To: RNS
From: European Assets Trust NV
Date: 3 August 2011

UNAUDITED INTERIM RESULTS – SIX MONTHS TO 30 JUNE 2011

- **Total return* performance for the six months to 30 June 2011**

	Euro	Sterling
Net asset value per share	6.8%	12.5%
HSBC Smaller Europe (ex UK) Index	0.0%	5.4%

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

	Euro	Sterling
Net asset value per share	187.1%	289.9%
HSBC Smaller Europe (ex UK) Index	182.6%	281.5%

- **Annualised total return* since December 1997 (portfolio refocused)**

	Euro	Sterling
Net asset value per share	5.1%	8.8%
HSBC Smaller Europe (ex UK) Index	4.9%	8.6%

- **Annual dividend of 6% of opening net asset value per share (2011: Euro 0.5337)**

	Euro	Sterling
January and May dividends paid per share (further dividend of €0.1937 payable in August)	€0.34	£0.293

*Capital performance with dividends reinvested

Investment Manager's Review

In the six months to the end of June, the Company's net asset value ("NAV") total return per share was 12.5% in Sterling terms and 6.8% in Euros, which compares favourably with the total return from our benchmark index, the HSBC European Smaller Companies ex-UK, which was 5.4% in Sterling terms and was flat in Euro terms.

During the period investors had to digest a number of significant global events. The 'Arab Spring', which began in February, featured throughout much of the period under review. While the potential democratisation of these countries should be a positive for global growth over the long term, the shorter term effect is uncertainty. In particular, the most immediate reaction has been a further leg up in the already strong commodities' market. In March markets were rocked by the horrific earthquake and tsunami in Japan, the full consequences of which have still not been felt. More recently investors have had to contend with European sovereign debt issues and particular concerns over a Greek default.

The index performance is particularly striking when we consider it in a global context. The HSBC Europe Small Cap (ex UK) Index outperformed China (Shanghai Composite -1.3%), Brazil (BMF Bovespa -8.1%) and India (Senex -9.8%). While it is always difficult to rationalise performance over a relatively short period, what we can say is that European equities have the attraction of benefiting from one of the most important factors in driving stock returns; namely that European equities appear undervalued relative to the quality and potential of the underlying assets. Certainly in our recent meetings with clients and prospects what is clear to us is that sentiment towards European equities and allocations to the region are at very low levels. This, to a large extent, should be reflected in the valuations of the assets in which we invest. We are cognisant of the challenges that Europe faces, but we are also heartened that we are investing in an area where sentiment is very poor and assets are lowly valued. This is a helpful starting point for making any investment.

However, it is clear that the challenges that Europe as a region faces are significant. Debt/GDP levels in the peripheral countries are high and question marks remain over their ability to service their creditors. Ultimately, though, we believe that the political will and economic imperative means that the Euro will survive. The consequence of this is that we expect the peripheral countries will continue to suffer under the weight of fiscal consolidation while core Europe continues to benefit from loose monetary policy and export led growth. However, if we take a longer term view on what this means for the structure of the European economy as a whole we can take some comfort. European politicians are reforming public finances and are making some headway against intractable labour laws which have dogged the region for many years. As we emerge from this period of uncertainty we should be faced with a more flexible economic model which should provide a better base for longer term growth. This can only be a good thing for long term investors.

Portfolio review

At a stock level, we were fortunate to have a number of companies which performed well in the six months to June. Our largest holding Glanbia had a good first half increasing +31%. Our investment case centres around the thesis that this is a growing high performance nutritionals business that is valued as an Irish dairy business. The results released so far this year have been good, but the reason why it has performed so well is because investors have started to appreciate the value of this nutritionals division which now makes up 50% of the profits of the company. At the start of the year GSK closed the acquisition of Maximuscle for 4.5 x sales and then with their first quarter results Glanbia announced the acquisition of BSN, a leader in the sports nutrition segment. Both deals serve to highlight the value in Glanbia's nutritional business.

Other good performers were Norkom, the Irish fraud detection software company, which was acquired by BAE Systems at a 38% premium. Topdanmark, the Danish insurance company, also performed well rising by +30%. The stock delivered some good results, increasing guidance, but also benefited from some corporate activity; Sampo the large cap Finnish insurer increased their stake in the company to 20%.

In terms of negative performers the only stock of note was Mediaset Espana, the Spanish free to air TV company, which fell 24%. We initially bought the stock because its competitive position improved after the exit of the state channel in the commercial advertising market, and some consolidation within the market, effectively resulting in a duopolistic market structure. This should lead to better returns and improved dividend payout levels. We also felt that we were buying the stock at a cyclical low point, giving us some margin of safety for what is essentially a stock with some cyclical characteristics. While we still believe in the investment case, it has become apparent that the demand side of the equation has deteriorated more than we expected. We are watching to see how this develops, but we still hold the stock.

Outlook

Leading into 2011, we have had two years of strong performance from equities, as the market recovered from the lows of March 2009. Abundant liquidity, emerging market growth and restocking, factors which have been instrumental in driving this recovery, have all but played out. Liquidity is slowly being withdrawn; we have seen the end of the second round of quantitative easing from the US and we have seen an increase in interest rates from the European Central Bank. Restocking is over and emerging market growth is slowing, albeit from very high levels to arguably something more sustainable. We are however optimistic for European small cap equities, not least, as argued above, because sentiment is so poor and the valuations so attractive. M&A, a factor particularly relevant for small and mid caps, will also continue to provide a level of support for these valuations. Corporates have strong balance sheets and are looking to deploy them.

On a stock specific level, companies are facing a challenging environment. Demand is slowly improving but companies are now facing a rising cost of capital. This cost cannot only be measured by increasing interest rates, but more tangible costs of engaging in business; rising material and labour costs. This means that we are investing in high quality businesses that can manage this challenge. These are market leaders that demonstrate high returns on capital employed with strong balance sheets, and should improve their market positions in this environment. The market is not currently differentiating these businesses well enough and valuations do not reflect their inherent quality. We will continue to be greedy on prices.

Paras Anand
Sam Cosh
Investment Managers
F&C Investment Business Limited

Dividend Information

2011
Dividends of €0.17 per share have been paid in January and May 2011 and a further dividend will be paid in August 2011 of €0.1937 per share. This will result in total dividends paid for the year of €0.5337 per share. The increase in the August dividend 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; the shares may trade in the market at a discount or premium to net asset value. Elections for scrip dividends can be made by shareholders using the form available from the Registrar on request. Subject to personal circumstances, UK resident individual shareholders who receive a scrip dividend should not be liable to UK income tax but UK capital gains tax rules should apply.

Revenue Account – for the six months ended	Notes	**30 June 2011 €000**	30 June 2010 €000
Income from investments			
Securities		**2,387**	1,943
Movements on investments - realised		**6,162**	(1,224)
Movements on investments - unrealised		**1,021**	1,399
		7,183	175
Total income		**9,570**	2,118
Expenses and interest	3		
Administration expenses		**(523)**	(540)
Investment management fee		**(540)**	(449)
Interest		**(41)**	(16)
Net income	1	**8,466**	1,113
Distributed by dividends	2	**4,959**	4,668
Earnings per share		**€0.57**	€0.07
Dividends per share	2	**€0.34**	€0.314

Balance Sheet	Notes	**30 June 2011 €000**	31 December 2010 €000
Investments			
Securities	4	**134,803**	127,631
Net current liabilities	5	**(5,027)**	(991)
Total assets less current liabilities		**129,776**	126,640
Equity shareholders' funds		**129,776**	126,640

Net asset value per share - basic		**€8.72**	€8.49
Expressed in sterling		**£7.88**	£7.27

The number of €0.46 shares in issue at 30 June 2011 was 14,874,400 (31 December 2010 – 14,912,652).

Summary of changes in shareholders' funds for the six months to	Notes	**30 June 2011 €000**	30 June 2010 €000
Total as at 1 January		**126,640**	110,061
Repurchase of own shares	6	**(371)**	(821)
Profit for the period		**8,466**	1,113
Dividends distributed		**(4,959)**	(4,668)
Total as at 30 June		**129,776**	105,685

Statement of Cash Flows – for the six months ended

	30 June 2011 €000	30 June 2010 €000
Cash flow from investment activities		
Interest, dividends and other income	**2,196**	1,774
Purchases of securities	**(24,518)**	(41,111)
Sales of securities	**23,971**	39,900
Administrative expenses, investment management fees and interest charges	**(1,095)**	(1,018)
	554	(455)
Cash flows from financial activities		
Dividends paid	**(4,959)**	(4,668)
Repurchase of own shares	**(371)**	(901)
Loan facility	**4,776**	4,157
	(554)	(1,412)
Cash at bank		
Net decrease for the period	**-**	(1,867)
Balance as at 31 December	**-**	1,867
Balance as at 30 June	**-**	-

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 2011 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 2010 and the principal risks have not changed materially since the date of that report.

Notes

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

2. Two dividends totalling €0.34 per share have been paid in January and May 2011. A further dividend of €0.1937 per share will be paid on 26 August 2011.

3. The total expense ratio, based on average shareholders' funds for the first half of the year, amounted to 1.65 per cent annualised (first half year 2010, 1.78 per cent annualised).

4. Securities comprise only listed investments. Listed investments are valued at the bid price on the valuation date on the relevant stock markets.

5. During the six month period ended 30 June 2011, the Company had a banking facility available of €18,500,000. The Company had €5,604,531 drawn down at 30 June 2011 (31 December 2010: €828,236).

6. During the six months to 30 June 2011 the Company purchased 50,000 shares to be held in treasury. In addition, 11,748 shares were issued during the period via the scrip dividend option.

7. The accounting policies applied in preparing the half-year figures at 30 June 2011 are consistent with those underlying the 2010 annual accounts.

8. 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.eu.

For further information, please contact:

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