

TR EUROPEAN GROWTH TRUST PLC

**REPORT
for the half year ended 31 December 2015
(unaudited)**

TR EUROPEAN GROWTH TRUST PLC
Unaudited Results for the Half Year Ended 31 December 2015

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 6.7% compared to a total return from the benchmark index² of 8.2%.
- The share price³ total return (including dividends reinvested) was 7.0%.
- The discount⁴ increased from 7.6% to 8.0% compared with an increase in the sector discount from 4.0% to 4.7%⁵.

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

| | 6 months | 1 year | 3 years | 5 years | 10 years |
|---------------------------------|----------|--------|---------|---------|----------|
| | % | % | % | % | % |
| NAV ¹ | 6.7 | 22.5 | 74.3 | 51.7 | 115.1 |
| Share price ³ | 7.0 | 29.8 | 103.3 | 74.3 | 123.1 |
| Benchmark index ² | 8.2 | 17.2 | 58.1 | 40.9 | 117.3 |
| Average sector NAV ⁶ | 12.5 | 25.8 | 69.3 | 63.6 | 154.4 |
| Average sector share price | 12.6 | 32.5 | 87.4 | 84.3 | 178.0 |

1 Net asset value total return per ordinary share with income reinvested for six months, 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 these results

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

Financial highlights

| | At 31 December 2015 | At 30 June 2015 |
|--|---|------------------------------------|
| Shareholders' funds | | |
| Net assets attributable to ordinary shareholders (£'000) | 356,894 | 337,645 |
| Net asset value ("NAV") per ordinary share | 714.1p | 675.6p |
| Mid-market price per ordinary share | 657.3p | 624.0p |
| | Half year ended 31 December 2015 | Year ended 30 June 2015 |
| Total return to equity shareholders | | |
| Revenue return after taxation (£'000) | 463 | 5,669 |
| Capital return after taxation (£'000) | 23,534 | 10,896 |
| | ----- | ----- |
| Total return | 23,997 | 16,565 |
| | ===== | ===== |
| Total return per ordinary share | | |
| Revenue | 0.93p | 11.34p |
| Capital | 47.09p | 21.80p |
| | ----- | ----- |
| Total return | 48.02p | 33.14p |
| | ===== | ===== |

INTERIM MANAGEMENT REPORT

Chairman's Statement

Performance

Over the six months to 31 December 2015 the net asset value ("NAV") per share total return was 6.7% compared to a total return of 8.2% from our benchmark, the Euromoney Smaller Companies Index (ex UK) expressed in sterling. Our share price total return was 7.0%. The Company's shares were trading at a discount of 8.0% at the period end (30 June 2015: 7.6%).

Gearing

During the period gearing averaged 13.5%, which due to declining markets has been a drag on performance. Gearing finished the period at 11.1% (30 June 2015: 12.5%).

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

Europe has been something of a bright spot in the global economy. We would hope that European equities should benefit from the action taken by the European Central Bank, the decline in the oil price and the generally weaker euro. We expect the weakness of the euro to be behind us given the relative strength of the European economy; as a reminder the portfolio is not hedged. European smaller companies continue to be the stand out area of relative value compared to other regions and asset classes. Our Fund Manager continues to find compelling investment opportunities and I look forward to reporting our progress in the annual report.

Audley Twiston-Davies

Chairman

22 February 2016

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 2015. 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 IAS 34 'Interim Financial Reporting';
- (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); and
- (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
22 February 2016

Fund Manager's Report

The Company marginally underperformed its benchmark index over the six months to the end of December. In absolute terms returns were acceptable, though volatility in the first weeks of January has hurt absolute and relative performance. A slowing Chinese economy, rising US interest rates, geopolitical tension and the collapsing oil price increased fears that the global economy was flirting with recession and Japanese style deflation.

Deflationary concerns were not aided by an oil price that fell below \$40 a barrel by the end of 2015 and below \$30 in early 2016. 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 2015 also saw the euro weaken further 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 contributor to the Company's performance over the review period was stock picking rather than from following any 'macro' theme. That said the best performing stock was **Dalata Hotel**, an Irish hotel company that has benefited from improving room rates in Europe's fastest growing economy. 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.

French train equipment manufacturer **Faiveley Transport** was bid for by US company Wabtec at a 41% premium delivering a welcome return to the portfolio.

Pump and vacuum system manufacturer **Pfeiffer Vacuum Technology** was another strong contributor after delivering a series of upgrades to forecasts in 2015. We sold into the strong stock price performance given our doubts about the near term resilience of the semiconductor sector.

SAP transformation software and consulting business **SNP Schneider-Neureither & Partner** was another strong performer as its consulting business delivered strong results and the market finally rewarded it.

The biggest negative came from Swiss industrial **OC Oerlikon** which suffered from declining orders in its man-made fibre business as a result of the economic slowdown in China. However, the company has a terrific industrial coatings business that is doing well and we have kept the holding because of the very cheap valuation. We also had poor returns from mining service business **Outotec** which has suffered from the general malaise in the commodity world. German bank **Aareal Bank** also delivered poor returns as the market began to worry about its capacity to maintain margins in such a low interest rate environment.

A number of new positions entered the portfolio over the period. We bought back into Swedish outdoor leisure goods company **Thule** that dominates the sport and cargo carriers for cars market and is expanding into new markets. We also purchased shares in **Nobina**, the Swedish bus company benefiting from population growth, urbanisation and increased environmental awareness. We also invested in Danish conglomerate **NKT** which is very cheap and has scope to benefit from a divestment of its cable business.

We sold our position in **Braas Monier** after concerns about German trading and a reduction in guidance. We also took profits in German bottling equipment manufacturer, **Krones**, and French construction and road toll business **Eiffage**.

European smaller companies continue to be a source of relative value in global asset markets. The relative resilience of the European economy in recent months has not yet been reflected in the valuations of smaller companies. Fractious politics across most of Europe, possible Brexit and a slow down in China are some of the reasons the market will be nervous. However, a European economy that is progressing, good company fundamentals and cheap valuations give us reasons for optimism. We continue to look for and find cheap stocks that have the capacity to deliver returns for the Company.

Ollie Beckett
Fund Manager
22 February 2016

Geographical Exposure (% of portfolio excluding cash)

| | 31 December 2015 | 31 December 2014 |
|-------------|------------------|------------------|
| Germany | 20.8 | 24.4 |
| France | 15.7 | 13.2 |
| Switzerland | 11.0 | 9.9 |
| Italy | 8.8 | 13.3 |
| Netherlands | 7.9 | 6.6 |
| Sweden | 7.8 | 3.6 |
| Ireland | 5.4 | 2.6 |
| Finland | 4.7 | 5.2 |
| Belgium | 4.3 | 3.4 |
| Denmark | 3.9 | 2.7 |
| Norway | 3.7 | 3.3 |
| Spain | 2.2 | 4.7 |
| Austria | 1.6 | 3.1 |
| Greece | 1.2 | 2.3 |
| Portugal | 0.8 | 1.5 |
| Other | 0.2 | 0.2 |
| | ----- | ----- |
| | 100.0 | 100.0 |
| | ===== | ===== |

Sector Exposure (% of portfolio excluding cash)

| | 31 December 2015 | 31 December 2014 |
|--------------------|---------------------|---------------------|
| Industrials goods | 37.4 | 31.2 |
| Consumer goods | 16.9 | 20.5 |
| Financials | 15.0 | 16.0 |
| Technology | 13.7 | 16.7 |
| Retail providers | 6.5 | - |
| Basic materials | 5.5 | 8.3 |
| Business providers | 3.9 | - |
| Natural resources | 1.1 | - |
| Health care | - | 4.4 |
| Energy | - | 1.5 |
| Consumer staples | - | 1.4 |
| | ----- | ----- |
| | 100.0 | 100.0 |
| | ===== | ===== |

4.2% of the portfolio is invested in unquoted securities

Consolidated Statement of Comprehensive Income

| | Half year ended 31 December 2015 (unaudited) | | | Half year ended 31 December 2014 (unaudited) | | | Year ended 30 June 2015 (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 | 1,089 | - | 1,089 | 964 | - | 964 | 7,318 | - | 7,318 |
| Other income | - | - | - | 1 | - | 1 | 1 | - | 1 |
| Gains/(losses) on investments held at fair value through profit or loss | - | 25,886 | 25,886 | - | (24,827) | (24,827) | - | 14,552 | 14,552 |
| Total income/(loss) | 1,089 | 25,886 | 26,975 | 965 | (24,827) | (23,862) | 7,319 | 14,552 | 21,871 |
| Expenses | | | | | | | | | |
| Management fees and performance fees (note 7) | (203) | (2,159) | (2,362) | (177) | (1,524) | (1,701) | (382) | (3,287) | (3,669) |
| Other operating expenses | (297) | - | (297) | (289) | - | (289) | (566) | - | (566) |
| Profit/(loss) before finance costs and taxation | 589 | 23,727 | 24,316 | 499 | (26,351) | (25,852) | 6,371 | 11,265 | 17,636 |
| Finance costs | (47) | (193) | (240) | (45) | (179) | (224) | (92) | (369) | (461) |
| Profit/(loss) before taxation | 542 | 23,534 | 24,076 | 454 | (26,530) | (26,076) | 6,279 | 10,896 | 17,175 |
| Taxation | (79) | - | (79) | (60) | - | (60) | (610) | - | (610) |
| Profit/(loss) for the period | 463 | 23,534 | 23,997 | 394 | (26,530) | (26,136) | 5,669 | 10,896 | 16,565 |
| Return per ordinary share – basic and diluted (note 2) | 0.93p | 47.09p | 48.02p | 0.79p | (53.09p) | (52.30p) | 11.34p | 21.80p | 33.14p |

The total column of this statement represents the Consolidated Statement of Comprehensive Income, prepared in accordance with IFRS as adopted by the European Union. 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 profit of the Parent Company for the half year was £23,997,000 (31 December 2014: loss of £26,136,000; 30 June 2015: profit of £16,565,000).

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.

Unaudited Results for the Half Year ended 31 December 2015

Consolidated Statement of Changes in Equity

| Half year ended 31 December 2015 (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 2015 | 6,247 | 115,451 | 13,931 | 180,075 | 21,941 | 337,645 |
| Total comprehensive income: | | | | | | |
| Profit for the period | - | - | - | 23,534 | 463 | 23,997 |
| Transactions with owners, recorded directly to equity: | | | | | | |
| Ordinary dividends paid | - | - | - | - | (4,748) | (4,748) |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Total equity at 31 December 2015 | 6,247 | 115,451 | 13,931 | 203,609 | 17,656 | 356,894 |
| | ===== | ===== | ===== | ===== | ===== | ===== |
| | | | | | | |
| 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 |
| | ===== | ===== | ===== | ===== | ===== | ===== |
| | | | | | | |
| Year ended 30 June 2015 (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 2014 | 6,247 | 115,451 | 13,931 | 169,179 | 20,868 | 325,676 |
| Total comprehensive income: | | | | | | |
| Profit for the period | - | - | - | 10,896 | 5,669 | 16,565 |
| Transactions with owners, recorded directly to equity: | | | | | | |
| Ordinary dividends paid | - | - | - | - | (4,598) | (4,598) |
| Refund of unclaimed dividends over 12 years old | - | - | - | - | 2 | 2 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Total equity at 30 June 2015 | 6,247 | 115,451 | 13,931 | 180,075 | 21,941 | 337,645 |
| | ===== | ===== | ===== | ===== | ===== | ===== |

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

Consolidated Balance Sheet

| | At 31 December 2015 (unaudited) £'000 | At 31 December 2014 (unaudited) £'000 | At 30 June 2015 (audited) £'000 |
|--|---|---|---------------------------------------|
| Non current assets | | | |
| Investments held at fair value through profit or loss | 396,630 | 334,514 | 379,683 |
| Current assets | | | |
| Receivables | 881 | 417 | 2,411 |
| Cash and cash equivalents | 119 | 3 | 107 |
| | 1,000 | 420 | 2,518 |
| Total assets | 397,630 | 334,934 | 382,201 |
| Current liabilities | | | |
| Payables | (2,158) | (1,864) | (4,124) |
| Bank overdrafts | (38,578) | (38,128) | (40,432) |
| | (40,736) | (39,992) | (44,556) |
| Net assets | 356,894 | 294,942 | 337,645 |
| 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 | 203,609 | 142,649 | 180,075 |
| Revenue reserve | 17,656 | 16,664 | 21,941 |
| Total equity | 356,894 | 294,942 | 337,645 |
| Net asset value per ordinary share – basic and diluted (note 4) | 714.13p | 590.17p | 675.62p |

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

Consolidated Cash Flow Statement

| | Half year ended 31 December 2015 (unaudited) £'000 | Half year ended 31 December 2014 (unaudited) £'000 | Year ended 30 June 2015 (audited) £'000 |
|--|---|---|--|
| Operating activities | | | |
| Profit/(loss) before taxation | 24,076 | (26,076) | 17,175 |
| Add back: interest payable | 240 | 224 | 461 |
| (Less)/add: (gains)/losses on investments held at fair value through profit and loss | (25,886) | 24,827 | (14,552) |
| Sales of investments held at fair value through profit or loss | 128,069 | 75,139 | 189,701 |
| Purchases of investments held at fair value through profit or loss | (117,388) | (63,488) | (187,072) |
| Withholding tax on dividends deducted at source | (79) | (94) | (912) |
| Decrease in prepayments and accrued income | 17 | 115 | 153 |
| Decrease/(increase) in amounts due from brokers | 1,394 | 844 | (1,041) |
| (Decrease)/ increase in accruals and deferred income | (460) | 95 | 681 |
| Decrease in amounts due to brokers | (1,506) | (4,371) | (2,697) |
| | ----- | ----- | ----- |
| Net cash inflow from operating activities before interest and taxation | 8,477 | 7,215 | 1,897 |
| Interest paid | (240) | (224) | (461) |
| Taxation recovered | 119 | 78 | 202 |
| | ----- | ----- | ----- |
| Net cash inflow from operating activities | 8,356 | 7,069 | 1,638 |
| Net cash flow from financing activities | (4,748) | (4,598) | (4,596) |
| | ----- | ----- | ----- |
| Increase/(decrease) in cash and cash equivalents | 3,608 | 2,471 | (2,958) |
| Cash and cash equivalents at the start of the period | (40,325) | (41,816) | (41,816) |
| Exchange movements | (1,742) | 1,220 | 4,449 |
| | ----- | ----- | ----- |
| Cash and cash equivalents at the period end | (38,459) | (38,125) | (40,325) |
| | ===== | ===== | ===== |

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

Notes

1. Accounting policies

a) Basis of preparation

The condensed consolidated financial statements comprise the unaudited results of the Company and its subsidiary, TREG Finance Limited, for the half year ended 31 December 2015. They have been prepared on a going concern basis and in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union and with the Statement of Recommended Practice for Investment Trusts ("SORP") dated November 2014, where the SORP is consistent with the requirements of IFRS.

For the period under review the Company's accounting policies have not varied from those described in the annual report for the year ended 30 June 2015. These financial statements have not been either audited or reviewed by the Company's auditor.

The Group accounts comprise the accounts of the Company and its subsidiary drawn up to the balance sheet date. The Statement of Comprehensive Income is only presented in consolidated form, as provided by Section 408 of the Companies Act 2006.

b) 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 profit for the half year of £23,997,000 (half year ended 31 December 2014: loss £26,136,000; year ended 30 June 2015: profit £16,565,000) and on 49,975,897 (half year ended 31 December 2014: 49,975,897; year ended 30 June 2015: 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 2015 (unaudited) £'000 | Half year ended 31 December 2014 (unaudited) £'000 | Year ended 30 June 2015 (audited) £'000 |
|---|---|---|--|
| Net revenue profit | 463 | 394 | 5,669 |
| Net capital profit/(loss) | 23,534 | (26,530) | 10,896 |
| Net total profit/(loss) | 23,997 | (26,136) | 16,565 |
| 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 2015 (unaudited) pence | Half year ended 31 December 2014 (unaudited) pence | Year ended 30 June 2015 (audited) pence |
|--|---|---|--|
| Revenue return per ordinary share | 0.93 | 0.79 | 11.34 |
| Capital return/(loss) per ordinary share | 47.09 | (53.09) | 21.80 |
| Total return/(loss) per ordinary share | 48.02 | (52.30) | 33.14 |

3. Ordinary share capital

At 31 December 2015 there were 49,975,897 ordinary shares in issue (31 December 2014: 49,975,897; 30 June 2015: 49,975,897). During the half year ended 31 December 2015 the Company did not buy back any of its own issued ordinary shares for cancellation (31 December 2014: nil; 30 June 2015: 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 £356,894,000 (31 December 2014: £294,942,000; 30 June 2015: £337,645,000) and on 49,975,897 (31 December 2014: 49,975,897; 30 June 2015: 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 (2014: nil). A final dividend of 7.00p and a special dividend of 2.50p were paid on 23 November 2015.

6. Transaction costs

Purchase transaction costs for the half year ended 31 December 2015 were £171,000 (half year ended 31 December 2014: £104,000; year ended 30 June 2015: £258,000). These comprise mainly stamp duty and commission. Sales transaction costs for the half year ended 31 December 2015 were £126,000 (half year ended 31 December 2014: £67,000; year ended 30 June 2015: £184,000).

7. Management and performance fee

The base management fee payable to the Manager is 0.6% per annum and is calculated as 0.15% of 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 is payable, performance is measured against, and expressed relative to, the benchmark, the Euromoney Smaller Companies Index (ex UK) expressed in sterling. 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 is 15% of the positive difference between the 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 is 2.0% of the NAV of the Company as at the last day of the relevant calculation period. A performance hurdle over the benchmark of 1.0% has to be reached 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 £1,346,000 has been accrued as at 31 December 2015 (31 December 2014: £814,000; 30 June 2015: £1,759,000).

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.

| Financial assets and financial liabilities at fair value through profit or loss at 31 December 2015 | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|--|--------------------------|--------------------------|--------------------------|------------------------|
| Investments including derivatives: | | | | |
| Equity securities designated at fair value through profit or loss | 379,980 | - | 16,650 | 396,630 |
| | ----- | ----- | ----- | ----- |
| Total financial assets and liabilities carried at fair value | 379,980 | - | 16,650 | 396,630 |
| | ===== | ===== | ===== | ===== |

| Level 3 investments at fair value through profit or loss | £'000 |
|--|---------------|
| Opening balance | 13,244 |
| Acquisitions | - |
| Disposal proceeds | (881) |
| Transferred into Level 3 | - |
| | ----- |
| | 12,363 |
| Total unrealised gains included in gains/(losses) on investments held at fair value through profit and loss in the Statement of Comprehensive Income | 4,287 |
| | ----- |
| Closing balance | 16,650 |
| | ===== |

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.

Level 3 – unobservable inputs for asset or liabilities.

The valuation techniques used by the Company are explained in the accounting policies set out in the Company's annual report for the year ended 30 June 2015.

9. Going concern

Having reassessed the principal risks and uncertainties, the Directors consider that it is appropriate to continue 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.

10. Related party transactions

The Company's transactions with related parties in the period were with the Directors, the subsidiary and Henderson. There have been no material transactions between the Company and its Directors during the period and the only amounts paid to them were in respect of expenses and remuneration for which there were no outstanding amounts payable at the period end. In relation to the provision of services by Henderson, other than fees payable by the Company in the ordinary course of business and the provision of sales and marketing services there have been no material transactions with Henderson affecting the financial position of the Company during the period under review.

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 2015 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 2015 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 Independent Auditors' Report 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) 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.

b) 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.

c) 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

Top 40 investments as at 31 December 2015

| Ranking | Company | Principal activities | Geographical area | Valuation £'000 | Percentage of portfolio |
|---------|---------------------------------|-------------------------------------|-------------------|--------------------|----------------------------|
| 1 | Brainlab * | Technology hardware & equipment | Germany | 12,387 | 3.1 |
| 2 | Verkkokauppa | Online retail | Finland | 6,196 | 1.6 |
| 3 | OC Oerlikon | Industrial engineering | Switzerland | 5,980 | 1.5 |
| 4 | Origin Enterprises | Food producers | Ireland | 5,796 | 1.5 |
| 5 | CFE | Construction & materials | Belgium | 5,645 | 1.4 |
| 6 | Van Lanschot | Banks | Netherlands | 5,422 | 1.4 |
| 7 | TKH | Electronic & electrical equipment | Netherlands | 5,292 | 1.3 |
| 8 | Europcar | Travel & leisure | France | 5,164 | 1.3 |
| 9 | Carl Zeiss Meditec | Health care equipment & services | Germany | 5,007 | 1.3 |
| 10 | FinecoBank | Banks | Italy | 4,931 | 1.2 |
| | 10 largest | | | 61,820 | 15.6 |
| 11 | Comet | Electronic & electrical equipment | Switzerland | 4,881 | 1.2 |
| 12 | Dalata Hotel | Travel & leisure | Ireland | 4,691 | 1.2 |
| 13 | ASM International | Technology hardware & equipment | Netherlands | 4,654 | 1.2 |
| 14 | Cerved Information Solutions | Support services | Italy | 4,592 | 1.2 |
| 15 | NKT | Electronic & electrical equipment | Denmark | 4,456 | 1.1 |
| 16 | Aareal Bank | Financial services | Germany | 4,351 | 1.1 |
| 17 | Inficon | Industrial engineering | Switzerland | 4,207 | 1.1 |
| 18 | Faiveley Transport | Industrial engineering | France | 4,195 | 1.1 |
| 19 | EVS Broadcast Equipment | Electronic & Electrical equipment | Belgium | 4,174 | 1.0 |
| 20 | OVS | Personal goods | Italy | 4,174 | 1.0 |
| | 20 largest | | | 106,195 | 26.8 |
| 21 | IMCD | Chemicals | Netherlands | 4,103 | 1.0 |
| 22 | DFDS | Industrial transportation | Denmark | 4,094 | 1.0 |
| 23 | Tomra | Industrial engineering | Norway | 4,039 | 1.0 |
| 24 | Aurelius | Financial services | Germany | 4,001 | 1.0 |
| 25 | Criteo | Software & computer services | France | 3,961 | 1.0 |
| 26 | Nobia | Household goods & home construction | Sweden | 3,928 | 1.0 |
| 27 | Sixt Leasing | General retailers | Germany | 3,909 | 1.0 |
| 28 | Jyske Bank | Banks | Denmark | 3,655 | 0.9 |
| 29 | Credito Emiliano | Banks | Italy | 3,549 | 0.9 |
| 30 | Nexity | Real estate investment services | France | 3,526 | 0.9 |
| | 30 largest | | | 144,960 | 36.5 |
| 31 | Chorus Clean Energy | Energy | Germany | 3,522 | 0.9 |
| 32 | Cargotec | Industrial engineering | Finland | 3,521 | 0.9 |
| 33 | Nexans | Electronic & Electrical equipment | France | 3,500 | 0.9 |
| 34 | Kingspan | Construction & materials | Ireland | 3,457 | 0.9 |
| 35 | Livanova | Health care equipment & services | Italy | 3,397 | 0.9 |
| 36 | AMS | Technology hardware & equipment | Switzerland | 3,316 | 0.8 |
| 37 | Elekta | Health care equipment & services | Sweden | 3,316 | 0.8 |
| 38 | Kuoni Reisen | Travel & leisure | Switzerland | 3,299 | 0.8 |
| 39 | Valmet | Industrial engineering | Finland | 3,298 | 0.8 |
| 40 | 21 Centrale Partners III * | Financial Services | France | 3,283 | 0.8 |
| | 40 largest | | | 178,869 | 45.0 |

*Unquoted investments