BLACKROCK GREATER EUROPE INVESTMENT TRUST PLC

HALF YEARLY FINANCIAL REPORT
28 FEBRUARY 2015

BLACKROCK®

BlackRock Greater Europe Investment Trust plc

The Company's objective is the achievement of capital growth, primarily through investment in a focused portfolio constructed from a combination of the securities of large, mid and small capitalisation European companies, together with some investment in the developing markets of Europe.

The Company will have the flexibility to invest in any country included in the FTSE World Europe ex UK Index, as well as the freedom to invest in developing countries not included in the Index but considered by the Manager and the Directors as part of greater Europe.

aic
The Association of Investment Companies

A MEMBER OF THE ASSOCIATION OF INVESTMENT COMPANIES

Details about the Company are available on the website at blackrock.co.uk/brge

Performance record

FINANCIAL HIGHLIGHTS

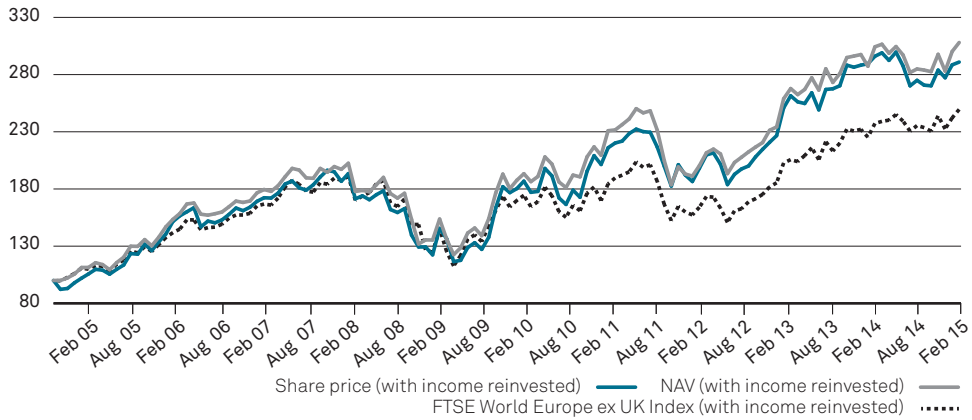
Attributable to ordinary shareholders	As at 28 February 2015	As at 31 August 2014	Change %
Assets			
Net asset value per ordinary share – undiluted	253.82p	237.98p	+6.7
– with income reinvested**			+8.1
Net asset value per ordinary share – diluted	253.82p	237.98p	+6.7
– with income reinvested**			+8.1
Net assets (£'000)*	268,232	258,987	+3.6
Ordinary share price (mid-market)	238.25p	228.50p	+4.3
– with income reinvested**			+5.8
Subscription share price (mid-market)	12.00p	10.00p	+20.0

	For the six months ended 28 February 2015	For the six months ended 28 February 2014	
Revenue			
Net revenue return after taxation (£'000)	691	107	+545.8
Revenue return per ordinary share			
– basic and diluted	0.64p	0.10p	+540.0

* The change in net assets is attributable to market movements, the implementation of the tender offer in the period and the conversion of subscription shares.

** Net asset value and share price performance include the dividend reinvestment.

PERFORMANCE SINCE LAUNCH TO 28 FEBRUARY 2015



Sources: BlackRock and Datastream.
Total return performance record in sterling terms, rebased to 100 at 20 September 2004.

Chairman's statement

for the six months to 28 February 2015

MARKET BACKGROUND

The performance of European equities was mixed during the period under review. Although Eurozone economic data for the most part remained lacklustre, the European Central Bank's (ECB's) moves to stimulate growth, through announcing the start of a 'Quantitative Easing' (QE) programme, reversed the prevailing negative sentiment towards the end of the period. The ECB's announcement at the beginning of the year that it would buy €60 billion of debt each month from March until at least September 2016 led to the region registering its best monthly returns in over three years in January, as all market sectors recorded gains.

PERFORMANCE

During the six month period, the Company's undiluted net asset value (NAV) per share returned +8.1%, compared with a return of +6.0% in the FTSE World Europe ex UK Index. At the same time, the discount widened somewhat, with the result that the share price returned +5.8% over the same period (all percentages calculated in sterling terms with income reinvested).

Since the period end, the Company's undiluted NAV has increased by 5.4% compared with a rise in the FTSE World Europe ex UK Index of 3.9%. In the same period, the Company's shares have traded in the range of a discount of 1.4% and 6.8% on an undiluted cum income basis and were trading at a discount of 5.4% as at close of business on 22 April 2015.

EARNINGS AND DIVIDEND

The Company's revenue earnings per share for the six months to 28 February 2015 amounted to 0.64p (2014: 0.10p). The Board has declared an interim dividend of 1.65p (2014: 1.50p) per share. This dividend will be paid on 29 May 2015 to shareholders on the register on 1 May 2015; the ex-dividend date is 30 April 2015.

TENDER OFFERS

The Directors exercised their discretion to operate the half yearly tender offer in November which, in common with previous tender offers, was for up to 20% of the ordinary shares in issue at the prevailing NAV less 2%. Valid tenders for 3,166,263 ordinary shares were received at a price of 239.08p per share, representing 2.91% of the ordinary shares in issue excluding treasury shares. Of the shares tendered, 3,034,286 were repurchased by the Company and cancelled and 131,977 were placed in treasury.

It was announced on 30 March 2015 that the next semi-annual tender offer will take place with a calculation date as at close of business on 1 June 2015, being the

succeeding business day to 31 May 2015. The tender offer will be for up to 20% of the ordinary shares in issue (excluding treasury shares) at the prevailing fully diluted NAV per share subject to a discount of 2%. A Circular relating to the tender offer is enclosed with this half yearly financial report. The Circular will also be available on the website at blackrock.co.uk/brge and additional copies may be requested from the Company's registered office c/o the Secretary, BlackRock Greater Europe Investment Trust plc, 12 Throgmorton Avenue, London EC2N 2DL.

SUBSCRIPTION SHARES

A total of 23,254,813 subscription shares were allotted to shareholders in April 2013 by way of a bonus issue. Following seven conversions of the subscription shares since the bonus issue, the Company has issued 2,621,513 ordinary shares. Total proceeds amounted to £6,112,000. The Company currently has 105,676,343 ordinary shares (excluding 5,561,653 treasury shares) and 20,633,300 subscription shares in issue.

Subscription share rights conferred by the subscription shares are exercisable quarterly on the last business day of January, April, July and October up to the last business day in April 2016, after which the subscription share rights will lapse. The detailed terms and conditions of the subscription shares are set out in the combined Prospectus and Circular dated 25 March 2013. The exercise price is 248.00p per share.

The ordinary shares resulting from the exercise of the subscription share rights on 30 April 2015 will not qualify for the interim dividend payment.

BOARD

My colleagues and I are pleased to welcome Peter Baxter as a member of the Board with effect from 1 April 2015. He will also join the Company's Audit and Management Engagement Committee.

Peter has over 25 years' experience in the investment management industry. He was chief executive of Old Mutual Asset Managers from 2005 until 2011, having joined the firm in 2000 as chief investment officer. He previously worked for Schroders and Hill Samuel in various equity analysis, fund management and investment strategy roles. He is a member of the board of Trust for London, where he chairs the investment committee.

INVESTMENT MANAGEMENT FEE

Following a review of the investment management and performance fees, the Board has agreed with the Manager that with effect from 1 September 2015, the beginning of the Company's financial year, there will no longer be a performance fee and the existing arrangements will be replaced with a base fee of 0.85% of Net Asset Value.

OUTLOOK

The Eurozone region has started 2015 with a number of reasons to be positive. In addition to QE, recent Euro weakness, particularly relative to the US dollar, has improved the competitiveness of many European exporting companies. Furthermore, the recent sharp drop in the oil price will reduce input costs for many companies and should also boost consumer spending. Corporate earnings for Eurozone businesses still remain at very depressed levels compared with their US counterparts and closing the gap could drive the next phase of share price gains.

Given the above, current valuation levels suggest that European equities remain attractive and that opportunities continue to be available in companies with good pricing power and encouraging earnings prospects. However, although prospects are brighter, the likelihood of a rise in US interest rates later in the year and ongoing political uncertainty in Greece and Ukraine, could yet create volatility in European stock markets.

Carol Ferguson
23 April 2015

Interim management report and responsibility statement

The Chairman's Statement on pages 3 to 5 and the Investment Manager's Report on pages 8 to 10 give details of the important events which have occurred during the period and their impact on the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks faced by the Company can be divided into various areas as follows:

- Performance;
- Income/dividend;
- Regulatory;
- Operational;
- Market;
- Financial; and
- Gearing.

The Board reported on the principal risks and uncertainties faced by the Company in the Annual Report and Financial Statements for the year ended 31 August 2014. A detailed explanation can be found in the Strategic Report on pages 7 and 8 and in note 18 on pages 47 to 52 of the Annual Report and Financial Statements which are available on the website maintained by BlackRock at blackrock.co.uk/brge.

In the view of the Board, there have not been any changes to the fundamental nature of these risks since the previous report and these principal risks and uncertainties are equally applicable to the remaining six months of the financial year as they were to the six months under review.

GOING CONCERN

The Directors, having considered the nature and liquidity of the portfolio, the Company's investment objective and the Company's projected income and expenditure, are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and is financially sound. For this reason, they continue to adopt the going concern basis in preparing the financial statements. The Company has a portfolio

of investments which are considered to be readily realisable and is able to meet all of its liabilities from its assets and income generated from these assets. Ongoing charges (including any performance fees but excluding interest costs and taxation) are approximately 0.9% of net assets.

RELATED PARTY DISCLOSURE AND TRANSACTIONS WITH THE AIFM AND INVESTMENT MANAGER

BlackRock Fund Managers Limited (BFM) was appointed as the Company's AIFM with effect from 2 July 2014. BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services, to BlackRock Investment Management (UK) Limited (BIM (UK)). Both BFM and BIM (UK) are regarded as related parties under the Listing Rules. Details of the management and performance fees payable are set out in note 4 on page 23 and note 10 on page 28. The related party transactions with the Directors are set out in note 9 on page 27.

DIRECTORS' RESPONSIBILITY STATEMENT

The Disclosure and Transparency Rules (DTR) of the UK Listing Authority require the Directors to confirm their responsibilities in relation to the preparation and publication of the Interim Management Report and Financial Statements.

The Directors confirm to the best of their knowledge that:

- the condensed set of financial statements contained within the half yearly financial report has been prepared in accordance with applicable UK Accounting Standards and the Accounting Standards Board's Statement 'Half Yearly Financial Reports'; and

- the Interim Management Report, together with the Chairman's Statement and Investment Manager's Report, include a fair review of the information required by 4.2.7R and 4.2.8R of the FCA's Disclosure and Transparency Rules.

This half yearly financial report has not been audited or reviewed by the Company's auditor.

The half yearly financial report was approved by the Board on 23 April 2015 and the above responsibility statement was signed on its behalf by the Chairman.

Carol Ferguson
For and on behalf of the Board
23 April 2015

Investment manager's report

OVERVIEW

The Company's share price and underlying NAV gained over the six months to 28 February 2015. In this period, the Company returned +5.8% and +8.1% in share price and NAV terms respectively. By way of comparison, the FTSE World Europe ex UK Index returned +6.0% during the same period (all percentages calculated in sterling terms with income reinvested).

The second half of the last financial year was dominated by three main themes. First, concerns over the strength of recovery in the Eurozone came to the fore, as data releases suggested weakness in the German economy and a lack of growth in Italy. Second, optimism about the potential impact of 'Quantitative Easing' (QE) by the European Central Bank (ECB) increased from mid-August onwards as rumours of the likely onset of a bond-buying programme by the central bank grew stronger; the measures announced in early September provided further scope for optimism as Mario Draghi indicated that he was 'not finished' with his policy action. Third, the rapid fall in the oil price led to the energy sector significantly underperforming, declining by more than 15% in the fourth quarter. European earnings were also marginally supportive, as the third quarter earnings season proved better than expected. However, by the end of 2014, this was overshadowed by the growing political uncertainty in Greece, which created fears for the wider Euro area.

Since the beginning of 2015, the European market has rallied, outperforming most other equity markets globally. Towards the end of January, sentiment was buoyed by the ECB's confirmation that QE would be employed and there were hopes of an eventual extension to the Greek bailout package by four months. Economic indicators for Europe also continued to pick up, with consumer confidence increasing, manufacturing data being positive and German New Orders for December significantly exceeding expectations.

PORTFOLIO ACTIVITY

Sector allocation detracted from performance over the period. In particular, the decision to have lower exposure to consumer staples and the materials sectors impacted negatively upon performance, as did a high exposure to financials. In contrast, the portfolio's high exposure to health care was beneficial. The portfolio also benefited from the use of gearing, which averaged 1.8% during the period.

The Euro weakened materially over the six months as weaker economic data at the beginning of the period combined with higher expectations of loosening monetary policy at the ECB (and ultimately QE in January). Against the US dollar, the exchange rate fell from 1.30 in September 2014 to 1.12 in February 2015, and has plunged lower since. This aided performance in companies which derive revenues internationally, notably holdings in health care and consumer sectors.

While high exposure to financials detracted from returns, stock selection within this sector was beneficial. Specifically, the Company saw strong returns from Zurich Insurance, which performed well in the period, benefiting from its strong balance sheet, potential for capital return, cost saving measures and the relative strength of the dollar through their American operations. The Company's portfolio also saw positive performance coming from Europe's largest commercial real estate company, Unibail-Rodamco. Real estate companies are beneficiaries of the ECB's monetary policy, which drives demand for the sector, and they are attractive to income investors as they offer reliable and growing dividends. The holding in Russian Sberbank detracted from performance as geo-political tension grew in the area.

Within the health care sector, positions in Bayer, Fresenius and Novo Nordisk contributed to performance. The latter has performed well due to its ability to exercise pricing power for key drugs in insulin and diabetes care, especially in North America where price increases for these drugs have directly impacted company profitability. All three names reported positive results during the period helping to drive share price performance.

The top performing name during the six months was Irish airline, Ryanair. The company increased its full-year net profit guidance by around 20% after experiencing strong passenger growth in the latter half of the year. The firm has effectively revamped their offer to attract customers back and is starting to tackle the business market by offering an attractively priced business ticket with flexible fares. Additionally, Ryanair is a beneficiary of lower oil prices, as this is their single largest cost.

It has been an active period for implementing changes to the portfolio. Purchases included Daimler, Heineken and LVMH in the consumer goods section; these were funded from the sales of GDF Suez (utilities), ENI (oil & gas) and Saint-Gobain (construction).

At the end of the period, the portfolio was particularly weighted towards positions in the financials, technology and consumer services sectors. The portfolio had lower exposure to oil & gas, basic materials, utilities, telecoms and consumer goods.

Investment manager's report continued

OUTLOOK

The European economy now appears to be recovering, driven by supportive action in terms of QE, the weaker Euro and lower oil price. QE is injecting €60 billion a month into Europe and this will not only apply downward pressure on government bond yields, but will also have a beneficial impact on borrowing costs for European companies. The cost of debt for companies has fallen markedly over the last six months and we believe that companies will take advantage of the favourable financing conditions to issue more and cheaper debt, both to refinance existing debt and/or to acquire other businesses. Moreover, an economic recovery should drive consumer demand and earnings higher, which also should be supportive for markets. As the recovery continues to gather momentum, and as the ECB rolls out its QE programme, we believe that European equities can rally further. Markets are likely to remain volatile though, given the political uncertainties in Greece and Ukraine, and this should open up opportunities to acquire undervalued stocks.

Vincent Devlin and Sam Vecht
BlackRock Investment Management (UK) Limited
23 April 2015

Portfolio analysis

28 February 2015

	Germany	France	Switzer-land	Italy	Nether-lands	Sweden	Ireland	Denmark	Belgium	Finland	Spain	Portugal	Central Eastern Europe & other	% portfolio 28.02.15	% portfolio 31.08.14	FTSE World Europe ex UK 28.02.15
Basic Materials	3.7	–	–	–	–	–	–	–	–	–	–	–	1.3	5.0	8.1	8.3
Consumer Goods	6.6	5.1	–	2.3	2.8	1.2	–	0.8	–	–	–	–	–	18.8	9.0	19.1
Consumer Services	2.8	–	–	–	2.2	–	2.1	–	–	–	–	–	–	7.1	7.8	5.7
Financials	–	5.9	4.1	5.9	–	1.9	1.7	–	3.5	2.6	–	–	4.6	30.2	27.8	22.9
Health Care	–	–	8.3	–	–	–	–	4.7	–	–	–	–	–	13.0	14.4	13.2
Industrials	–	3.7	1.6	1.1	–	3.9	2.8	–	–	0.1	1.1	–	–	14.3	19.3	14.2
Oil & Gas	–	–	–	–	–	–	–	–	–	–	–	–	–	0.0	5.4	4.3
Technology	1.5	2.2	–	–	2.5	–	–	–	–	–	–	–	–	6.2	5.2	4.0
Telecommunications	2.9	–	–	–	–	–	–	–	–	–	–	–	–	2.9	–	4.3
Utilities	–	–	–	2.5	–	–	–	–	–	–	–	–	–	2.5	3.0	4.0
% Portfolio 28.02.15	17.5	16.9	14.0	11.8	7.5	7.0	6.6	5.5	3.5	2.7	1.1	–	5.9	100.0	–	–
% Portfolio 31.08.14	11.4	18.4	19.2	9.2	8.7	7.6	4.5	4.9	2.5	1.9	1.3	2.7	7.7	–	100.0	–
FTSE World Europe ex UK 28.02.15	19.8	20.9	20.2	5.0	5.7	7.0	0.6	3.6	2.9	2.0	7.3	0.3	4.7	–	–	100.0

The table above shows the analysis of the portfolio, as at 28 February 2015, by sector and region, compared with the portfolio as at 31 August 2014 and the FTSE World Europe ex UK Index as at 28 February 2015.

Ten largest investments

28 February 2015

Novo Nordisk: 4.7% (2014: 4.6%) is a Danish pharmaceuticals company and the dominant global franchise in diabetes treatment. The company has high levels of market share in Asia ex-Japan, which is a rapidly growing market for insulin demand, and we believe that the company has significant potential to continue its strong track record of delivering double-digit earnings growth per year for the foreseeable future.

Novartis: 4.3% (2014: nil) is a Swiss multinational pharmaceuticals company which is ranked number one in sales among the worldwide industry in 2013. The business is becoming more focused in 2015 and emphasis is being placed on cost savings. Closing deals in 2015 will add to profits and further rationalise the business and the drug pipeline remains strong.

Roche: 4.0% (2014: 6.0%) is a Swiss pharmaceuticals and diagnostics company with global exposure. Roche has gone through a strong period of growth but has now transitioned to focusing on profitability and improving shareholder returns. Continued cost control, combined with a growing and attractive dividend yield and a good pipeline of drugs coming to market, make this an attractive investment case.

Bayer: 3.7% (2014: 4.2%) is a German company with divisions in health care, nutrition and high-tech materials. The company offers strong growth over the next 3 to 5 years, especially within its pharmaceuticals and crop science businesses, fuelled by new products coming to market. We see good value in the company and it has a superior growth rate for the sector.

KBC Groep: 3.5% (2014: 2.5%) is a Belgian bank which is involved in multiple businesses, including retail and merchant banking. KBC is one of the largest banks in Europe and has a significant presence in central and eastern Europe. The bank has significantly increased its capital ratio and provisioned for losses on its Irish loan book ahead of the Asset Quality Review which we believe it will comfortably get through. It remains one of our top picks in the sector.

AXA: 3.3% (2014: nil) is a French based holding company engaged in the business of financial protection, insurance and asset management. The insurance business can weather the low yield environment due to its strong balance sheet. There is value in this business relative to its sector and it has experienced sound earnings growth which is set to continue.

Daimler: 3.3% (2014: nil) is a German multinational automotive corporation. The stock is a strong beneficiary of the move in USD/EUR, which will help drive earnings further. Momentum in their key models (Mercedes) is strong and their dividend pay-out looks safe.

Intesa Sanpaolo: 3.2% (2014: 1.6%) is a banking group based in Italy. The stock benefits from a positive macroeconomic environment in Italy, but more importantly, the bank has a good and safe looking dividend yield and a strong balance sheet. The bank has focused on growing fees and commissions, as opposed to lending, allowing it a strong return on its equity position.

Deutsche Telekom: 2.9% (2014: nil) is a German telecommunications company. The stock has an attractive valuation and potential for solid revenue growth. The company should benefit from market consolidation in Germany and continued growth of T-Mobile in the US. With this exposure, the stock is a beneficiary of the strengthening US dollar relative to the Euro.

Heineken: 2.8% (2014: nil) is a Dutch brewing company which owns over 190 breweries in more than 70 countries. The company has come through a five year period of cost cutting and restructuring programmes, as well as a major acquisition and integration of Asia-Pacific Brewers. This makes Heineken well positioned to deliver strong earnings growth.

All percentages reflect the value of the holding as a percentage of total investments. Percentages in brackets represent the value of the holding as at 31 August 2014. Together, the ten largest investments represent 35.7% of the Company's portfolio (ten largest investments at 31 August 2014: 34.4%).

Investments

28 February 2015

	Country of operation	Market value	% of investments
		£'000	
Financials			
KBC Groep	Belgium	9,299	3.5
AXA	France	8,943	3.3
Intesa Sanpaolo	Italy	8,520	3.2
Zurich Insurance Group	Switzerland	7,200	2.7
Sampo Oyj	Finland	6,977	2.6
Unibail-Rodamco	France	5,782	2.1
Türkiye Halk Bankasi	Turkey	5,480	2.0
Nordea Bank	Sweden	5,170	1.9
Bank of Ireland	Ireland	4,634	1.7
Azimut	Italy	4,175	1.5
Helvetia	Switzerland	3,678	1.4
Türkiye Garanti Bankasi	Turkey	3,559	1.3
Sberbank	Russia	3,398	1.3
Anima	Italy	3,260	1.2
Crédit Agricole	France	1,273	0.5
Avanza Bank	Sweden	123	–
		81,471	**30.2**
Consumer Goods			
Daimler	Germany	8,791	3.3
Heineken	Netherlands	7,423	2.8
LVMH Moët Hennessy	France	7,420	2.8
Luxottica	Italy	6,305	2.3
Pernod Ricard	France	6,229	2.3
Continental	Germany	5,858	2.2
Autoliv	Sweden	3,306	1.2
Norma	Germany	3,198	1.1
Pandora	Denmark	2,081	0.8
		50,611	**18.8**

	Country of operation	Market value	% of investments
		£'000	
Industrials			
Assa Abloy	Sweden	5,894	2.2
Aéroports de Paris	France	4,622	1.7
Hexagon	Sweden	4,536	1.7
Geberit	Switzerland	4,175	1.6
Thales	France	4,109	1.5
CRH	Ireland	4,001	1.5
Kingspan	Ireland	3,477	1.3
Atlantia	Italy	3,176	1.1
Ferrovial	Spain	3,081	1.1
Saft Groupe	France	1,182	0.5
Cargotec	Finland	350	0.1
		38,603	**14.3**
Health Care			
Novo Nordisk	Denmark	12,800	4.7
Novartis	Switzerland	11,668	4.3
Roche	Switzerland	10,672	4.0
		35,140	**13.0**
Consumer Services			
Reed Elsevier	Netherlands	5,946	2.2
Ryanair	Ireland	5,624	2.1
TUI	Germany	4,031	1.5
ProSieben	Germany	3,547	1.3
		19,148	**7.1**
Technology			
ASML	Netherlands	6,766	2.5
Capgemini	France	5,876	2.2
United Internet	Germany	4,149	1.5
		16,791	**6.2**
Basic Materials			
Bayer	Germany	9,910	3.7
Uralkali	Russia	3,467	1.3
		13,377	**5.0**

Investments continued

28 February 2015

	Country of operation	Market value	% of investments
		£'000	
Telecommunications			
Deutsche Telekom	Germany	7,803	2.9
		7,803	**2.9**
Utilities			
Enel	Italy	6,612	2.5
		6,612	**2.5**
Total investments		**269,556**	**100.0**

All investments are in ordinary shares unless otherwise stated. The total number of investments held at 28 February 2015 was 50 (31 August 2014: 55).

Income statement

for the six months ended 28 February 2015

	Notes	Revenue £'000			Capital £'000			Total £'000		
		Six months ended		Year ended	Six months ended		Year ended	Six months ended		Year ended
		28.02.15 (unaudited)	28.02.14 (unaudited)	31.08.14 (audited)	28.02.15 (unaudited)	28.02.14 (unaudited)	31.08.14 (audited)	28.02.15 (unaudited)	28.02.14 (unaudited)	31.08.14 (audited)
Gains on investments held at fair value through profit or loss		–	–	–	20,459	30,502	8,253	20,459	30,502	8,253
Income from investments held at fair value through profit or loss	3	1,063	711	6,873	–	–	–	1,063	711	6,873
Other income	3	189	–	42	–	–	–	189	–	42
Investment management and performance fees	4	(173)	(182)	(364)	(692)	(1,377)	(1,454)	(865)	(1,559)	(1,818)
Operating expenses	5	(315)	(330)	(678)	(13)	–	(19)	(328)	(330)	(697)
Net return before finance costs and taxation		764	199	5,873	19,754	29,125	6,780	20,518	29,324	12,653
Finance costs		(1)	(14)	(151)	(4)	(54)	(48)	(5)	(68)	(199)
Return on ordinary activities before taxation		763	185	5,722	19,750	29,071	6,732	20,513	29,256	12,454
Taxation on ordinary activities		(72)	(78)	(758)	(87)	–	–	(159)	(78)	(758)
Return on ordinary activities after taxation	7	691	107	4,964	19,663	29,071	6,732	20,354	29,178	11,696
Return per ordinary share – basic	7	0.64p	0.10p	4.59p	18.31p	26.88p	6.22p	18.95p	26.98p	10.81p
Return per ordinary share – diluted	7	0.64p	0.10p	4.59p	18.31p	26.72p	6.22p	18.95p	26.82p	10.81p

The total column of this statement represents the profit or loss of the Company. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies (AIC). The Company had no recognised gains or losses other than those disclosed in the Income Statement and the Reconciliation of Movements in Shareholders' Funds. All items in the above statement derive from continuing operations.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical equivalents.

Reconciliation of movements in shareholders' funds

for the six months ended 28 February 2015 and comparative periods

	Share capital	Share premium account	Capital redemption reserve	Special reserve	Capital reserves	Revenue reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
For the six months ended 28 February 2015 (unaudited)							
At 31 August 2014	135	61,644	105	21,630	165,611	9,862	258,987
Return for the period	–	–	–	–	19,663	691	20,354
Exercise of subscription shares	–	36	–	–	–	–	36
Ordinary shares purchased into treasury	–	–	–	(316)	–	–	(316)
Ordinary shares purchased and cancelled	(3)	–	3	(7,254)	–	–	(7,254)
Share purchase costs	–	–	–	(93)	–	–	(93)
Dividend paid*	–	–	–	–	–	(3,482)	(3,482)
At 28 February 2015	132	61,680	108	13,967	185,274	7,071	268,232
For the six months ended 28 February 2014 (unaudited)							
At 31 August 2013	138	55,672	102	27,660	158,879	12,490	254,941
Return for the period	–	–	–	–	29,071	107	29,178
Exercise of subscription shares	–	2,968	–	–	–	–	2,968
Issue of ordinary shares held in treasury	–	25	–	219	–	–	244
Ordinary shares purchased into treasury	–	–	–	(6,310)	–	–	(6,310)
Cancellation of treasury shares	(3)	–	3	–	–	–	–
Share purchase costs	–	–	–	(132)	–	–	(132)
Dividend paid**	–	–	–	–	–	(5,979)	(5,979)
At 28 February 2014	135	58,665	105	21,437	187,950	6,618	274,910
For the year ended 31 August 2014 (audited)							
At 31 August 2013	138	55,672	102	27,660	158,879	12,490	254,941
Return for the year	–	–	–	–	6,732	4,964	11,696
Issue of ordinary shares held in treasury	–	60	–	439	–	–	499
Ordinary shares purchased and cancelled	(3)	–	3	(6,313)	–	–	(6,313)
Exercise of 2013 subscription shares	–	5,912	–	–	–	–	5,912
Share issue and share purchase costs	–	–	–	(156)	–	–	(156)
Dividends paid***	–	–	–	–	–	(7,592)	(7,592)
At 31 August 2014	135	61,644	105	21,630	165,611	9,862	258,987

* In respect of the year ended 31 August 2014, a final dividend of 3.20p per share was declared on 21 October 2014 and paid on 12 December 2014.
** In respect of the year ended 31 August 2013, a final dividend of 4.50p per share and a special dividend of 1.00p per share were declared on 21 October 2013 and paid on 13 December 2013.
*** In respect of the year ended 31 August 2014, an interim dividend of 1.50p per share was declared on 17 April 2014 and paid on 30 May 2014. In respect of the year ended 31 August 2013 a final dividend of 4.50p per share and a special dividend of 1.00p per share were declared on 21 October 2013 and paid on 13 December 2013.

The transaction costs incurred on the acquisition and disposal of investments are included within the capital reserves and amounted to £419,000 for the six months ended 28 February 2015 (six months ended 28 February 2014: £312,000; year ended 31 August 2014: £811,000).

Balance sheet

as at 28 February 2015

	Notes	28 February 2015 £'000 (unaudited)	28 February 2014 £'000 (unaudited)	31 August 2014 £'000 (audited)
Fixed assets				
Investments held at fair value through profit or loss		269,556	272,659	256,083
Current assets				
Debtors		12,228	7,540	5,585
Cash at bank		–	1	88
		12,228	7,541	5,673
Creditors – amounts falling due within one year				
Bank overdraft		(9,414)	(1,277)	(4)
Other creditors		(4,138)	(4,013)	(2,765)
		(13,552)	(5,290)	(2,769)
Net current (liabilities)/assets		(1,324)	2,251	2,904
Net assets		268,232	274,910	258,987
Capital and reserves				
Called-up share capital	8	132	135	135
Share premium account		61,680	58,665	61,644
Capital redemption reserve		108	105	105
Special reserve		13,967	21,437	21,630
Capital reserves		185,274	187,950	165,611
Revenue reserve		7,071	6,618	9,862
Total equity shareholders' funds		268,232	274,910	258,987
Net asset value per ordinary share – undiluted	7	253.82p	255.79p	237.98p
Net asset value per ordinary share – diluted	7	253.82p	251.93p	237.98p

Cash flow statement

for the six months ended 28 February 2015

	Six months ended 28 February 2015 £'000 (unaudited)	Six months ended 28 February 2014 £'000 (unaudited)	Year ended 31 August 2014 £'000 (audited)
Net cash inflow/(outflow) from operating activities	623	(845)	1,550
Servicing of finance	(5)	(68)	(60)
Taxation recovered	730	295	526
Capital expenditure and financial investment			
Purchase of investments	(208,363)	(123,970)	(349,819)
Proceeds from sale of investments	208,510	143,246	366,341
Realised losses on foreign currency transactions	145	453	422
Net cash inflow from capital expenditure and financial investment	292	19,729	16,944
Equity dividends paid	(3,482)	(5,979)	(7,592)
Net cash (outflow)/inflow before financing	(1,842)	13,132	11,368
Financing			
Purchase of ordinary shares	(7,254)	(6,427)	(6,313)
Share issue and share purchase costs paid	(122)	(404)	(578)
Proceeds from issue of ordinary shares out of treasury	–	244	499
Costs of purchase of ordinary shares into treasury	(316)	–	–
Proceeds from exercise of 2013 subscription shares	36	2,968	5,912
Net proceeds from issue of ordinary shares to acquire Charter European Trust plc investment portfolio	–	50	36
Net cash outflow from financing	(7,656)	(3,569)	(444)
(Decrease)/increase in cash in the period/year	(9,498)	9,563	10,924

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

	Six months ended 28 February 2015	Six months ended 28 February 2014	Year ended 31 August 2014
	£'000 (unaudited)	£'000 (unaudited)	£'000 (audited)
Net return before finance costs and taxation	20,518	29,324	12,653
Less: Capital return before finance costs and taxation	(19,667)	(29,125)	(6,780)
Net revenue return before finance costs and taxation	851	199	5,873
Expenses charged to capital	(705)	(1,377)	(1,473)
Decrease in accrued income	31	98	13
Increase in other debtors	(14)	–	(11)
Increase/(decrease) in other creditors	619	313	(1,767)
Tax on investment income included within gross income	(159)	(78)	(1,085)
Net cash inflow/(outflow) from operating activities	623	(845)	1,550

Notes to the financial statements

for the six months ended 28 February 2015

1. PRINCIPAL ACTIVITY

The principal activity of the Company is that of an investment trust company within the meaning of section 1158 of the Corporation Tax Act 2010.

2. BASIS OF PREPARATION

The half yearly financial statements have been prepared on the basis of the accounting policies set out in the Company's financial statements at 31 August 2014.

The financial statements have been prepared on a going concern basis on the historical cost basis of accounting, modified to include the revaluation of fixed asset investments in accordance with the Companies Act 2006, UK Generally Accepted Accounting Practice (UK GAAP) and with the Statement of Recommended Practice (SORP) for investment trusts and venture capital trusts issued by the Association of Investment Companies, revised in January 2009.

3. INCOME

	Six months ended 28 February 2015	Six months ended 28 February 2014	Year ended 31 August 2014
	(unaudited) £'000	(unaudited) £'000	(audited) £'000
Investment income:			
Overseas dividends	1,063	711	6,873
	1,063	711	6,873
Other income:			
Bank interest	3	–	1
Interest on WHT reclaims	186	–	41
	189	–	42
Total	1,252	711	6,915

4. INVESTMENT MANAGEMENT AND PERFORMANCE FEES

	Six months ended 28 February 2015 (unaudited)			Six months ended 28 February 2014 (unaudited)			Year ended 31 August 2014 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	173	692	865	182	730	912	364	1,454	1,818
Performance fee	–	–	–	–	647	647	–	–	–
Total	173	692	865	182	1,377	1,559	364	1,454	1,818

The investment management fee is levied quarterly, based on the market capitalisation of the Company's ordinary shares on the last day of each month. The investment management fee is allocated 80% to capital reserves and 20% to the revenue reserve.

No performance fee has been accrued for the six months ended 28 February 2015 (six months ended 28 February 2014: £647,000; year ended 31 August 2014: nil). The performance fee accrued at 28 February 2014 was based on the outperformance of the Company's share price relative to the FTSE World Europe ex UK Index over a three year rolling period.

Notes to the financial statements continued

for the six months ended 28 February 2015

5. OPERATING EXPENSES

	Six months ended 28 February 2015	Six months ended 28 February 2014	Year ended 31 August 2014
	(unaudited) £'000	(unaudited) £'000	(audited) £'000
Custody fee	12	18	33
Other administration costs	303	312	645
	315	330	678

6. DIVIDEND

The Board has declared an interim dividend of 1.65p per share for the period ended 28 February 2015, payable on 29 May 2015 to shareholders on the register on 1 May 2015. The total cost of the dividend based on 105,676,343 ordinary shares in issue at 23 April 2015 was £1,744.000 (28 February 2014: £1,612,000).

7. RETURN AND NET ASSET VALUE PER ORDINARY SHARE

Revenue and capital returns per share are shown below and have been calculated using the following:

	28 February 2015 (unaudited)	28 February 2014 (unaudited)	31 August 2014 (audited)
Net revenue return attributable to ordinary shareholders (£'000)	691	107	4,964
Net capital return attributable to ordinary shareholders (£'000)	19,663	29,071	6,732
Total return (£'000)	20,354	29,178	11,696
Equity shareholders' funds (£'000)	268,232	274,910	258,987
Return per share			
Undiluted			
The weighted average number of ordinary shares in issue during the period, on which the undiluted return per ordinary share was calculated was:	107,399,899	108,165,496	108,236,562
The actual number of ordinary shares in issue at the period end, on which the undiluted net asset value was calculated was:	105,676,343	107,475,830	108,828,058
Calculated on weighted average number of shares			
Revenue return	0.64p	0.10p	4.59p
Capital return	18.31p	26.88p	6.22p
Total	18.95p	26.98p	10.81p
Net asset value per share – undiluted	253.82	255.79p	237.98p
Calculated on actual number of shares			
Revenue return	0.65p	0.10p	4.56p
Capital return	18.61p	27.05p	6.19p
Total	19.26p	27.15p	10.75p
Return per share			
Diluted			
The weighted average number of ordinary shares in issue during the period, on which the diluted return per ordinary share was calculated was:	107,399,899	108,773,546	108,236,562
The actual number of ordinary shares in issue, including subscription shares, at the period end, on which the fully diluted net asset value was calculated was:	126,309,643	129,375,906	129,475,906
Calculated on weighted average number of shares			
Revenue return	0.64p	0.10p	4.59p
Capital return	18.31p	26.72p	6.22p
Total	18.95p	26.82p	10.81p
Net asset value per share – diluted	253.82p	251.93p	237.98p

7. RETURN AND NET ASSET VALUE PER ORDINARY SHARE continued

Dilution for subscription shares is assessed at the reporting date and over the duration of the reporting period. A diluted NAV is calculated to the extent that the period end NAV and the mid-market closing share price are both above the exercise price of the subscription shares. Diluted returns are calculated where, over the reporting period, the mid-market closing share price is above the subscription share exercise price.

The diluted NAV per share at 28 February 2015 and 31 August 2014 is calculated by adjusting equity shareholders' funds for the consideration receivable on the exercise of 20,633,300 subscription shares (six months ended 28 February 2014: 21,900,076; 31 August 2014: 23,184,318) at the exercise price of 248.00p per share and dividing by the total number of shares that would have been in issue at those dates had all the subscription shares been exercised. The subscription shares were not dilutive at 28 February 2015 (six months ended 28 February 2014: dilutive; year ended 31 August 2014: not dilutive).

In accordance with FRS 22 'Earnings per share', there is no dilutive impact on the return per share for the period ended 28 February 2015 as the average mid-market price of the ordinary shares for the period of 227.60p is below the exercise price of the subscription shares of 248.00p per share.

At 28 February 2015, the Company had 5,561,653 (28 February 2014: 5,529,676; 31 August 2014: 5,429,676) shares held in treasury. The treasury shares will not have a dilutive effect if they are cancelled. The Company's policy on issuing treasury shares, set out on pages 19 and 20 of the Annual Report and Financial Statements for the year ended 31 August 2014, permits the Directors to sell treasury shares at a price below the NAV in certain circumstances. As a result, the treasury shares would have a dilutive effect.

8. SHARE CAPITAL AND SHARES HELD IN TREASURY

	Number of ordinary shares in issue	Number of treasury shares in issue	Number of subscription shares in issue	Total	Nominal value £
Allotted, called up and fully paid share capital comprised:					
Ordinary shares of 0.1p each:					
At 1 September 2014	108,828,058	5,429,676	–	114,257,734	114,257
Shares bought back into treasury (tender offer)	(131,977)	131,977	–	–	–
Conversion of subscription shares into ordinary shares	14,548	–	–	14,548	14
Share cancellation (tender offer)	(3,034,286)	–	–	(3,034,286)	(3,034)
	105,676,343	5,561,653	–	111,237,996	111,237
Subscription shares of 0.1p each:					
At 1 September 2014	–	–	20,647,848	20,647,848	20,648
Conversion of subscription shares into ordinary shares	–	–	(14,548)	(14,548)	(14)
At 28 February 2015	105,676,343	5,561,653	20,633,300	131,871,296	131,871

9. RELATED PARTY DISCLOSURE

The Board consists of five non-executive Directors, all of whom are considered to be independent by the Board. None of the Directors has a service contract with the Company. The Chairman receives an annual fee of £33,000, the Chairman of the Audit and Management Engagement Committee receives an annual fee of £27,500 and each other Director receives an annual fee of £23,000.

The following members of the Board hold shares in the Company: Carol Ferguson holds 57,600 ordinary shares, Gerald Holtham holds 13,320 ordinary shares and Eric Sanderson holds 4,000 ordinary shares.

Since the period end and up to the date of this report there have been no changes in Directors' holdings.

Notes to the financial statements continued

for the six months ended 28 February 2015

10. TRANSACTIONS WITH THE AIFM AND INVESTMENT MANAGER

BlackRock Investment Management (UK) Limited (BIM (UK)) provided management and administration services to the Company under a contract which was terminated with effect from 2 July 2014. BlackRock Fund Managers Limited (BFM) was appointed as the Company's AIFM with effect from 2 July 2014.

BFM provides management and administration services to the Company under a contract which is terminable on six months' notice. BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services, to BIM (UK). BFM receives an annual fee in relation to these services of 0.70% of market value plus a performance fee of 15% of any outperformance of the FTSE World Europe ex UK Index, up to a maximum total investment management fee of 1.15%. Where the Company invests in other investments or cash funds managed by BlackRock, any underlying fee charged is rebated.

The investment management fee and performance fee (if applicable) for the six months ended 28 February 2015 were £865,000 (six months ended 28 February 2014: £1,559,000; year ended 31 August 2014: £1,818,000). At the period end an amount of £1,142,000 was outstanding in respect of the investment management fee; no performance fee was outstanding (28 February 2014: £2,050,000; 31 August 2014: £440,000).

In addition to the above services, with effect from 1 November 2013, BlackRock has provided the Company with marketing services. The total fees paid or payable for these services for the period ended 28 February 2015 amounted to £65,000 excluding VAT (six months ended 28 February 2014: £56,000; 31 August 2014: £113,000). Marketing fees of £178,000 were outstanding at 28 February 2015 (28 February 2014: £56,000; 31 August 2014: £113,000).

11. CONTINGENT LIABILITIES

There were no contingent liabilities at 28 February 2015 (28 February 2014: nil; 31 August 2014: nil).

12. PUBLICATION OF NON STATUTORY ACCOUNTS

The financial information contained in this half yearly financial report does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The financial information for the six months ended 28 February 2015 and 28 February 2014 has not been audited.

The information for the year ended 31 August 2014 has been extracted from the latest published audited financial statements, which have been filed with the Registrar of Companies. The report of the auditor on those accounts contained no qualification or statement under sections 498(2) or (3) of the Companies Act 2006.

13. ANNUAL RESULTS

The Board expects to announce the annual results for the year ending 31 August 2015 as prepared under UK GAAP in mid October 2015. Copies of the results announcement can be obtained from the Secretary on 020 7743 3000. The Annual Report and Financial Statements should be available by the beginning of November 2015, with the Annual General Meeting being held in December 2015.

Directors, management and other service providers

Directors
Carol Ferguson (Chairman)
Peter Baxter
Davina Curling
Gerald Holtham
Eric Sanderson (Chairman of the Audit and Management Engagement Committee)

Registered Office
(Registered in England, No. 5142459)
12 Throgmorton Avenue
London EC2N 2DL

Alternative Investment Fund Manager
BlackRock Fund Managers Limited*
12 Throgmorton Avenue
London EC2N 2DL

Investment Manager and Secretary
BlackRock Investment Management (UK) Limited*
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000

Depositary
BNY Mellon Trust & Depositary (UK) Limited*
BNY Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

Registrar
Computershare Investor Services PLC*
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0870 707 1163

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

Stockbrokers
Cenkos Securities plc*
6.7.8 Tokenhouse Yard
London EC2R 7AS

Solicitors
Herbert Smith Freehills LLP
Exchange House
Primrose Street
London EC2A 2EG

Savings Plan and NISA Administrator
Freepost RLTZ-KHUH-KZSB
BlackRock Investment Management (UK) Limited*
PO Box 9036
Chelmsford CM99 2XD
Telephone: 0800 44 55 22

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