

TR EUROPEAN GROWTH TRUST PLC

REPORT
for the half year ended 31 December 2014
(unaudited)

TR EUROPEAN GROWTH TRUST PLC

Unaudited Results for the Half Year Ended 31 December 2014

Investment objective

To achieve capital growth by investing predominantly in smaller and medium sized companies in Europe (excluding the UK).

Performance highlights for the six months

- The net asset value ("NAV") total return¹ (including dividends reinvested) was -8.4% compared to a total return from the benchmark index² of -8.0%.
- The share price³ total return (including dividends reinvested) was -8.7%.
- The discount⁴ increased from 12.0% to 12.8% compared with a reduction in the sector discount from 9.2% to 6.8%⁵.

Total return performance (including dividends reinvested and excluding transaction costs)

	6 months	1 year	3 years	5 years	10 years
	%	%	%	%	%
NAV ¹	-8.4	-1.4	74.2	45.4	152.9
Share price ³	-8.7	-3.6	98.2	39.8	150.6
Benchmark index ²	-8.0	-1.9	57.7	42.3	139.0
Average sector NAV ⁶	-5.1	-2.2	63.5	61.5	190.3
Average sector share price	-6.5	-4.1	78.8	68.2	214.4

1 Net asset value total return per ordinary share with income reinvested for 1, 3 and 5 years and capital NAV plus income reinvested for 10 years. These figures are preliminary estimates made by the AIC, which is the industry recognised source for performance data, and do not reflect any subsequent change in the period end NAVs reflected in this report

2 The Euromoney Smaller Companies Index (ex UK) expressed on a total return basis and in sterling terms

3 Share price total return using mid market share price

4 Calculated using published daily NAVs including current year revenue

5 Sector discount is sourced from the AIC

6 The sector is the AIC European Smaller Companies sector

Sources: Morningstar for the AIC, Datastream and Henderson

Financial highlights

	At 31 December 2014	At 30 June 2014
Shareholders' funds		
Net assets attributable to ordinary shareholders (£'000)	294,942	325,676
Net asset value ("NAV") per ordinary share	590.2p	651.7p
Mid-market price per ordinary share	514.5p	573.8p
	Half year ended 31 December 2014	Year ended 30 June 2014
Total return to equity shareholders		
Revenue return after taxation (£'000)	394	5,574
Capital (loss)/return after taxation (£'000)	(26,530)	77,974
	-----	-----
Total (loss)/return	(26,136)	83,548
	=====	=====
Total return per ordinary share		
Revenue	0.79p	11.15p
Capital	(53.09p)	156.02p
	-----	-----
Total return	(52.30p)	167.17p
	=====	=====

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Chairman's Statement

Performance

Over the six months to 31 December 2014 the NAV per share total return was -8.4% compared to a total return of -8.0% from our benchmark, the Euromoney Smaller Companies Index (ex UK) expressed in sterling. Our share price total return was -8.7%. The Company's shares were trading at a discount of 12.8% at the period end (30 June 2014: 12.0%).

Gearing

During the period gearing averaged 13.3%, which has been a drag on performance. Gearing finished the period at 13.4% (30 June 2014: 14.3%).

Share buy-backs

We have not carried out any buy backs over the last six months. We will intervene if we believe it is in the interests of our long term shareholders but during the period the discount showed little volatility. The key to the reduction of the discount to net asset value is good performance and good investor appetite for European equities.

Prospects

We would hope that European equities should make further progress in 2015, supported by the abundant liquidity provided by central banks. Headline valuations are high in absolute terms though when cyclically adjusted European smaller companies look attractive relative to other regions and other asset classes. We should also benefit disproportionately from better economic and earnings growth as the full effects of a lower oil price and weaker currency take hold. In the last year the sterling returns of the Company have been impacted by the decline of the euro versus sterling. As a reminder the portfolio is not hedged. Our Fund Manager continues to find a number of attractive opportunities and I look forward to reporting on our progress in our annual report.

Audley Twiston-Davies

Chairman

23 February 2015

TR EUROPEAN GROWTH TRUST PLC

Unaudited Results for the Half Year ended 31 December 2014

Principal Risks and Uncertainties

The principal risks and uncertainties associated with the Company's business can be divided into the following main areas:

- Investment activity and performance risks
- Portfolio and market price risks
- Tax and regulatory risks
- Operational risks

Information on these risks and how they are managed is given in the annual report to 30 June 2014. In the view of the Board these principal risks and uncertainties were unchanged over the last six months and are as applicable to the remaining six months of the financial year as they were to the six months under review.

Directors' Responsibility Statement

The Directors confirm that, to the best of their knowledge:

- (a) the condensed set of financial statements has been prepared in accordance with the Accounting Standards Board's statement 'Half-Yearly Financial Report';
- (b) this report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year);
- (c) this report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein)

For and on behalf of the Board
Audley Twiston-Davies
Chairman
23 February 2015

TR EUROPEAN GROWTH TRUST PLC

Unaudited Results for the Half Year ended 31 December 2014

Fund Manager's Report

The Company performed broadly in line with its benchmark index over the six months to the end of December. In absolute terms, however, returns were disappointing. A slowing European economy, combined with geopolitical tension, increased fears that Europe was heading for Japanese-style deflation. This is why we saw European Central Bank ("ECB") president Mario Draghi introduce more unorthodox measures in 2014, including the Targeted Longer-Term Refinancing Operation and the intention to purchase asset-backed securities. The ECB also announced quantitative easing measures (buying sovereign bonds) in the early part of 2015. While the latter is far from the perfect solution to stimulate the real economy, we expect bank lending conditions to ease and for small and medium enterprises to have better access to funding. The potential impact this could have on economic growth seems to be largely under-appreciated.

Deflationary concerns were not aided by an oil price that fell below \$50 a barrel. While this weighs on inflation expectations and is bad news for big oil producing states and those companies inherently linked to the oil price (oil and gas majors, oil services, etc.), it is no bad thing for the European economy, which is a net importer of energy. The fall in price will not only put more money in consumers' pockets but will reduce costs for a large number of businesses.

The second half of 2014 also saw the euro weaken significantly versus the US dollar. The strength of the euro had been a significant headwind for earnings growth in recent years. Now this has reversed we expect to see earnings upgrades for European domiciled companies that operate globally.

The largest contributors to the Company's performance over the review period were from stock picking rather than from following any 'macro' theme. The best performing stock was **BE Semiconductor** ("Besit"), a leading supplier of semiconductor assembly equipment. Following three years of decline, the semiconductor packaging and assembly equipment market is experiencing a broad-based recovery in demand – especially for Besit's flip chip technology. We also had good returns from Finnish online retailer **Verkkokauppa**, a company we purchased in the first half of 2014. The company announced a strong set of results and continues to take market share from those peers with a higher cost base.

Ströer Out-of-Home Media ("Ströer"), listed in Germany, was another stock that has done well. Traditionally this company has had expertise in outdoor advertising (billboards, etc.) and it continues to prosper in this area, operating in an oligopoly with **JCDecaux**. In particular, Ströer has successfully cross-sold their online products to its traditional billboard/outdoor customers over the past year.

The biggest negative came from Danish marine fuel supplier company **OW Bunker**. The company announced a profit warning shortly after its IPO in March 2014 and it quickly became clear to us that, despite being marketed as a bunker fuel distributor, it had been taking exposure to the oil price – we sold immediately. A further announcement followed that losses were greater than first predicted and that fraud had contributed to further losses at a Singapore subsidiary. This was a disappointing detractor, which could have been much worse had we not sold at the first sign of trouble. We also had poor returns from German tiling company **Braas Monier**; economic data from Germany softened during the second half as tensions in the Ukraine hit sentiment and the company's results suffered. We expect better news from the German economy in 2015 (as we have started to see) and would expect the stock to perform well as a result of its cheap valuation.

TR EUROPEAN GROWTH TRUST PLC**Unaudited Results for the Half Year ended 31 December 2014**

A number of new positions entered the portfolio over the period. Purchases include telecommunications operator **Nos SGPS** (the result of a merger between Zon and Optimus in Portugal) where synergies and a strong position in Portuguese fibre should lead to better returns. An indiscriminate sell-off in Portuguese equities following a banking scandal offered us a good entry price. We also bought **AMS**, which is achieving high levels of growth as its semiconductors chips are increasingly used in smart phones and tablets. Notable customers include Apple and Samsung. Elsewhere, we initiated a position in **Thule**, which sells sport and cargo carriers (i.e. roof racks, bike carriers and cargo carriers). It is a good business with exposure to the general trend of more active living.

We took profits from **SAAB, Partners Group, Wirecard** and **DCC**, which had reached our fair value. We also sold Swiss bottle manufacturer **Vetropack**, which has not seen the turnaround in business that we had hoped for; and Italian asset gatherer **Azimut** as we saw better value in **Anima** and **FinecoBank**.

Europe and more specifically European smaller companies have become the least favoured asset class from short-term asset allocators. Looking to politics it is clear why many are nervous. However, we believe it is important to remain focused on company fundamentals, which are on the whole encouraging (given that we are about to see the boost of a weak currency and an oil price that has fallen substantially in the last six months). We would see any Greek/politically induced pull back as an opportunity to buy shares in one of the few areas that is achieving growth – small cap.

Ollie Beckett
Fund Manager
23 February 2015

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Geographical Exposure (% of portfolio excluding cash)

	31 December 2014	31 December 2013
Germany	24.4	25.2
Italy	13.3	11.2
France	13.2	14.4
Switzerland	9.9	15.7
Netherlands	6.6	5.1
Finland	5.2	0.4
Spain	4.7	4.9
Sweden	3.6	6.0
Belgium	3.4	2.4
Norway	3.3	4.2
Austria	3.1	3.9
Denmark	2.7	2.8
Ireland	2.6	2.4
Greece	2.3	0.8
Portugal	1.5	0.4
Other	0.2	0.2
	-----	-----
	100.0	100.0
	=====	=====

Sector Exposure (% of portfolio excluding cash)

	31 December 2014	31 December 2013
Industrials	31.2	27.6
Consumer discretionary	20.5	20.5
Information technology	16.7	19.7
Financials	16.0	16.1
Materials	8.3	7.4
Health care	4.4	2.8
Energy	1.5	2.1
Consumer staples	1.4	2.0
Telecommunication services	-	0.9
Utilities	-	0.9
	-----	-----
	100.0	100.0
	=====	=====

4.2% of the portfolio is invested in unquoted securities

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Unaudited Results for the Half Year ended 31 December 2014

Consolidated Statement of Comprehensive Income

	Half year ended 31 December 2014 (unaudited)			Half year ended 31 December 2013 (unaudited)			Year ended 30 June 2014 (audited)		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Investment income	964	-	964	1,027	138	1,165	7,013	-	7,013
Other income	1	-	1	1	-	1	55	-	55
(Losses)/gains on investments held at fair value through profit or loss	-	(24,827)	(24,827)	-	61,895	61,895	-	80,746	80,746
Total income/(loss)	965	(24,827)	(23,862)	1,028	62,033	63,061	7,068	80,746	87,814
Expenses									
Management fees (note 7)	(177)	(710)	(887)	(144)	(579)	(723)	(310)	(1,240)	(1,550)
Performance fees (note 7)	-	(814)	(814)	-	(895)	(895)	-	(1,130)	(1,130)
Other operating expenses	(289)	-	(289)	(290)	-	(290)	(559)	-	(559)
Profit/(loss) before finance costs and taxation	499	(26,351)	(25,852)	594	60,559	61,153	6,199	78,376	84,575
Finance costs	(45)	(179)	(224)	(46)	(182)	(228)	(98)	(392)	(490)
Profit/(loss) before taxation	454	(26,530)	(26,076)	548	60,377	60,925	6,101	77,984	84,085
Taxation	(60)	-	(60)	(38)	(1)	(39)	(527)	(10)	(537)
Profit/(loss) for the period	394	(26,530)	(26,136)	510	60,376	60,886	5,574	77,974	83,548
Return/(loss) per ordinary share – basic and diluted (note 2)	0.79p	(53.09p)	(52.30p)	1.02p	120.81p	121.83p	11.15p	156.02p	167.17p

The total column of this statement represents the Consolidated Income Statement, prepared in accordance with IFRS. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

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

All income is attributable to the equity holders of TR European Growth Trust PLC, the parent company. There are no minority interests.

The net loss of the Company for the half year was £26,136,000 (31 December 2013: profit £60,886,000; 30 June 2014: profit £83,548,000).

The Group does not have any other comprehensive income and hence the net profit for the period as disclosed above is the same as the Group's total comprehensive income. The accompanying notes are an integral part of these financial statements.

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Unaudited Results for the Half Year ended 31 December 2014

Consolidated Statement of Changes in Equity

Half year ended 31 December 2014 (Unaudited)	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 1 July 2014	6,247	115,451	13,931	169,179	20,868	325,676
Total comprehensive income:						
(Loss)/profit for the period	-	-	-	(26,530)	394	(26,136)
Transactions with owners, recorded directly to equity:						
Ordinary dividends paid	-	-	-	-	(4,598)	(4,598)
Total equity at 31 December 2014	6,247	115,451	13,931	142,649	16,664	294,942
	=====	=====	=====	=====	=====	=====
Half year ended 31 December 2013 (Unaudited)	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 1 July 2013	6,247	115,451	13,931	91,205	19,290	246,124
Total comprehensive income:						
Profit for the period	-	-	-	60,376	510	60,886
Transactions with owners, recorded directly to equity:						
Ordinary dividends paid	-	-	-	-	(3,998)	(3,998)
Total equity at 31 December 2013	6,247	115,451	13,931	151,581	15,802	303,012
	=====	=====	=====	=====	=====	=====
Year ended 30 June 2014 (Audited)	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 1 July 2013	6,247	115,451	13,931	91,205	19,290	246,124
Total comprehensive income:						
Profit for the period	-	-	-	77,974	5,574	83,548
Transactions with owners, recorded directly to equity:						
Ordinary dividends paid	-	-	-	-	(3,998)	(3,998)
Refund of unclaimed dividends over 12 years old	-	-	-	-	2	2
Total equity at 30 June 2014	6,247	115,451	13,931	169,179	20,868	325,676
	=====	=====	=====	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

TR EUROPEAN GROWTH TRUST PLC

Unaudited Results for the Half Year ended 31 December 2014

Consolidated Balance Sheets

	At 31 December 2014 (unaudited) £'000	At 31 December 2013 (unaudited) £'000	At 30 June 2014 (audited) £'000
Non current assets			
Investments held at fair value through profit or loss	334,514	339,628	372,212
Current assets			
Sales for future settlement	58	-	902
Taxation recoverable	284	319	328
Other receivables	75	23	190
Cash and cash equivalents	3	636	3,568
	420	978	4,988
Total assets	334,934	340,606	377,200
Current liabilities			
Purchases for future settlement	(3)	-	(4,374)
Other payables	(1,861)	(1,426)	(1,766)
Bank overdrafts	(38,128)	(36,168)	(45,384)
	(39,992)	(37,594)	(51,524)
Net assets	294,942	303,012	325,676
Equity attributable to equity shareholders			
Called up share capital (note 3)	6,247	6,247	6,247
Share premium account	115,451	115,451	115,451
Capital redemption reserve	13,931	13,931	13,931
Retained earnings:			
Other capital reserves	142,649	151,581	169,179
Revenue reserve	16,664	15,802	20,868
Total equity	294,942	303,012	325,676
Net asset value per ordinary share – basic and diluted (note 4)	590.17p	606.32p	651.67p

The accompanying notes are an integral part of these financial statements.

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Unaudited Results for the Half Year ended 31 December 2014

Consolidated Cash Flow Statement

	Half year ended 31 December 2014 (unaudited) £'000	Half year ended 31 December 2013 (unaudited) £'000	Year ended 30 June 2014 (audited) £'000
Operating activities			
(Loss)/profit before taxation	(26,076)	60,925	84,085
Add back: interest payable	224	228	490
Add/(less): losses/(gains) on investments held at fair value thorough profit and loss	24,827	(62,033)	(80,746)
Sales of investments held at fair value through profit or loss	75,139	78,442	193,005
Purchases of investments held at fair value through profit or loss	(63,488)	(81,492)	(211,414)
Withholding tax on dividends deducted at source	(94)	-	(897)
Decrease in prepayments and accrued income	115	462	295
Decrease in amounts due from brokers	844	2,845	1,943
Increase in accruals and deferred income	95	602	942
(Decrease)/increase in amounts due to brokers	(4,371)	(3,251)	1,123
	-----	-----	-----
Net cash inflow/(outflow) from operating activities before interest and taxation	7,215	(3,272)	(11,174)
Interest paid	(224)	(228)	(490)
Taxation recovered	78	92	481
	-----	-----	-----
Net cash inflow/(outflow) from operating activities	7,069	(3,408)	(11,183)
Net cash flow from financing activities	(4,598)	(3,998)	(3,996)
	-----	-----	-----
Increase/(decrease) in cash and cash equivalents	2,471	(7,406)	(15,179)
Cash and cash equivalents at the start of the period	(41,816)	(29,159)	(29,159)
Exchange movements	1,220	1,033	2,522
	-----	-----	-----
Cash and cash equivalents at the period end	(38,125)	(35,532)	(41,816)
	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

TR EUROPEAN GROWTH TRUST PLC

Unaudited Results for the Half Year ended 31 December 2014

Notes

1. Accounting policies

a) Basis of preparation

The condensed set of financial statements has been prepared using the same accounting policies as are set out in the Company's annual report and financial statements for the year ended 30 June 2014 and in accordance with IAS 34, namely International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

The condensed set of financial statements has not been either audited or reviewed by the Company's auditors.

b) IFRS 13 Fair Value Measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 *Financial Instruments: Disclosures*. Some of these disclosures are specifically required in interim financial statements for financial instruments; accordingly, the Company has included additional disclosures in this regard (see Note 8).

In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Company's assets and liabilities.

(i) Investments held at fair value through profit or loss

All investments are designated upon initial recognition as held at fair value through profit or loss. These financial assets are designated on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis. Financial assets are recognised/de-recognised at the trade date of the purchase/disposal. Proceeds will be measured at fair value, which will be regarded as the proceeds of sale less any transaction costs. The fair value of the financial instruments is based on their quoted bid price at the balance sheet date, without deduction of the estimated future selling costs. The fair values of unquoted financial instruments within the portfolio are based on their last audited net asset values discounted where necessary to arrive at a fair value.

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Statement of Comprehensive Income as 'Gains or losses on investments held at fair value through profit or loss'. Also included within this caption are transaction costs in relation to the purchase or sale of investments, including the difference between the purchase price of an investment and its bid price at the date of purchase.

(ii) Investments held at fair value through profit or loss (continued)

Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the amounts recognised in the financial statements; however, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future. As a substantial majority of the Company's financial assets are quoted securities, in the opinion of the Directors, the amounts included as assets and liabilities in the financial statements are not subject to significant judgments, estimates or assumptions.

TR EUROPEAN GROWTH TRUST PLC

Unaudited Results for the Half Year ended 31 December 2014

c) Basis of consolidation

The Group's financial statements consolidate the accounts of the Company and of its wholly owned subsidiary undertaking, TREG Finance Limited.

2. Return per ordinary share

The return per ordinary share is based on the loss for the half year of £26,136,000 (half year ended 31 December 2013: profit £60,886,000; year ended 30 June 2014: profit £83,548,000) and on 49,975,897 (half year ended 31 December 2013: 49,975,897; year ended 30 June 2014: 49,975,897) ordinary shares, being the weighted average number of ordinary shares in issue during the period.

The return per ordinary share detailed above can be further analysed between revenue and capital, as below.

	Half year ended 31 December 2014 (unaudited) £'000	Half year ended 31 December 2013 (unaudited) £'000	Year ended 30 June 2014 (audited) £'000
Net revenue profit	394	510	5,574
Net capital (loss)/profit	(26,530)	60,376	77,974
	-----	-----	-----
Net total (loss)/profit	(26,136)	60,886	83,548
	=====	=====	=====
Weighted average number of ordinary shares in issue during the period	49,975,897	49,975,897	49,975,897
	-----	-----	-----
	Half year ended 31 December 2014 (unaudited) pence	Half year ended 31 December 2013 (unaudited) pence	Year ended 30 June 2014 (audited) pence
Revenue return per ordinary share	0.79	1.02	11.15
Capital (loss)/return per ordinary share	(53.09)	120.81	156.02
	-----	-----	-----
Total (loss)/return per ordinary share	(52.30)	121.83	167.17
	=====	=====	=====

3. Ordinary share capital

At 31 December 2014 there were 49,975,897 ordinary shares in issue (31 December 2013: 49,975,897; 30 June 2014: 49,975,897). During the half year ended 31 December 2014 the Company did not buy back any of its own issued ordinary shares for cancellation (31 December 2013: nil; 30 June 2014: nil).

4. Net asset value per ordinary share

The net asset value per ordinary share is based on the net assets attributable to equity shareholders of £294,942,000 (31 December 2013: £303,012,000; 30 June 2014: £325,676,000) and on 49,975,897 (31 December 2013: 49,975,897; 30 June 2014: 49,975,897) ordinary shares, being the number of ordinary shares in issue at the period end.

5. Dividends

The Company has not declared an interim dividend (2013: nil). A final dividend of 6.50p and a special dividend of 2.70p were paid on 24 November 2014.

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6. Transaction costs

Purchase transaction costs for the half year ended 31 December 2014 were £104,000 (half year ended 31 December 2013: £111,000; year ended 30 June 2014: £201,000). These comprise mainly stamp duty and commission. Sales transaction costs for the half year ended 31 December 2014 were £67,000 (half year ended 31 December 2013: £95,000; year ended 30 June 2014: £187,000).

7. Management and performance fee

A base ad valorem fee is payable to the Manager of 0.6% per annum, which is calculated as 0.15% of income-inclusive total net assets at each quarter end. Management fees are allocated 20% to revenue and 80% to capital.

The Manager may also be eligible to receive a performance related fee. In order to determine whether a performance fee will be paid, performance is measured against, and expressed relative to, the benchmark. Performance of both the Company and the benchmark is measured on a NAV total return (with gross income reinvested) basis and is measured over three years.

In any given year in which a performance fee is payable, the performance fee rate will be 15% of the positive difference between the three year average annual NAV total return and the average annual total return of the benchmark. The upper limit on the total fee, including the base fee and any performance fee, for any given accounting year will be 2.0% of the income-inclusive NAV of the Company as at the last day of the relevant calculation period. A performance hurdle over the benchmark of 1.0% is in place before any performance fee can be earned. For clarity, performance is measured solely on the basis of NAV total return relative to the total return of the benchmark index; no account is taken of whether the NAV grows or shrinks in absolute terms. Any performance fee payable is allocated to capital.

A performance fee of £814,000 has been accrued as at 31 December 2014 (2013: £895,000).

8. Financial Instruments

At the period end the carrying value of financial assets and financial liabilities approximates their fair value.

Financial instruments carried at fair value

Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly or indirectly.

Level 3: Unobservable inputs for asset or liability.

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Financial assets and financial liabilities at fair value through profit or loss at 31 December 2014	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments including derivatives: Equity securities designated at fair value through profit or loss	320,562	-	13,952	334,514
	-----		-----	-----
Total financial assets and liabilities carried at fair value	320,562	-	13,952	334,514
	=====		=====	=====

Level 3 investments at fair value through profit or loss

	£'000
Opening balance	13,749
Acquisitions	-
Disposal proceeds	(753)
Transferred into Level 3	-

	12,996
Total unrealised losses included in losses on investments held at fair value through profit and loss in the Statement of Comprehensive Income	956

Closing balance	13,952
	=====

There have been no transfers between levels of the fair value hierarchy during the period. Transfers between levels of fair value hierarchy are deemed to have occurred at the date of the event or change in circumstances that caused the transfer.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices in active markets for identical assets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included in Level 1.

The valuation techniques used by the Company are explained in the accounting policies note 1 (b).

9. Going concern

The Directors believe that it is appropriate to adopt the going concern basis in preparing the financial statements. The assets of the Group consist mainly of securities, most of which are readily realisable and, accordingly, the Group has adequate financial resources to continue in operational existence for the foreseeable future.

TR EUROPEAN GROWTH TRUST PLC

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10. Related party transactions

Details of related parties are contained in the annual report. Other than the relationship between the Company, its subsidiary and its Directors, the provision of services by Henderson is the only related party arrangement currently in place. Other than fees payable by the Company in the ordinary course of business and the provision of marketing services, there have been no material transactions with this related party affecting the financial position or performance of the Group during the six months to 31 December 2014.

11. Comparative information

The financial information contained in this half year report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half years ended 31 December 2013 and 31 December 2014 has not been audited or reviewed by the Company's auditors. The figures and financial information for the year ended 30 June 2014 are an extract based on the latest published accounts and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the Report of the Independent Auditors which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

12. General

a) Investment Objective

The Company seeks to achieve capital growth by investing predominantly in smaller and medium sized companies in Europe (excluding the UK).

b) Company Status

TR European Growth Trust plc is registered in England and Wales, No. 2520734, has its registered office at 201 Bishopsgate, London EC2M 3AE and is listed on the London Stock Exchange. The SEDOL/ISIN number is GB0009066928/0906692. The London Stock Exchange (EPIC) code is TREG. The Company's Global Intermediary Identification Number (GIIN) is JX9KYH.99999.SL.826 and the LEI number is 213800N1B1HCQG2W4V90.

c) Directors and Secretary

The Directors of the Company are Audley Twiston-Davies (Chairman), Christopher Casey (Chairman of the Audit Committee), Andrew Martin Smith, Alexander Mettenheimer and Simona Heidempergher. The Corporate Secretary is Henderson Secretarial Services Limited, represented by Debbie Fish FCIS.

d) Website

Details of the Company's share price and net asset value, together with general information about the Company, monthly factsheets and data, copies of announcements, reports and details of general meetings can be found at www.treuropeangrowth.com

e) Half year report

An update extracted from the Company's report for the half year ended 31 December 2014 will be posted to shareholders in mid-March and will be available on the website thereafter. Copies can also be requested from the Corporate Secretary at the Registered Office, 201 Bishopsgate, London EC2M 3AE.

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Top 40 investments as at 31 December 2014

Ranking	Company	Principal activities	Geographical area	Valuation £'000	Percentage of portfolio
1	Brainlab *	Health care equipment & services	Germany	9,618	2.9
2	Inficon	Industrial engineering	Switzerland	5,668	1.7
3	Verkkokauppa	Online retail	Finland	5,636	1.7
4	BE Semiconductor	Technology hardware & equipment	Netherlands	5,457	1.6
5	Comet	Electronic & electrical equipment	Switzerland	5,143	1.5
6	CFE	Construction & materials	Belgium	4,972	1.5
7	ASM International	Technology hardware & equipment	Netherlands	4,867	1.5
8	Valmet	Industrial engineering	Finland	4,763	1.4
9	OC Oerlikon	Industrial engineering	Switzerland	4,507	1.3
10	Nobia	Household goods & home construction	Sweden	4,385	1.3
	10 largest			55,016	16.4
11	TKH	Electronic & electrical equipment	Netherlands	4,341	1.3
12	Industria Macchine Automatiche	Industrial engineering	Italy	4,189	1.3
13	Aurelius	Financial services	Germany	4,171	1.2
14	Cerved Information Solutions	Support services	Italy	4,101	1.2
15	FinecoBank	Banks	Italy	4,042	1.2
16	Sorin	Health care equipment & services	Italy	4,029	1.2
17	Anima	Financial services	Italy	3,973	1.2
18	Aareal Bank	Financial services	Germany	3,621	1.1
19	21 Centrale Partners III *	Financial Services	France	3,570	1.1
20	Carl Zeiss Meditec	Health care equipment & services	Germany	3,549	1.1
	20 largest			94,602	28.3
21	Faiveley Transport	Industrial engineering	France	3,501	1.0
22	Ströer Out-of-Home Media	Media	Germany	3,474	1.0
23	DFDS	Industrial transportation	Denmark	3,393	1.0
24	Safilo	Personal goods	Italy	3,358	1.0
25	EFG International	Banks	Switzerland	3,358	1.0
26	Television francaise (T.F.I)	Media	France	3,351	1.0
27	SHW	Automobiles & parts	Germany	3,288	1.0
28	Jyske Bank	Banks	Denmark	3,252	1.0
29	KSB	Industrial engineering	Germany	3,211	1.0
30	Nexity	Real estate investment services	France	3,189	1.0
	30 largest			127,977	38.3
31	Sopra	Software & computer services	France	3,186	1.0
32	Nos SGPS	Media	Portugal	3,146	0.9
33	Ence Energia y Celulosa	Forestry & paper	Spain	3,109	0.9
34	IMCD	Chemicals	Netherlands	3,074	0.9
35	Pfeiffer Vacuum Technology	Industrial engineering	Germany	3,048	0.9
36	Zumbotel	Construction & materials	Austria	3,019	0.9
37	Axel Springer	Media	Germany	3,003	0.9
38	EVS Broadcast Equipment	Electronic & Electrical equipment	Belgium	2,999	0.9
39	Grenkeleasing	Support services	Germany	2,958	0.9
40	Jungheinrich	Machinery	Germany	2,897	0.9
	40 largest			158,416	47.4

*Unquoted investments