



Half Year Report 08

JPMorgan European
Investment Trust plc

Half Year Report & Accounts for the six months ended 30th September 2008

Half Year Performance

Total Returns (capital plus income)

Growth Portfolio

-25.4%

Return to shareholders¹

-20.0%

Return on net assets

-16.2%

Benchmark return²

Long Term Performance

	Return to shareholders ¹	Return on net assets	Benchmark return ²
3 Year Performance (1st Oct 2005 - 30th Sept 2008)	4.6%	5.2%	13.6%
5 Year Performance (1st Oct 2003 - 30th Sept 2008)	82.8%	62.7%	69.3%
10 Year Performance (1st Oct 1998 - 30th Sept 2008)	93.4%	92.4%	68.3%

Financial Data

	30th Sept 2008	31st March 2008	% change
Shareholders' funds (£'000)	251,800	330,961	-23.9
Number of shares in issue (excluding shares held in Treasury)	134,393,773	138,578,428	
Net asset value per share	187.4p	238.8p	-21.5
Share price	160.0p	219.0p	-26.9
Discount of share price to net asset value ³	11.0%	7.1%	

A glossary of terms and definitions is provided on page 25.

¹Source: Standard & Poor's – www.funds.morningstar.com

²Source: FTSE. The Growth portfolio's benchmark is the FTSE World Euro (ex-UK) Index in sterling terms.

³Source: Bloomberg. Capital only net asset value.

Half Year Performance

Total Returns (capital plus income)

Income Portfolio

-17.3%

Return to shareholders¹

-14.4%

Return on net assets

-15.3%

Benchmark return²

Financial Data

	30th Sept 2008	31st March 2008	% change
Shareholders' funds (£'000)	53,561	69,250	-22.7
Number of shares in issue (excluding shares held in Treasury)	59,763,162	63,909,137	
Net asset value per share	89.6p	108.4p	-17.3
Share price	78.0p	98.0p	-20.4
Discount of share price to net asset value ³	8.7%	6.9%	

A glossary of terms and definitions is provided on page 25.

¹Source: Standard & Poor's – www.funds.morningstar.com

²Source: FTSE. The Income portfolio's benchmark is the MSCI Europe Net Index in sterling terms.

³Source: Bloomberg. Capital only net asset value.

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Objectives

Growth

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

Income

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

Investment Policies

Growth

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

Income

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

Benchmarks

Growth

The FT/S&P World Europe (ex UK) Index in sterling terms.

Income

The MSCI Europe Net Index in sterling terms.

Capital Structure

The Company has an authorised share capital of 354,328,617 Growth shares of 5p each and 114,142,765 Income shares of 2.5p each.

As at the period end 149,067,586 Growth shares and 66,271,352 Income shares were in issue including 14,673,813 Growth shares and 6,508,190 Income shares held in Treasury.

Management Company

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

Chairman's Statement



Performance

In the six months to 30th September 2008, the Company's Growth portfolio produced a total return (capital plus net income reinvested) of -20.0%, against a total return on the benchmark index, the FTSE World Europe (ex-UK) Index, of -16.2% (both in sterling terms). The Growth share price fell by 26.9% over the six months. With net dividends reinvested, the return to Growth shareholders was -25.4%.

In the same period, the Income portfolio produced a total return of -14.4%, compared with the total return on the benchmark index, the MSCI Europe Net Index, of -15.3%. The return to shareholders was -17.3% over the period. The returns to shareholders reflected the widening of the discount to net asset value on each share class (at the time of writing, the discounts have narrowed and the Growth and Income shares are trading closer to their long-term average discounts).

The past six months have witnessed extreme market volatility against a background of growing economic uncertainty. But, nonetheless, the performance – and particularly the underperformance of its benchmark by the Growth shares - has been very disappointing. While the Company does not seek to outperform over every short-term period, it does seek to outperform over three years and most definitely over five years. Therefore, the underperformance by the Growth shares for both the three and five year periods ending September 2008, being 5.2% (versus 13.6% for the benchmark) and 62.7% (versus 69.3%), respectively – as can be seen on page one of this report – is of concern.

Two factors seem most responsible. First, the level of gearing over the recent six months averaged around 10% which depressed performance in a falling market (however, it is worth noting that the Board took advantage of the spike in interest rates during August to move all of the debt from fixed to floating rates, so that falls in interest rates are now reducing our costs of funding). Secondly, the disciplined investment process that seeks out 'the best of value and best of growth' shares failed to identify the out-performing stocks, as it did last year and, indeed, in earlier periods of great turbulence, when the normal parameters of equity investment value seem no longer to apply, and investors rush to safe havens. The approach has generally served shareholders well over the years, and "if it's not necessary to change, then it's necessary not to change." However, I mentioned in my statement in the 2008 Annual Report that the Board had instituted a review of the investment process, to see if lessons could be learnt. This review is well under way. It is benefiting from data gleaned in the last six months and I expect to report the Board's conclusions in the Annual Report for this financial year ending 31st March 2009. Meanwhile, the investment performance for this half year is discussed in more detail in the Investment Managers' Report on page six.

Revenue and Dividends

Earnings per share on the Growth portfolio for the six months to 30th September 2008 amounted to 6.21 pence per share (2007: 5.03 pence). An interim dividend of 5.00 pence per Growth share was paid on 6th October 2008.

Earnings per share on the Income portfolio for the first half amounted to 3.29 pence per share (2007: 2.70 pence). An interim dividend of 3.00 pence per Income share was paid on 6th October 2008.

The increases in the two interim dividends reflect the Board's decision to distribute income to shareholders more in line with the receipt of income in the portfolios. Shareholders can therefore expect dividends paid in October each year to be larger than those paid each April, thereby reversing previous practice.

Chairman's Statement continued

Share Repurchases

The Board has a proactive and structured approach to the use of its share repurchase powers. It believes that the capital reorganisation effected in 2006 has improved the overall marketability, and liquidity, of the shares and consistent with this and the commitment to enhance shareholder value, it has stated its proposal to carry out share repurchases on an ongoing basis with the aim of establishing long-term average levels of discount for both the Growth shares and Income shares at or below 5% (both with debt valued at par). Shares are only repurchased at prices which represent a discount to the prevailing net asset value ('NAV') per share. The precise level and timing of any repurchases carried out pursuant to this policy depends upon prevailing market conditions at the relevant time. Any shares repurchased may be cancelled and the number of shares in issue reduced accordingly, or held in Treasury (provided such number does not represent more than 10% of the shares in issue of the relevant share class). The Company does not currently have authority to reissue shares from Treasury at a discount to NAV.

During the six months ended 30th September 2008, the Company repurchased a total of 4,168,500 Growth shares and 4,174,750 Income shares for cancellation. These repurchases were made at discounts between approximately 5.1% and 9.7% and 5.1% and 11.8% respectively (with debt valued at par). Since 30th September 2008, the Company has repurchased a further 1,152,500 Growth shares and 245,000 Income shares for cancellation. A total of 14,673,813 Growth shares and 6,508,190 Income shares are currently held in Treasury.

The Board

As advised in my annual report statement Alex Zagoreos, a Director since 1987 and having reached the age of 70, will retire on 31st December. We shall miss his shrewd judgement and insight and we wish him well in his retirement. On 1st September we appointed Stephen Goldman to the Board. Stephen has a wide experience of investing in European equities. Following 12 years at NM Rothschild Asset Management in the Pension Fund department, where he headed up UK Equity Research, he joined JPMorgan in 1990 as Head of UK Equity Portfolio Management team and Head of European Client Portfolio Management team. In 2000 He moved to Credit Suisse Asset Management as Managing Director and Head of Equities for the European Region. He was responsible for the equity teams throughout Europe who managed both specialist equity and balanced mandates for institutional and retail clients. He is currently the Investment Adviser to the BAe Systems 2000 Pension Plan, a non-executive partner of H2Glenfern and a non-executive director of Cavendish Asset Management. I am sure Stephen will add considerable value to the Board's deliberations over the coming years.

Andrew Murison

Chairman

26th November 2008

Investment Managers' Report



Stephen Macklow-Smith



Alexander Fitzalan Howard

Since the end of our last financial year, the Growth portfolio saw its NAV fall by 20.0% on a total return basis, against a benchmark which fell by 16.2%. The return to shareholders in the Growth portfolio was -25.4%. For the Income portfolio, which aims to out-perform Europe including the UK on a total return basis while providing an above average yield, the NAV fell by 14.4% against a benchmark which fell by 15.3%. The return to shareholders was -17.3%.

The period under review saw a deterioration in financial conditions which finally resulted in September in the failure of the American investment bank Lehman Bros. This failure was the catalyst for an extraordinary banking crisis characterised by Mervyn King, the governor of the Bank of England, as the worst since the First World War. The financial crisis is already having an impact on the real economy and growth is slowing sharply on both sides of the Atlantic. Share prices saw dramatic falls, and there was an indiscriminate character to the selling which meant that the fundamental attributes of companies were often discarded in favour of a scramble for cash. The selling appears to have been driven by a phenomenon known as deleveraging. This is a process in which, as credit dries up, any position which is financed by debt has to be liquidated at any price available. The rapid declines in stock markets have taken shares to a level of valuation which has not been seen in decades. Why is value important? Dresdner Kleinwort answered the question a few years ago by looking at a series of long-run returns in the US. Using the ratio between share prices and profits as a proxy for value, they found that buying US equities when the market valuation was expensive gave you annualised returns of 5.7% over the succeeding 10 years. Buying the market when it was cheap gave you annualised returns of 15.0% over 10 years. Focusing on just one valuation measure can be misleading, but according to a whole variety of valuation measures European and UK equities are currently cheap. For instance, the yield on UK shares at the time of writing is 6.0% whereas the yield on 10 year gilts is 4.4%. The income from gilts will remain the same for the next 10 years, whereas dividends paid will tend to vary with profits. However bad the current situation, the current valuation implies that profits from UK companies will remain flat or fall for the next 10 years. In Europe the situation is more extreme: one of our equity research strategists showed recently that at the date of his report the Eurostoxx50 dividend yield was above the yield on government bonds (6.4% versus 3.9%). What was startling was that this was still the case even assuming all Financials in the index paid zero dividends forever.

Measures taken by governments to stabilise the banking system are starting to bear fruit, although it is likely to be some considerable time before banks are willing to lend in the volumes that they were happy with in 2006 and 2007.

Within both portfolios we have sought to benefit from our exposure to the best of value and the best of growth within Europe. We do not seek to move aggressively between sectors or countries: we are stock-pickers and we ply our trade by steady adherence to our core belief that companies in the value and growth parts of the spectrum with positive business catalysts will see share price appreciation. In the first half of the Company's year this did not work in the Growth portfolio, but the fact that our Income portfolio out-performed its benchmark gives us confidence that our methodology still has merit. Indeed the Income portfolio has produced a level of dividend higher than that originally suggested in the prospectus. The levels of valuation we are seeing in the markets also gives us ample scope to find companies with robust business models at attractive levels of valuation. It is worth also noting that we took advantage of the spike in interest rates during August to move all of our debt from fixed to floating rates, so falls in interest rates will reduce our cost of funding.

The fundamental objective of the Company has always been capital growth from Europe and we offer two different strategies for achieving this aim. We would emphasise that our perspective is long term, but we are confident that much of the bad news resulting from the crisis of the last eighteen months is now discounted in valuations and we feel that the increased flexibility from our structure will enhance shareholder choice and value in the future.

Stephen Macklow-Smith
Alexander Fitzalan Howard
 Investment Managers

26th November 2008

Ten Largest Investments¹

at 30th September 2008

Company	Country	Sector	Value £'000	% ²
Telefonica	Spain	Telecommunication Services	10,210	3.0
Total	France	Oil & Gas Producers	10,209	3.0
Banco Santander	Spain	Financials	8,766	2.6
BNP Paribas	France	Financials	8,596	2.5
Nestlé	Switzerland	Consumer Goods	7,873	2.3
ENI	Italy	Oil & Gas Producers	7,757	2.3
Banco Bilbao Vizcaya Argentaria	Spain	Financials	7,387	2.2
Vivendi	France	Consumer Services	5,787	1.7
BASF	Germany	Basic Materials	5,673	1.7
E.ON	Germany	Utilities	5,635	1.7
Total			77,893	23.0

¹Does not include the Company's investments in liquidity funds.

²Based on total assets less current liabilities of £339.9m.

As at 31st March 2008, the value of the ten largest investments amounted to £98,767,000 representing 23.5% of total assets less current liabilities.

Portfolio Analyses

Geographic	at 30th September 2008		at 31st March 2008	
	Portfolio %	Benchmark %	Portfolio %	Benchmark %
France	16.8	24.9	18.2	24.1
Germany	12.9	18.3	16.2	18.4
Spain	10.1	9.9	10.0	9.8
Switzerland	10.0	15.8	9.8	14.2
Italy	8.8	8.0	9.8	8.4
Netherlands	5.0	5.4	5.5	5.6
European Funds	3.4	—	4.9	—
Finland	2.7	2.7	4.1	3.2
Belgium	2.4	1.7	3.2	2.6
Denmark	2.2	2.1	2.8	2.0
Sweden	2.2	4.4	2.6	5.0
Austria	1.5	0.9	1.4	1.1
Luxembourg	1.3	—	0.6	—
Greece	1.1	1.4	0.9	1.4
Portugal	0.9	0.8	1.0	0.9
Norway	0.6	1.7	0.6	2.0
Ireland	0.3	0.8	0.5	1.3
Hungary	—	0.4	—	—
Poland	—	0.8	—	—
Liquidity funds	5.8	—	6.0	—
Net current assets	12.0	—	1.9	—
Total	100.0	100.0	100.0	100.0

Based on total assets less current liabilities of £339.9m (31st March 2008: £420.0m).

Sector	at 30th September 2008		at 31st March 2008	
	Portfolio %	Benchmark %	Portfolio %	Benchmark %
Financials	25.2	27.1	32.1	28.4
Industrials	12.1	12.0	11.7	12.9
Consumer Goods	7.9	14.5	8.3	14.4
Basic Materials	6.8	6.8	7.9	7.4
Oil & Gas Producers	6.7	7.1	7.2	6.4
Utilities	6.1	8.7	6.4	8.4
Telecommunications Services	5.4	6.9	6.8	6.3
Healthcare	5.3	8.3	5.1	6.9
Consumer Services	4.2	4.8	4.0	5.1
Technology	2.5	3.8	2.6	3.8
Liquidity funds	5.8	—	6.0	—
Net current assets	12.0	—	1.9	—
Total	100.0	100.0	100.0	100.0

Based on total assets less current liabilities of £339.9m (31st March 2008: £420.0m).

Growth Portfolio Income Statement

for the six months ended 30th September 2008

	(Unaudited) Six months ended 30th September 2008			(Unaudited) Six months ended 30th September 2007			(Unaudited) Year ended 31st March 2008		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains from investments held at fair value through profit or loss	—	(75,969)	(75,969)	—	12,776	12,776	—	(7,270)	(7,270)
Net foreign currency gains/(losses)	—	596	596	—	(558)	(558)	—	(6,964)	(6,964)
Income from investments	11,995	—	11,995	9,548	—	9,548	12,319	—	12,319
Other interest receivable and similar income	1,048	—	1,048	650	—	650	1,480	—	1,480
Gross return/(loss)	13,043	(75,373)	(62,330)	10,198	12,218	22,416	13,799	(14,234)	(435)
Management fee	(266)	(621)	(887)	(600)	(1,401)	(2,001)	(883)	(2,060)	(2,943)
Performance fee writeback	—	—	—	—	2,434	2,434	—	3,739	3,739
Other administrative expenses	(214)	—	(214)	(370)	—	(370)	(762)	—	(762)
Net return/(loss) on ordinary activities before finance costs and taxation	12,563	(75,994)	(63,431)	9,228	13,251	22,479	12,154	(12,555)	(401)
Finance costs	(801)	(1,869)	(2,670)	(705)	(1,646)	(2,351)	(1,523)	(3,553)	(5,076)
Breakage costs	—	—	—	—	(317)	(317)	—	—	—
Net return/(loss) on ordinary activities before taxation	11,762	(77,863)	(66,101)	8,523	11,288	19,811	10,631	(16,108)	(5,477)
Taxation	(3,288)	1,716	(1,572)	(1,069)	—	(1,069)	(3,285)	1,910	(1,375)
Net return/(loss) on ordinary activities after taxation	8,474	(76,147)	(67,673)	7,454	11,288	18,742	7,346	(14,198)	(6,852)
Return/(loss) per Growth share	6.21p	(55.81)p	(49.60)p	5.03p	7.62p	12.65p	5.07p	(9.80)p	(4.73)p

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

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

Growth Portfolio Balance Sheet

as at 30th September 2008

	(Unaudited) 30th September 2008 £'000	(Unaudited) 30th September 2007 £'000	(Unaudited) 31st March 2008 £'000
Fixed assets			
Investments at fair value through profit or loss	279,301	408,734	386,979
Investments in liquidity funds at fair value through profit or loss	19,874	—	25,114
Total portfolio	299,175	408,734	412,093
Current assets			
Debtors	635	847	17,973
Derivative financial instruments	4	—	—
Cash and short term deposits	40,827	46,074	22,114
	41,466	46,921	40,087
Creditors: amounts falling due within one year	(784)	(2,402)	(29,529)
Derivative financial instruments	—	(2,587)	(2,698)
Net current assets	40,682	41,932	7,860
Total assets less current liabilities	339,857	450,666	419,953
Creditors: amounts falling due after more than one year			
Bank loans	(88,057)	(77,833)	(88,992)
Total net assets	251,800	372,833	330,961
Net asset value per Growth share	187.4p	259.3p	238.8p

Ten Largest Investments¹

at 30th September 2008

Company	Country	Sector	Valuation £'000	% ²
Royal Dutch Shell	UK	Energy	2,022	2.8
HSBC	UK	Financials	1,927	2.7
BP	UK	Energy	1,579	2.2
Vodafone	UK	Telecommunications Services	1,218	1.7
GlaxoSmithKline	UK	Healthcare	1,206	1.7
Telefonica	Spain	Telecommunications Services	1,109	1.6
Banco Santander	Spain	Financials	1,002	1.4
BNP Paribas	France	Financials	898	1.3
ENI	Italy	Energy	787	1.1
AstraZeneca	UK	Healthcare	773	1.1
Total			12,521	17.6

¹Does not include the Company's investments in liquidity funds.

²Based on total assets less current liabilities of £71.4m.

As at 31st March 2008, the value of the ten largest investments amounted to £15,995,000 representing 18.3% of total assets less current liabilities.

Portfolio Analyses

Geographic	at 30th September 2008		at 31st March 2008	
	Portfolio %	Benchmark %	Portfolio %	Benchmark %
UK	35.5	31.8	28.0	30.8
France	7.0	16.0	10.5	13.1
Italy	5.6	5.5	9.5	15.5
Germany	5.0	13.2	7.5	6.3
Spain	5.1	6.3	6.7	5.5
Sweden	4.7	3.1	5.1	3.5
Netherlands	3.3	3.8	4.3	4.2
Finland	2.9	2.1	2.8	2.6
Norway	2.2	1.3	1.9	1.5
Greece	2.3	1.0	1.9	1.9
Belgium	1.8	1.3	1.8	1.0
Switzerland	1.8	11.5	1.8	10.3
Portugal	1.0	0.4	0.8	0.8
Ireland	0.9	0.6	0.8	1.5
Austria	0.6	0.7	0.6	0.5
Denmark	0.2	1.4	0.2	1.0
Liquidity funds	5.8	—	6.0	—
Net current assets	14.3	—	9.8	—
Total	100.0	100.0	100.0	100.0

Based on total assets less current liabilities of £71.4m (31st March 2008: £87.3m).

Sector	at 30th September 2008		at 31st March 2008	
	Portfolio %	Benchmark %	Portfolio %	Benchmark %
Financials	25.5	25.6	27.1	26.3
Industrials	10.5	9.8	10.7	10.1
Energy	9.2	10.8	9.7	6.8
Telecommunications Services	7.6	6.8	8.7	10.3
Consumer Discretionary	6.8	8.0	8.3	6.9
Utilities	6.0	7.2	8.1	8.8
Materials	4.5	7.9	4.9	10.2
Healthcare	4.1	10.1	4.3	10.0
Consumer Staples	3.3	10.8	1.4	3.2
Information Technology	2.4	3.0	1.0	7.4
Liquidity funds	5.8	—	6.0	—
Net current assets	14.3	—	9.8	—
Total	100.0	100.0	100.0	100.0

Based on total assets less current liabilities of £71.4m (31st March 2008: £87.3m).

Income Portfolio

Income Statement

for the six months ended 30th September 2008

	(Unaudited) Six months ended 30th September 2008			(Unaudited) Six months ended 30th September 2007			(Unaudited) Year ended 31st March 2008		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains from investments held at fair value through profit or loss	—	(12,040)	(12,040)	—	311	311	—	(6,393)	(6,393)
Net foreign currency gains/(losses)	—	78	78	—	(9)	(9)	—	(761)	(761)
Income from investments	2,928	—	2,928	2,241	—	2,241	3,166	—	3,166
Other interest receivable and similar income	221	—	221	90	—	90	386	—	386
Gross return/(loss)	3,149	(11,962)	(8,813)	2,331	302	2,633	3,552	(7,154)	(3,602)
Management fee	(125)	(187)	(312)	(159)	(239)	(398)	(297)	(445)	(742)
Performance fee writeback	—	—	—	—	34	34	—	35	35
Other administrative expenses	(41)	—	(41)	(66)	—	(66)	(151)	—	(151)
Net return/(loss) on ordinary activities before finance costs and taxation	2,983	(12,149)	(9,166)	2,106	97	2,203	3,104	(7,564)	(4,460)
Finance costs	(210)	(315)	(525)	(206)	(348)	(554)	(416)	(624)	(1,040)
Net return/(loss) on ordinary activities before taxation	2,773	(12,464)	(9,691)	1,900	(251)	1,649	2,688	(8,188)	(5,500)
Taxation	(756)	510	(246)	(201)	—	(201)	(345)	100	(245)
Net return/(loss) on ordinary activities after taxation	2,017	(11,954)	(9,937)	1,699	(251)	1,448	2,343	(8,088)	(5,745)
Return/(loss) per Income share	3.29p	(19.51)p	(16.22)p	2.70p	(0.40)p	2.30p	3.67p	(12.67)p	(9.00)p

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

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

Income Portfolio Balance Sheet

as at 30th September 2008

	(Unaudited) 30th September 2008 £'000	(Unaudited) 30th September 2007 £'000	(Unaudited) 31st March 2008 £'000
Fixed assets			
Investments at fair value through profit or loss	56,998	77,523	73,477
Investments in liquidity funds at fair value through profit or loss	4,153	—	5,262
Total portfolio	61,151	77,523	78,739
Current assets			
Debtors	632	427	741
Derivative financial instruments	—	—	24
Cash and short term deposits	9,697	17,811	8,547
	10,329	18,238	9,312
Creditors: amounts falling due within one year	(109)	(316)	(439)
Derivative financial instruments	—	(332)	(344)
Net current assets	10,220	17,590	8,529
Total assets less current liabilities	71,371	95,113	87,268
Creditors: amounts falling due after more than one year			
Bank loans	(17,810)	(15,776)	(18,018)
Total net assets	53,561	79,337	69,250
Net asset value per Income share	89.6p	120.0p	108.4p

The Company Income Statement

for the six months ended 30th September 2008

	(Unaudited) Six months ended 30th September 2008			(Unaudited) Six months ended 30th September 2007			(Audited) Year ended 31st March 2008		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains from investments held at fair value through profit or loss	—	(88,009)	(88,009)	—	13,087	13,087	—	(13,663)	(13,663)
Net foreign currency gains/(losses)	—	674	674	—	(567)	(567)	—	(7,725)	(7,725)
Income from investments	14,923	—	14,923	11,789	—	11,789	15,485	—	15,485
Other interest receivable and similar income	1,269	—	1,269	740	—	740	1,866	—	1,866
Gross return/(loss)	16,192	(87,335)	(71,143)	12,529	12,520	25,049	17,351	(21,388)	(4,037)
Management fee	(391)	(808)	(1,199)	(759)	(1,640)	(2,399)	(1,180)	(2,505)	(3,685)
Performance fee writeback	—	—	—	—	2,468	2,468	—	3,774	3,774
Other administrative expenses	(255)	—	(255)	(436)	—	(436)	(913)	—	(913)
Net return/(loss) on ordinary activities before finance costs and taxation	15,546	(88,143)	(72,597)	11,334	13,348	24,682	15,258	(20,119)	(4,861)
Finance costs	(1,011)	(2,184)	(3,195)	(911)	(1,994)	(2,905)	(1,939)	(4,177)	(6,116)
Breakage costs	—	—	—	—	(317)	(317)	—	—	—
Net return/(loss) on ordinary activities before taxation	14,535	(90,327)	(75,792)	10,423	11,037	21,460	13,319	(24,296)	(10,977)
Taxation	(4,044)	2,226	(1,818)	(1,270)	—	(1,270)	(3,630)	2,010	(1,620)
Net return/(loss) on ordinary activities after taxation	10,491	(88,101)	(77,610)	9,153	11,037	20,190	9,689	(22,286)	(12,597)
Return/(loss) per share (note 4):									
Growth share	6.21p	(55.81)p	(49.60)p	5.03p	7.62p	12.65p	5.07p	(9.80)p	(4.73)p
Income share	3.29p	(19.51)p	(16.22)p	2.70p	(0.40)p	2.30p	3.67p	(12.67)p	(9.00)p

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

The 'Total' column of this statement is the profit and loss account of the Company and the 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies.

The Company

Statement of Total Recognised Gains and Losses

for the six months ended 30th September 2008

	(Unaudited) 30th September 2008			(Unaudited) 30th September 2007			(Audited) 31st March 2008		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Movement in value of cash flow hedge during the period	—	2,323	2,323	—	1,922	1,922	—	1,443	1,443
Total return/(loss) from ordinary activities	10,491	(88,101)	(77,610)	9,153	11,037	20,190	9,689	(22,286)	(12,597)
Total recognised gains/(losses) for the period	10,491	(85,778)	(75,287)	9,153	12,959	22,112	9,689	(20,843)	(11,154)

The Company

Reconciliation of Movements in Shareholders' Funds

Six months ended 30th September 2008 (Unaudited)

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Other reserve £'000	Revenue reserve £'000	Total £'000
At 31st March 2008	9,421	16,854	9,193	360,983	(3,042)	6,802	400,211
Repurchase and cancellation of shares	(320)	—	320	(12,993)	—	—	(12,993)
Share conversions during the period	—	2,685	66	(2,751)	—	—	—
Net (loss)/return from ordinary activities	—	—	—	(88,101)	—	10,491	(77,610)
Interest swap breakage costs	—	—	—	(719)	719	—	—
Revaluation of cash flow hedge	—	—	—	—	2,323	—	2,323
Dividends appropriated in the period	—	—	—	—	—	(6,570)	(6,570)
At 30th September 2008	9,101	19,539	9,579	256,419	—	10,723	305,361

Six months ended 30th September 2007 (Unaudited)

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Other reserve £'000	Revenue reserve £'000	Total £'000
At 31st March 2007	10,097	10,349	8,378	415,575	(4,841)	10,634	450,192
Repurchase and cancellation of shares	(266)	—	266	(12,551)	—	—	(12,551)
Cancellation of shares in Treasury	(50)	—	50	—	—	—	—
Share conversions during the period	—	5,088	107	(5,195)	—	—	—
Net return from ordinary activities	—	—	—	11,037	—	9,153	20,190
Revaluation of cash flow hedge	—	—	—	—	1,922	—	1,922
Dividends appropriated in the period	—	—	—	—	—	(7,583)	(7,583)
At 30th September 2007	9,781	15,437	8,801	408,866	(2,919)	12,204	452,170

Year ended 31st March 2008 (Audited)

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Other reserve £'000	Revenue reserve £'000	Total £'000
At 31st March 2007	10,097	10,349	8,378	415,575	(4,841)	10,634	450,192
Repurchase and cancellation of shares	(576)	—	576	(26,296)	—	—	(26,296)
Cancellation of shares in Treasury	(100)	—	100	—	—	—	—
Share conversions during the year	—	6,505	139	(6,644)	—	—	—
Net (loss)/return from ordinary activities	—	—	—	(22,286)	—	9,689	(12,597)
Interest swap breakage costs	—	—	—	(356)	356	—	—
Revaluation of cash flow hedge	—	—	—	—	1,443	—	1,443
Transfer of prior year tax relief on expenses charged to capital	—	—	—	990	—	(990)	—
Dividends appropriated in the year	—	—	—	—	—	(12,531)	(12,531)
At 31st March 2008	9,421	16,854	9,193	360,983	(3,042)	6,802	400,211

The Company Balance Sheet

as at 30th September 2008

	(Unaudited) 30th September 2008			(Unaudited) 30th September 2007	(Audited) 31st March 2008
	Growth £'000	Income £'000	Total £'000	Total £'000	Total £'000
Fixed assets					
Investments at fair value through profit or loss	279,301	56,998	336,299	486,257	460,456
Investments in liquidity funds at fair value through profit or loss	19,874	4,153	24,027	—	30,376
Total portfolio	299,175	61,151	360,326	486,257	490,832
Current assets					
Debtors	635	632	1,267	1,274	18,714
Derivative financial instruments	4	—	4	—	24
Cash and short term deposits	40,827	9,697	50,524	63,885	30,661
	41,466	10,329	51,795	65,159	49,399
Creditors: amounts falling due within one year	(784)	(109)	(893)	(2,718)	(29,968)
Derivative financial instruments	—	—	—	(2,919)	(3,042)
Net current assets	40,682	10,220	50,902	59,522	16,389
Total assets less current liabilities	339,857	71,371	411,228	545,779	507,221
Creditors: amounts falling due after more than one year					
Bank loans	(88,057)	(17,810)	(105,867)	(93,609)	(107,010)
Total net assets	251,800	53,561	305,361	452,170	400,211
Capital and reserves					
Called up share capital	7,453	1,648	9,101	9,781	9,421
Share premium	6,171	13,368	19,539	15,437	16,854
Capital redemption reserve	9,004	575	9,579	8,801	9,193
Capital reserve	220,508	35,911	256,419	408,866	360,983
Other reserve	—	—	—	(2,919)	(3,042)
Revenue reserve	8,664	2,059	10,723	12,204	6,802
Shareholders' funds	251,800	53,561	305,361	452,170	400,211
Net asset values (note 5):					
Net asset value per Growth share			187.4p	259.3p	238.8p
Net asset value per Income share			89.6p	120.0p	108.4p

The Company Cash Flow Statement

for the six months ended 30th September 2008

	(Unaudited) Six months ended 30th September 2008 £'000	(Unaudited) Six months ended 30th September 2007 £'000	(Audited) Year ended 31st March 2008 £'000
Net cash inflow from operating activities	12,784	6,939	8,531
Net cash outflow from return on investments and servicing of finance	(3,860)	(3,278)	(6,225)
Taxation recovered	61	298	520
Net cash inflow from capital expenditure and financial investment	31,512	78,337	57,829
Dividends paid	(6,570)	(7,583)	(12,531)
Net cash outflow from financing	(13,493)	(12,721)	(26,188)
Increase in cash for the period	20,434	61,992	21,936
Reconciliation of net cash flow to movement in net debt			
Increase in cash for the period	20,434	61,992	21,936
Exchange movements	666	(1,264)	(7,725)
Other movements	(94)	(83)	(191)
Changes in net debt arising from cash flows	21,006	60,645	14,020
Net debt at the beginning of the period	(76,349)	(90,369)	(90,369)
Net debt at the end of the period	(55,343)	(29,724)	(76,349)
Represented by:			
Cash at bank and in hand	50,524	63,885	30,661
Foreign currency bank loans	(105,867)	(93,609)	(107,010)
Net debt	(55,343)	(29,724)	(76,349)

Notes to the Accounts

for the six months ended 30th September 2008

1. Financial statements

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

The figures and financial information for the year ended 31st March 2008 are extracted from the latest published accounts of the Company and do not constitute statutory accounts (as defined in section 434 (3) of the Companies Act 2006) for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under either section 237(2) or 237(3) of the Companies Act 1985 (as amended).

2. Accounting Policies

The accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice ('UK GAAP') and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' dated 31st December 2005.

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

The accounting policies applied to these half year accounts are consistent with those applied in the accounts for the year ended 31st March 2008.

3. Dividends

	(Unaudited) Six months ended 30th September 2008 £'000	(Unaudited) Six months ended 30th September 2007 £'000	(Audited) Year ended 31st March 2008 £'000
Growth 2008 final dividend of 3.33p (2007: 3.8p) ¹	4,677	5,703	5,703
Growth interim dividend of 3.0p	—	—	4,389
Income 2008 final dividend of 3.0p (2007: 2.9p)	1,893	1,880	1,880
Income interim dividend of 0.9p	—	—	559
Total dividends paid in the period	6,570	7,583	12,531

¹Adjusted for the five for one subdivision on 2nd August 2006.

Dividends declared

Growth 2008 interim dividend of 5.0p (2007: 3.0p)	6,720	4,389	—
Income 2008 interim dividend of 3.0p (2007: 0.9p)	1,797	559	—
Growth 2008 final dividend of 3.33p	—	—	4,677
Income 2008 final dividend of 3.0p	—	—	1,893
Total dividends declared	8,517	4,948	6,570

4. Return/(loss) per share

	(Unaudited) Six months ended 30th September 2008 £'000	(Unaudited) Six months ended 30th September 2007 £'000	(Audited) Year ended 31st March 2008 £'000
Growth share			
Return/(loss) per share is based on the following:			
Revenue return	8,474	7,454	7,346
Capital (loss)/return	(76,147)	11,288	(14,198)
Total (loss)/return	(67,673)	18,742	(6,852)
Weighted average number of shares in issue	136,430,852	148,071,015	144,965,243
Revenue return per share	6.21p	5.03p	5.07p
Capital (loss)/return per share	(55.81)p	7.62p	(9.80)p
Total (loss)/return per share	(49.60)p	12.65p	(4.73)p

Notes to the Accounts continued

4. Return/(loss) per share (continued)

Income share	(Unaudited) Six months ended 30th September 2008 £'000	(Unaudited) Six months ended 30th September 2007 £'000	(Audited) Year ended 31st March 2008 £'000
Return/(loss) per share is based on the following:			
Revenue return	2,017	1,699	2,343
Capital (loss)/return	(11,954)	(251)	(8,088)
Total (loss)/return	(9,937)	1,448	(5,745)
Weighted average number of shares in issue	61,272,976	62,841,066	63,813,161
Revenue return per share	3.29p	2.70p	3.67p
Capital loss per share	(19.51)p	(0.40)p	(12.67)p
Total (loss)/return per share	(16.22)p	2.30p	(9.00)p

5. Net asset values

Net asset value per Growth share is calculated by dividing Growth shareholders' funds of £251,800,000 (30th September 2007: £372,833,000 and 31st March 2008: £330,961,000) by the 134,393,773 Growth shares in issue at the period end, excluding shares held in Treasury (30th September 2007: 143,757,195 and 31st March 2008: 153,252,241 Growth shares, as adjusted for the five for one subdivision on 2nd August 2006).

Net asset value per Income share is calculated by dividing Income shareholders' funds of £53,561,000 (30th September 2007: £79,337,000 and 31st March 2008: £69,250,000) by the 59,763,162 Income shares in issue at the period end, excluding shares held in Treasury (30th September 2007: 66,118,663 and 31st March 2008: 70,417,327).

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

	(Unaudited) Six months ended 30th September 2008 £'000	(Unaudited) Six months ended 30th September 2007 £'000	(Audited) Year ended 31st March 2008 £'000
Net (loss)/return before finance costs and taxation	(72,597)	24,682	(4,861)
Capital loss/(return) before finance costs and taxation	88,143	(13,348)	20,119
Decrease in accrued income	294	518	14
Decrease in other debtors	14	330	17
(Decrease)/increase in accrued expenses	(154)	8	109
Expenses charged to capital	(808)	(1,640)	(2,505)
Overseas withholding tax	(2,071)	(1,177)	(1,928)
Scrip dividends included in income	(37)	(17)	(17)
Performance fee paid	—	(2,074)	(2,074)
VAT on performance fee paid	—	(343)	(343)
Net cash inflow from operating activities	12,784	6,939	8,531

Interim Management Report

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

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Company fall into five broad categories: investment and strategy; accounting, legal and regulatory; corporate governance and shareholder relations; operational; and financial. Information on each of these areas is given in the Business Review within the Annual Report and Accounts for the year ended 31st March 2008.

Related Parties Transactions

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

Directors' Responsibilities

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

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

For and on behalf of the Board

Andrew Murison
Chairman

26th November 2008

Information about the Company

Financial Calendar

Financial year end	31st March
Final results announced	June
Half year end	30th September
Half year results announced	November
Interim Management Statements announced	July and January
Dividends payable – Growth and Income	April and October
Annual General Meeting	July

History

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

Directors

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

Company Numbers

Company registration number: 237958
London Stock Exchange Sedol numbers:
Growth: B18JK16
Income: B17XWW4

ISIN Codes:
Growth: GB00B18JK166
Income: GB00B17XWW44

Bloomberg Codes:
Growth: JETG LN
Income: JETI LN

Market Information

The Company's net asset value ('NAV') is published daily, via the London Stock Exchange.

The Company's shares are listed on the London Stock Exchange. The market prices is shown daily in the Financial Times, The Times, The Daily Telegraph, The Scotsman, The Independent and on the JPMorgan website at www.jpmeuropean.co.uk, where the share prices is updated every 15 minutes during trading hours.

Web Site

www.jpmeuropean.co.uk

aic

The Association of
Investment Companies A member of the AIC

Share Transactions

The Company's shares may be dealt in directly through a stockbroker or through a professional adviser acting on an investor's behalf. They may also be purchased and held through the JPMorgan Investment Trust Share Plan, Individual Savings Account (ISA) and Pension Account.

Manager and Secretary

JPMorgan Asset Management (UK) Limited

Company's Registered Office

Finsbury Dials
20 Finsbury Street
London EC2Y 9AQ
Telephone number: 020 7742 6000

For company secretarial and administrative matters, please contact Jonathan Latter.

Registrars

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

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1080. Registered shareholders can obtain further details on their holdings on the internet by visiting www.shareview.co.uk.

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Brokers

Winterflood Securities
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

Savings Product Administrators

For queries on the JPMorgan ISA, Share Plan or Pension Account, see contact details overleaf.

Capital Structure and Conversion between Share Classes

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

- **Growth Shares**

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

- **Income Shares**

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

Conversion Opportunities

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

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

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

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

Conversion between the share classes

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

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

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

More details concerning conversion dates and conversion instruction forms can be found on the Company's web site: www.jpmeuropean.com.

Glossary of Terms

Return to shareholders

Total return to the investor, on a mid-market price to mid-market price basis, assuming that all dividends received were reinvested in the relevant share class of the Company at the time the shares were quoted ex-dividend. Transaction costs of reinvestment are not taken into account.

Return on net assets

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

Benchmark Return

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

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

Discount/Premium

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

Notes

JPMorgan Helpline

Freephone 0800 20 40 20 or 0207 742 9999

9.00 am to 5.30 pm Monday to Friday

JPMorgan Pension Helpline

Freephone 0800 41 31 76 or 0172 241 4888

9.00 am to 5.00 pm Monday to Friday

Please use this number if you have any queries relating to the Pension Account.

Your telephone call may be recorded for your security

www.jpmeuropean.co.uk