BLACKROCK GREATER EUROPE INVESTMENT TRUST PLC

HALF YEARLY FINANCIAL REPORT 28 FEBRUARY 2014

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 BlackRock Investment Management (UK) Limited website at blackrock.co.uk/brge

Performance record

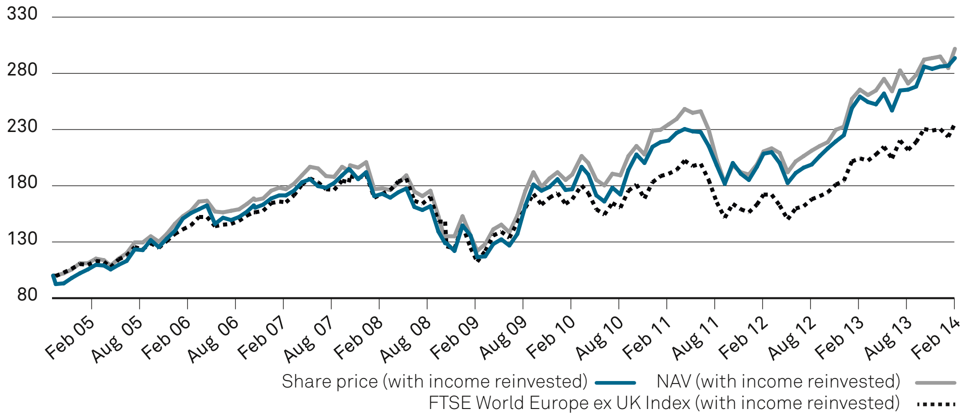
FINANCIAL HIGHLIGHTS

Attributable to ordinary shareholders	28 February 2014	31 August 2013	Change %
Assets			
Net assets (£'000)*	274,910	254,941	+7.8
Undiluted net asset value per ordinary share	255.79p	234.49p	+9.1
– with income reinvested			+11.5
Diluted net asset value per ordinary share	251.93p	234.23p	+7.6
– with income reinvested			+10.0
FTSE World Europe ex UK Index (£)			
– with income reinvested	938.43	843.03	+11.3
Ordinary share price (mid-market)	247.50p	228.75p	+8.2
– with income reinvested			+10.6
Subscription share price (mid-market)	27.50p	23.38p	+17.6
Discount to net asset value – undiluted	3.2%	2.4%	
Discount to net asset value – diluted	1.8%	2.3%	

	For the six months ended 28 February 2014	For the six months ended 28 February 2013	
Revenue			
Net revenue after taxation (£'000)	107	636	-83.2
Revenue return per ordinary share	0.10p	0.54p	-81.5

* 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.

PERFORMANCE SINCE LAUNCH TO 28 FEBRUARY 2014



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 2014

In my first half yearly report to you as Chairman, I am pleased to be able to report further growth in the Company’s net asset value (NAV) per share over the six month period to 28 February 2014. For the first time we are declaring an interim dividend.

OVERVIEW

European markets delivered positive returns in the autumn of 2013, rounding off the best calendar year for Europe since 2009. Economic conditions showed signs of improvement, with increased business and consumer confidence, a relatively stable political environment and some easing in austerity measures put in place after the financial crisis. Data for the Euro area continued to improve into 2014 and with increased business confidence and stabilising inflation, the European Central Bank recently opted to leave interest rates unchanged.

Less positively, despite the growing optimism in developed markets, emerging European equities remained out of favour during the period amid concerns that the ‘tapering’ of the US Federal Reserve’s bond buying programme would lead to reduced support for all emerging markets. This, combined with political uncertainty, slowing growth and fears of higher interest rates, led to considerable volatility. Countries with significant current account deficits and more dependent on external financing, such as Turkey, fared particularly badly and towards the end of the period growing turmoil in Ukraine also contributed to reduced investor appetite.

PERFORMANCE

During the six month period, the Company’s undiluted NAV per share returned 11.5%, compared with a return of 11.3% in the FTSE World Europe ex UK Index. The Company’s share price returned 10.6% over the same period (all percentages calculated in sterling terms with income reinvested).

Since the period end, the Company’s undiluted NAV has declined by 3.3% compared with a fall in the FTSE World Europe ex UK Index of 0.8% over the same period.

EARNINGS AND DIVIDEND

Revenue earnings per share for the period to 28 February 2014 amounted to 0.10p (2013: 0.54p). The net revenue return for the six months ended 28 February 2013 included one-off special dividend receipts of £570,000. No special dividends were received during the six months ended 28 February 2014.

Given the growth in earnings in recent years we are proposing that, in future, the Company pays both an interim and a final dividend. Accordingly, I am pleased to report that the Board has declared an interim dividend of 1.50p per share. This dividend will be paid on 30 May 2014 to shareholders on the register on 2 May 2014; the ex-dividend date is 30 April 2014.

TENDER OFFERS

The Directors exercised their discretion to operate the half yearly tender offer on 30 November 2013, which in common with previous tender offers was for up to 20% of the shares in issue at the prevailing NAV less 2%. Valid tenders for 2,627,623 shares were received at a price of 240.27p per share, representing 2.39% of the shares in issue excluding treasury shares. All shares tendered in November were repurchased by the Company and cancelled. In addition, 88,677 shares previously held in treasury were cancelled in line with the Directors' policy to limit the number of treasury shares to 5% of the ordinary shares in issue at such time.

The Directors announced on 24 March 2014 that they had decided not to implement a semi-annual tender offer in May 2014 as the shares had traded at an average discount to NAV of 2.2% over the six month period to 28 February 2014. Taking into consideration the tight discount and the costs of the exercise, the Board concluded that it was not in the interests of shareholders as a whole to operate the tender. However, it remains the Board's intention to offer shareholders the opportunity to tender shares on a regular basis when the Board believes that it is in shareholders' interests to do so.

TREASURY SHARES

During the period, 100,000 ordinary shares held in treasury have been subsequently reissued at a discount of less than 2% to the prevailing NAV per ordinary share. Since the period end, a further 100,000 ordinary shares were issued from treasury on similar terms. Total proceeds (before broker commission) amounted to £499,000.

SUBSCRIPTION SHARES

A total of 23,254,813 subscription shares were allotted to shareholders in April 2013 by way of a bonus issue. Following three conversions of the subscription shares since the bonus issue, the Company has issued 1,354,737 ordinary shares. Total proceeds amounted to £3,157,000. The Company currently has 107,575,830 ordinary shares (excluding treasury shares) and 21,900,076 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. Subscription shareholders have one final opportunity to subscribe for all of or any of the ordinary shares to which their subscription shares relate on 30 April 2014 at a price of 233p per share. Thereafter, the exercise price will rise to 248p per share. A reminder letter was posted to subscription shareholders on 31 March 2014.

The ordinary shares resulting from the exercise of the subscription share rights on 30 April 2014 will not qualify for the interim dividend payment.

FACILITATING RETAIL INVESTMENTS

The Company currently conducts its affairs so that its securities can be recommended by independent financial advisers to ordinary retail investors in accordance with the Financial Conduct Authority (FCA) rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The securities are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

OUTLOOK

Russia's military ventures in Ukraine are likely to cast a blight over emerging European markets and further afield. Russia has promised to respond to any sanctions proposed by Western nations with economic sanctions of her own, actions that could inflict real damage on the economies of its near neighbours. Meanwhile, further 'tapering' of the 'quantitative easing', or bond purchasing programme, underway in the US could yet unsettle all financial markets, as there is no precedent for the withdrawal of central bank support on this scale. A stronger Euro and fears of deflation taking hold could also prove tough headwinds for many European companies, although the European Central Bank has a number of options at its disposal to loosen monetary conditions further and combat the risks of low growth and deflation, should it choose to use them.

More encouragingly, sentiment towards the developed European markets has improved markedly over the last six months, boosted by investor inflows. In historical terms, European equities are attractively priced compared with other markets around the world and the potential for positive earnings momentum remains.

Carol Ferguson
17 April 2014

Interim management report and responsibility statement

The Chairman's Statement on pages 3 to 5 and the Investment Manager's Report on pages 8 and 9 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;
- Gearing; and
- Third party.

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 2013. A detailed explanation can be found in the Directors' Report on pages 13 and 14 and in note 18 on pages 42 to 47 of the Annual Report and Financial Statements which are available on the website maintained by the Investment Manager, BlackRock Investment Management (UK) Limited, at blackrock.co.uk/brge.

In the Board's opinion, an additional uncertainty to those outlined in the Annual Report and Financial Statements now exists. As at the date of this document, it is unclear to what extent events in Ukraine will impact Europe as a whole.

RELATED PARTY DISCLOSURE AND TRANSACTIONS WITH INVESTMENT MANAGER

The Investment Manager is regarded under the Listing Rules as a related party and details of the management and marketing fees payable are set out in note 4 on page 22 and note 10 on page 27. The related party transactions with the Directors are set out in note 9 on page 26.

GOING CONCERN

The Directors 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.

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 17 April 2014 and the above responsibility statement was signed on its behalf by the Chairman.

Carol Ferguson
For and on behalf of the Board
17 April 2014

Investment manager's report

OVERVIEW

The Company's share price and underlying NAV gained over the last six months to 28 February 2014. In the six month period, the Company's share price returned 10.6% and the underlying NAV 11.5%. By way of comparison, the FTSE World Europe ex UK Index returned 11.3% (all percentages calculated in sterling terms with income reinvested).

European markets delivered strong returns in the latter half of 2013 rounding off the best calendar year for European equities since 2009. Whilst 2014 started off at a sluggish pace with January delivering a negative return, this was offset in February with the best return since the summer of 2013.

The European market was able to move upwards in the latter half of 2013 as the political environment became relatively benign, economies began to show signs of improvement and austerity measures began to ease. However, emerging economies suffered during the period after the US Federal Reserve mentioned the potential for the US to begin reducing the rate of their asset purchase programme. This particularly affected countries with significant current account deficits such as Turkey. However, this was somewhat overshadowed by the ongoing events in Ukraine which led to the Russian market seeing a large sell-off.

PORTFOLIO ACTIVITY

Sector allocation was the main driver of the Company's portfolio performance during the period, especially taking the decision to have a low exposure to the oil & gas sector and a high exposure to the financial sector. Stock selection detracted overall as the strong returns made in the consumer goods and health care sectors were offset by stock selection in financials and consumer services. The portfolio also benefited from the use of gearing during the period.

Within consumer goods, positions in the auto sector performed well, especially German tyre and auto part manufacturer Continental and French car manufacturer Renault, as the European autos market strengthened and the demand for cars improved globally. Also, within consumer goods, a position in Danish jeweller Pandora performed well as its declining raw material costs continued to help margins and it saw growing sales.

Within health care, a position in Danish diabetes treatment company Novo Nordisk and Spanish plasma specialist Grifols, performed notably. Novo Nordisk reported solid earnings and benefited from the news that a competitor's new rival drug has not demonstrated any improved efficiencies over its own product offering. Grifols performed well after announcing strong results and the acquisition of a blood diagnostic unit from Swiss health care company Novartis. The purchase of the unit will help expand the company's core plasma business.

The Company's financial holdings including Société Générale, KBC, Commerzbank and ING were all top performing stocks over the period. However, positions in Turkish banks Garanti Bankasi and Halk Bankasi, along with Russian bank Sberbank, offset these returns. As emerging markets suffered on the back of the discussion around US tapering, Turkey in particular saw a material market sell-off and its currency lost significant value. The ongoing political situation in the Ukraine has also caused Russian stocks to lose value as investors move out of the market. Other notably poor performers over the period have been stocks with high emerging market exposure such as Remy Cointreau, which derives a significant amount of its revenue from China. Positions in Russian oil & gas company Gazprom and Hungarian bank OTP Bank also detracted from performance.

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

OUTLOOK

Events in Ukraine have dominated the headlines. The political turmoil comes at a time when the macroeconomic environment in Russia, which is one of sluggish growth, looks set to continue. Sanctions in their current form are unlikely to have a significant impact on the earnings of listed Russian companies. That said, geo-political risk has risen and valuations in Russia are adjusting to reflect this.

Nevertheless, the general outlook for Europe continues to improve, with growing evidence of a European economic recovery. Economic conditions are showing signs of improvement; public policy and political uncertainties have eased and the Eurozone has passed the peak of austerity measures. The fly in the ointment remains the ability of corporates to improve profits. However, lower labour and input costs combined with economic momentum should provide the much needed impetus following a prolonged period of falling profits. We expect equity markets to provide a return of 10% to 12% this year given the potential for positive earnings surprise, valuation and dividend attractions and investors returning to European equities. However, it is worth reminding ourselves that there is risk surrounding any scenario. The recovery in Europe remains fragile and while much progress has been made in unifying the banking system, banking stress tests and lack of credit may hinder economic recovery. European elections could also bring in some increased volatility but are unlikely to have a significant impact on future Eurozone policies.

Vincent Devlin and Sam Vecht
BlackRock Investment Management (UK) Limited
17 April 2014

Portfolio analysis

28 February 2014

	Switzer-land	France	Germany	Nether-lands	Denmark	Sweden	Belgium/ Luxem-bourg	Portugal	Ireland	Finland	Central Eastern Europe & other	% portfolio 28.02.14	% portfolio 31.08.13	FTSE World Europe ex UK 28.02.14
Basic Materials	–	–	3.9	–	–	–	–	–	–	–	–	3.9	5.4	8.5
Consumer Goods	–	2.4	7.8	–	1.2	1.0	1.8	–	–	–	–	14.2	15.9	17.4
Consumer Services	0.5	2.6	1.5	3.7	–	–	–	1.2	2.4	–	0.8	12.7	11.3	5.3
Financials	8.2	7.0	1.5	3.0	–	2.3	2.4	–	–	–	5.9	30.3	23.4	23.5
Health Care	6.6	2.5	–	–	5.9	–	–	–	–	–	1.5	16.5	14.7	12.1
Industrials	3.8	–	2.7	4.1	–	2.9	–	1.4	–	–	–	14.9	13.8	14.5
Oil & Gas	–	–	–	–	–	–	–	–	–	–	1.3	1.3	1.1	6.7
Technology	–	1.3	–	2.7	–	–	–	–	–	–	–	4.0	10.7	3.8
Telecommunications	–	–	–	–	–	–	–	–	–	–	–	–	3.7	4.2
Utilities	–	2.2	–	–	–	–	–	–	–	–	–	2.2	–	4.0
% Portfolio 28.02.14	19.1	18.0	17.4	13.5	7.1	6.2	4.2	2.6	2.4	–	9.5	100.0	–	–
% Portfolio 31.08.13	18.3	20.8	17.0	15.7	4.2	5.3	6.1	0.9	3.4	1.0	7.3	–	100.0	–
FTSE World Europe ex UK 28.02.14	19.3	20.5	19.5	6.1	3.0	6.9	2.5	0.4	0.5	1.9	19.4	100.0	–	100.0

The table above shows the analysis of the portfolio, as at 28 February 2014 by sector and region, compared with the portfolio as at 31 August 2013 and the FTSE World Europe ex UK Index breakdown as at 28 February 2014.

Ten largest investments

28 February 2014

Roche – 6.6% (2013: 6.1%) is a Swiss pharmaceuticals and diagnostics company with global exposure. Roche has gone through a period of strong 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 strong pipeline of drugs coming to market, make this an attractive investment case.

Novo Nordisk – 4.2% (2013: 3.4%) 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 track record of delivering double-digit earnings growth per year for the foreseeable future.

Bayer – 3.9% (2013: 3.3%) 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. The company also trades at a discount to the sector average and offers an attractive free cash flow profile.

Société Générale – 3.4% (2013: 2.0%) is a French banking and financial services company, split into three divisions: retail banking, specialised financial services and corporate & investment banking. The company offers a significant market share in an oligopolistic retail market and is attractively valued on a medium term view.

Zurich Insurance Group – 3.2% (2013: 3.0%) is a Swiss-based insurance company. The company is relatively defensive when compared to the broad insurance sector due to its exposure to non-life products and has a resilient balance sheet in our view. The company also offers a high and stable dividend yield paid net of withholding tax and has a solid management team.

ING – 3.0% (2013: 1.9%) is a Dutch banking and financial services company with its primary businesses being retail banking, commercial banking, investment banking, direct banking, asset management and insurance. The company has been undergoing a restructuring process to dispose of several insurance assets focusing more on its banking divisions. The company is attractively priced with further upside potential as the macro environment improves and interest rates start to rise.

Ten largest investments continued

28 February 2014

Adecco – 2.7% (2013: nil) is a Swiss-based human resource consulting company. The company has been a beneficiary of the improving macro environment in Europe and particularly Germany, where it has a strong presence and the macro environment has recovered as many businesses begin to hire temporary staff.

Deutsche Post – 2.7% (2013: 2.0%) is a German-based courier and mail business. The company has undergone several years of heavy investment and restructuring costs and is now starting to produce strong cash flow conversion. The express parcel business has been growing steadily, although e-commerce is still immature in Germany so there is significant potential for this business to grow in the future.

Continental – 2.7% (2013: 3.4%) is a German auto supplier. We believe it is one of the highest quality large cap auto-related stocks in Europe and is able to benefit from the 'mega trends' of CO_2 emission reduction and active safety in the global car market. The company is priced at a very attractive valuation given the potential growth rate and could benefit from a rebound in the depressed European car market.

Publicis – 2.6% (2013: nil) is a French advertising and public relations company. It announced it would merge with Omnicom in July 2013. This merger provides better synergies and offers a whole range of services to clients putting the company ahead of the curve as it brings technology, data and creativity into one company. It has a leading global market share and is in a prime position with the infrastructure to respond to further technological change and respond to clients' needs.

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 2013. Together, the ten largest investments represent 35.0% of the Company's portfolio (ten largest investments at 31 August 2013: 36.1%).

Investments

28 February 2014

	Country of operation	Market value £'000	% of investments
Financials			
Société Générale	France	9,287	3.4
Zurich Insurance Group	Switzerland	8,752	3.2
ING	Netherlands	8,266	3.0
Swiss Re	Switzerland	6,654	2.4
KBC	Belgium	6,551	2.4
Nordea Bank	Sweden	6,291	2.3
AXA	France	5,553	2.0
Türkiye Garanti Bankasi	Turkey	4,820	1.8
Sberbank	Russia	4,605	1.7
Unibail-Rodamco	France	4,277	1.6
Commerzbank	Germany	4,086	1.5
Partners Group	Switzerland	3,269	1.2
OTP Bank	Hungary	2,854	1.1
Türkiye Halk Bankasi	Turkey	2,749	1.0
GAM	Switzerland	2,278	0.8
Cembra Money Bank	Switzerland	1,622	0.6
Azimut	Italy	828	0.3
		82,742	**30.3**
Health Care			
Roche	Switzerland	17,914	6.6
Novo Nordisk	Denmark	11,434	4.2
Sanofi	France	6,809	2.5
GN Store Nord	Denmark	4,660	1.7
Grifols	Spain	4,280	1.5
		45,097	**16.5**

Investments continued

28 February 2014

	Country of operation	Market value	% of investments
		£'000	
Industrials			
Adecco	Switzerland	7,498	2.7
Deutsche Post	Germany	7,241	2.7
Airbus	Netherlands	6,992	2.6
Assa Abloy	Sweden	4,291	1.6
Koninklijke Boskalis Westminster	Netherlands	4,165	1.5
CTT – Correios de Portugal	Portugal	3,868	1.4
Hexagon	Sweden	3,620	1.3
Geberit	Switzerland	3,032	1.1
		40,707	**14.9**
Consumer Goods			
Continental	Germany	7,149	2.7
Renault	France	6,590	2.4
Anheuser-Busch InBev	Belgium	4,951	1.8
Beiersdorf	Germany	4,102	1.5
BMW	Germany	3,930	1.4
Pandora	Denmark	3,245	1.2
OSRAM Licht	Germany	3,202	1.2
Norma	Germany	2,773	1.0
Autoliv	Sweden	2,695	1.0
		38,637	**14.2**
Consumer Services			
Publicis	France	7,144	2.6
Ryanair	Ireland	6,397	2.3
Reed Elsevier	Netherlands	6,099	2.3
Ahold	Netherlands	4,209	1.5
ProSiebenSat.1 Media	Germany	4,000	1.5
Jerónimo Martins	Portugal	3,274	1.2
Inditex	Spain	2,205	0.8
Kuoni Reisen	Switzerland	1,276	0.5
		34,604	**12.7**

	Country of operation	Market value	% of investments
		£'000	
Technology			
ASML	Netherlands	4,891	1.8
Capgemini	France	3,485	1.3
Yandex	Netherlands	2,495	0.9
		10,871	**4.0**
Basic Materials			
Bayer	Germany	10,606	3.9
		10,606	**3.9**
Utilities			
GDF SUEZ	France	5,878	2.2
		5,878	**2.2**
Oil & Gas			
Gazprom	Russia	3,517	1.3
		3,517	**1.3**
Total investments		**272,659**	**100.0**

All investments are in ordinary shares unless otherwise stated. The total number of investments held at 28 February 2014 was 53 (31 August 2013: 53).

Income statement

for the six months ended 28 February 2014

		Revenue £'000			Capital £'000			Total £'000		
		Six months ended		Year ended	Six months ended		Year ended	Six months ended		Year ended
	Notes	28.02.14 (unaudited)	28.02.13 (unaudited)	31.08.13 (audited)	28.02.14 (unaudited)	28.02.13 (unaudited)	31.08.13 (audited)	28.02.14 (unaudited)	28.02.13 (unaudited)	31.08.13 (audited)
Gains on investments held at fair value through profit or loss		–	–	–	30,502	57,784	57,436	30,502	57,784	57,436
Income from investments held at fair value through profit or loss	3	711	1,220	9,181	–	–	–	711	1,220	9,181
Investment management and performance fees	4	(182)	(164)	(339)	(1,377)	(1,816)	(2,492)	(1,559)	(1,980)	(2,831)
Operating expenses	5	(330)	(350)	(688)	–	–	–	(330)	(350)	(688)
Net return before finance costs and taxation		199	706	8,154	29,125	55,968	54,944	29,324	56,674	63,098
Finance costs		(14)	(10)	(26)	(54)	(39)	(105)	(68)	(49)	(131)
Net return on ordinary activities before taxation		185	696	8,128	29,071	55,929	54,839	29,256	56,625	62,967
Taxation on ordinary activities		(78)	(60)	(833)	–	–	(15)	(78)	(60)	(848)
Return on ordinary activities after taxation	7	107	636	7,295	29,071	55,929	54,824	29,178	56,565	62,119
Return per ordinary share – basic	7	0.10p	0.54p	6.32p	26.88p	47.29p	47.50p	26.98p	47.83p	53.82p
Return per ordinary share – diluted	7	0.10p	0.54p	6.32p	26.72p	47.29p	47.50p	26.82p	47.83p	53.82p

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 cost equivalents.

Reconciliation of movements in shareholders' funds

for the six months ended 28 February 2014 and comparative periods

	Called-up 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 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 six months ended 28 February 2013 (unaudited)							
At 31 August 2012	148	53,420	68	55,124	104,055	10,226	223,041
Return for the period	–	–	–	–	55,929	636	56,565
Exercise of subscription shares	–	2,111	–	–	–	–	2,111
Cancellation of subscription shares	(22)	–	–	–	22	–	–
Ordinary shares purchased into treasury	–	–	–	(9,080)	–	–	(9,080)
Cancellation of treasury shares	(4)	–	4	–	–	–	–
Share purchase costs	–	–	–	(132)	–	–	(132)
Dividend paid*	–	–	–	–	–	(5,031)	(5,031)
At 28 February 2013	122	55,531	72	45,912	160,006	5,831	267,474
For the year ended 31 August 2013 (audited)							
At 31 August 2012	148	53,420	68	55,124	104,055	10,226	223,041
Return for the year	–	–	–	–	54,824	7,295	62,119
Ordinary shares purchased	–	–	–	(26,839)	–	–	(26,839)
Exercise of 2010 and 2013 subscription shares	–	2,276	–	–	–	–	2,276
Bonus issue of 2013 subscription shares	24	(24)	–	–	–	–	–
Cancellation of treasury shares	(12)	–	12	–	–	–	–
2010 subscription shares expired	(22)	–	22	–	–	–	–
Share purchase costs	–	–	–	(625)	–	–	(625)
Dividend paid**	–	–	–	–	–	(5,031)	(5,031)
At 31 August 2013	138	55,672	102	27,660	158,879	12,490	254,941

* 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.
** Final dividend in respect of the year ended 31 August 2012 of 4.20p per share was declared on 10 October 2012 and paid on 7 December 2012.

The transaction costs incurred on the acquisition and disposal of investments are included within the capital reserves and amounted to £312,000 for the six months ended 28 February 2014 (six months ended 28 February 2013: £352,000; year ended 31 August 2013: £865,000).

Balance sheet

as at 28 February 2014

	Notes	28 February 2014 £'000 (unaudited)	28 February 2013 £'000 (unaudited)	31 August 2013 £'000 (audited)
Fixed assets				
Investments held at fair value through profit or loss		272,659	271,607	268,376
Current assets				
Debtors		7,540	748	1,226
Cash at bank and in hand		1	–	–
		7,541	748	1,226
Creditors – amounts falling due within one year				
Bank overdraft		(1,277)	(1,455)	(10,840)
Other creditors		(4,013)	(3,426)	(3,821)
		(5,290)	(4,881)	(14,661)
Net current assets/(liabilities)		2,251	(4,133)	(13,435)
Net assets		274,910	267,474	254,941
Capital and reserves				
Called-up share capital	8	135	122	138
Share premium account		58,665	55,531	55,672
Capital redemption reserve		105	72	102
Special reserve		21,437	45,912	27,660
Capital reserves		187,950	160,006	158,879
Revenue reserve		6,618	5,831	12,490
Total equity shareholders' funds		274,910	267,474	254,941
Net asset value per share – undiluted	7	255.79p	230.02p	234.49p
Net asset value per share – diluted	7	251.93p	230.02p	234.23p

Summarised cash flow statement

for the six months ended 28 February 2014

	Six months ended 28 February 2014 £'000 (unaudited)	Six months ended 28 February 2013 £'000 (unaudited)	Year ended 31 August 2013 £'000 (audited)
Net cash (outflow)/inflow from operating activities	(845)	(672)	4,725
Servicing of finance	(68)	(64)	(131)
Taxation refunded	295	–	218
Capital expenditure and financial investment			
Purchase of investments	(123,970)	(127,774)	(287,717)
Proceeds from sale of investments	143,246	161,291	324,588
Realised gains/(losses) on foreign currency transactions	453	(197)	(801)
Net cash inflow from capital expenditure and financial investment	19,729	33,320	36,070
Equity dividends paid	(5,979)	(5,031)	(5,031)
Net cash inflow before financing	13,132	27,553	35,851
Financing			
Purchase of ordinary shares	(6,427)	(9,080)	(26,839)
Exercise of subscription shares	2,968	2,111	–
Proceeds from issue of ordinary shares out of treasury	244	–	2,276
Net proceeds/(costs) from issue of ordinary shares to acquire Charter European Trust plc's investment portfolio	50	(75)	(75)
Share purchase costs paid	(404)	(55)	(144)
Net cash outflow from financing	(3,569)	(7,099)	(24,782)
Increase in cash	9,563	20,454	11,069

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

	Six months ended 28 February 2014 £'000 (unaudited)	Six months ended 28 February 2013 £'000 (unaudited)	Year ended 31 August 2013 £'000 (audited)
Net return before finance costs and taxation	29,324	56,674	63,098
Less: Capital return before finance costs and taxation	(29,125)	(55,968)	(54,944)
Net revenue return before finance costs and taxation	199	706	8,154
Expenses charged to capital	(1,377)	(1,816)	(2,507)
Decrease/(increase) in accrued income	98	114	(24)
Decrease in other debtors	–	3	4
Increase in other creditors	313	381	468
Tax on investment income included within gross income	(78)	(60)	(1,370)
Net cash (outflow)/inflow from operating activities	(845)	(672)	4,725

Notes to the financial statements

for the six months ended 28 February 2014

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 2013.

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 2014	Six months ended 28 February 2013	Year ended 31 August 2013
	(unaudited) £'000	(unaudited) £'000	(audited) £'000
Investment income:			
Overseas dividends	711	1,220	9,181
Total	711	1,220	9,181

4. INVESTMENT MANAGEMENT AND PERFORMANCE FEES

	Six months ended 28 February 2014 (unaudited)			Six months ended 28 February 2013 (unaudited)			Year ended 31 August 2013 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fees	182	730	912	164	656	820	339	1,355	1,694
Performance fees	–	647	647	–	1,160	1,160	–	1,137	1,137
Total	182	1,377	1,559	164	1,816	1,980	339	2,492	2,831

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

A performance fee has been accrued of £647,000 for the six months ended 28 February 2014 (six months ended 28 February 2013: £1,160,000; year ended 31 August 2013: £1,137,000). The performance fee accrued at 28 February 2014 is 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.

5. OPERATING EXPENSES

	Six months ended 28 February 2014 (unaudited) £'000	Six months ended 28 February 2013 (unaudited) £'000	Year ended 31 August 2013 (audited) £'000
Custody fee	18	18	37
Other administration costs	312	332	651
	330	350	688

6. DIVIDEND

The Board has declared an interim dividend of 1.50p per share for the period ended 28 February 2014 payable on 30 May 2014 to shareholders on the register on 2 May 2014. The total cost of the dividend based on 107,575,830 ordinary shares in issue at 17 April 2014 is £1,614,000 (28 February 2013: £nil).

for the six months ended 28 February 2014

7. RETURN AND NET ASSET VALUE PER ORDINARY SHARE

	28 February 2014 (unaudited)	28 February 2013 (unaudited)	31 August 2013 (audited)
Net revenue return attributable to ordinary shareholders (£'000)	107	636	7,295
Net capital return attributable to ordinary shareholders (£'000)	29,071	55,929	54,824
Total return (£'000)	29,178	56,565	62,119
Equity shareholders' funds (£'000)	274,910	267,474	254,941
The weighted average number of ordinary shares in issue during the period on which the undiluted return per ordinary share was calculated was:	108,165,496	118,266,456	115,410,120
The actual number of ordinary shares in issue at the end of each period on which the undiluted net asset value was calculated was:	107,475,830	116,285,355	108,719,211
Return per share			
Undiluted			
Calculated on weighted average number of shares			
Revenue return	0.10p	0.54p	6.32p
Capital return	26.88p	47.29p	47.50p
Total	26.98p	47.83p	53.82p
Net asset value per share – undiluted	255.79p	230.02p	234.49p
Calculated on actual number of shares			
Revenue return	0.10p	0.55p	6.71p
Capital return	27.05p	48.09p	50.43p
Total	27.15p	48.64p	57.14p
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:	108,773,546	118,266,456	115,410,120
The actual number of ordinary shares in issue, including subscription shares, at the end of each period on which the fully diluted net asset value was calculated was:	129,375,906	116,285,355	131,903,529
Calculated on weighted average number of shares			
Revenue return	0.10p	0.54p	6.32p
Capital return	26.72p	47.29p	47.50p
Total	26.82p	47.83p	53.82p
Net asset value per share – diluted	251.93p	230.02p	234.23p

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 for 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 2014 and 31 August 2013 is calculated by adjusting equity shareholders' funds for the consideration receivable on the exercise of the subscription shares (six months ended 28 February 2014: 21,900,076; year ended 31 August 2013: 23,184,318) at the exercise price of 233p 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.

Diluted returns per share for a reporting period are calculated using the weighted average number of subscription shares in issue and the notional equivalent number of ordinary shares based on the average mid-market closing prices during the reporting period.

At 28 February 2014, the Company had 5,529,676 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 page 18 of the Annual Report for the year ended 31 August 2013, permits the Board of Directors to sell treasury shares at a price below NAV in certain circumstances. As a result this would have a dilutive effect.

Notes to the financial statements continued

for the six months ended 28 February 2014

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 2013	108,719,211	5,718,353	–	114,437,564	114,438
Shares repurchased and cancelled pursuant to tender offer on 9 December 2013	(2,627,623)	–	–	(2,627,623)	(2,627)
Cancellation of treasury shares	–	(88,677)	–	(88,677)	(89)
Issue of shares out of treasury 14 February 2014	100,000	(100,000)	–	–	–
	106,191,588	5,529,676	–	111,721,264	111,722
Subscription shares of 0.1p each:					
At 1 September 2013	–	–	23,184,318	23,184,318	23,184
Conversion of subscription shares into ordinary shares	1,284,242	–	(1,284,242)	–	–
At 28 February 2014	107,475,830	5,529,676	21,900,076	134,905,582	134,906

On 4 April 2014, the Company issued 100,000 ordinary shares from the shares held in treasury for net proceeds of £252,000.

9. RELATED PARTY DISCLOSURE

The Board consists of four 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.

Three members of the Board hold shares in the Company. Carol Ferguson holds 48,000 ordinary shares and 9,600 subscription shares, Gerald Holtham holds 13,320 ordinary shares and Eric Sanderson holds 4,000 ordinary shares. Davina Curling does not hold any shares in the Company.

10. TRANSACTIONS WITH THE INVESTMENT MANAGER

BlackRock Investment Management (UK) Limited (BlackRock) provides management and administration services to the Company under a contract which is terminable on six months' notice. BlackRock 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 and performance fees for the six months ended 28 February 2014 were £1,559,000 (six months ended 28 February 2013: £1,980,000; year ended 31 August 2013: £2,831,000). At the period end, an amount of £2,050,000 (excluding the performance fee accrual for the six months ended 28 February 2014) was outstanding in respect of the investment management and performance fees (28 February 2013: £2,341,000; 31 August 2013: £2,011,000).

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 2014 amounted to £67,000 including VAT (six months ended 28 February 2013: nil; year ended 31 August 2013: nil) of which £67,000 (28 February 2013: nil; 31 August 2013: nil) was outstanding at 28 February 2014.

11. CONTINGENT LIABILITIES

There were no contingent liabilities at 28 February 2014 (28 February 2013: nil; 31 August 2013: nil).

12. PUBLICATION OF NON STATUTORY ACCOUNTS

The financial information contained in this half yearly 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 2014 and 28 February 2013 has not been audited.

The information for the year ended 31 August 2013 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 2014 as prepared under UK GAAP in late October 2014. Copies of the results announcement can be obtained from the Secretary on 020 7743 3000. The annual report should be available by the beginning of November 2014, with the Annual General Meeting being held in December 2014.

Directors, management and administration

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

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\# Provision of advice in respect of the Alternative Investment Fund Managers' Directive.

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