% change
Shareholders' funds (£'000)	170,260	248,270	-31.4
Number of shares in issue	104,802,735	111,362,372	-5.9
Net asset value per share	162.5p	222.9p	-27.1
Share price	137.0p	193.0p	-29.0
Share price discount to net asset value per share	15.7%	13.4%	

A glossary of terms and definitions is provided on page 32.

¹Source: Morningstar.

²Source: J.P.Morgan.

³Source: FTSE. The Growth portfolio's benchmark is the FTSE All World Developed Europe (ex-UK) Index in sterling terms (total return).

Half Year Performance

Total returns (includes dividends reinvested)

Income Portfolio

-17.9%
Return to shareholders¹

-17.1%
Return on net assets²

-18.4%
Benchmark return³

Long Term Performance¹

	Return to shareholders	Return on net assets	Benchmark return
2 Year Performance (1st Oct 2009 - 30th Sept 2011)	-6.7%	-4.8%	-7.1%
3 Year Performance (1st Oct 2008 - 30th Sept 2011)	+16.5%	+11.7%	+5.2%
5 Year Performance (1st Oct 2006 - 30th Sept 2011)	+3.3%	-1.1%	-2.9%

Financial Data

	30th September 2011	31st March 2011	% change
Shareholders' funds (£'000)	55,232	63,236	-12.7
Number of shares in issue	63,667,980	57,677,786	+10.4
Net asset value per share	86.8p	109.6p	-20.8
Share price	76.9p	97.3p	-21.0
Share price discount to net asset value per share	11.4%	11.3%	

A glossary of terms and definitions is provided on page 32.

¹Source: Morningstar.

²Source: J.P.Morgan.

³Source: MSCI. The Income portfolio's benchmark is the MSCI Europe Index in sterling terms (total return).

Features

Contents

About the Company

- 2 Half Year Performance - Growth Portfolio
- 3 Half Year Performance - Income Portfolio
- 5 Chairman's Statement
- 7 Investment Managers' Report

Growth Shares

- 9 List of Investments
- 12 Portfolio Analyses
- 14 Income Statement
- 15 Balance Sheet

Income Shares

- 16 List of Investments
- 19 Portfolio Analyses
- 21 Income Statement
- 22 Balance Sheet

Accounts

- 23 Income Statement
- 24 Reconciliation of Movements in Shareholders' Funds
- 25 Balance Sheet
- 26 Cash Flow Statement
- 27 Notes to the Accounts

Shareholder Information

- 30 Interim Management Report
- 31 Capital Structure and Conversion between Share Classes
- 32 Glossary of Terms and Definitions
- 35 Information about the Company

Objectives

Growth

Capital growth from Continental European investments, by consistent outperformance of the benchmark and a rising share price over the longer term by taking carefully controlled risks through an investment method that is clearly communicated to shareholders.

Income

To provide a growing income together with the potential for long-term capital growth from a diversified portfolio of investments in pan-European stockmarkets.

Investment Policies

Growth

- To invest in a diversified portfolio of investments in the stockmarkets of Continental Europe.
- To emphasise capital growth rather than income, with the likely result that the dividend will fluctuate.
- To use borrowings to increase potential returns to shareholders.
- To invest no more than 15% of the assets attributable to the Growth shares in other UK listed investment companies (including investment trusts).

Income

- To invest in a diversified portfolio of investments in pan-European stockmarkets.
- To provide a growing income together with the potential for long-term capital growth.
- To manage liquidity and borrowings to increase returns to shareholders.
- To invest no more than 15% of the assets attributable to the Income shares in other UK listed investment companies (including investment trusts).

Benchmarks

Growth

The FTSE All World Developed Europe (ex UK) Index in sterling terms (total return).

Income

The MSCI Europe Index in sterling terms (total return).

Capital Structure

At 30th September 2011, the Company's share capital comprised 104,802,735 Growth shares and 63,667,980 Income shares.

Management Company

The Company employs JPMorgan Asset Management (UK) Limited ('JPMAM' or the 'Manager') to manage its assets.

Chairman's Statement



Performance

Equity markets have remained highly volatile and fell sharply over the first six months of the Company's financial year. Concerns over the sovereign debt crisis in southern Europe continued to be the dominant feature, but weak economic indicators elsewhere, notably the USA, were also influential.

In the six months to 30th September 2011 the Company's Growth portfolio produced a total return on net assets (capital plus net income reinvested) of -24.7% against a total return on the benchmark index, the FTSE All World Developed Europe (ex-UK) Index, of -22.4% (both in sterling terms). The Growth share price fell by 29.0% over the six months and, with net dividends re-invested, the total return to Growth shareholders was -26.7%. This underperformance of the benchmark is disappointing, but the return on net assets from the Growth Portfolio remains slightly ahead of benchmark over both three and ten years.

In the same period, the Income portfolio produced a total return on net assets of -17.1%, compared with the total return on the benchmark index, the MSCI Europe Index in sterling terms, of -18.4%. The total return to shareholders was -17.9% over the period. It is pleasing to report capital outperformance, whilst maintaining a good yield, with the Income portfolio comfortably ahead of benchmark over two, three and five years.

The factors underlying the performance of the two portfolios over the period are explained in the Investment Manager's Report on pages 7 and 8.

Revenue and Dividends

Earnings per share on the Growth portfolio for the six months to 30th September 2011 (calculated by reference to the average number of shares in issue over the period) amounted to 5.62 pence per share (2010: 3.80 pence). A first interim dividend of 4.80 pence per Growth share was paid on 3rd October 2011 (2010: 3.80 pence). The higher level of dividend payment on the Growth portfolio, compared with the corresponding dividend paid in 2010, reflects a significant increase in the level of income received from the investments in the portfolio.

Earnings per share on the Income portfolio for the first half (again, calculated by reference to the average number of shares in issue over the period) amounted to 3.47 pence per share (2010: 2.67 pence). This increase was reflected in the first interim dividend of 3.00 pence per Income share paid on 3rd October 2011 (2010: 2.60 pence). The Board hopes to be able to increase modestly the dividend for the full year.

Both dividend payments reflect the Board's policy to pay dividends in line with revenues received on the underlying portfolios, in order to ensure that income is distributed in line with shareholdings ahead of each conversion opportunity (in September and March each year).

Chairman's Statement continued

Share Repurchases

The Board has a proactive and structured approach to the use of its share repurchase powers. It remains of the view that it is important to seek to address imbalances in the supply of and demand for the Company's shares and to minimise thereby the volatility and absolute level of the discount to net asset value at which the Company's shares trade. As stated previously, your Board does not wish to see the discounts widen beyond 10% on an ongoing basis. The precise level and timing of repurchases carried out pursuant to this policy depend upon prevailing market conditions, which have been highly volatile during the period, and the Board continues to monitor this policy in light of market conditions.

During the six months ended 30th September 2011, the Company repurchased a total of 2,784,039 Growth shares and 1,107,998 Income shares for cancellation. These repurchases were made at discounts between approximately 10.5% and 14.8% and 8.5% and 13.0% respectively (with debt valued at par). Since the period end, the Company has repurchased a further 1,551,230 Growth shares and 495,209 Income shares for cancellation.

For and on behalf of the Board
Andrew Murison
Chairman

25th November 2011

Investment Managers' Report



Stephen Macklow-Smith



Alexander Fitzalan Howard

The first half of our financial year was something of a roller-coaster. We saw an initial rally, which took markets to the area of their previous highs, but a combination of negative factors sent prices back near their March lows in late June. These included concerns over the impact of the Japanese disaster on the global supply chain, softness in leading economic indicators, renewed funding stresses in Greece, an admission by Portugal that it would need assistance from the EU's bail-out mechanisms, doubts over the ability of the US authorities to negotiate an increase in their debt ceiling coupled with an announcement by Moody's that it was putting the USA's AA rating on negative watch, and a tightening of monetary policy in China.

Concern over Greek funding dominated headlines in Europe, as confidence that the Greek authorities could successfully navigate their way back to solvency was undermined by figures showing that the Greek budget deficit had not narrowed in the first half of the year. Discussions over the appropriate course of action exposed differences between the European Commission, the European Central Bank, and national governments and the fragility of the situation was emphasised by a further downgrading of Greece's credit rating to the last notch above default. Bond spreads in Greece, Ireland and Portugal widened and a great deal of attention was focused on Spain and Italy, where spreads widened towards the one year highs they reached in November 2010. Despite these concerns the Euro actually strengthened over the quarter, perhaps supported by an increase in interest rates from the ECB.

As the summer progressed, the Eurozone sovereign debt crisis accelerated further, allied to concerns over the pace of growth in the rest of the world, especially in the USA and emerging markets. In July, Moodys downgraded both Portugal and Ireland to junk status and, having downgraded Greece to junk in June, they downgraded them even further later in July. This put yet more pressure on bond markets in those countries, but we also saw spreads widening in Spain and Italy as fears grew that a default in the smaller peripherals would spread contagion to the larger southern Europeans. Outside Europe, signs emerged that the slowdown in the second quarter had been sharper than initially thought: the US ISM had declined sharply in May in the aftermath of the Japanese earthquake, but it fell further in July and August, and the Citigroup economic surprise indicator for the US, which measures actual data releases relative to expectation, continued to decline sharply. The markets were also shaken by brinkmanship over the US debt ceiling, with a deal to increase it going right down to the wire and the eventual deal that allowed it to be raised containing no provisions for stimulating growth.

In early August, sentiment deteriorated further with news that the European Financial Stability Fund would take weeks and possibly months to put in place. A poor non-farm payrolls figure in the US sparked a sharp sell-off in European markets and they continued to fall through August and the first three weeks of September. The analyst community started to accelerate the pace of downgrades on companies and this was a global phenomenon, rather than being confined to Europe. The exporting companies were hardest hit and the German equity market was one of the worst performers during this period, having been one of the leaders up until the end of June.

Further pressure on markets emerged in September as interbank and swap spreads in Europe started to rise. It appeared that US financial institutions were unwilling to lend to Eurozone counterparts and as a result US Dollar liquidity was becoming scarcer. The problem was partially addressed in mid-September by the announcement of a co-ordinated re-opening of US Dollar swap lines by central banks

Investment Managers' Report continued

around the world. Also in the news in September was a decision by the SNB to announce potentially unlimited intervention in currency markets to put a floor under the Euro/Swiss Franc rate at 1.20. This was in reaction to a sharp appreciation of their currency, which was putting huge pressure on domestic growth.

The outlook is somewhat cloudy for Europe. The events of the last five years have shown that Europe is home to many world-leading companies, whose ability to defend their profitability and strengthen their balance sheets is testimony to the strength of their management teams. At the same time, the last five years have exposed some of the core weaknesses in the design of the Eurozone and this is placing pressure on the supply of credit to the corporate sector as well as raising questions about the ability of Eurozone governments to service their debts. Events in Ireland have shown how quickly the confidence of markets can be reinvigorated if the right reforms are put in place, but it is still unclear as to whether the current political leaders in other highly-indebted peripheral nations have the stomach to push through the necessary measures. The net result is that the excellent performance of many companies is being overshadowed by a willingness to assign an elevated level of risk premium to European financial assets and valuations look very attractive relative to other assets and relative to other geographical areas. We believe that if the Europeans can convince the financial markets that they are serious about taking the right steps, and if at the same time growth reaccelerates, then markets can move higher from here over the next year, however it may be that the crisis needs to escalate even further before the politicians bite the bullet.

Our performance in the Growth portfolio was negatively affected by exposure to global exporting companies, which were badly hit by the deceleration in global growth. We have not been present in the Irish or Greek equity markets since the middle of last year and we have limits on our exposure to Eurozone banks and other financial companies. We suffered, however, from the contraction in interbank liquidity, which had an impact on banking entities throughout Europe. From the point of view of deployment of gearing, we had a modest level of gearing in the Growth portfolio until July, when we decided to cut it to zero as a reaction to the issues over the US debt ceiling and debt rating. We remained ungeared until October, when we decided to increase our market exposure again modestly.

In the Income portfolio, stock selection made a positive contribution, as investors searched for higher yielding companies in the absence of attractive levels of income on bonds and cash. The Income portfolio is also on track to increase its level of annual dividend. Through the financial turmoil of the last five years the Income portfolio never cut its dividend and is now starting to increase it, which demonstrates the robustness of our stock selection process.

Stephen Macklow-Smith
Alexander Fitzalan Howard
Investment Managers

25th November 2011

List of Investments

at 30th September 2011

Company	Country	Sector	Value £'000	%
Novartis	Switzerland	Health Care	7,935	4.3
Nestlé	Switzerland	Consumer Goods	6,604	3.6
Total	France	Oil & Gas	5,525	3.0
JPMorgan European Smaller Companies Investment Trust	United Kingdom	Financials	4,984	2.7
BASF	Germany	Basic Materials	4,692	2.5
Sanofi-Aventis	France	Health Care	4,654	2.5
Roche	Switzerland	Health Care	4,510	2.4
ENEL	Italy	Utilities	3,925	2.1
Telefonica	Spain	Telecommunications Services	3,629	2.0
BNP Paribas	France	Financials	3,301	1.8
JPM Micro Cap	Luxembourg	Financials	3,300	1.8
ENI	Italy	Oil & Gas	3,014	1.6
Novo-Nordisk	Denmark	Health Care	2,681	1.5
Royal Dutch Shell	Netherlands	Oil & Gas	2,566	1.4
Sampo	Finland	Financials	2,531	1.4
ING	Netherlands	Financials	2,448	1.3
Zurich Financial Services	Switzerland	Financials	2,395	1.3
SAP	Germany	Technology	2,383	1.3
Repsol	Spain	Oil & Gas	2,199	1.2
BMW	Germany	Consumer Goods	2,189	1.2
Swedish Match	Sweden	Consumer Goods	2,185	1.2
LVMH	France	Consumer Goods	2,099	1.1
Arkema	France	Basic Materials	2,028	1.1
JPM Eastern European Fund	Luxembourg	Financials	2,026	1.1
Deutsche Bank	Germany	Financials	1,927	1.0
Vivendi	France	Consumer Services	1,920	1.0
Daimler	Germany	Consumer Goods	1,903	1.0
Endesa	Spain	Utilities	1,862	1.0
Hannover Rueckversicherungs	Germany	Financials	1,827	1.0
Siemens	Germany	Industrials	1,779	1.0
Industria de Diseno Textil	Spain	Consumer Services	1,771	1.0
Skandinaviska Enskilda Banken	Sweden	Financials	1,665	0.9
Swedbank	Sweden	Financials	1,659	0.9
Allianz	Germany	Financials	1,552	0.8
Lanxess	Germany	Basic Materials	1,369	0.7
Suedzucker	Germany	Consumer Goods	1,324	0.7
Mobistar	Belgium	Telecommunications Services	1,281	0.7
Banco Santander	Spain	Financials	1,175	0.6
Société Générale	France	Financials	1,164	0.6
European Aeronautic Defence and Space	Netherlands	Industrials	1,157	0.6

List of Investments continued

Company	Country	Sector	Value £'000	%
Edenred	France	Industrials	1,154	0.6
Jeronimo Martins	Portugal	Consumer Services	1,147	0.6
ABB	Switzerland	Industrials	1,144	0.6
Adecco	Switzerland	Industrials	1,121	0.6
Linde	Germany	Basic Materials	1,080	0.6
Unilever	Netherlands	Consumer Goods	1,067	0.6
Volkswagen	Germany	Consumer Goods	1,057	0.6
Credit Agricole	France	Financials	1,013	0.6
Danone	France	Consumer Goods	987	0.5
Banco Bilbao Vizcaya Argentaria	Spain	Financials	986	0.5
Topdanmark	Denmark	Financials	983	0.5
Gecina	France	Financials	958	0.5
Credit Suisse	Switzerland	Financials	951	0.5
Voest-Alpine	Austria	Basic Materials	946	0.5
Orion	Finland	Health Care	915	0.5
Bureau Veritas	France	Industrials	893	0.5
Volvo	Sweden	Industrials	881	0.5
DiaSorin	Italy	Health Care	862	0.5
Compagnie de Saint-Gobain	France	Industrials	854	0.5
UBS	Switzerland	Financials	844	0.5
Telenor	Norway	Telecommunications Services	839	0.5
Hugo Boss	Germany	Consumer Goods	830	0.5
Nutreco	Netherlands	Consumer Goods	829	0.5
Red Electrica	Spain	Utilities	800	0.4
Subsea	Luxembourg	Oil & Gas	764	0.4
Umicore	Belgium	Basic Materials	757	0.4
France Telecom	France	Telecommunications Services	757	0.4
Tele2	Sweden	Telecommunications Services	752	0.4
Fortum	Finland	Utilities	746	0.4
Kone	Finland	Industrials	746	0.4
Atos Origin	France	Technology	743	0.4
Ahold	Netherlands	Consumer Services	738	0.4
Viscofan Envolturas Celulosicas	Spain	Industrials	734	0.4
Anheuser-Busch InBev	Belgium	Consumer Goods	733	0.4
Fresenius Medical Care	Germany	Health Care	685	0.4
Swatch	Switzerland	Consumer Goods	681	0.4
SCOR	France	Financials	679	0.4
Swiss Life	Switzerland	Financials	652	0.4
Statoil	Norway	Oil & Gas	647	0.4

Company	Country	Sector	Value £'000	%
Eiffage	France	Industrials	645	0.4
Lundbeck	Denmark	Health Care	634	0.3
Metso	Finland	Industrials	615	0.3
Freenet	Germany	Technology	609	0.3
D'Ieteren	Belgium	Consumer Services	594	0.3
Deutsche Post	Germany	Industrials	592	0.3
Wendel Investissement	France	Financials	590	0.3
JM	Sweden	Consumer Goods	589	0.3
Stora Enso	Finland	Basic Materials	573	0.3
NCC	Sweden	Industrials	562	0.3
Sodexo	France	Consumer Services	557	0.3
ASML	Netherlands	Technology	555	0.3
Nyrstar	Belgium	Basic Materials	528	0.3
Kinnevik Investment	Sweden	Financials	526	0.3
OMV	Austria	Oil & Gas	498	0.3
Cermaq	Norway	Consumer Goods	454	0.2
Alcatel Lucent	France	Technology	453	0.2
Scania	Sweden	Industrials	451	0.2
Gas Natural	Spain	Utilities	450	0.2
128 other investments, each individually valued at less than £450,000			25,219	13.6
Bundesrepublik Deutschland 4.0% 2037	Germany	Fixed Interest	4,488	2.4
JPM Euro Liquidity Fund	Luxembourg	Liquidity Fund	1,809	1.0
Total Portfolio			185,084	100.0

Portfolio Analyses

Geographic

	30th September 2011		31st March 2011	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
France	19.1	24.8	20.5	24.5
Germany	17.3	17.9	17.8	18.4
Switzerland	16.3	19.8	12.7	16.5
Spain	8.2	8.6	9.4	8.6
Sweden	6.6	6.8	5.5	7.1
Netherlands	5.9	5.6	6.6	5.7
Italy	5.7	5.9	7.2	7.1
European Funds	5.6	–	5.3	–
Finland	3.9	2.0	3.8	2.3
Denmark	2.9	2.6	2.7	2.8
Belgium	2.6	2.2	3.9	1.9
Norway	1.3	2.3	2.1	2.2
Austria	1.1	0.8	1.0	0.9
Portugal	0.6	0.7	–	0.8
Luxembourg	0.5	–	0.1	0.1
Ireland	–	–	–	0.5
Greece	–	–	–	0.6
Fixed Interest	2.4	–	1.4	–
Total Investments	100.0	100.0	100.0	100.0

¹Based on total investments of £183.3m (31st March 2011: £268.3m), which includes investment of any borrowings to gear the portfolio and excludes liquidity fund holdings and net current liabilities.

Sector

	30th September 2011		31st March 2011	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
Financials ²	24.2	19.7	26.8	22.9
Consumer Goods	15.7	18.1	15.8	16.3
Health Care	13.3	12.0	8.8	8.9
Industrials	10.9	14.5	13.5	15.3
Oil & Gas Producers	8.3	7.0	8.2	7.3
Basic Materials	7.9	7.5	8.1	8.0
Consumer Services	4.9	5.2	6.0	5.0
Telecommunications Services	4.6	6.3	4.5	6.2
Utilities	4.3	6.0	4.6	6.4
Technology	3.5	3.7	2.3	3.7
Fixed Interest	2.4	–	1.4	–
Total Investments	100.0	100.0	100.0	100.0

¹Based on total investments of £183.3m (31st March 2011: £268.3m), which includes investment of any borrowings to gear the portfolio and excludes liquidity fund holdings and net current liabilities.

²Includes £10.8m invested in investment companies, representing 5.9% of the portfolio (31st March 2011: £17.1m, representing 6.0% of the portfolio).

Growth Portfolio Income Statement

for the six months ended 30th September 2011

	(Unaudited) Six months ended 30th September 2011			(Unaudited) Six months ended 30th September 2010			(Audited) Year ended 31st March 2011		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments held at fair value through profit or loss	–	(66,269)	(66,269)	–	(8,600)	(8,600)	–	20,302	20,302
Net foreign currency (losses)/gains	–	(340)	(340)	–	1,072	1,072	–	112	112
Income from investments	6,928	–	6,928	5,695	–	5,695	7,803	–	7,803
Other interest receivable and similar income	453	–	453	167	–	167	280	–	280
Gross return/(loss)	7,381	(66,609)	(59,228)	5,862	(7,528)	(1,666)	8,083	20,414	28,497
Management fee	(183)	(426)	(609)	(187)	(435)	(622)	(513)	(1,196)	(1,709)
Performance fee writeback/(charge)	–	914	914	–	(1,415)	(1,415)	–	(2,686)	(2,686)
Other administrative expenses	(249)	–	(249)	(249)	–	(249)	(536)	–	(536)
Net return/(loss) on ordinary activities before finance costs and taxation	6,949	(66,121)	(59,172)	5,426	(9,378)	(3,952)	7,034	16,532	23,566
Finance costs	(123)	(285)	(408)	(192)	(449)	(641)	(437)	(1,023)	(1,460)
Net return/(loss) on ordinary activities before taxation	6,826	(66,406)	(59,580)	5,234	(9,827)	(4,593)	6,597	15,509	22,106
Taxation	(672)	–	(672)	(836)	90	(746)	(962)	–	(962)
Net return/(loss) on ordinary activities after taxation	6,154	(66,406)	(60,252)	4,398	(9,737)	(5,339)	5,635	15,509	21,144
Return/(loss) per Growth share	5.62p	(60.65)p	(55.03)p	3.80p	(8.40)p	(4.60)p	4.93p	13.55p	18.48p

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period.

The 'Total' column of this statement is the profit and loss account of the Growth pool of assets and the 'Revenue' and 'Capital' columns represent supplementary information.

Growth Portfolio Balance Sheet

at 30th September 2011

	(Unaudited) 30th September 2011 £'000	(Unaudited) 30th September 2010 £'000	(Audited) 31st March 2011 £'000
Fixed assets			
Investments held at fair value through profit or loss	183,275	234,613	268,282
Investments in liquidity funds held at fair value through profit or loss	1,809	17,968	18,538
Total portfolio	185,084	252,581	286,820
Current assets			
Debtors	730	450	9,731
Cash and short term deposits	189	45,455	37,098
Derivative financial instruments – forward foreign currency contracts held at fair value through profit or loss	330	–	1
	1,249	45,905	46,830
Creditors: amounts falling due within one year	(14,669)	(70,595)	(83,788)
Derivative financial instruments – forward foreign currency contracts held at fair value through profit or loss	(734)	–	(7)
Net current liabilities	(14,154)	(24,690)	(36,965)
Total assets less current liabilities	170,930	227,891	249,855
Creditors: amounts falling due after more than one year			
Provisions for liabilities and charges			
Performance fee	(670)	(943)	(1,585)
Net assets	170,260	226,948	248,270
Net asset value per Growth share	162.5p	198.8p	222.9p

List of Investments

at 30th September 2011

Company	Country	Sector	Value £'000	%
Royal Dutch Shell	United Kingdom	Energy	1,968	3.2
Nestlé	Switzerland	Consumer Staples	1,749	2.9
Vodafone	United Kingdom	Telecommunications Services	1,341	2.2
Novartis	Switzerland	Health Care	1,318	2.2
HSBC	United Kingdom	Financials	1,292	2.1
BP	United Kingdom	Energy	1,191	2.0
GlaxoSmithKline	United Kingdom	Health Care	1,128	1.9
Unilever	United Kingdom	Consumer Staples	989	1.6
British American Tobacco	United Kingdom	Consumer Staples	917	1.5
Total	France	Energy	878	1.4
Sanofi-Aventis	France	Health Care	805	1.3
AstraZeneca	United Kingdom	Health Care	669	1.1
BHP Billiton	United Kingdom	Materials	636	1.0
BASF	Germany	Materials	595	1.0
Tesco	United Kingdom	Consumer Staples	567	0.9
Diageo	United Kingdom	Consumer Staples	553	0.9
Allianz	Germany	Financials	486	0.8
ENI	Italy	Energy	484	0.8
BNP Paribas	France	Financials	479	0.8
National Grid	United Kingdom	Utilities	463	0.8
Daimler	Germany	Consumer Discretionary	443	0.7
Imperial Tobacco	United Kingdom	Consumer Staples	424	0.7
Banco Bilbao Vizcaya Argentaria	Spain	Financials	415	0.7
Reckitt Benckiser	United Kingdom	Consumer Staples	411	0.7
Barclays	United Kingdom	Financials	403	0.7
Zurich Financial Services	Switzerland	Financials	374	0.6
Enel	Italy	Utilities	367	0.6
Standard Chartered	United Kingdom	Financials	351	0.6
Iberdrola	Spain	Utilities	337	0.6
Centrica	United Kingdom	Utilities	328	0.5
Vivendi	France	Telecommunications Services	327	0.5
Statoil	Norway	Energy	316	0.5
Munich Re	Germany	Financials	314	0.5
Nordea Bank	Sweden	Financials	313	0.5
AXA	France	Financials	298	0.5
BT	United Kingdom	Telecommunications Services	292	0.5
Scottish & Southern Energy	United Kingdom	Utilities	290	0.5
Repsol	Spain	Energy	290	0.5
Prudential	United Kingdom	Financials	290	0.5
Intesa Sanpaolo	Italy	Financials	289	0.5

Company	Country	Sector	Value £'000	%
KPN	Netherlands	Telecommunications Services	288	0.5
Pearson	United Kingdom	Consumer Discretionary	247	0.4
Unibail-Rodamco	France	Financials	245	0.4
Vinci	France	Industrials	241	0.4
Compass	United Kingdom	Consumer Discretionary	239	0.4
Telecom Italia	Italy	Telecommunications Services	235	0.4
Swiss Re	Switzerland	Financials	234	0.4
Aviva	United Kingdom	Financials	215	0.4
Telenor	Norway	Telecommunications Services	211	0.4
Morrison (Wm.) Supermarkets	United Kingdom	Consumer Staples	196	0.3
Sampo	Finland	Financials	188	0.3
United Utilities	United Kingdom	Utilities	186	0.3
Fortum	Finland	Utilities	186	0.3
Kingfisher	United Kingdom	Consumer Discretionary	183	0.3
Next	United Kingdom	Consumer Discretionary	183	0.3
Old Mutual	United Kingdom	Financials	182	0.3
SES	Luxembourg	Consumer Discretionary	180	0.3
Seadrill	United Kingdom	Energy	177	0.3
Deutsche Post	Germany	Industrials	176	0.3
Severn Trent	United Kingdom	Utilities	173	0.3
Legal & General	United Kingdom	Financials	173	0.3
DnB	Norway	Financials	172	0.3
Marks & Spencer	United Kingdom	Consumer Discretionary	171	0.3
International Power	United Kingdom	Utilities	168	0.3
Orkla	Norway	Industrials	167	0.3
Deutsche Boerse	Germany	Financials	167	0.3
Resolution	United Kingdom	Financials	162	0.3
Land Securities	United Kingdom	Financials	161	0.3
Svenska Handelsbanken	Sweden	Financials	159	0.3
Energias de Portugal	Portugal	Utilities	159	0.3
Snam Rete Gas	Italy	Utilities	158	0.3
Swisscom	Switzerland	Telecommunications Services	157	0.3
Swedbank	Sweden	Financials	157	0.3
G4S	United Kingdom	Industrials	154	0.3
Gas Natural	Spain	Utilities	153	0.3
Sainsbury (J)	United Kingdom	Consumer Staples	152	0.2
Abertis Infraestructuras	Spain	Industrials	151	0.2
Admiral	United Kingdom	Financials	150	0.2
Northumbrian Water	United Kingdom	Utilities	149	0.2

List of Investments continued

Company	Country	Sector	Value £'000	%
Babcock International	United Kingdom	Industrials	148	0.2
Ferrovial	Spain	Industrials	148	0.2
British Land	United Kingdom	Financials	145	0.2
RSA Insurance	United Kingdom	Financials	143	0.2
ACS	Spain	Industrials	141	0.2
TDC	Denmark	Telecommunications Services	140	0.2
Bouygues	France	Industrials	140	0.2
Portugal Telecom	Portugal	Telecommunications Services	139	0.2
Tele2	Sweden	Telecommunications Services	138	0.2
Trasmissione Elettrica Rete Nazio	Italy	Utilities	138	0.2
Groupe Bruxelles	Belgium	Financials	137	0.2
Atlantia	Italy	Industrials	137	0.2
Bunzl	United Kingdom	Industrials	135	0.2
Red Electrica	Spain	Utilities	134	0.2
Svenska Cellulosa	Sweden	Materials	133	0.2
RPC	United Kingdom	Materials	133	0.2
Banque Cantonale Vaudoise	Switzerland	Financials	132	0.2
Elisa	Finland	Telecommunications Services	132	0.2
SCOR	France	Financials	132	0.2
257 other investments, each individually valued at less than £132,000			20,559	33.7
Bundesrepublik Deutschland 4.0% 2037	Germany	Fixed Interest	1,122	1.8
JPM Euro Liquidity Fund	Luxembourg	Liquidity Fund	4,025	6.6
Total Portfolio			60,916	100.0

Portfolio Analyses

Geographic

	30th September 2011		31st March 2011	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
United Kingdom	46.2	35.0	38.6	32.5
France	8.2	14.5	12.4	15.5
Switzerland	7.7	13.5	4.7	12.0
Germany	6.4	12.2	7.3	13.1
Italy	5.4	3.6	5.1	4.4
Spain	5.2	5.5	7.9	5.5
Finland	4.2	1.4	4.9	1.7
Norway	3.3	1.4	2.8	1.4
Sweden	2.9	4.5	4.8	4.9
Netherlands	2.7	3.9	3.2	4.2
Belgium	2.2	1.5	2.1	1.4
Portugal	1.4	0.4	1.5	0.4
Greece	0.7	0.2	1.0	0.4
Austria	0.6	0.4	1.0	0.5
Denmark	0.6	1.6	0.4	1.7
Ireland	0.3	0.4	0.9	0.4
Fixed Interest	2.0	–	1.4	–
Total Investments	100.0	100.0	100.0	100.0

¹Based on total investments of £56.9m (31st March 2011: £69.6m), which includes investment of any borrowings to gear the portfolio and excludes liquidity fund holdings and net current liabilities.

Portfolio Analyses continued

Sector

Sector	30th September 2011		31st March 2011	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
Financials	23.8	18.9	26.7	21.8
Consumer Staples	12.6	14.1	7.5	11.7
Energy	10.7	11.4	8.5	11.4
Industrials	10.7	10.3	13.3	11.5
Consumer Discretionary	8.6	8.1	10.6	8.5
Utilities	8.1	5.4	7.7	5.5
Health Care	7.8	11.9	5.3	9.3
Telecommunications Services	7.3	7.5	8.9	6.8
Materials	5.8	9.3	7.0	10.5
Information Technology	2.6	3.1	3.1	3.0
Fixed Interest	2.0	—	1.4	—
Total Investments	100.0	100.0	100.0	100.0

¹Based on total investments of £56.9m (31st March 2011: £69.6m), which includes investment of any borrowings to gear the portfolio and excludes liquidity fund holdings and net current liabilities.

Income Portfolio Income Statement

for the six months ended 30th September 2011

	(Unaudited) Six months ended 30th September 2011			(Unaudited) Six months ended 30th September 2010			(Audited) Year ended 31st March 2011		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments held at fair value through profit or loss	–	(12,779)	(12,779)	–	(2,601)	(2,601)	–	2,560	2,560
Net foreign currency gains	–	295	295	–	316	316	–	177	177
Income from investments	2,287	–	2,287	1,833	–	1,833	2,776	–	2,776
Other interest receivable and similar income	78	–	78	28	–	28	51	–	51
Gross return/(loss)	2,365	(12,484)	(10,119)	1,861	(2,285)	(424)	2,827	2,737	5,564
Management fee	(111)	(167)	(278)	(106)	(158)	(264)	(219)	(328)	(547)
Performance fee	–	(66)	(66)	–	(229)	(229)	–	(272)	(272)
Other administrative expenses	(65)	–	(65)	(53)	–	(53)	(124)	–	(124)
Net return/(loss) on ordinary activities before finance costs and taxation	2,189	(12,717)	(10,528)	1,702	(2,672)	(970)	2,484	2,137	4,621
Finance costs	(54)	(81)	(135)	(59)	(89)	(148)	(132)	(200)	(332)
Net return/(loss) on ordinary activities before taxation	2,135	(12,798)	(10,663)	1,643	(2,761)	(1,118)	2,352	1,937	4,289
Taxation	(140)	–	(140)	(153)	–	(153)	(173)	–	(173)
Net return/(loss) on ordinary activities after taxation	1,995	(12,798)	(10,803)	1,490	(2,761)	(1,271)	2,179	1,937	4,116
Return/(loss) per Income share	3.47p	(22.24)p	(18.77)p	2.67p	(4.95)p	(2.28)p	3.87p	3.44p	7.31p

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period.

The 'Total' column of this statement is the profit and loss account of the Income pool of assets and the 'Revenue' and 'Capital' columns represent supplementary information.

Income Portfolio Balance Sheet

at 30th September 2011

	(Unaudited) 30th September 2011 £'000	(Unaudited) 30th September 2010 £'000	(Audited) 31st March 2011 £'000
Fixed assets			
Investments held at fair value through profit or loss	56,891	56,618	69,578
Investments in liquidity funds held at fair value through profit or loss	4,025	4,534	4,810
Total portfolio	60,916	61,152	74,388
Current assets			
Debtors	505	581	882
Cash and short term deposits	2,377	12,147	6,425
Derivative financial instruments – forward foreign currency contracts held at fair value through profit or loss	145	225	304
	3,027	12,953	7,611
Creditors: amounts falling due within one year	(7,878)	(16,831)	(18,427)
Derivative financial instruments – forward foreign currency contracts held at fair value through profit or loss	(504)	(100)	(73)
Net current liabilities	(5,355)	(3,978)	(10,889)
Total assets less current liabilities	55,561	57,174	63,499
Provisions for liabilities and charges			
Performance fee	(329)	(234)	(263)
Net assets	55,232	56,940	63,236
Net asset value per Income share	86.8p	99.9p	109.6p

The Company

Income Statement

for the six months ended 30th September 2011

	(Unaudited) Six months ended 30th September 2011			(Unaudited) Six months ended 30th September 2010			(Audited) Year ended 31st March 2011		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments held at fair value through profit or loss	–	(79,048)	(79,048)	–	(11,201)	(11,201)	–	22,862	22,862
Net foreign currency (losses)/gains	–	(45)	(45)	–	1,388	1,388	–	289	289
Income from investments	9,215	–	9,215	7,528	–	7,528	10,579	–	10,579
Other interest receivable and similar income	531	–	531	195	–	195	331	–	331
Gross return/(loss)	9,746	(79,093)	(69,347)	7,723	(9,813)	(2,090)	10,910	23,151	34,061
Management fee	(294)	(593)	(887)	(293)	(593)	(886)	(732)	(1,524)	(2,256)
Performance fee writeback/(charge)	–	848	848	–	(1,644)	(1,644)	–	(2,958)	(2,958)
Other administrative expenses	(314)	–	(314)	(302)	–	(302)	(660)	–	(660)
Net return/(loss) on ordinary activities before finance costs and taxation	9,138	(78,838)	(69,700)	7,128	(12,050)	(4,922)	9,518	18,669	28,187
Finance costs	(177)	(366)	(543)	(251)	(538)	(789)	(569)	(1,223)	(1,792)
Net return/(loss) on ordinary activities before taxation	8,961	(79,204)	(70,243)	6,877	(12,588)	(5,711)	8,949	17,446	26,395
Taxation	(812)	–	(812)	(989)	90	(899)	(1,135)	–	(1,135)
Net return/(loss) on ordinary activities after taxation	8,149	(79,204)	(71,055)	5,888	(12,498)	(6,610)	7,814	17,446	25,260
Return/(loss) per share (note 4):									
Growth share	5.62p	(60.65)p	(55.03)p	3.80p	(8.40)p	(4.60)p	4.93p	13.55p	18.48p
Income share	3.47p	(22.24)p	(18.77)p	2.67p	(4.95)p	(2.28)p	3.87p	3.44p	7.31p

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period.

The 'Total' column of this statement is the profit and loss account of the Company and the 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies. The total column represents all the information that is required to be disclosed in a Statement of Total Recognised Gains and Losses ('STRGL'). For this reason a STRGL has not been presented.

The Company

Reconciliation of Movements in Shareholders' Funds

Six months ended 30th September 2011 (Unaudited)	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves £'000	Other reserve £'000	Revenue reserve £'000	Total £'000
At 31st March 2011	7,001	28,030	11,903	262,001	(61)	2,632	311,506
Repurchase and cancellation of the Company's own shares	(167)	–	167	(6,060)	–	–	(6,060)
Share conversions during the period	(11)	6,401	179	(6,569)	–	–	–
Net (loss)/return on ordinary activities	–	–	–	(79,204)	–	8,149	(71,055)
Cash flow hedge allocated to finance costs during the period	–	–	–	–	61	–	61
Dividends appropriated in the period	–	–	–	–	–	(8,960)	(8,960)
At 30th September 2011	6,823	34,431	12,249	170,168	–	1,821	225,492

Six months ended 30th September 2010 (Unaudited)	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves £'000	Other reserve £'000	Revenue reserve £'000	Total £'000
At 31st March 2010	7,274	24,078	11,537	257,944	(393)	2,912	303,352
Repurchase and cancellation of the Company's own shares	(151)	–	151	(4,928)	–	–	(4,928)
Share conversions during the period	(1)	1,901	49	(1,949)	–	–	–
Net (loss)/return on ordinary activities	–	–	–	(12,498)	–	5,888	(6,610)
Cash flow hedge allocated to finance costs during the period	–	–	–	–	169	–	169
Dividends appropriated in the period	–	–	–	–	–	(8,095)	(8,095)
At 30th September 2010	7,122	25,979	11,737	238,569	(224)	705	283,888

Year ended 31st March 2011 (Audited)	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves £'000	Other reserve £'000	Revenue reserve £'000	Total £'000
At 31st March 2010	7,274	24,078	11,537	257,944	(393)	2,912	303,352
Repurchase and cancellation of the Company's own shares	(273)	–	273	(9,344)	–	–	(9,344)
Share conversions during the year	–	3,952	93	(4,045)	–	–	–
Net return on ordinary activities	–	–	–	17,446	–	7,814	25,260
Cash flow hedge allocated to finance cost during the year	–	–	–	–	332	–	332
Dividends appropriated in the year	–	–	–	–	–	(8,094)	(8,094)
At 31st March 2011	7,001	28,030	11,903	262,001	(61)	2,632	311,506

The Company Balance Sheet

at 30th September 2011

	(Unaudited) 30th September 2011			(Unaudited) 30th September 2010	(Audited) 31st March 2011
	Growth £'000	Income £'000	Total £'000	Total £'000	Total £'000
Fixed assets					
Investments held at fair value through profit or loss	183,275	56,891	240,166	291,231	337,860
Investments in liquidity funds held at fair value through profit or loss	1,809	4,025	5,834	22,502	23,348
Total portfolio	185,084	60,916	246,000	313,733	361,208
Current assets					
Debtors	730	505	1,235	1,031	10,613
Cash and short term deposits	189	2,377	2,566	57,602	43,523
Derivative financial instruments	330	145	475	225	305
	1,249	3,027	4,276	58,858	54,441
Creditors: amounts falling due within one year	(14,669)	(7,878)	(22,547)	(87,426)	(102,215)
Derivative financial instruments	(734)	(504)	(1,238)	(100)	(80)
Net current liabilities	(14,154)	(5,355)	(19,509)	(28,668)	(47,854)
Total assets less current liabilities	170,930	55,561	226,491	285,065	313,354
Provisions for liabilities and charges					
Performance fee	(670)	(329)	(999)	(1,177)	(1,848)
Net assets	170,260	55,232	225,492	283,888	311,506
Capital and reserves					
Called up share capital	5,265	1,558	6,823	7,122	7,001
Share premium	8,587	25,844	34,431	25,979	28,030
Capital redemption reserve	11,251	998	12,249	11,737	11,903
Capital reserves	143,844	26,324	170,168	238,569	262,001
Other reserve	—	—	—	(224)	(61)
Revenue reserve	1,313	508	1,821	705	2,632
Total equity shareholders' funds	170,260	55,232	225,492	283,888	311,506
Net asset values (note 5):					
Net asset value per Growth share			162.5p	198.8p	222.9p
Net asset value per Income share			86.8p	99.9p	109.6p

The Company

Cash Flow Statement

for the six months ended 30th September 2011

	(Unaudited) Six months ended 30th September 2011 £'000	(Unaudited) Six months ended 30th September 2010 £'000	(Audited) Year ended 31st March 2011 £'000
Net cash inflow from operating activities (note 6)	5,258	5,152	6,082
Net cash outflow from returns on investments and servicing of finance	(506)	(509)	(1,215)
Taxation recovered	137	81	410
Net cash inflow from capital expenditure and financial investment	34,319	14,038	3,132
Dividends paid	(8,960)	(8,095)	(8,094)
Net cash outflow from financing	(71,386)	(4,923)	(9,344)
(Decrease)/increase in cash in the period	(41,138)	5,744	(9,029)
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the period	(41,138)	5,744	(9,029)
Net repayment of loans	65,795	–	–
Exchange movements	945	1,200	–
Other movements	(43)	(101)	(206)
Changes in net debt arising from cash flows	25,559	6,843	(9,235)
Net debt at the beginning of the period	(44,955)	(35,720)	(35,720)
Net debt at the end of the period	(19,396)	(28,877)	(44,955)
Represented by:			
Cash and short term deposits	2,566	57,602	43,523
Foreign currency bank loans	(21,962)	(86,479)	(88,478)
Net debt	(19,396)	(28,877)	(44,955)

Notes to the Accounts

for the six months ended 30th September 2011

1. Financial statements

The information contained within the financial statements in this half year report has not been audited or reviewed by the Company's auditors.

The figures and financial information for the year ended 31st March 2011 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under either Section 498(2) or 498(3) of the Companies Act 2006.

2. Accounting policies

The accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice ('UK GAAP') and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in January 2009.

All of the Company's operations are of a continuing nature.

The accounting policies applied in these half year accounts are consistent with those applied in the accounts for the year ended 31st March 2011.

3. Dividends

	(Unaudited) Six months ended 30th September 2011 £'000	(Unaudited) Six months ended 30th September 2010 £'000	(Audited) Year ended 31st March 2011 £'000
Dividends paid			
Growth 2011 final dividend of 1.1p (2010: 1.1p)	1,235	1,317	1,317
Growth interim dividend of 4.8p (2010: 3.8p)	5,236	4,372	4,372
Income 2011 final dividend of 1.4p (2010: 1.7p)	787	967	966
Income interim dividend of 3.0p (2010: 2.6p)	1,702	1,439	1,439
Total dividends paid in the period	8,960	8,095	8,094
Dividends declared			
Growth 2011 final dividend of 1.1p	–	–	1,235
Income 2011 final dividend of 1.4p	–	–	787
Total dividends declared	–	–	2,022

Notes to the Accounts continued

4. Return/(loss) per share

	(Unaudited) Six months ended 30th September 2011 £'000	(Unaudited) Six months ended 30th September 2010 £'000	(Audited) Year ended 31st March 2011 £'000
Growth share			
Return/(loss) per share is based on the following:			
Revenue return	6,154	4,398	5,635
Capital (loss)/return	(66,406)	(9,737)	15,509
Total (loss)/return	(60,252)	(5,339)	21,144
Weighted average number of shares in issue	109,481,337	115,880,524	114,416,002
Revenue return per share	5.62p	3.80p	4.93p
Capital (loss)/return per share	(60.65)p	(8.40)p	13.55p
Total (loss)/return per share	(55.03)p	(4.60)p	18.48p
Income share			
Return/(loss) per share is based on the following:			
Revenue return	1,995	1,490	2,179
Capital (loss)/return	(12,798)	(2,761)	1,937
Total (loss)/return	(10,803)	(1,271)	4,116
Weighted average number of shares in issue	57,564,002	55,767,233	56,307,904
Revenue return per share	3.47p	2.67p	3.87p
Capital (loss)/return per share	(22.24)p	(4.95)p	3.44p
Total (loss)/return per share	(18.77)p	(2.28)p	7.31p

5. Net asset values

Net asset value per Growth share is calculated by dividing Growth shareholders' funds of £170,260,000 (30th September 2010: £226,948,000 and 31st March 2011: £248,270,000) by the 104,802,735 Growth shares in issue at 30th September 2011 (30th September 2010: 114,138,259 shares and 31st March 2011: 111,362,372 shares).

Net asset value per Income share is calculated by dividing Income shareholders' funds of £55,232,000 (30th September 2010: £56,940,000 and 31st March 2011: £63,236,000) by the 63,667,980 Income shares in issue at 30th September 2011 (30th September 2010: 56,995,588 shares and 31st March 2011: 57,677,786 shares).

6. Reconciliation of net (loss)/return on ordinary activities before finance costs and taxation to net cash inflow from operating activities

	(Unaudited) Six months ended 30th September 2011 £'000	(Unaudited) Six months ended 30th September 2010 £'000	(Audited) Year ended 31st March 2011 £'000
Net (loss)/return on ordinary activities before finance costs and taxation	(69,700)	(4,922)	28,187
Less capital loss/(return) on ordinary activities	78,838	12,050	(18,669)
(Increase)/decrease in net debtors and accrued income	(310)	(98)	11
Management fee charged to capital	(593)	(593)	(1,524)
Performance fee paid	(1,165)	(137)	(354)
Overseas withholding tax	(1,278)	(1,148)	(1,569)
Scrip dividends included in income	(536)	–	–
Effective interest rate adjustment on bonds	2	–	–
Net cash inflow from operating activities	5,258	5,152	6,082

Interim Management Report

The Company is required to make the following disclosures in its half year report:

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Company fall into the following broad categories: investment and strategy; accounting, legal and regulatory; corporate governance and shareholder relations; operational; and financial. Information on each of these areas is given in the Business Review within the Annual Report and Accounts for the year ended 31st March 2011.

Related Parties Transactions

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position or the performance of the Company.

Directors' Responsibilities

The Board of Directors confirms that, to the best of its knowledge:

- (i) the condensed set of financial statements contained within the half yearly financial report has been prepared in accordance with the Accounting Standards Board's Statement 'Half-Yearly Financial Reports'; and
- (ii) the interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the UK Listing Authority Disclosure and Transparency Rules.

For and on behalf of the Board

Andrew Murison
Chairman

25th November 2011

Capital Structure and Conversion between Share Classes

The Company has two share classes, each with distinct investment policies, objectives and underlying asset pools. Each share class is listed separately and traded on the London Stock Exchange. This capital structure means that shareholders may benefit from greater investment flexibility in a tax-efficient manner.

Capital Structure

- **Growth Shares**

Capital growth from Continental European investments, by consistent out-performance of the benchmark and a rising share price over the longer term by taking carefully controlled risks through an investment method that is clearly communicated to shareholders.

- **Income Shares**

To provide a growing income together with the potential for long-term capital growth from a diversified portfolio of investments in pan-european stockmarkets.

Conversion Opportunities

Shareholders in either of the two share classes are able to convert some or all of their shares into shares of the other classes without such conversion being treated, under current law, as a disposal for UK capital gains tax purposes.

The conversion mechanism allows shareholders to alter their investment profile to match their changing investment needs in a tax-efficient manner.

Conversion dates arise every six months on 15th September and 15th March (if such a date is not a business day, then the conversion date will move to the next business day).

The Company, or its Manager, makes no administrative charge for any of the above conversions.

Conversion between the share classes

Those who hold shares through the JPM Investment Trust Investment Account, ISA or SIPP must submit a conversion instruction form which can be found at www.jpmeuropean.com. Instructions for CREST holders can also be found at this address. Those who hold shares in certificated form on the main register must complete the conversion notice printed on the reverse of their certificate.

Instructions must be received in the month of August for September conversions and in the month of February for March conversions.

The number of shares that will arise upon conversion will be determined on the basis of the relative net asset values of each share class.

More details concerning conversion dates and conversion instruction forms can be found on the Company's website: www.jpmeuropean.co.uk.

Glossary of Terms and Definitions

Return to shareholders

Total return to the investor, on a mid-market price to mid-market price basis, assuming that all dividends received were reinvested, without transaction costs, into the relevant share class of the Company at the time the shares were quoted ex-dividend.

Return on net assets

Total return on net asset value ('NAV') per share, on a bid value to bid value basis, assuming that all dividends paid out by the Company were reinvested into the relevant share class of the Company at the NAV per share at the time the shares were quoted ex-dividend.

In accordance with industry practice, dividends payable which have been declared but which are unpaid at the balance sheet date are deducted from the NAV per share when calculating the total return on net assets

Benchmark return

Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received were reinvested into the shares of the underlying companies at time the shares were quoted ex-dividend.

The benchmark is a recognised index of stocks which should not be taken as wholly representative of the Company's investment universe. The Company's investment strategy does not track this index and consequently, there may be some divergence between the performance of the portfolio and that of the benchmark.

Share price discount/premium to net asset value ('NAV') per share

If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The discount is shown as a percentage of the NAV per share. The opposite of a discount is a premium. It is more common for an investment trust's shares to trade at a discount than at a premium.

Information about the Company

Financial Calendar

Financial year end	31st March
Final results announced	June
Half year end	September
Half year results announced	November
Interim Management Statements announced	July/January
Dividends payable – Growth and Income	April and October
Annual General Meeting	July

History

JPMorgan European Investment Trust plc was formed in 1929 as The London and Holyrood Trust Limited and was a general investment trust until 1982 when the name was changed to The Fleming Universal Investment Trust. Under this name the portfolio became more internationally invested until November 1988, when the Board decided to concentrate on Continental European investments. In 1992 shareholders approved a formal adoption of this specialisation. The Company adopted its current structure and name in August 2006.

Directors

Andrew Murison (Chairman)
Robin Faber
Stephen Goldman
Stephen Russell
Ferdinand Verdonck

Company Numbers

Company registration number: 237958
London Stock Exchange Sedol numbers:
Growth: B18JK16
Income: B17XWW4
ISIN numbers:
Growth: GBOOB18JK166
Income: GBOOB17XWW44
Bloomberg Codes:
Growth: JETG LN
Income: JETI LN

Market Information

The Company's net asset value is published daily, via The London Stock Exchange. The Company's shares are listed on the London Stock Exchange. The market prices are shown daily in the Financial Times, The Times, the Daily Telegraph, The Scotsman, The Independent and on the Company website at www.jpmeuropean.co.uk, where the share prices are updated every fifteen minutes during trading hours.

Website

www.jpmeuropean.co.uk

Share Transactions

The Company's shares may be dealt in directly through a stockbroker or professional adviser acting on an investor's behalf. They may also be purchased and held through the J.P. Morgan Investment Account, J.P. Morgan ISA and J.P. Morgan SIPP. These products are all available on the online wealth manager service, J.P. Morgan WealthManager+ available at www.jpmorganwealthmanagerplus.co.uk

Manager and Company Secretary

JPMorgan Asset Management (UK) Limited

Company's Registered Office

Finsbury Dials
20 Finsbury Street
London EC2Y 9AQ
Telephone number: 0207 742 6000

Please contact Jonathan Latter for company secretarial and administrative matters.

Custodian

JPMorgan Chase Bank N.A.
125 London Wall
London EC2Y 5AJ

Registrars

Equiniti Limited
Reference 1080
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone number: 0871 384 2319

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrars quoting reference 1080.

Registered shareholders can obtain further details on their holdings on the internet by visiting www.shareview.co.uk.

Savings Product Administrators

For queries on the J.P. Morgan Investment Account, J.P. Morgan ISA and J.P. Morgan SIPP, see contact details on the back cover of this report.

Independent Auditor

Ernst & Young LLP
Chartered Accountants and Statutory Auditor
1 More London Place
London SE1 2AF

Brokers

Winterflood Securities Limited
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA
Telephone 020 7621 0004

aic

The Association of
Investment Companies A member of the AIC

J.P. Morgan Helpline
Freephone 0800 20 40 20 or +44 (0)20 7742 9995

Your telephone call may be recorded for your security

www.jpmeuropean.co.uk