Gartmore European Investment Trust p.l.c.

Report and Accounts for the year to 30 September 2007

Gartmore

www.gartmoreeuropeaninvtrust.co.uk

Contents

The Company

Investment Objective

Gartmore European Investment Trust p.l.c. (the "Company") seeks capital growth over the longer term from investment in Continental Europe.

Investment Policy

Asset Allocation: The Managers will focus on stock selection, primarily investing in larger companies with strong balance sheets and above average growth prospects. Less emphasis will be given to adding value through country allocation, although the portfolio will maintain a broad geographical diversification. Up to 5% of gross assets may be invested in companies, which, although not listed in Continental Europe, derive the greater part of their earnings from its markets.

Risk Diversification: Portfolio risk is mitigated by investing in a diversified spread of investments, with holdings in any one company representing, on investment, no more than 10% by market value of the total assets of the Company. However, this limitation does not apply to gilts or investment company holdings. The Company will not invest more than 15% of its gross assets in other listed invested companies (including investment trusts). All of the Company's investments are listed on recognised exchanges and are realisable within a short period.

Gearing: The Company has the power to borrow money ("gearing") and does so when the Manager is confident that market conditions and opportunities exist to enhance investment returns. The Manager has discretion to borrow within limits set by the Board from time to time.

For details on the application of the Investment Policy in the year see the Business Review section of the Report of the Directors on page 18.

Benchmark Index

Performance is measured, in capital terms, against the FTSE World Index – Europe (ex UK) in sterling terms.

Total Assets (before deducting bank loan)

£220,911,000 at 30 September 2007

Net Assets and Equity Shareholders' Funds

£219,515,000 at 30 September 2007

Market Capitalisation of Ordinary shares

£207,913,000 at 30 September 2007

Capital Structure

The Company is an investment trust whose share capital at 30 September 2007 comprised 36,318,649 Ordinary shares of 50p, of which 32,871,662 were in issue, with full voting rights, and 3,446,987 were held in treasury.

Voting Rights

Holders of the Ordinary shares are entitled on a poll at a general meeting to one vote in respect of each share held. Shares held in treasury do not have the right to vote.

Management Company

The Company's investments are managed by Gartmore Investment Limited under an agreement that provides for six month's notice of termination to be given by either side.

Management Fees

The management fee is calculated monthly in arrear at 0.75% per annum on the value of the Company's Total Assets (before deducting bank loan).

An additional performance-related management fee is payable in respect of the year calculated at the maximum of 0.5% on the value of the Company's audited Total Assets (before deducting bank loan) at 30 September 2007. Details are given on page 21.

Individual Savings Account (ISA) and Personal Equity Plans (PEP) Status

The maximum annual investment in an Individual Savings Account up to 5 April 2010 is £7,000. The Company's Ordinary shares will continue to qualify for retention in Personal Equity Plans.

The Association of Investment Companies (AIC)

The Company is a member of The Association of Investment Companies.

Registered Office and Number

Gartmore House, 8 Fenchurch Place, London EC3M 4PB
427958, England and Wales

Overview

- Over the year to 30 September 2007, the Net Asset Value per Ordinary share increased by 20.2% to 667.79p, compared with an increase of 16.9% in the FTSE World Index – Europe (ex UK) in sterling terms.

- The middle-market price per Ordinary share increased by 17.6% to 632.5p over the year.

- The average discount of the middle-market price per Ordinary share to Net Asset Value was 3.5% over the year to 30 September 2007.

- Under the tender offer, approved by shareholders on 27 April 2007, 22,205,091 Ordinary shares, representing 39.3% of the shares then in issue, were bought-back at 639.5892p per share and were subsequently cancelled. The cost of the buy-back, including stamp duty, was £142.6 million.

- Over the year, 2,913,636 Ordinary shares were bought-back at a cost to the Company of £17.7 million. Of the shares bought-back, 1,996,987 were taken into treasury and 916,649 were cancelled.

- At 30 September 2007, 32,871,662 Ordinary shares were in issue, with full voting rights, and 3,446,987, representing 9.49% of the Company's share capital, were held in treasury, with no voting rights.

- An interim dividend, in lieu of a final dividend, payable in respect of the year ended 30 September 2007 has been declared at 8.0p per Ordinary share.

The Board of Directors

The Board consists of five non-executive Directors and is accountable to shareholders for the governance of the Company's affairs. All of the Directors are independent of the Company's Manager.

Rodney Dennis *Chairman*
Age: 55
Length of Service: Appointed a director on 11 November 2003 and Chairman on 14 September 2006.
Experience: He runs an investment and pensions consulting business. He was formerly Deputy Chief Executive of the Prince's Trust, prior to which he held a number of senior positions at Prudential Portfolio Managers Limited.
Other connections with Trust or Manager: None
Beneficial Shareholding in Company: Nil

Jean Claude Banon *(French)*
Age: 59
Length of Service: Appointed a director on 18 March 1991
Experience: He is the Executive Representative of Veolia Environment SA with the EU Institutions, based in Brussels. Prior to that, he was, for 16 years, CEO of some of the VE Group operations in the UK.
Other connections with Trust or Manager: None
Beneficial Shareholding in Company: Nil

Alexander Comba *Chairman of the Audit Committee*
Age: 54
Length of Service: Appointed a director on 11 November 2003
Experience: He is a Chartered Accountant and is currently Group Finance Director of Vinci PLC. Prior to joining Vinci PLC, he gained extensive business experience through a number of appointments within Hanson PLC.
Other connections with Trust or Manager: None
Beneficial Shareholding in Company: 5,000 Ordinary shares

Michael Firth
Age: 65
Length of Service: Appointed a director on 17 November 2006.
Experience: He is currently a non-executive director of Network Rail Limited and Communisis plc. He was a non-executive director of Somerfield plc and First Technology PLC. Prior to that, he was head of Corporate and Institutional Banking at HSBC Bank plc.
Other connections with Trust or Manager: None
Beneficial Shareholding in Company: Nil

Dr Manfred Piehl *(German)*
Age: 69
Length of Service: Appointed a director on 9 April 1992
Experience: He was formerly head of the investment division of Provinzial Rheinland Versicherung AG and Provinzial Rheinland Lebensversicherung AG, general and life insurers in Dusseldorf, and is now retired.
Other connections with Trust or Manager: None
Beneficial Shareholding in Company: 2,500 Ordinary shares

All of the Directors are members of the Audit Committee. (See "Committees of the Board" on page 29).

The Manager

Gartmore Investment Limited, a subsidiary of Gartmore Investment Management Limited, acts as the Investment Manager and Company Secretary to the Company.

Gartmore is an independent fund manager that has been managing clients' investments for over 30 years. It offers a wide range of investment products and services, tailored to meet the varying needs of its clients.

Gartmore's investment specialists are concentrated in small, dedicated teams. Within these specialised units investment professionals have wide discretion, within an overarching risk framework, to follow their own views, implement decisions that best suit their particular areas of expertise and to add value through their own flair and individual skill.

Gartmore Investment Management Limited is owned by Gartmore's senior fund managers and executives, together with Hellman & Friedman LLC, one of the world's leading private equity firms.

The day-to-day management of the Company's portfolio continues to be carried out by an award-winning team led by Roger Guy.

Roger Guy heads Gartmore's European team, one of the leading teams of European focussed investment managers in the industry. He joined Gartmore in 1993 and has more than 16 years' investment experience in this sector. As well as managing the Company's portfolio, Roger also runs the Gartmore European Selected Opportunities Fund and its SICAV clone and the Alphagen Capella and Alphagen Tucana hedge funds.

At their regular meetings, the Directors and the Manager review the Company's activities and performance, and determine investment strategy.

Gartmore Investment Limited is authorised and regulated by the Financial Services Authority.

Chairman's Statement

Rodney Dennis

I have pleasure in presenting the Annual Report and Accounts of Gartmore European Investment Trust p.l.c. for the year to 30 September 2007. The Company has enjoyed another year of good overall performance, despite the volatility towards the end of the Company's year, which reflected the uncertainty in the US sub-prime mortgage market.

During the course of the year, the Company undertook extensive shareholder contact in order to understand what they wished for the future of the Company. This culminated in the reconvened Annual General Meeting held in February 2007, the results of which indicated to the Board that shareholders favoured the retention of the Company's existing mandate, the retention of Gartmore as the Investment Manager and the Company being presided over by the current independent Board. On behalf of my fellow Directors, I wish to thank you for your continued support.

Corporate Activity

Prior to the last Annual General Meeting, the Board had indicated that it was prepared to put forward a tender offer at close to net asset value to permit an orderly realisation for shareholders who might have wanted to realise part or all of their investment in the Company.

Following the support shown by shareholders, the Board was able to propose a tender offer and changes to the Company's buy-back policy. The tender was approved by shareholders on 27 April 2007 and was accepted in respect of 39.3% of the Ordinary shares in issue, which were subsequently cancelled. The acceptances included the entire shareholding of Carrousel Capital Limited. As a result of the tender offer, the Company's Net Assets decreased by £142.6 million, while the Net Asset Value per Ordinary share was enhanced, after covering the costs of the exercise, by some 0.5%.

A further £17.7 million was returned to shareholders in the year through buying-back Ordinary shares. Initially shares bought-back were held in treasury, but when the level rose above 9%, with 10% being the maximum permitted, further shares acquired were cancelled. Shares held in treasury, at the time of writing, represent 9.7% of the Company's share capital.

During the year, the buy-back policy was tightened with the aim of maintaining a long-term discount to Net Asset Value of no wider than 3.5%. The success of the policy was evident, as the average discount over the year was 3.5%, compared with 5.2% over the previous year.

In July 2007, the Court approved the cancellation of the Company's share premium account and the capital redemption reserve, which replenished the Company's distributable reserves following the tender offer and will support the continued buy-back of shares for the management of the discount.

The increased workload of the Directors in relation to these activities was recognised as being outside their normal duties and, accordingly, additional fees were allocated for the work undertaken. The breakdown of the Directors' fees can be seen on page 33.

It should be noted that all the fees and expenses in relation to these activities were fully recovered via the 2% discount levied on the tender offer redemption price.

Since 30 September 2007, 722,500 Ordinary shares have been bought-back and cancelled at a cost of £4.6 million. There are currently 32,149,162 shares in issue with full voting rights.

Performance

European equities recorded strong net gains over the year to 30 September 2007. I am pleased, therefore, to report that the Net Asset Value per Ordinary share rose by 20.2% over the year, exceeding the performance of the Company's benchmark, the FTSE World Index - Europe (ex-UK) in sterling terms, which rose by 16.9%. The middle-market price of the Company's shares rose by 17.6%.

Stock selection, rather than sector allocation, was the driving force behind the portfolio's outperformance over the year. Returns from investments in Arcelor Mittal, Alstom and Daimler led the way, with support from the portfolio's spread of investments in the industrials and basic materials sectors. The Manager's decisions on the level of gearing throughout the year were also beneficial to shareholders' returns.

Further details of the performance in the year are given in the Financial Statistics on page 10 and longer term returns are shown on pages 15 and 16.

Chairman's Statement

Revenue and Dividends

Net revenue, after taxation, was £3,368,000 for the year to 30 September 2007, compared with £5,191,000 for the previous year. The drop in net revenue reflects the reduction of net assets following the tender offer. The Directors have declared a maintained dividend of 8.0p per Ordinary share, in respect of the year ended 30 September 2007. To enable shareholders to receive their dividend on the usual payment date, the dividend will be paid on 31 January 2008 as an interim dividend in lieu of a final. The interim dividend will be paid to all shareholders on the register on 28 December 2007. After payment of the declared dividend for the year, based on the number of shares in issue at the Company's year-end, £738,000 of the year's earnings will be retained for future dividends, compared with £531,000 for last year.

Value Added Tax on Management Fees

On 28 June 2007, the European Court of Justice delivered its judgment in the case brought by JP Morgan Fleming Claverhouse Trust plc, giving guidance for the VAT Tribunal to decide whether fund management services provided to investment trust companies should be exempt from VAT. On 5 November 2007, HM Revenue and Customs (HMRC) announced that they accepted that fund management services to investment trust companies should be exempt from VAT.

This decision will ease the ongoing burden on the running costs of the Company and will have a beneficial effect on the returns to shareholders. Gartmore has confirmed that it has lodged claims with HMRC for recovery of VAT paid from January 2001, which will be passed on to the Company on receipt. We estimate that the Company can expect a recovery of between £1.5 million and £2.5 million in due course.

Annual General Meeting

The Annual General Meeting will be held at 12.30 p.m. on 1 February 2008 at Gartmore House, 8 Fenchurch Place, London EC3M 4PB. We hope that shareholders will attend the meeting and take the opportunity to meet the Directors and Gartmore's representatives. If there are any detailed questions you wish to raise at the meeting, please submit them in writing to the Company Secretary at the above address.

The Directors being put forward for re-appointment at the Annual General Meeting are shown on page 20.

The Directors will again seek to renew the authorities previously granted to allot and to buy-back the Company's shares. The passing of these resolutions will continue to give the Board the flexibility to add shareholder value by buying-back shares, or issuing shares from treasury, should the opportunity arise. Additionally, we need to update the Company's Articles of Association, to bring them in line with the changes in legislation that have come into effect to date. Details of the major changes to the Articles can be found in the Appendix to the Notice of the Annual General Meeting on pages 54 and 55. I hope you will give these resolutions your support. Shareholders unable to attend the meeting are encouraged to use their proxy votes.

Outlook

The Board remains positive in their outlook for European equities, thanks to strong economic data in Europe which reflects buoyant activity. Confidence in the global economy remains in spite of recent US sub-prime mortgage fears and this is expected to support employment, investment and consumer spending. Corporate activity provides yet another positive catalyst; however, inflation concerns and interest rate levels will require close monitoring.

Rodney Dennis
Chairman

10 December 2007

Manager's Review

Roger Guy

Market Performance

Continental European markets traded well over the first half of the year under review. The corporate sector supported the markets' performance with strong results and plenty of merger and acquisition activity to excite investors. A notable example of this was the performance of the financials sector where Dutch bank ABN Amro has been bid for by RBS plc.

During February, a series of catalysts triggered a decline in the markets, including comments from the former US Fed Chairman Alan Greenspan; the sharp drop in China's benchmark index and weak US durable goods numbers. Nevertheless, markets resumed their positive trend into March, recovering from February's correction and, in some cases, ending the month above their pre-correction positions. Markets were subsequently bolstered by a large volume of merger and acquisition activity and a significant number of company earnings reports which came in above consensus estimates.

This upbeat sentiment, however, came to an abrupt end in June, when investors became more risk averse as rising bond yields threatened benign credit conditions. The fallout from the US sub-prime mortgage woes and credit market concerns continued to spread through world markets in July and August. Insurance, banks and other financial sectors felt the brunt of the deterioration. Despite strong second quarter earnings reporting season, concerns over the ramifications of the sub-prime debacle damaged investor confidence.

European bourses arguably suffered disproportionately, especially given the region's relatively strong underlying fundamentals. The predominance of financials weighed heavily on European stock markets, as some 30% of the FTSE Eurofirst 300 Index comprises banks, insurers and financial-services companies. A number of European organisations did themselves a disservice with their handling of the 'sub-prime' question. Markets emerged from the protracted volatility to finish September in positive territory.

Economic Background

Economic conditions were broadly positive for most of the year under review, which underpinned investors' confidence in the European market. Germany was the key driver of this. The region's largest economy reported increases in jobs, wage growth and business confidence followed later in the period, by a pleasing rise in German consumer confidence and retail sales.

Expectations of future economic growth became subdued in the middle of the year, but not enough to derail our positive view for the full year. Growth in exports proved pivotal in the improvement of sentiment towards the region, whilst dependence on direct exports to the US diminished, suggesting that the Eurozone might weather a protracted US downturn. Among the positive data releases, the Eurozone's unemployment rate fell to 6.9% in July, the lowest level recorded since the start of the series in 1990.

Germany's survey of financial investors' confidence, dropped in September, due to the turmoil in the credit market, but remained at a historically high level, underpinned by the strong fundamentals of the German economy. The relatively modest drop in the German business climate index suggests that growth in the euro area overall will continue, albeit at a reduced pace. In the euro area, the indicator of the economic health of the manufacturing sector and its services equivalent both dropped over the month, suggesting that weaker momentum activity may be expected.

Investment Strategy

Gains were crystallised over the year in a number of stocks that met or came close to meeting our price targets. This included property owner **Unibail**, whose shares closed at a record high towards the end of September 2006, as the cost of renting office space in Paris, Europe's second-largest commercial-property market, began to recover after a four-year decline. Following a spell of very good performance from luxury goods maker **Hermes** which saw the price exceed our target, we disposed of our position in November 2006. We felt that speculation about potential takeover activity had inflated Hermes' valuation and saw no rational reason to hold the stock. We were also wary of potential headwinds, such as currency strength, which might dampen profits in a company reliant on foreign sales.

New additions to the portfolio included **Air Liquide**, the world's largest maker of industrial gases. The stock was bought amid speculation of a leveraged buyout and, following reports by US rival Praxair that profits more than doubled in the third-quarter. A stable and visible cash-flow, alongside long-term contracts, reinforced our conviction of the stock. Other new holdings in the portfolio included **Iberdrola**, Spain's second-largest power company. We viewed their acquisition of Scottish Power as a logical move, enabling Iberdrola to increase its electricity production capability by almost a third and add plants in Britain and North America. Entering the UK market will also help Iberdrola become less dependent on the Spanish market. A new holding was established in **Deutsche Telekom**, previously an underweight position within the portfolio. Investment was raised on the belief that the end of the downgrade cycle in telecoms was in sight, while the bad news had already been factored into the share price.

In July 2007, we reduced our weighting in banks and, for the first time in two and a half years, the Company was underweight the benchmark, albeit only marginally. This decision proved to be beneficial to the performance of the portfolio over the last quarter of the Company's year. We adopted a more defensive stance, adding to our position in the food producers sector, conscious that volatility was increasing. For example, we invested in French food producers, **Group Danone**, **Nestlé** and supermarket giant **Carrefour**. Stocks reduced included **ABN Amro**, **BBVA**, **HVB**, **Julius Baer**, **UBS** and **San Paolo**. Disposals over the month included, **Assicurazioni Generali**, Italy's biggest insurer. We decided to switch out of the company and into others within the sector, such as **Fortis**, **ING** and **Swiss Re**, which we considered to be more attractively priced with better potential for upgrades.

We also began to shift our focus towards longer-term prospects, investing in stocks such as construction company, **Hochtief**, which we believe will benefit from the turnaround in the German economy. Toll highways operator, **Vinci** is another example of a longer-term position, which has begun to pay dividends and is also an example of where we are targeting stocks with a high level of free cash flow. Shorter-term investments included **Clariant**, the world's second largest speciality chemicals company. The stock was heavily oversold, in our opinion, thus providing us with a good buying opportunity at the time. Bid speculation, combined with restructuring plans, supported its share price.

In light of the market dislocation, we took the opportunity to add to stocks with exposure to emerging markets where economies are typically growing faster and showing more resilience. In contrast to crises in previous decades, many emerging economies are in rude health having paid off debts and avoided new ones. For example, **Telenor**, Norway's largest telephone company, represents a new holding in the portfolio and has a significant exposure to Ukraine, controlling the country's largest mobile phone operator.

Reflecting the volatility in the markets over the second half of the Company's year, we reduced gearing through bank borrowings to less than 1% of net assets at the year-end. This put us in a defensive position, but also maintained the ability to react to emerging investment opportunities.

Outlook

We remain cautiously optimistic about the outlook for European equities. The effects of economic and corporate reform and the prospect of further restructuring continue to underpin our conviction in Continental Europe. Valuations on the whole also remain supportive. However, the global credit markets are tightening and this is likely to alter the trajectory of overall global growth. We believe that some of the main themes driving the markets forward will be large-cap stocks, defensive sectors, stock exposed to growth markets and high quality dividend strategies. In our opinion, corporate profits will continue to rise and benefit from a strong global economy outside the US. European stock markets remain attractively valued relative to their peers and merger and acquisition activity will slowly come back to the fore. Most European sectors remain too fragmented, in a global context. Providing global GDP growth remains between 3.5% and 4.0% in 2008, we are confident that European companies will be able to deliver strong earnings. We will be keeping a very close eye on the pace of the US and European slowdowns and will continue to focus on earnings.

GARTMORE INVESTMENT LIMITED
Manager

10 December 2007

Financial Statistics

Shareholders' funds	At 30 September 2007	At 30 September 2006	Change %
Net Assets (£'000)	219,515	322,093	-31.8
Net Asset Value per Ordinary share (NAV)	667.79p	555.42p	+20.2

Share Price			
Market Capitalisation (£'000)	207,913	311,988	-33.4
Middle-market Price per Ordinary share	632.50p	538.00p	+17.6
Average Discount to NAV over the year	3.5%	5.2%	

Benchmark Index			
FTSE World Index – Europe (ex UK) (in sterling terms)	430.52	368.37	+16.9

Gearing		
Actual Gearing	101	105
Maximum Gearing (as authorised by the Board)	115	115

Revenue	Year to 30 September 2007	Year to 30 September 2006
Net Revenue after taxation (£'000)	3,368	5,191
Revenue Return per Ordinary share*	7.12p	8.78p
Dividend per Ordinary share	8.0p	8.0p
Total Expense Ratio (including performance-related fees)	1.7%	1.8%
Total Expense Ratio (excluding performance-related fees)	1.3%	1.2%

Total Return per Ordinary share*		
Revenue	7.12p	8.78p
Capital	117.41p	87.57p
Total Return	124.53p	96.35p

*based on the weighted average of 47,300,957 (2006: 59,113,499) Ordinary shares in issue during the year.

Highs and Lows Year to 30 September 2007	High	Low
Net Asset Value per Ordinary share	674.2p	546.0p
Middle-market Price per Ordinary share	648.0p	530.5p

Principal Listed Investments

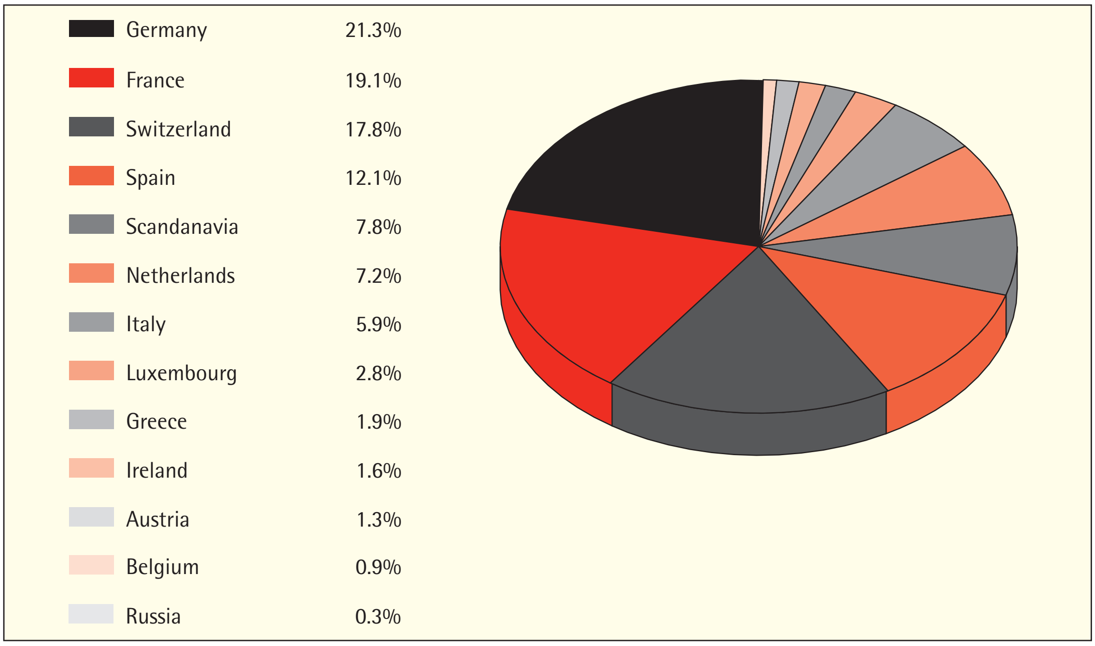
Company	Sector Classification	Geographical Area	Valuation at 30.9.2007 £'000	Percentage of Listed Investments 2007	2006
Unicredito Italiano	Banks	Italy	7,210	3.2	2.2
Nestle	Food Producers	Switzerland	7,038	3.1	3.0
Total SA	Oil & Gas Producers	France	6,827	3.0	2.5
Telefonica	Fixed Line Telecommunications	Spain	6,639	3.0	1.8
Iberdrola	Electricity	Spain	5,567	2.5	–
Daimler	Automobiles & Parts	Germany	5,387	2.4	1.8
Siemens	Electronic & Electrical Equip.	Germany	5,200	2.3	1.8
Arcelor Mittal	Industrial Metals	Netherlands	4,904	2.2	1.1
UBS	Banks	Switzerland	4,869	2.2	2.5
BBV Argentaria	Banks	Spain	4,616	2.1	1.7
Ten Largest Investments			58,257	26.0	
Novartis	Pharmaceuticals & Biotech.	Switzerland	4,310	1.9	2.6
Nokia	Technology Hardware & Equip.	Finland	4,179	1.9	1.5
E. ON	Gas Water & Multiutilities	Germany	4,008	1.8	1.6
Atlas Copco	Industrial Engineering	Sweden	3,964	1.8	1.7
Roche Holding	Pharmaceuticals & Biotech.	Switzerland	3,604	1.6	2.5
Ericsson	Technology Hardware & Equip.	Sweden	3,435	1.5	1.8
Philips Electronics	Leisure Goods	Netherlands	3,426	1.5	1.6
Continental	Automobiles & Parts	Germany	3,355	1.5	–
Zurich Financial Services	Non-Life Insurance	Switzerland	3,349	1.5	1.4
ENI	Oil & Gas Producers	Italy	3,345	1.5	1.6
Twenty Largest Investments			95,232	42.5	
BSCH	Banks	Spain	3,236	1.5	2.3
Credit Suisse	Banks	Switzerland	3,191	1.4	2.0
BNP Paribas	Banks	France	3,182	1.4	2.0
Veolia Environnement	Gas Water & Multiutilities	France	3,136	1.4	1.3
Bayer	Chemicals	Germany	3,112	1.4	1.1
RWE	Utilities	Germany	3,038	1.4	1.4
Vinci	Construction & Materials	France	2,991	1.4	0.8
Reed Elsevier	Media	Netherlands	2,979	1.3	–
Unilever	Food Producers	Netherlands	2,978	1.3	1.0
KPN KON	Fixed Line Telecommunications	Netherlands	2,940	1.3	–
Thirty Largest Investments			126,015	56.3	
Christian Dior	Personal Goods	France	2,900	1.3	1.5
Allianz	Non-Life Insurance	Germany	2,852	1.3	1.3
Axa	Non-Life Insurance	France	2,779	1.2	1.2
Norsk Hydro	Oil & Gas Producers	Norway	2,737	1.2	0.5
Fiat	Automobiles & Parts	Italy	2,728	1.2	–
Hochtief	Construction & Materials	Germany	2,699	1.2	–
Vivendi Universal	Media	France	2,670	1.2	1.5
SAP	Software & Computer Services	Netherlands	2,667	1.2	0.9
Essilor International	Healthcare Equipment & Services	France	2,409	1.1	0.7
Allied Irish Banks	Banks	Ireland	2,334	1.0	–
Forty Largest Investments			152,790	68.2	
Other 47 investments (2006: 47)			71,190	31.8	
Total Listed Investments			223,980	100.0	

All securities are equity investments

Analysis of Net Assets

	Valuation at 30.9.06 £'000	%	Net Transactions £'000	Appreciation/ (Depreciation) £'000	**Valuation at 30.9.07 £'000**	%
Investment in Listed Equities						
Germany	66,464	20.6	(36,272)	17,442	47,634	21.7
France	78,237	24.3	(48,440)	12,917	42,714	19.5
Switzerland	61,527	19.1	(28,913)	7,241	39,855	18.1
Spain	29,609	9.2	(7,646)	5,244	27,207	12.4
Scandanavia	26,427	8.2	(14,974)	6,045	17,498	8.0
Netherlands	33,531	10.4	(19,153)	1,731	16,109	7.3
Italy	29,484	9.2	(18,400)	2,199	13,283	6.1
Luxembourg	3,477	1.1	(2,847)	5,539	6,169	2.8
Greece	4,298	1.3	(1,130)	1,011	4,179	1.9
Ireland	–	–	4,333	(776)	3,557	1.6
Austria	4,419	1.4	(1,916)	517	3,020	1.4
Belgium	–	–	1,970	119	2,089	0.9
Russia	–	–	458	208	666	0.3
Cyprus	1,071	0.3	(1,512)	441	–	–
Total Listed Equities	338,544	105.1	(174,442)	59,878	223,980	102.0
Investment in Subsidiaries	364	0.1	–	(37)	327	0.1
Total Investments	338,908	105.2	(174,442)	59,841	224,307	102.1
Other Net Current Assets/(Liabilities)	(1,896)	(0.6)	(1,500)	–	(3,396)	(1.5)
Total Assets	337,012	104.6	(175,942)	59,841	220,911	100.6
Bank Loans	(14,919)	(4.6)	13,523	–	(1,396)	(0.6)
Net Assets	322,093	100.0	(162,419)	59,841	219,515	100.0

Geographical Breakdown of Investments at 30 September 2007

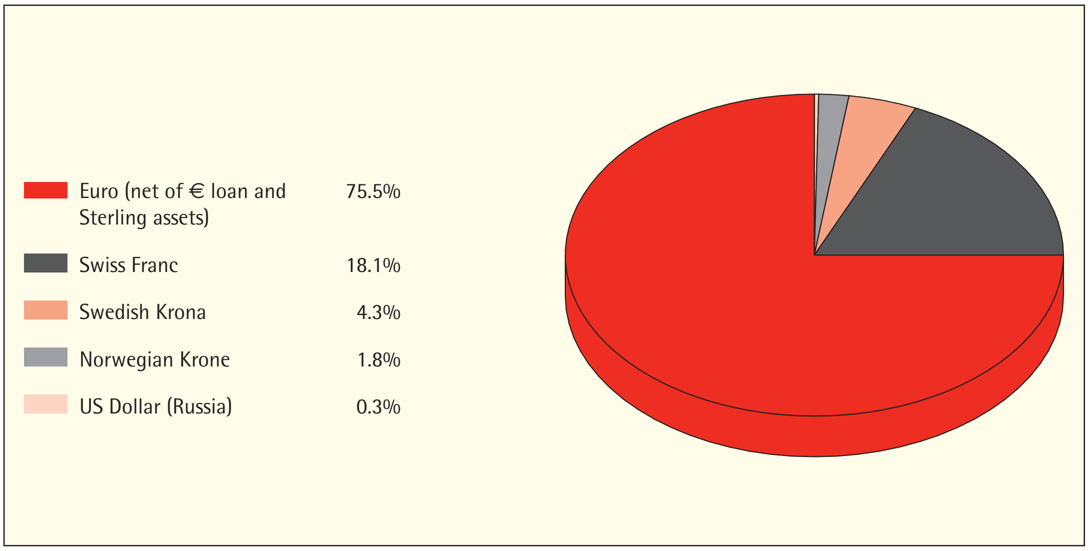


Market and Currency Exposure

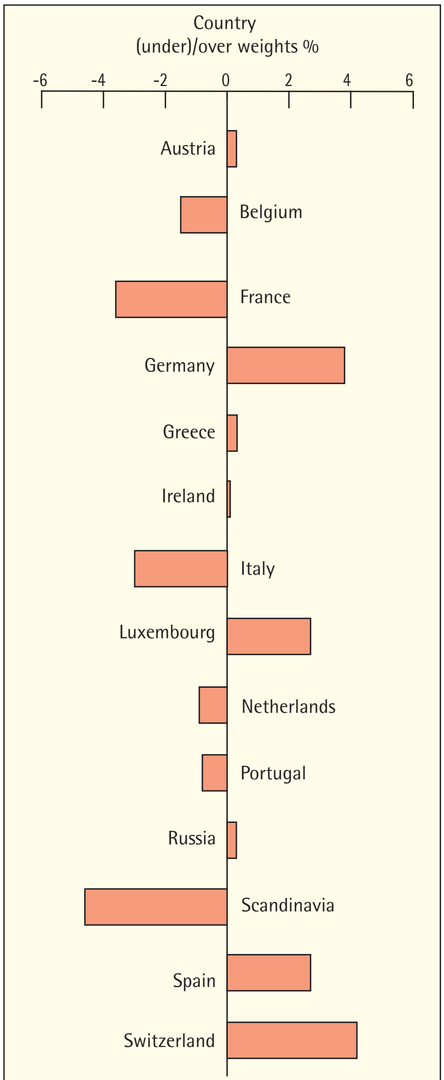
Sector	Euros £'000	Swiss Francs £'000	Swedish Krona £'000	Norwegian Krone £'000	US Dollars £'000	Net Assets at 30.9.2007 £'000	%
Oil & Gas	14,598	–	–	–	–	14,598	6.6
Basic Materials	11,011	4,380	–	2,737	–	18,128	8.3
Industrials	23,174	4,955	3,964	–	–	32,093	14.6
Consumer Goods	23,628	9,206	–	–	–	32,834	15.0
Healthcare	6,031	7,914	–	–	–	13,945	6.4
Consumer Services	8,591	–	2,042	–	–	10,633	4.8
Telecommunications	13,512	–	–	1,141	–	14,653	6.7
Utilities	21,167	–	–	–	–	21,167	9.6
Financials	41,581	12,275	–	–	666	54,522	24.8
Technology	6,846	1,126	3,435	–	–	11,407	5.2
Total Investments	170,139	39,856	9,441	3,878	666	223,980	102.0
Net Current Assets/(Liabilities)	(4,263)*	(222)	–	–	20	(4,465)	(2.0)
Net Assets	165,876	39,634	9,441	3,878	686	219,515	100.0

*Includes net current assets in sterling of £447,000.

Net Currency Exposure at 30 September 2007



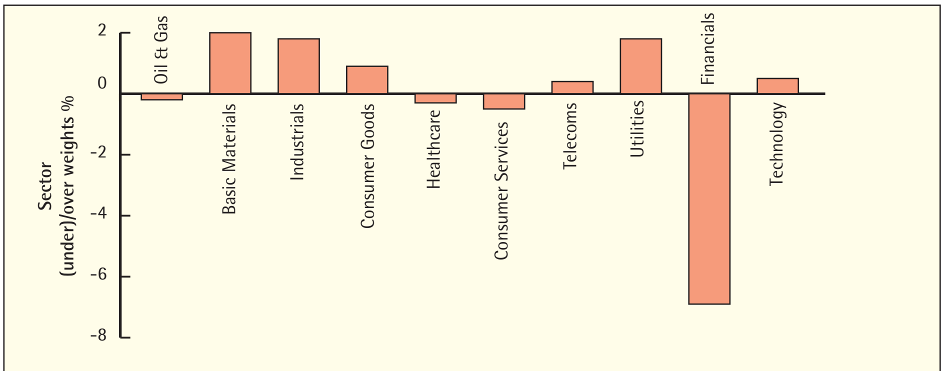
Portfolio Weightings



Source: Gartmore

Country Assets	Oil & Gas %	Basic Materials %	Industrials %	Consumer Goods %	Healthcare %	Consumer Services %	Telecoms %	Utilities %	Financials %	Technology %	**2007 Total Investments** %	2007 Index %
Austria	–	0.6	–	–	–	–	–	–	0.8	–	1.4	1.1
Belgium	–	–	–	–	–	–	–	–	0.9	–	0.9	2.6
France	3.8	–	2.5	2.1	2.0	2.1	–	3.0	3.5	–	19.0	22.2
Germany	–	2.1	5.2	4.5	0.7	0.4	0.6	3.2	3.3	1.2	21.2	17.7
Greece	–	–	–	–	–	–	1.0	–	0.9	–	1.9	1.6
Ireland	–	–	0.6	–	–	–	–	–	1.0	–	1.6	1.4
Italy	1.5	–	–	1.2	–	–	–	–	3.2	–	5.9	8.6
Luxembourg	–	2.2	–	–	–	–	–	–	0.6	–	2.8	0.1
Netherlands	0.9	–	–	2.8	–	1.4	1.3	–	0.8	–	7.2	8.3
Portugal	–	–	–	–	–	–	–	–	–	–	–	0.9
Russia	–	–	–	–	–	–	–	–	0.3	–	0.3	–
Scandinavia	–	1.2	1.8	–	–	0.9	0.5	–	–	3.4	7.8	12.7
Spain	0.3	–	2.0	–	–	–	3.1	3.3	3.5	–	12.2	9.3
Switzerland	–	2.0	2.2	4.1	3.5	–	–	–	5.5	0.5	17.8	13.5
Total	6.5	8.1	14.3	14.7	6.2	4.8	6.5	9.5	24.3	5.1	100.0	
Index*	6.6	6.3	12.4	13.8	6.3	5.1	6.3	7.8	30.6	4.8		100.0

*FTSE World Index – Europe (ex UK) in sterling terms



Source: Gartmore

Historical Record

Year ended 30 September	Net Assets (£'000)	Net Asset Value per share (basic) p	Net Asset Value per share (diluted) p	Mid-Market Price per share p	Dividend per share p	Revenue Return per share* p	Total Return per share p
1998	112,105	290.20	278.60	267.00	1.50	1.73	32.56
1999 (a)	186,496	358.35	340.63	341.00	2.00	3.11	67.84
2000 (b)	280,066	510.43	476.76	511.00	2.00	2.70	154.00
2001 (c)	195,007	347.53	333.39	300.00	3.00	4.01	(159.14)
2002 (d)	147,930	263.54	258.73	227.50	3.00	3.11	(80.96)
2003 (e)	180,482	321.45	310.25	259.75	3.00	3.45	60.93
2004 (f)	210,877	352.03	352.03	312.00	4.35	4.79	45.45
2005 (g)	279,605	470.40	470.40	421.00	6.00	7.46	118.23
2006(h)	322,093	555.42	555.42	538.00	8.00	8.78	96.35
2007(i)	**219,515**	**667.79**	**667.79**	**632.50**	**8.00**	**7.12**	**124.53**

* Equivalent to Earnings per share, based on the weighted average number of Ordinary shares in issue in the year.

(a) Ordinary shares in issue increased by 13,412,455 (11,482,455 attributable to the acquisition of Aberdeen European Investment Trust and a further 1,930,000 shares issued under the powers taken at the AGM on 14 December 1998).

(b) Ordinary shares in issue increased by 2,825,228 (450,228 on the exercise of warrants and a further 2,375,000 shares issued under the powers taken at the AGM on 20 December 1999).

(c) Ordinary shares in issue increased by 1,243,356 (193,356 on the exercise of warrants and a further 1,050,000 shares issued under the powers taken at the AGM on 3 November 2000).

(d) Ordinary shares in issue increased by 19,743 on the exercise of warrants.

(e) Ordinary shares in issue by 14,243 on the exercise of warrants.

(f) Ordinary shares in issue increased by 3,757,297 (6,967,242 shares were issued on the exercise of warrants and 3,209,945 were repurchased for cancellation under the powers taken at the AGM on 26 January 2004).

(g) Valuation restated to a bid basis.

(h) Ordinary shares in issue decreased by 1,450,000 (shares were repurchased to be held in treasury under the powers taken at the AGM on 23 January 2006).

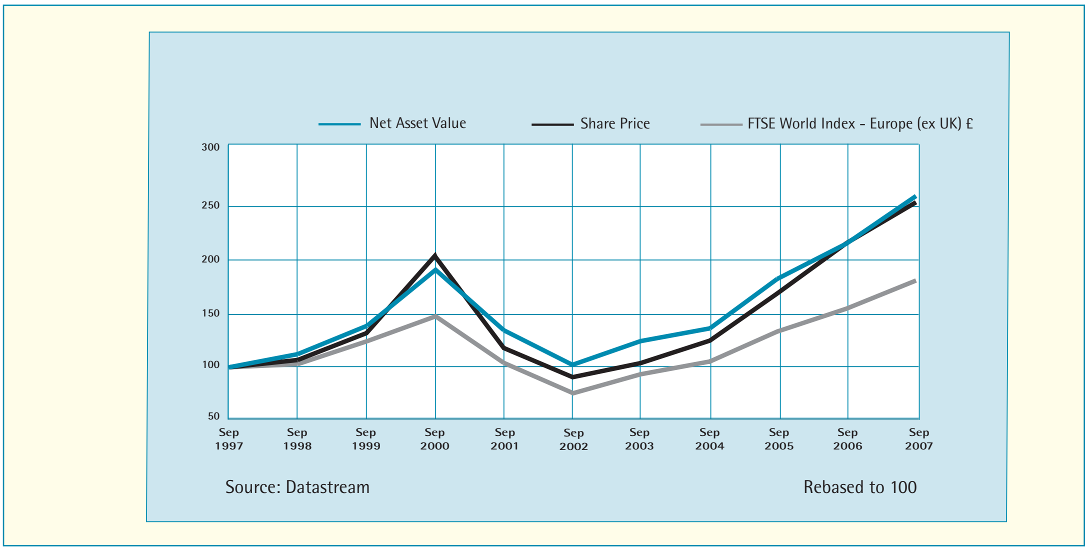
(i) Ordinary shares in issue decreased by 25,118,727 (1,996,987 shares were repurchased to be held in treasury and 916,649 shares were repurchased for cancellation under the powers taken at the AGM on 28 February 2007. 22,205,091 shares were repurchased for cancellation under the Tender Offer approved by shareholders on 27 April 2007.

Capital Performance

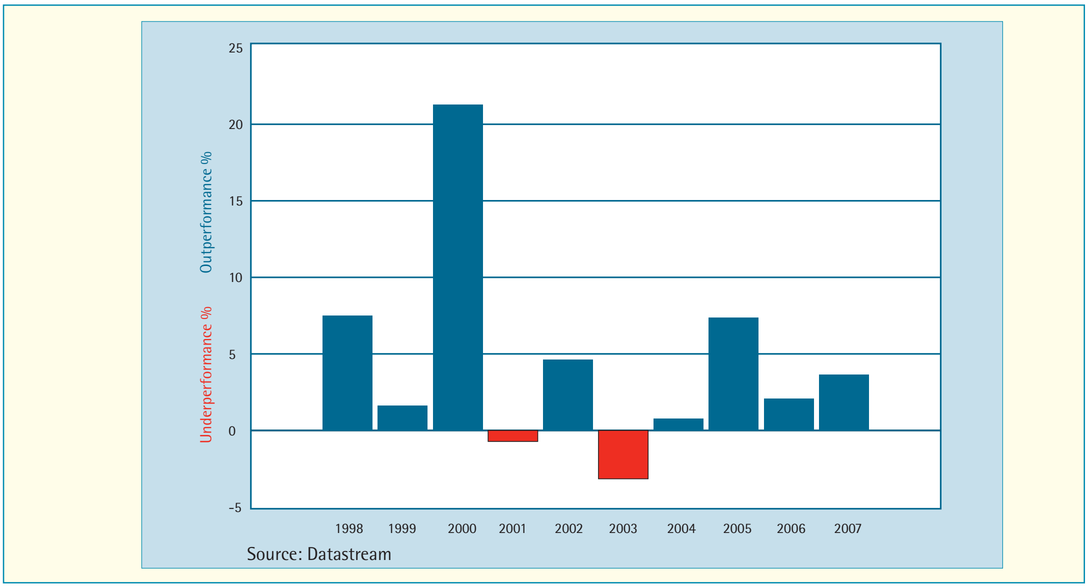
Comparative Returns
for periods to 30 September 2007

	1 year %	3 years %	5 years %	10 years %
Gartmore European Investment Trust p.l.c. :				
Net Asset Value per Ordinary share	+20.2	+89.7	+158.1	+164.3
Middle-market price per Ordinary share	+17.6	+102.7	+178.0	+152.5
FTSE World Index – Europe (ex UK) £	+16.9	+71.2	+137.4	+80.1
Average discount to NAV	3.5	6.7	9.7	5.5

Capital Performance
10 years to 30 September 2007



Annual Net Asset Value Performance
Relative to the FTSE World Index – Europe (ex UK) £
10 years to 30 September 2007



Financial and Dividend Calendar

Key dates for 2007/2008 are set out below:

7 December 2007	Interim dividend announced
7 December 2007	Annual results announced
20 December 2007	Annual Report posted to Shareholders
24 December 2007	XD date for interim dividend
28 December 2007	Record date for interim dividend
31 January 2008	Interim dividend of 8.0p per share paid
1 February 2008	Annual General Meeting
by 18 February 2008	1st Interim Management Statement published
31 March 2008	Company's half-year
April 2008	Half-year results announced
May 2008	Half-year Report posted to Shareholders
by 19 August 2008	2nd Interim Management Statement published
30 September 2008	Company's year-end

The Directors have declared an interim dividend, in lieu of a final dividend, in respect of the year ended 30 September 2007 of 8.0p per Ordinary share.

The bi-annual Interim Management Statements will be published via a regulatory information service and will be available on the Gartmore website. The Statements will not be mailed to shareholders, although a copy will be available on request from the Company Secretary.

Report of the Directors

The Directors present their Report and the Accounts for the year ended 30 September 2007.

Business Review

The Business Review has been prepared in accordance with the Companies Act 1985 and its new extended requirements.

Nature and Status of the Company

The Company is an investment trust company and is a member of The Association of Investment Companies. It is registered as a public limited company and is an investment company as defined by Section 266 of the Companies Act 1985. The Company's shares are listed on the London Stock Exchange.

The Company was last approved by HM Revenue & Customs as an investment trust under Section 842 of the Income and Corporation Taxes Act 1988 in respect of the year ended 30 September 2006. This approval is subject to there being no subsequent enquiry under corporation tax self-assessment. The Company has been approved as an investment trust for all previous years. Since 30 September 2006, the Company has directed its affairs so as to be able to continue to qualify for approval by HM Revenue & Customs as an investment trust for tax purposes.

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company.

Investment Objective

The Company seeks capital growth over the longer term from investment in Continental Europe.

Investment Policy

The Company's investment policy is explained on page 2. Information regarding the Company's investment and currency exposures is shown on pages 11 to 14. The Company's principal risks and uncertainties, together with the measures taken to reduce them, are detailed on page 19.

Gearing

The Manager has been authorised by the Board to borrow money up to a maximum of 15% of the Company's Net Assets, to make additional investments on top of shareholders' funds and flexible borrowing facilities are available for that purpose. Should the Manager wish to exceed the 15% limit, he must first consult the Chairman. At 30 September 2007, borrowings represented 0.6% of Net Assets (2006: 4.7%). Borrowing levels are limited by the lenders' covenants and all borrowings must be covered 2.5 times by Net Assets, with maximum borrowings not to exceed £100 million.

Under an agreement with The Bank of New York, the Company has an uncommitted multi-currency loan facility in the sum of £50 million (2006: £50 million). At 30 September 2007, the Company had borrowings equivalent to £1.4 million (2006: £14.9 million).

The Company also has an overdraft facility of £5 million with The Royal Bank of Scotland plc. At 30 September 2007, the Company had borrowings under this facility of £6,000 (2006: £152,000).

Performance

At each Board Meeting, the Directors consider a number of key performance indicators to assess the Company's success in achieving its objective.

As the Company's primary investment objective is capital growth over the longer term from investment in Continental Europe, the Directors consider that the Company's principal key performance indicator is the movement of the Net Asset Value per Ordinary share (NAV) compared with the movement of the FTSE World Index - Europe (ex UK) in sterling terms (the 'Index'). This is reflected by the terms of the investment management agreement which provides a performance-related fee to the Manager based on the degree to which Net Asset Value performance exceeds that of the Index. For the purpose of calculating the performance fee the capital return of the Index is used, as it is considered to be the appropriate comparative because the Company does not particularly look to generate revenue returns. Capital performance returns are detailed on page 16.

Other key performance indicators include the movement in the Ordinary share price, together with its discount to the NAV, and the total expense ratio (TER), which represents the cost of running the Company. Performance over the year is shown in the Financial Statistics on page 10.

The NAV rose by 20.2% in the year under review (2006: 18.1%), compared with an increase in the Index of 16.9% (2006: 16.0%). This outperformance reflects the effective stock selection by the investment manager and the management of gearing levels over the year. Over the same period, the middle-market price of the Company's Ordinary shares increased by 17.6% (2006: 27.8%) and the average discount over the year was 3.5% (2006: 5.2%). A detailed report on the factors contributing to the Company's performance over the year, together with information on investment activity within its portfolio, is provided in the Manager's Review on pages 8 to 9.

The Board regularly reviews the costs of running the Company. For the year to 30 September 2007, the Company's TER, which is an expression of the Company's ongoing management and administration expenses as a percentage of average shareholders' funds, was 1.7%, compared with 1.8% for the previous year.

Principal Risks and Uncertainties

Since the Company is an investment company, performance will always be dependent on the performance of the companies and stock markets in which it invests and will also be affected by the strength of the currencies in the regions it invests in relation to sterling.

As mentioned above, the Manager is able to "gear" the portfolio by borrowing. Gearing can magnify portfolio returns per share, be they positive or negative. The potential for bank gearing to have a negative impact is limited by the short-term revolving (usually weekly) nature of drawings on the loan facilities combined with the liquidity of the investments in the portfolio. Although the Board monitors the Manager's performance, including the level of gearing, on a regular basis, it depends on the Manager to manage the portfolio to minimise the negative effects of movements in the markets in which the Company invests.

The Company is also subject to the risk that the market rating of its Ordinary shares will fail to reflect its investment performance, as a consequence of poor sentiment towards equity markets in general or Continental European large-cap equities in particular. The Board regularly reviews the relative level of discount against the sector, giving consideration to ways in which share price performance can be enhanced including marketing initiatives and effective communication of the Company's investment performance to existing and potential investors by the Manager and the corporate broker.

The risk that shareholders may have different requirements for their investment in the Company is monitored by the Board through regular communication with shareholders. Accordingly, in April 2007, shareholders approved a tender offer which was accepted in respect of 39.3% of shares in issue.

Like most other investment trust companies, the Company has no employees and, therefore, relies on services provided by third parties, including, in particular, the Investment Manager and Company Secretary, Gartmore Investment Limited.

As expanded in the Corporate Governance Statement on pages 26 to 31, the Board keeps under review the risks facing the Company and seeks to minimise operational risks through its arrangements with service providers and reviews of their services and internal controls.

Other principal financial risks, and the Company's policies for managing those risks, are discussed and quantified in Note 25 to the Accounts.

Discount Management

As mentioned above, the Directors also monitor the performance of the Company's Ordinary shares and, in particular, the level of discount at which the Ordinary shares trade relative to the Net Asset Value.

In February 2007, the Company renewed its share buy-back authority and intends to purchase shares on an ongoing basis, with the aim of establishing a long-term level of discount to Net Asset Value of no wider than 3.5%. The average discount over the year to 30 September 2007 was 3.5% (2006: 5.2%).

Details of the shares bought-back in the year can be found under "Issued Share Capital" below.

At 30 September 2007, the Company had authority to repurchase a further 2,808,472 Ordinary shares, such authority to expire at the conclusion of the forthcoming Annual General Meeting or on 28 May 2008, whichever is the earlier.

Financial Position and Total Return

Net Assets at 30 September 2007 amounted to £219,515,000, compared with £322,093,000 at 30 September 2006. The difference in assets reflects the £142.6 million utilised for the tender offer in June 2007.

Short-term bank borrowings in Euros at 30 September 2007 were equivalent to £1.4 million (2006: £14.9 million).

The total return to equity shareholders for the year was £58,903,000, compared with £56,958,000 for the previous year. Net revenue profit for the year, after expenses and taxation, was £3,368,000, compared with a revenue profit of £5,191,000 for the previous year. The Company's ratio of annual expenses to average net assets (TER) for the year was 1.7% (2006: 1.8%). The following costs were excluded from the annual expenses used to calculate the TER: transaction costs of £738,000 (2006: £727,000); interest on borrowings of £370,000 (2006: £244,000); the additional costs of the tender offer and the reconvened Annual General Meeting of £1,385,000 (2006: Nil) and taxation. If performance fees were also excluded the TER would fall to 1.3% (2006: 1.2%).

The Directors have declared an interim dividend, in lieu of a final dividend, of 8.0p per share for the year (2006: 8.0p), payable on 31 January 2008, which will be paid out of the revenue earned in the year to 30 September 2007. Based on the shares in issue at 30 September 2007, this will cost £2,630,000 (2006: £4,660,000) and £738,000 (2006: £531,000) will be retained in Revenue reserve.

Future Trends

The Board remains positive in their outlook for Europe equities, following strong economic data in Europe which reflects strengthening activity. Renewed confidence in the global economy has also replaced recent US sub-prime mortgage fears and this is expected to boost employment, investment and consumer spending. Corporate activity provides yet another positive catalyst; however, inflation concerns and interest rate rises will require close monitoring.

Issued Share Capital

Over the year, the Company bought-back 2,913,636 Ordinary shares (2006: 1,450,000) at a net cost of around £17.7 million (2006: £7.4 million), which represented an average discount of 3.3% to Net Asset Value. Of the shares bought-back 1,996,987 were held in treasury (2006: 1,450,000) and 916,649 were cancelled (2006: Nil).

In June 2007, some £142.6 million was utilised in buying-back 22,205,091 shares, representing 39.3% of the shares in issue, for cancellation under the tender offer approved by shareholders on 27 April 2007.

At 30 September 2007, the Company's issued share capital, with full voting rights, comprised 32,871,662 (2006: 57,990,389) Ordinary shares of 50p each and 3,446,987 (2006: 1,450,000) Ordinary shares, equivalent to 9.5% of the Company's paid-up share capital, were being held in treasury. The shares held in treasury are available for resale at prices representing discounts narrower than the repurchase discount.

Directors

Biographies of the Directors of the Company are shown on page 4. All of the Directors served throughout the year ended 30 September 2007, with the exception of Mr M Firth, who was appointed a Director on 17 November 2006. All Directors are non-executive and are independent of the Manager. All Directors are members of the Audit Committee.

Mr R Dennis will be retiring in accordance with the Company's Articles of Association and, being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting. In accordance with the Combined Code an Corporate Governance, Mr J C Banon and Dr M Piehl, who have each served as Directors for more than nine years, also retire and, being eligible, offer themselves for re-appointment.

The Board, having conducted a formal performance evaluation, confirms that Mr Banon, Dr Piehl and Mr Dennis continue to demonstrate their commitment to the Company and to perform their roles effectively.

The Directors held the following beneficial interests in the Ordinary shares of the Company at 1 October 2006 and 30 September 2007. There have been no changes since 30 September 2007.

	30 September 2007	1 October 2006
R Dennis	–	–
JC Banon	–	–
A Comba	5,000	–
M Firth	–	–
M Piehl	2,500	2,500

No Director holds a non-beneficial interest.

No Director has a contract of service with the Company; nor has any Director had such a contract in the last six months. The Directors are covered under a policy of directors' liability insurance arranged by the Company at its own expense.

The Company's Articles of Association provide, subject to the provisions of UK legislation, that every director shall be indemnified out of the funds of the Company in respect of liability which they may incur relating to their defence of any proceedings, brought against them arising out of their positions as Directors, in which they are acquitted or judgment is given in their favour.

Save as aforesaid, there were no contracts or arrangements existing at any time during the year, or since, in which a Director of the Company was materially interested, either directly or indirectly.

Management and Administration

The Company's investments are managed by Gartmore Investment Limited in accordance with the terms of an Investment Management Agreement dated 1 November 2002, as subsequently amended, which provides for six month's notice of termination to be given by either party. This Agreement is reviewed by the Board annually. The management fee is calculated monthly in arrear at 0.75% per annum on the value of Total Assets, less Current Liabilities other than borrowings for the purpose of investment. No management fee would be payable on any Gartmore managed investments if held within the portfolio. An additional management fee, based on performance, of up to 0.5% per annum may be paid if the Managers meet certain targets for the year.

In the event of outperformance, the fee is calculated annually as follows:

- 10% of the amount that the percentage increase in the Company's Net Asset Value per Ordinary share exceeds the percentage increase in the Company's benchmark, the FTSE World Index – Europe (ex UK) capital only in sterling terms, in the same period, for the first 1.5% of outperformance (i.e. 0.15%); plus
- 20% of the amount that the percentage increase in the Company's Net Asset Value per share exceeds the percentage increase in the Company's benchmark, for outperformance between 1.5% and 2.0% (i.e. 0.10%); plus
- the amount that the percentage increase in the Company's Net Asset Value per share further exceeds the percentage increase in the Company's benchmark, for outperformance between 2.0% and 2.25% (i.e. 0.25%).

Each annual performance-related fee is in respect of the Company's financial year and the calculations are based on the relevant figures as audited and published in these Accounts.

A performance-related fee totalling £1,105,000, with no VAT (2006: £1,980,000, including VAT of £295,000), will be paid to the Managers in respect of the year ended 30 September 2007.

Gartmore Investment Limited also provides the accounting, company secretarial and general administrative services required by the Company in connection with its business and operation under a Company Secretarial and Administration Agreement dated 1 November 2002, as subsequently amended. No separate fee is charged for these services.

The Bank of New York provides custodian services to the Company under a Custody Agreement with the Company dated 1 November 2002.

Continuing Appointment of the Manager

In accordance with the Listing Rules published by the Financial Services Authority, the Board, through the Management Engagement Committee, has reviewed the performance of the Manager in managing the Company's portfolio. The review considered the Company's investment performance over both the short and longer terms, together with the quality and adequacy of other services provided by Gartmore Investment Limited, including company secretarial, accounting and marketing. The Committee also reviewed the appropriateness of the terms of the Investment Management Agreement, in particular the length of notice period and the management fee structure, and of the Company Secretarial and Administration Agreement.

The Board remains satisfied with investment performance under Gartmore's management and, in particular, with the individual fund manager assigned by Gartmore to manage the Company's portfolio. It is, therefore, the Directors' opinion that the continuing appointment of the Manager on the existing terms is in the interests of the Company and its shareholders.

Substantial Shareholders

At the date of this Report, the Directors were aware of the following interests in 3% or more of the share capital of the Company having unrestricted voting rights:

	Number of Ordinary shares	Percentage of Votes
Rensburg Sheppards Plc clients	4,824,164	15.0
Gartmore Investment Management Limited clients	2,017,696	6.3
Barclays PLC clients	1,771,571	5.5
Legal & General Investment Management Limited clients	1,410,379	4.4
Brewin Dolphin Securities clients	1,033,047	3.2
Rathbone Investment Management Limited clients	1,018,895	3.2
Charles Stanley & Co Limited clients	981,965	3.0

Supplier Payment Policy

It is the policy of the Company to settle all investment transactions in accordance with the terms and conditions of the equity markets in which it operates. All other creditors are settled by the due date for payment. The Company does not have trade payables.

Going Concern

The Directors believe that it is appropriate to continue to prepare the accounts on a going concern basis as the Company's assets are readily realisable and the Company has adequate financial resources to continue in operational existence for the foreseeable future.

Personal Equity Plans and Individual Savings Accounts

The Directors intend to ensure that the Company's Ordinary shares continue to qualify for retention in Personal Equity Plans in existence at 5 April 1999 and in Individual Savings Accounts. Details of Gartmore's range of savings schemes are set out on page 59.

Socially Responsible Investment

The Company has delegated responsibility for making and holding investments and voting on its behalf at investee company meetings to the Manager, Gartmore Investment Limited, on the basis that, subject to an overriding requirement to pursue the best economic interests of the Company and its shareholders, the Manager should take account of social, environmental and ethical factors in making and holding investments and in using the voting powers conferred by such investments. Votes exercised by the Manager are reported to the Board.

Audit Information

Each of the Directors confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and that they have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of such information.

Auditors

With effect from 2 July 2007, RSM Robson Rhodes LLP merged its audit practice with that of Grant Thornton UK LLP, with the successor firm being Grant Thornton UK LLP. Accordingly, RSM Robson Rhodes LLP resigned as auditors to the Company, thereby creating a casual auditor vacancy. Grant Thornton UK LLP were appointed to fill that vacancy and have expressed their willingness to continue in office as Auditors, until the conclusion of the next general meeting of the Company at which accounts are presented. Accordingly, having received special notice, an ordinary resolution proposing their re-appointment will be submitted at the forthcoming Annual General Meeting.

Business of the Annual General Meeting

The Notice of the Annual General Meeting of the Company to be held on Friday, 1 February 2008 is on pages 52 to 53. Resolutions relating to the following items of business will be proposed at the Meeting.

Resolution 2 – Directors' Remuneration Report

It is mandatory for listed companies to put their Report on Directors' Remuneration to a shareholder vote. The Report on Directors' Remuneration is set out in full on pages 32 to 33 of the Annual Report.

Resolutions 3, 4 and 5 – Re-appointment of Directors

Biographical details of the Directors seeking re-appointment are set out on page 4 of the Annual Report. Resolutions 4 and 5 deal with the annual re-appointment of Jean Claude Banon and Manfred Piehl in accordance with the Combined Code on Corporate Governance (published by the Financial Reporting Council in June 2006) as they have both served as non-executive directors for longer than nine years. The Board has confirmed, following a performance review, that all Directors standing for re-appointment at the forthcoming AGM continue to perform effectively and demonstrate commitment to their roles.

Resolutions 6 and 7 – Re-appointment of Auditors

Following their appointment by the Board to fill the auditor vacancy created by the resignation of RSM Robson Rhodes LLP, Grant Thornton UK LLP have expressed their willingness to continue to hold office until the conclusion of the next general meeting of the Company. Resolutions 6 and 7 relate to the re-appointment of the Auditors and authorise the Directors to fix their remuneration.

Resolution 8 - Directors' Authority to Allot Shares

At the AGM of the Company held on 28 February 2007, the Directors were given authority to allot Ordinary shares in the capital of the Company up to an aggregate nominal amount of £9,594,898, representing approximately one-third of the Company's then issued Ordinary share capital. This authority expires at the conclusion of the forthcoming AGM. Accordingly, Shareholders are being asked to renew the Directors' authority to allot the Company's unissued shares, up to an aggregate nominal value of £5,358,194, representing approximately one-third of the issued Ordinary share capital of the Company as at 10 December 2007, being the latest practical date prior to the publication of this document. The allotment limit proposed for the current year follows the guidelines of the Association of British Insurers. The Directors have no present intention of exercising this authority but the resolution will allow the Directors flexibility to act in the best interests of the Company and its shareholders.

Resolution 9 - Authority to Disapply Pre-emption Rights

This resolution proposes to renew the Directors' authority to allot Ordinary shares in the capital of the Company for cash, or to transfer treasury shares for cash, up to an aggregate nominal amount up to £1,607,458 (equal to just under 10% of the Company's issued Ordinary share capital as at 10 December 2007, being the latest practical date prior to the publication of this document), without first having to offer these shares to existing shareholders.

Resolution 10 - Authority to Purchase Own Shares

A special resolution is to be proposed to renew the Company's general authority to make market purchases of its own shares. Under the Financial Services Authority Listing Rules, a company is permitted to purchase up to 14.99% of its equity share capital through market purchases pursuant to a general authority granted by shareholders in general meeting.

The current authority which permits the Company to purchase up to 14.99% of the Ordinary shares expires at the conclusion of the forthcoming Annual General Meeting.

The Board believes that the Company should continue to have authority to make market purchases of its own Ordinary shares for cancellation or to be held in Treasury.

Accordingly, a Special Resolution to authorise the Company to make market purchases of up to 14.99% of the Company's issued Ordinary share capital at the date of the Annual General Meeting is proposed. The authority will be limited to 4,819,159 Ordinary shares representing 14.99% of the Company's issued Ordinary share capital at 10 December 2007, being the latest practical date prior to the publication of this document.

Any purchase of shares would only be made at a discount to the prevailing Net Asset Value and hence would enhance the Net Asset Value of the remaining shares. The Company would also be better positioned to address any imbalance between supply and demand for its shares. Purchases of shares would be made at the discretion of the Board and within guidelines set from time to time by the Board in the light of prevailing market conditions.

The resolution will restrict the price payable to the effect that it could not be less than the 50p nominal value of the shares and not more than 5% above the average of the mid-market quotations for the five business days immediately preceding the day of purchase.

Whilst held in Treasury, the shares are treated as if cancelled and, therefore, no dividends will be paid on the shares and no voting rights will attach to the shares.

Resolution 11 – Adopt new Articles of Association of the Company

The Company proposes to adopt new Articles of Association (the "Articles") in order to update the current Articles to reflect the changes in English company law which have been brought about by the Companies Act 2006 (the "2006 Act"). In addition to these changes, it is also proposed that some amendments to the Articles be adopted to update and modernise the articles or to ensure consistency.

As the 2006 Act is being implemented in stages, with the final stage coming into force in October 2009, it is anticipated that shareholders will be asked to approve further changes to the Articles at future Annual General Meetings.

The principal changes to the Articles this year relate to electronic communications with shareholders (see below) and shareholder meetings and resolutions.

The principal changes are summarised in the Appendix to the Notice of AGM. Other changes which are of a minor, technical or clarifying nature and also some minor changes which merely reflect changes made by the 2006 Act have not been noted in the Appendix.

A copy of the proposed Articles of Association showing all the changes will be available for inspection during normal business hours on Monday to Friday (public holidays excepted) at the registered office of the Company (Gartmore House, 8 Fenchurch Place, London EC3M 4PB) from the date of posting this document up to the conclusion of the AGM.

Recommendation

The Directors consider that the above authorities and changes are in the best interests of the Company and shareholders as a whole and, accordingly, recommend that all shareholders vote in favour of the Resolutions.

Electronic Communication

The proposed new Articles will permit the Company to use electronic communications for all notices, documents and information to be sent to shareholders, in accordance with individual shareholder preference. In addition, the new Articles will enable the Company to use website communication with shareholders as the default position.

In order to take advantage of these changes introduced by the 2006 Act and, subject to the passing of Resolution 11 at the forthcoming Annual General Meeting, the Company will, in due course, be asking each individual shareholder if they wish to receive communications from the Company via the Company's website.

It is expected that the default position will remain as hard copy communication for the time being. However, a shareholder, who has elected to receive a document electronically, will be able to ask for a hard copy at any time and shareholders will be able to revoke their election to receive electronic communications at any time.

By Order of the Board
GARTMORE INVESTMENT LIMITED
Company Secretary
10 December 2007

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare accounts for each financial year. Under that law, the Directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those accounts, the Directors are required to:

- select accounting policies, which they consider suitable, and then apply them consistently;
- make judgements and estimates which they believe are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on a going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for ensuring that the Directors' Remuneration Report and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority.

The Directors are responsible for ensuring that proper accounting records are kept, which disclose with reasonable accuracy at any time the financial position of the Company, and for maintaining adequate systems of internal control, which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the Company's assets and for taking reasonable steps to prevent and detect fraud and other irregularities.

The accounts are published on www.gartmore.co.uk, which is the website maintained by the Company's Manager. The work undertaken by the Auditors does not involve consideration of the maintenance and integrity of the website and, accordingly, the Auditors accept no responsibility for any changes that may have occurred to the accounts since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the accounts may differ from legislation in other jurisdictions.

Corporate Governance Statement

Introduction

The Board is accountable to shareholders for the governance of the Company's affairs.

The Company is committed to maintaining high standards of corporate governance and to the principles of good governance as set out in the revised Combined Code on Corporate Governance issued by the Financial Reporting Council (FRC) in July 2003 (the Combined Code) and the revised and updated Association of Investment Companies' Code of Corporate Governance issued in May 2007 (the AIC Code).

Pursuant to the Listing Rules of the Financial Services Authority, the Company is required to provide Shareholders with a statement on how the main and supporting principles set out in Section 1 of the Combined Code have been applied and whether the Company has complied with the provisions of the Combined Code.

The Board has established corporate governance arrangements that it believes are appropriate to the business of the Company as an investment trust company.

Statement of Compliance

In February 2007, the Financial Reporting Council (the FRC), the UK's independent regulator for corporate reporting and governance responsible for the Combined Code, endorsed the revised AIC Code. The terms of the FRC's endorsement mean that AIC members who report against the AIC Code and who follow the AIC's Corporate Governance Guide for Investment Companies are meeting their obligations under the Combined Code and related disclosure requirements of the Listing Rules.

The Board believes that the Company has complied with the provisions of the Combined Code throughout the financial year ended 30 September 2007, except as set out below.

The following statement describes how the Principles of Good Corporate Governance have been applied and how the Combined Code and the AIC Code have been followed.

Independence and Length of Service of Directors

The Board consists of five non-executive Directors, all of whom are independent of the Company's Manager.

The Board subscribes to the AIC Code principle that long-serving directors should not be prevented from forming part of an independent majority and does not believe that a director's length of tenure reduces his ability to act independently. Nevertheless, the Combined Code requires that directors who have served for more than nine years should be re-appointed by shareholders annually. Accordingly, Mr J C Banon and Dr M Piehl will retire as Directors at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. The Board, through the Nomination Committee, has carefully reviewed the independent status of each Director and of the Board as a whole, with individual Directors abstaining from discussion concerning their own status. The Board has determined that Mr Banon and Dr Piehl have demonstrated that they are independent in character and judgement and that their broad business experience and high degree of knowledge and understanding of the Company are of great benefit to shareholders.

Chairman and Senior Independent Director

Mr R Dennis was appointed Chairman of the Company on 14 September 2006. In view of the size and composition of the Board, it is not considered necessary to appoint a Senior Independent Director. Should a shareholder wish to raise issues, which they feel unable to discuss with the Chairman, any of the other Directors will make themselves available to such a shareholder's request for a meeting.

Appointment and Re-appointment of Directors

The appointment of new Directors is considered by a Nomination Committee, which comprises the whole Board. New Directors are offered access to external training facilities to assist the process of induction, and relevant information is provided in a Letter of Appointment. Ongoing training requirements are dealt with on an ad hoc basis. No Director has a contract of service with the Company. Directors appointed by the Board are subject to appointment by shareholders at the first Annual General Meeting following their appointment.

In accordance with the Articles of Association of the Company, each Director shall retire and, if so desired, be submitted for re-appointment at least every three years.

Corporate Governance Statement

Performance of the Board

The Board has conducted a review of its own performance, together with that of the Chairman and of each individual Director, and has concluded that in each case this has been satisfactory. In particular, it is considered that each of the Directors makes a significant contribution to the affairs of the Company and that Directors seeking re-appointment at the Company's forthcoming Annual General Meeting merit re-appointment by shareholders.

The Directors seek to ensure that the Board has an appropriate balance of skills, experience, ages and length of service. The biographies of the Directors, shown on page 4 of this Annual Report, demonstrate the wide range of investment, commercial and professional experience that they contribute to the Board's deliberations. The size and composition of the Board is considered adequate for the effective governance of the Company.

Role of the Board

The Board has contracted the management of the investment portfolio, custodian and registrar services, and the day-to-day accounting and company secretarial services to external providers under contracts entered into after proper consideration by the Board of the quality and cost of the services offered.

There is a formal schedule of matters specifically reserved for decision by the Board and guidelines within which the Investment Manager is required to implement investment policy. At each Board Meeting the Directors follow a formal agenda, which includes reviews of the Company's net asset value, share price, discount, financial position, gearing levels, peer group performance, investment performance, asset allocation and transactions and any other relevant business matters to ensure that control is maintained over the affairs of the Company. Further reports on the quality and effectiveness of investment controls, accounting records and management information maintained on behalf of the Company, and other relevant matters that should be brought to the Board's attention, are reviewed periodically. The Board regularly reviews investment strategy.

The Board meets formally at least four times a year. The Directors have regular contact with the Investment Manager and Company Secretary in the periods between formal meetings. Additional Board meetings and Committee meetings are arranged as and when required.

The number of meetings of the Board and its Committees held during the year to 30 September 2007 and the attendance of individual Directors are shown in the table below.

	Scheduled Board Meetings	Ad hoc Board and Committee Meetings	Audit Committee Meetings	Management Engagement Committee Meetings	Nomination Committee Meetings	Remuneration Committee Meetings
Number of Meetings	6	13	2	2	2	4
R Dennis	6	12	2	2	2	2
JC Banon	5	7	1	1	1	3
A Comba	6	11	2	2	2	4
M Firth	5	10	1	1	1	1
M Piehl	6	10	2	2	2	2

All Directors attended the Annual General Meetings in January 2007 (adjourned) and February 2007 and the Extraordinary General Meeting in April 2007.

Corporate Governance Statement

Exercise of Voting Rights in Investee Companies

The Company has delegated the responsibility for voting on its behalf at investee company meetings to the Manager, Gartmore Investment Limited, on the basis that, subject to an overriding requirement to pursue the best economic interests of the Company and its shareholders, the Manager should take account of social, environmental and ethical factors in using the voting powers conferred by such investments. Resolutions of particular importance or contention are referred to the Board prior to exercise of a vote. The Manager reports to the Board on all votes exercised.

Relationship with the Manager

The day-to-day management of the Company's portfolio has been delegated under contract to the Investment Manager, Gartmore Investment Limited. A representative of the Manager attends each Board meeting to report on portfolio transactions and performance during the period since the last Board meeting. Under the terms of the Investment Management Agreement, the Manager is required to follow specific investment objectives and restrictions. The Board reviews annually the controls in place to ensure compliance with the Company's investment objectives and restrictions and the Manager's policy statements on voting and corporate governance observance.

The Manager maintains regular communications with the Directors in the periods between Board meetings and, when necessary, contacts the Chairman and other Directors for guidance on specific issues as required.

Relationship with Shareholders

The Board recognises the importance of maintaining and improving communication between the Company and its shareholders, who are encouraged to attend and vote at the Company's Annual General Meeting. The Board supports the principle that the Annual General Meeting should in part be used to communicate with private investors. The Annual General Meeting provides private shareholders with a valuable opportunity to meet the Directors and the portfolio manager, to convey their views on the Company's performance and to discuss issues affecting their investment. Shareholder concerns should be addressed to the Board by writing to the Company at its Registered Office, as shown on page 57, or by telephoning the Manager, who will report such communications to the Board.

During the year, the Board and its advisers had long and meaningful discussions with shareholders which culminated in the tender offer and the tightening of the discount control mechanism. Communication has been maintained since the completion of the tender offer. The Manager also meets institutional shareholders on a regular basis and reports to the Board on matters raised at those meetings.

The Directors will be available at the Annual General Meeting to answer any questions raised by shareholders. The key risk-management procedures are set out in the accounts and the Directors are available to explain more fully at shareholders' requests. At every Annual General Meeting, each substantial issue is dealt with in a separate resolution and, where a vote is decided on a show of hands, the Chairman will subsequently report on the number of proxy votes lodged, including any votes withheld. A poll will be taken in all circumstances where the show of hands does not represent the votes indicated by the proxy votes received. The Notice of the Annual General Meeting is contained in the Company's Annual Report that is sent to Shareholders at least 20 business days before the Meeting.

Detailed lists of shareholders are regularly reviewed at Board meetings and the Directors receive reports from the Manager's investor relations manager who is in regular direct contact with investors.

The Company's Half-yearly and Annual Reports are designed to provide a full and readily understandable review of performance. Copies are despatched to shareholders by mail and are also available for downloading from Gartmore's website, www.gartmore.co.uk. The Company's Net Asset Value is released daily to the Regulatory Information Service and can be viewed on the London Stock Exchange website, www.londonstockexchange.com. The Board is directly responsible for all statements regarding corporate activity involving the Company.

Company Secretary

The Directors have direct access to the advice and services of the corporate Company Secretary, Gartmore Investment Limited. The Company Secretary is responsible to the Board for ensuring that Board and Committee procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible to the Board for ensuring timely delivery of information and reports and that the statutory obligations of the Company are met.

Independent Professional Advice

Procedures are in place for individual Directors to seek independent professional advice, on any matter concerning them in the furtherance of their duties, at the Company's expense.

Directors' Liability Insurance

Directors' Liability Insurance cover is provided at the expense of the Company.

Committees of the Board

The Board has established an Audit Committee with clearly defined written terms of reference and duties. The Board is satisfied that at least one of the Committee's members has recent and relevant financial experience. The Audit Committee comprises all the Directors of the Company and is chaired by Mr A Comba. The Audit Committee meets at least twice a year, including once with the external Auditors present. The Manager's compliance and operational risk department report to the Committee at least once a year. There are formal arrangements for considering accounting policies, financial statements, the Annual Report and Accounts, the Half-yearly Report and internal controls, which are detailed below. The Audit Committee also reviews the terms of appointment and remuneration of the Company's Auditors, the effectiveness of the audit process and the maintenance of an appropriate relationship with them to ensure independence and objectivity. The provision of non-audit services by the Company's Auditors is approved by the Audit Committee on a case by case basis, having given consideration to the cost effectiveness of the services and the potential impact on the independence and objectivity of the auditors. The Audit Committee is satisfied that Grant Thornton UK LLP is independent of the Company.

The Combined Code recognises that investment companies may find some of its standard provisions inappropriate in their particular circumstances. In this regard, the whole of the Company's Board of Directors continues to fulfil the responsibilities of the undermentioned committees, each of which meets once a year and on such other occasions as are considered necessary. Each committee has defined duties and responsibilities and is chaired by the Chairman of the Board:

- the Management Engagement Committee is responsible for reviewing the management contract on a regular basis, ensuring that the terms are fair and reasonable and that its continuance, given the Company's performance over both short and longer terms, is in the best interests of the Company and its shareholders, and also for reviewing the performance and cost effectiveness of the Company's other service providers;
- the Nomination Committee is responsible for reviewing the performance of individual Directors and the Board as a whole, for Board succession, planning and for the nomination of new Directors through an established formal procedure; and
- the Remuneration Committee is responsible for monitoring the remuneration of the Directors. The level of Directors' fees is reviewed by reference to the work involved, the level of responsibility and the fees paid by comparable investment trust companies.

Copies of the terms of reference for each Committee of the Board can be found on the Manager's website www.gartmore.co.uk or may be obtained from the Company Secretary.

Internal Control

The Directors are responsible for the Company's systems of internal control.

The Combined Code requires the Directors to review, on at least an annual basis, the effectiveness of the Company's systems of internal control, covering all controls including business, operational, compliance and financial risk.

Unlike the boards of most other listed companies, the boards of investment trust companies obtain the majority of their evidence as to whether internal controls are operating effectively from third party suppliers to whom investment management, custody, accounting and secretarial matters have been delegated. This means that an appreciation of the internal controls for an investment trust company requires Directors to consider information from a number of independent sources, rather than from a consolidated single source covering a typical listed company's systems of internal control.

In particular, Gartmore Investment Limited is responsible for the provision of investment management, accounting and company secretarial services, under the terms of the Investment Management Agreement and the Company Secretarial and Administration Agreement, referred to on page 21, and The Bank of New York provides custodian services under a separate Custody Agreement.

Corporate Governance Statement

Gartmore's systems of internal control include organisational arrangements with clearly-defined lines of responsibility and delegated authority, as well as control procedures and systems which are regularly evaluated and internally audited and which include control of delegated functions. Gartmore has delegated the provision of accounting, bookkeeping, valuation and trade processing services to HSBC Securities Services (UK) Limited, but remains responsible to the Company for these functions. The Directors review reports from Gartmore on a regular basis concerning those aspects of Gartmore's systems relevant to the provision of services to the Company.

A clearly-defined investment strategy is set for the Manager and monitored by the Board, which regularly reviews the Company's investments, liquid assets and liabilities, investment transactions, and revenue and expenditure. The Manager is responsible for day-to-day monitoring of the Company's investments and for exercising voting rights effectively and responsibly, but overridingly in the best economic interests of the Company and its shareholders.

On behalf of the Board of Directors, the Audit Committee reviews the internal control reports from Gartmore Investment Management Limited, the Manager's parent company, and from The Bank of New York.

Since the Company's operational functions are outsourced, the Company does not consider it necessary to establish its own internal audit function. Instead, the Audit Committee relies on internal control reports received from its service providers, particularly the Manager, to satisfy itself as to the controls in place. On behalf of the Board of Directors, the Audit Committee reviews internal control reports, prepared to the standard set out in the ICAEW's technical release AAF01/06, from Gartmore Investment Management Limited, the Manager's parent company, and from The Bank of New York.

Twice a year, the Board formally considers the effectiveness of the systems of internal control. The Board takes account of any risk management problems, or compliance breaches identified previously, and it receives reports from the Managers' compliance and operational risk officers. At the conclusion of that formal review, the Board decides whether any changes to the systems of internal control are required. The review covers the key business, operational, compliance and financial risks facing the Company in seeking to achieve its objectives. In arriving at its judgement of what constitutes a sound system of internal control, the Board considers the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the threat of such risks becoming a reality;
- the Company's ability to reduce the incidence of those risks and their impact on the Company; and
- the costs and benefits to the Company, or third parties, of operating the relevant controls.

Against this background, the Board has split the review of risk and associated controls into five sections reflecting the nature of the risks being addressed as follows:

- corporate strategy;
- published information, and compliance with laws and regulations;
- relationships with service providers;
- investment and business activities; and
- fraud and misappropriation.

In assessing internal controls, the Board considered the following elements based on reports provided by third party suppliers:

- control environment;
- identification and evaluation of risks and control objectives;
- information and communication; and
- control procedures.

Corporate Governance Statement

The Directors have reviewed the information provided to them. Whilst acknowledging their reliance in certain respects on third parties, the Directors have reviewed the effectiveness of internal controls and are able to confirm that the internal controls in operation during the period from 1 October 2006 up to the date of this Annual Report continue to be appropriate to the Company's business activities and methods of operation, and that they operate effectively.

As described above, the ongoing process for identifying, evaluating and managing significant risks faced by the Company has been in place throughout the year under review and up to the date of approval of the Annual Report. Systems are in operation to safeguard the Company's assets and the shareholders' investment, to maintain proper accounting records and to ensure that financial information used within the business, or published, is reliable. The Company's systems of internal control are designed to manage rather than eliminate risk and the system of internal control provides reasonable, but not absolute, assurance against material misstatement or loss.

The Company has complied fully throughout the year ended 30 September 2007, and up to the date of approval of the Annual Report and Accounts, with the provisions set out in the new Financial Reporting Council guidance on Internal Control.

By Order of the Board

GARTMORE INVESTMENT LIMITED
Company Secretary
10 December 2007

Directors' Remuneration Report

This Report has been prepared in accordance with the requirements of Schedule 7A to the Companies Act 1985. An Ordinary resolution for the approval of this report will be put to Members at the forthcoming Annual General Meeting.

The law requires the Company's Auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are so indicated. The Auditors' opinion is included in their report on pages 34 and 35.

Remuneration Committee

The Board is comprised solely of non-executive Directors. The Board as a whole fulfils the function of the Remuneration Committee, which is chaired by Rodney Dennis.

Policy on Directors' Fees

In accordance with the Articles of Association of the Company, the aggregate remuneration of the Directors may not exceed £150,000 per annum or such higher amount as may, from time to time, be determined by an Ordinary resolution of the Company. Subject to this overall limit, the Board's policy is that remuneration of non-executive Directors should be set at a level sufficient to attract and retain directors of the calibre required to direct the Company. It is intended that this policy will continue for the year to 30 September 2008 and for subsequent years. Non-executive Directors are not eligible to receive bonuses, pension benefits, share options or other benefits.

During the year to 30 September 2007, Directors' fees were paid at an annual rate of £20,000 for the Chairman of the Board, £16,000 for the Chairman of the Audit Committee and £15,000 for each of the other Directors.

Directors' Terms of Appointment

It is the Board's policy that none of the Directors should have a service contract. The terms of their appointment provide that Directors shall retire and be subject to appointment by shareholders at the first Annual General Meeting following their appointment by the Board, and be subject to re-appointment at least every third year thereafter. Directors who have served for more than nine years and who wish to continue in office are required to submit themselves for re-appointment annually. The terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office.

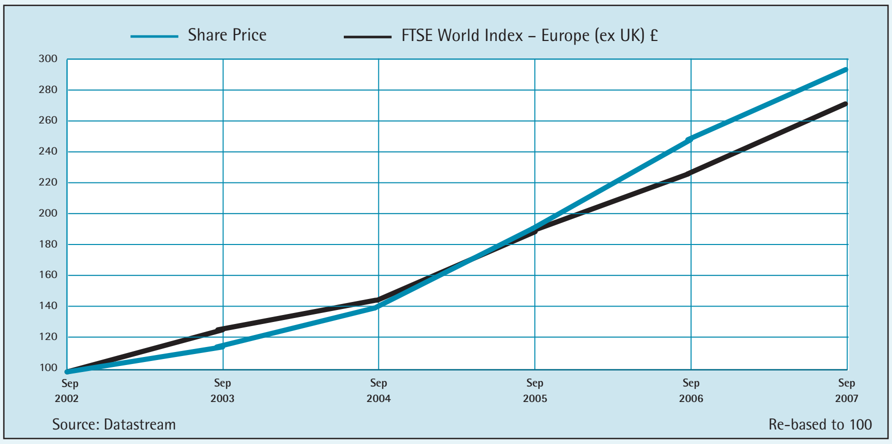
The table below shows the original date of appointment of the Directors and the expected Annual General Meeting at which they will offer themselves for re-appointment.

	Original date of appointment	Annual General Meeting for next re-appointment
Rodney Dennis	11 November 2003	2008
Jean Claude Banon	18 March 1991	2008
Alec Comba	11 November 2003	2009
Michael Firth	17 November 2006	2010
Manfred Piehl	9 April 1992	2008

Directors' Remuneration Report

Performance Graph

The graph below compares the total return on the middle-market share price of the Company's Ordinary shares (with dividends reinvested) for the last five years to 30 September 2007 with the total return on the FTSE World Index – Europe (ex UK) in sterling terms, the Company's benchmark index, over the same period.



Directors' Emoluments for the Year (audited)

The Directors received the following emoluments in the form of fees:

	Annual Fees £'000	Additional Fees £'000	**Total Fees 2007 £'000**	Total Fees 2006 £'000
Rodney Dennis	20	45	**65**	30
Jean Claude Banon	15	4	**19**	19
Alec Comba	16	4	**20**	24
Michael Firth (from 17 November 2006)	13	6	**19**	–
Manfred Piehl	15	4	**19**	19
John von Spreckelsen *	–	–	**–**	35
Bruno Merki *	–	–	**–**	19
Total Fees paid	79	63	**142**	146

* Resigned on 30 September 2006

In 2007, additional fees totalling £63,000 were paid to Directors to cover the substantial extra workload of the Board, and in particular the Chairman, in relation to the reconvened Annual General Meeting and subsequent Tender Offer. The additional fees were recovered in full by the application of the 2% discount to the Tender Offer Redemption price.

In 2006, additional fees totalling £50,000 were paid to Directors in relation to the corporate review of the Company. The additional fees were reimbursed to the Company by Gartmore Investment Limited.

No other emoluments or pension contributions were paid to or on behalf of any Director.

Rodney Dennis
Chairman

Approved by the Board
on 10 December 2007

Independent Auditors' Report

To the Shareholders of Gartmore European Investment Trust p.l.c.

We have audited the accounts of Gartmore European Investment Trust p.l.c. for the year ended 30 September 2007 (the "accounts") which comprise the principal accounting policies, the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the Notes 1 to 26. These accounts have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Directors and the Auditors

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the accounts in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice), are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the accounts and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and whether the accounts and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the accounts. The information given in the Directors' Report includes that specific information that is cross referenced from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2003 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited accounts. The other information comprises only the Directors' Report, the unaudited part of the Directors' Remuneration Report, the Chairman's Statement, the Manager's Review, the Corporate Governance Statement, the Financial Statistics and the Portfolio Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Independent Auditors' Report

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30 September 2007 and of its net return for the year then ended;
- the accounts and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the accounts.

Grant Thornton UK LLP
Registered Auditor
Chartered Accountants
London,
10 December 2007

Income Statement
to 30 September 2007

	Notes	Year to 30 September 2007 Revenue £'000	Capital £'000	Total £'000
Income and Capital Profits				
Dividends and other income	2	8,406	51	8,457
Net gains on investments at fair value	3	–	59,878	59,878
Impairment of investment in subsidiary	10	–	(37)	(37)
Return before Expenses, Finance Costs and Taxation		8,406	59,892	68,298
Expenses				
Management fee		(705)	(2,114)	(2,819)
Performance fee		–	(1,105)	(1,105)
Other fees and expenses		(1,931)	(694)	(2,625)
Total Expenses	4	(2,636)	(3,913)	(6,549)
Return before Finance Costs and Taxation		5,770	55,979	61,749
Finance Costs				
Interest payable	5	(370)	(1,040)	(1,410)
Exchange loss on currency transactions		–	(337)	(337)
Return on Ordinary Activities before Taxation		5,400	54,602	60,002
Taxation	6	(2,032)	933	(1,099)
Return to Equity Shareholders after Taxation		3,368	55,535	58,903
Total Return per Ordinary share	7	7.12p	117.41p	124.53p

The total column above represents the Profit and Loss Account of the Company.
The revenue and capital items derive from continuing activities.
A Statement of Total Recognised Gains and Losses has not been presented as all gains and losses are recognised in the Income Statement.
No operations were acquired or discontinued during the year.

The Notes on pages 41 to 51 form part of these accounts.

Income Statement
to 30 September 2006

	Notes	Year to 30 September 2006 Revenue Return £'000	Capital Return £'000	Total Return £'000
Income and Capital Profits				
Dividends and other income	2	9,090	331	9,421
Net gains on investments at fair value	3	–	55,944	55,944
Impairment of investment in subsidiary	10	–	–	–
Return before Expenses, Finance Costs and Taxation		9,090	56,275	65,365
Expenses				
Management fee		(743)	(2,229)	(2,972)
Performance fee		–	(1,980)	(1,980)
Other fees and expenses		(547)	(497)	(1,044)
Total Expenses	4	(1,290)	(4,706)	(5,996)
Return before Finance Costs and Taxation		7,800	51,569	59,369
Finance Costs				
Interest payable	5	(244)	(688)	(932)
Exchange loss on currency transactions		–	(96)	(96)
Return on Ordinary Activities before Taxation		7,556	50,785	58,341
Taxation	6	(2,365)	982	(1,383)
Return to Equity Shareholders after Taxation		5,191	51,767	56,958
Total Return per Ordinary share	7	8.78p	87.57p	96.35p

The total column above represents the Profit and Loss Account of the Company.
The revenue and capital items derive from continuing activities.
A Statement of Total Recognised Gains and Losses has not been presented as all gains and losses are recognised in the Income Statement.
No operations were acquired or discontinued during the year.

The Notes on pages 41 to 51 form part of these accounts.

Reconciliation of Movements in Shareholders' Funds

for the year to 30 September 2007

	Notes	Called-up Share capital £'000	Share premium £'000	Special distributable reserve £'000	Merger reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
At 30 September 2006		29,720	39,967	–	61,344	1,837	189,225	322,093
Net return from ordinary activities		–	–	–	–	–	58,903	58,903
Equity dividends paid	8	–	–	–	–	–	(1,156)	(1,156)
Cost of Ordinary shares repurchased and held in treasury		–	–	–	–	–	(12,054)	(12,054)
Cost of Ordinary shares repurchased for cancellation		(11,561)	–	–	–	11,561	(148,271)	(148,271)
Creation of special distributable reserve		–	(39,967)	53,001	–	(13,034)	–	–
At 30 September 2007		18,159	–	53,001	61,344	364	86,647	219,515
At 30 September 2005		29,720	39,967	–	61,344	1,837	146,737	279,605
Net return from ordinary activities		–	–	–	–	–	56,958	56,958
Equity dividends paid	8	–	–	–	–	–	(7,070)	(7,070)
Cost of Ordinary shares repurchased and held in treasury		–	–	–	–	–	(7,400)	(7,400)
At 30 September 2006		29,720	39,967	–	61,344	1,837	189,225	322,093

The Notes on pages 41 to 51 form part of these accounts.

Balance Sheet
at 30 September 2007

	Notes	At 30 September 2007 £'000	At 30 September 2006 £'000
Fixed Asset Investments			
Investments held at fair value	9	**223,980**	338,544
Investments in subsidiaries	10	**327**	364
		224,307	338,908
Current Assets			
Debtors – amounts receivable within one year	11	**4,831**	4,999
Cash at bank and short-term deposits		**770**	1,287
		5,601	6,286
Current Liabilities			
Creditors – amounts payable within one year	12	**(10,393)**	(23,101)
Net Current Liabilities		**(4,792)**	(16,815)
Net Assets		**219,515**	322,093
Capital and Reserves			
Called-up share capital	13	**18,159**	29,720
Share premium	14	**–**	39,967
Special distributable reserve	15	**53,001**	–
Merger reserve	16	**61,344**	61,344
Capital redemption reserve	17	**364**	1,837
Retained earnings:			
Capital reserve – realised	18	**54,912**	143,486
Capital reserve – unrealised	19	**24,029**	40,245
Revenue reserve	20	7,706	5,494
Equity Shareholders' Funds		219,515	322,093
Net Asset Value per Ordinary share	21	667.79p	555.42p

The accounts were approved and authorised for issue by the Board of Directors on 10 December 2007 and were signed on its behalf by:

Rodney Dennis
Chairman

The Notes on pages 41 to 51 form part of these accounts.

Cash Flow Statement
to 30 September 2007

	Notes	Year to 30 September 2007 £'000	Year to 30 September 2006 £'000
Operating Activities			
Dividends and interest received from investments		**6,452**	7,409
Interest received on deposits		**357**	94
Other income		**4**	–
Expenses paid, allocated to revenue		**(2,718)**	(1,245)
Expenses paid, allocated to capital		**(4,308)**	(4,057)
Special dividends received, allocated to capital		**41**	310
Overseas tax recovered		**271**	130
Net cash inflow from operating activities		**99**	2,641
Servicing of Finance			
Interest paid, allocated to revenue		**(370)**	(244)
Interest paid, allocated to capital		**(1,041)**	(687)
		(1,411)	(931)
Investment Activities			
Acquisitions of investments		**(575,490)**	(571,749)
Disposals of investments		**751,087**	600,525
		175,597	28,776
Equity Dividends Paid			
Ordinary shares		**(1,156)**	(7,070)
Finance			
Shares repurchased for cancellation		**(147,561)**	–
Shares repurchased and held in treasury		**(12,079)**	(7,414)
Loans repaid		**(13,523)**	(17,793)
		(173,163)	(25,207)
Net Cash Outflow	22 and 23	**(34)**	(1,791)

The Notes on pages 41 to 51 form part of these accounts.

Notes to the Accounts

1. Accounting Policies

The principal accounting policies have been applied consistently throughout the year ended 30 September 2007 and are set out below.

Basis of Preparation

The accounts have been prepared on a going concern basis, in accordance with UK Generally Accepted Accounting Practice and the Statement of Recommended Practice ('SORP') for "Financial Statements of Investment Trust Companies" issued by the Association of Investment Companies in January 2003 (revised in December 2005). They have also been prepared on a historical cost basis, modified to include fixed asset investments at fair value.

The Directors are of the opinion that the Company is engaged in a single segment of business and therefore no segmental reporting is provided.

The accounting policies used for the year ended 30 September 2007 have remained unchanged from the previous year.

Consolidation

The balance sheets of Aberdeen European Investment Trust PLC (in liquidation) and The German Investment Trust plc (in liquidation), the Company's only subsidiaries at 30 September 2007, have not been consolidated as the control of these subsidiary companies is now exercised by the liquidator, rather than the Company.

GEIT Offer p.l.c., which had not traded, was dissolved on 26 June 2007.

The Accounts, therefore, reflect the position of the parent Company, Gartmore European Investment Trust p.l.c., only and do not represent the accounts of the Group.

Income, Expenses and Interest Payable

Income includes dividends receivable from investments marked ex-dividend during the period.

Deposit and other interest receivable, expenses and interest payable are accounted for on an accruals basis.

The annual management fee and loan interest charges are allocated 75% to capital and 25% to revenue, in line with the Board's expected long-term split of returns in the form of capital and income profits respectively. In accordance with the SORP, tax relief, if applicable, is credited in respect of such allocations between capital and revenue using the marginal method.

In accordance with the SORP, the performance-related fee (when payable) is allocated 100% to capital, together with the tax relief in respect of such allocations, as the fee is based on outperformance against the FTSE World Index – Europe (ex UK) capital only in sterling terms.

Where management and performance-related fees have been subject to VAT, such VAT was recognised as an expense and allocated to capital and revenue in line with the percentages noted above. The accrual for the performance-related fee for 2007 does not include VAT. In June 2007, the European Court of Justice found against HM Revenue & Customs (HMRC) in connection with a claim by JPMorgan Fleming Claverhouse Trust plc. HRMC has since accepted that it is incorrect for VAT to be charged on the investment management fees paid by investment trusts to their managers. The Company is advancing the process of recovery of VAT, however, this process is not sufficiently advanced to enable recognition of any recoveries in the Company's accounts.

Expenses which are incidental to the acquisition of an investment are expensed through the capital column of the Income Statement. Expenses which are incidental to the disposal of an investment are deducted from the proceeds of the sale of the investment.

Taxation

Deferred tax is recognised on all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods. Deferred tax is measured without discounting on the basis of enacted tax rates.

Dividends

In accordance with FRS 21, dividends declared and approved by the Company after the balance sheet date have not been recognised as a liability of the Company at the balance sheet date.

Notes to the Accounts

1. Accounting Policies (continued)

Investments

The Company's business is investing in financial assets, with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided internally on that basis to the Company's Board of Directors. Accordingly, upon initial recognition the Company designates the investments as 'at fair value through profit or loss'.

Investments are included initially at fair value, which is taken to be their cost at the trade date (excluding expenses incidental to the acquisition which are written off in the Income Statement, and allocated to 'capital' at the time of acquisition). Subsequent to initial recognition, investments continue to be designated at fair value through profit or loss, which is deemed to be the bid price, where the bid price is available, or otherwise at fair value based on published price quotations. Changes in fair value are included in the Income Statement as a capital item and are not distributable by way of a dividend.

No provision for taxation is required in respect of any realised or unrealised appreciation of investments which arises, as the Company expects to continue to qualify as an investment trust for tax purposes, thereby rendering capital profits exempt from tax.

Investments in subsidiaries

All investments in subsidiaries are unlisted. They are initially recognised on the trade date and measured, then and subsequently, at fair value. As the subsidiary companies are in liquidation, the fair value is the net realisable value as estimated by the liquidators.

Any change in fair value of these investments is deemed to be impairment and is recognised in the capital column of the Income Statement.

All such unlisted investments are subject to an assessment of impairment on an annual basis.

Rate of exchange

The currency of the primary economic environment in which the Company operates (the functional currency) is pounds sterling ("Sterling"), which is also the presentational currency of the Company.

Transactions involving currencies other than Sterling are recorded at the exchange rate ruling on the transaction date.

At each balance sheet date, monetary items and non-monetary assets and liabilities that are fair valued, which are denominated in foreign currencies, are retranslated at the closing rates of exchange.

2. Dividends and Other Income

	2007 £'000	2006 £'000
Revenue:		
Income from investments:		
Unfranked dividends	**8,011**	8,958
Franked dividends	**34**	38
	8,045	8,996
Interest on deposits	**357**	94
Other income	**4**	–
	8,406	9,090
Capital:		
Special dividends allocated to capital	**51**	331

3. Net Gains on Investments at Fair Value

	2007 £'000	2006 £'000
Net profit realised on disposal of investments	**76,094**	63,892
Less: Amounts recognised as unrealised in previous years	**(28,932)**	(35,343)
Net realised profit based on carrying values at the previous balance sheet date	**47,162**	28,549
Net unrealised appreciation arising during the year	**12,716**	27,395
	59,878	55,944

4. Expenses

	2007 £'000	2006 £'000
Allocated to Revenue:		
Management fee:		
Total management fee	**2,399**	2,529
VAT charged on management fee	**420**	443
	2,819	2,972
Allocated to capital	**(2,114)**	(2,229)
Management fee allocated to revenue	**705**	743
Other fees and expenses:		
Fees payable to the Company's auditor for the statutory audit of the accounts	**19**	19
Fees payable to the Company's auditor for other services: – supplied pursuant to legislation	**1**	1
– supplied in relation to taxation matters	**–**	4
– supplied in relation to other services*	**20**	–
Directors' fees*	**142**	146
General expenses, including irrecoverable VAT	**447**	431
Tender offer expenses*	**1,302**	–
Other fees and expenses allocated to revenue	**1,931**	601
Total fees and expenses allocated to revenue	**2,636**	1,344
Allocated to Capital:		
Management fee	**2,114**	2,229
Performance fee	**1,105**	1,685
VAT charged on performance fee	**–**	295
Transaction costs incurred on acquisitions of investments	**738**	727
Commission rebated	**(44)**	(230)
Total fees and expenses allocated to capital (see Notes 1 and 18)	**3,913**	4,706
Total fees and expenses	**6,549**	6,050

In 2006, additional Directors' fees totalling £50,000 and fees paid to the Company's auditor for services supplied in relation to taxation matters of £4,000 were reimbursed by Gartmore Investment Limited.

* Expenses, including irrecoverable VAT, incurred in relation to the tender offer for shares totalled £1,385,000 (2006: Nil). These expenses were more than offset by the 2% discount applied to the tender offer redemption price, which is reflected in the Net Assets of the Company.
A breakdown of these costs is shown below:

Legal and professional fees	**1,195**	–
Other fees and expenses	**107**	–
Tender offer expenses	**1,302**	–
Additional Directors' fees	**63**	–
Fees payable to the Company's auditor	**20**	–
	1,385	–

Notes to the Accounts

5. Interest Payable

	2007 £'000	2006 £'000
On borrowings repayable within five years:		
Bank overdraft	**23**	15
Multi-currency loan facility	**1,387**	917
Total interest payable	**1,410**	932
Interest payable allocated to capital (see Notes 1 & 17)	**(1,040)**	(688)
Interest payable allocated to revenue	**370**	244

6. Taxation

(a) Analysis of tax charge for the year

	Revenue 2007 £'000	Capital 2007 £'000	Total 2007 £'000	Revenue 2006 £'000	Capital 2006 £'000	Total 2006 £'000
Tax relief to capital	**941**	**(941)**	**–**	1,020	(1,020)	–
Corporation tax	**1,184**	**–**	**1,184**	1,149	–	1,149
	2,125	**(941)**	**1,184**	2,169	(1,020)	1,149
Double taxation relief	**(1,184)**	**–**	**(1,184)**	(1,149)	–	(1,149)
	941	**(941)**	**–**	1,020	(1,020)	–
Foreign tax suffered	**1,103**	**8**	**1,111**	1,345	38	1,383
Overseas tax credits	**(12)**	**–**	**(12)**	–	–	–
Total current tax for the year (see Note 6(b))	**2,032**	**(933)**	**1,099**	2,365	(982)	1,383

(b) Factors affecting current tax charge for the year

	2007 £'000	2006 £'000
Net income before taxation	**5,400**	7,556
Corporation tax at 30%	**1,620**	2,267
Effects of:		
Income not subject to corporation tax	**(10)**	(16)
Expenses not deductible for tax purposes	**431**	16
Allowable expenses in capital	**(861)**	(1,275)
Transfer to capital	**941**	1,020
Increase in unrelieved interest	**–**	157
Overseas tax	**1,103**	1,345
Overseas tax credits	**(8)**	–
Double tax relief claim	**(1,184)**	(1,149)
Current revenue tax charge for the year	**2,032**	2,365

Due to the Company's status as an investment trust and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

In accordance with the SORP, tax relief, if applicable, in respect of expenses allocated to Capital reserve is apportioned between Capital reserve and Revenue reserve using the marginal method.

(c) Provision for deferred taxation

There are unrecognised deferred tax assets of £799,000 (2006: £799,000) in respect of excess interest and £229,000 (2006: £300,000) in respect of eligible unrelieved foreign tax. It is unlikely that the Company will generate sufficient taxable profits in the future to utilise either the interest or unrelieved foreign tax and, therefore, no deferred tax asset has been recognised.

7. Total Return per Ordinary Share

(i) The Total Return Per Ordinary share is calculated on the return to Ordinary shareholders of £58,903,000 (2006: £56,958,000) and 47,300,957 (2006: 59,113,499) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year, excluding Ordinary shares purchased by the Company and held as treasury shares.

(ii) The Revenue Return Per Ordinary share is calculated on the return of £3,368,000 (2006: £5,191,000) and 47,300,957 (2006: 59,113,499) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year, excluding Ordinary shares purchased by the Company and held as treasury shares.

(iii) The Capital Return Per Ordinary share is calculated on the return of £55,535,000 (2006: £51,767,000) and 47,300,957 (2006: 59,113,499) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year, excluding Ordinary shares purchased by the Company and held as treasury shares.

8. Dividends on Ordinary Shares

	2007 £'000	2006 £'000
Amounts recognised in these Accounts as distributions to Ordinary shareholders in the year:		
Final dividend in respect of the year to 30 September 2006 of 2.00p per share paid on 31 January 2007 on 57,791,389 shares. (2006: 6.00p per share paid on 31 January 2006 on 59,440,389 shares)	**1,156**	3,566
Special dividend in respect of the year to 30 September 2006 of 6.00p per share paid on on 31 July 2006 on 58,395,389 shares.	**–**	3,504
Total dividends of 2.00p (2006: 12.00p) per share	**1,156**	7,070

The declared interim dividend in respect of the year to 30 September 2007, which is in lieu of a final dividend, has not been included as a liability in these Accounts. This dividend, which is used to assess compliance with the requirements of Section 842 Income and Corporation Taxes Act 1988, is set out below:

	2007 £'000	2006 £'000
Interim dividend of 8.00p (2006: 2.00p) per share payable on 31 January 2008 on 32,871,662 (2006: 57,791,389) shares	**2,630**	1,156
Special dividend of 6.00p per share paid on 31 July 2006 on 58,395,389 shares	**–**	3,504
Total dividends of 8.00p (2006: 8.00p) per share	**2,630**	4,660

9. Investments held at fair value

	2007 £'000	2006 £'000
Movements of investments held as fixed assets:		
Book cost brought forward	**298,299**	260,649
Acquisitions at cost	**576,363**	566,021
Proceeds of disposals	**(750,805)**	(592,263)
Net gain realised on disposals	**76,094**	63,892
Book cost at 30 September	**199,951**	298,299
Unrealised appreciation of investments	**24,029**	40,245
Valuation of investments at 30 September	**223,980**	338,544

The Company's investments are registered in the name of nominees of, and held to the order of, The Bank of New York, as custodians to the Company.

	2007 £'000	2006 £'000
The following transaction costs were incurred during the year:		
On acquisitions	**738**	727
On disposals	**570**	679
	1,308	1,406

10. Investments in Subsidiaries

The undernoted companies are wholly-owned subsidiaries of the Company. They have been classified as unlisted investments, at fair value, due to them being in liquidation.

(a) Aberdeen European Investment Trust PLC:

Aberdeen European Investment Trust PLC was placed in members' voluntary liquidation on 26 February 1999 and is included in these accounts at its net realisable value as estimated by the liquidators.

Book value of Aberdeen European Investment Trust PLC at 30 September 2007 was as follows:

	2007 £'000	2006 £'000
Fair Value brought forward	**364**	364
Net unrealised loss in the year	**(37)**	–
Fair Value carried forward	**327**	364

(b) The German Investment Trust plc:

The German Investment Trust plc was placed in members' voluntary liquidation on 20 May 1997 and is included in these accounts at its net realisable value as estimated by the liquidators.

Book value of The German Investment Trust plc at 30 September 2007 was as follows:

	2007 £'000	2006 £'000
Valuation at 30 September	**–**	–

(c) GEIT Offer:

In May 1998 the Company established a new subsidiary, GEIT Offer p.l.c., as a necessary element of a potential corporate action. GEIT Offer p.l.c. changed its name to GEIT Offer Limited on 8 August 2006 and to GEIT Offer on 4 January 2007.

The subsidiary, which had not traded, was dissolved on 26 June 2007.

11. Debtors

	2007 £'000	2006 £'000
Amounts receivable within one year:		
Investments sold	**3,847**	4,129
Currency transaction	**1**	1
Accrued income	**65**	2
Prepaid expenses	**16**	15
Taxation	**835**	664
Other debtors	**67**	188
	4,831	4,999

12. Creditors

	2007 £'000	2006 £'000
Amounts payable within one year:		
Investments purchased	**7,391**	5,170
Accrued expenses	**1,600**	2,860
Bank overdraft	**6**	152
Bank loans	**1,396**	14,919
	10,393	23,101

The Company has an overdraft facility of £5,000,000 with The Royal Bank of Scotland. Interest is charged at 1% over the base rate set by the Bank of England.

The Company has an uncommitted multi-currency loan facility of £50,000,000 with The Bank of New York. Interest is charged at 0.5% over LIBOR.

Borrowings are repayable on demand.

13. Called-up Share Capital

	2007 £'000	2006 £'000
Authorised:		
100,000,000 (100,000,000) Ordinary shares of 50p	**50,000**	50,000
Allotted, Called-up and Fully-paid:		
32,871,662 (2006: 57,990,389) Ordinary shares of 50p in issue	**16,436**	28,995
3,446,987 (2006: 1,450,000) Ordinary shares of 50p, held in treasury	**1,723**	725
	18,159	29,720

During the year, 1,996,987 Ordinary shares were repurchased to be held in treasury at a cost of £12,054,000 (2006: 1,450,000 Ordinary shares repurchased and held in treasury at a cost of £7,400,000).

Additionally, as a result of a tender offer for shares, 22,205,091 shares were repurchased and cancelled at a cost of £142,611,000 (2006: Nil).

A further 916,649 Ordinary were subsequently repurchased and cancelled at a cost of £5,660,000 (2006: Nil).

The Ordinary shares held in treasury have no voting rights and are not entitled to dividends.

14. Share Premium

	2007 £'000	2006 £'000
Balance brought forward	**39,967**	39,967
Cancellation of reserve (see note 15)	**(39,967)**	–
Balance at 30 September	**–**	39,967

15. Special Distributable Reserve

	2007 £'000	2006 £'000
Balance brought forward	**–**	–
Created on cancellation of share premium and capital redemption reserves	**53,001**	–
Balance at 30 September	**53,001**	–

On 11 July 2007, a Special Distributable Reserve was created following the cancellation of the Share Premium and the Capital Redemption Reserve.

16. Merger Reserve

	2007 £'000	2006 £'000
Balance at 30 September	61,344	61,344

17. Capital Redemption Reserve

	2007 £'000	2006 £'000
Balance brought forward	**1,837**	1,837
Nominal value of shares repurchased and cancelled up to 11 July 2007 (cancellation date)	**95**	–
Share redemption from tender offer	**11,102**	–
Cancellation of reserve (see note 15)	**(13,034)**	–
Nominal value of shares repurchased and cancelled subsequent to cancellation of reserve on 11 July 2007	**364**	–
Balance at 30 September	**364**	1,837

18. Capital Reserve – Realised

	2007 £'000	2006 £'000
Balance brought forward	**143,486**	91,171
Net realised profit based on carrying values at the previous balance sheet date	**47,162**	28,549
Transfer from capital reserve – unrealised, arising on disposal of investments	**28,932**	35,343
Impairment of investment in subsidiary	**(37)**	–
Cost of shares repurchased during the year	**(160,325)**	(7,400)
Exchange loss on currency transactions	**(337)**	(96)
Dividends allocated to capital	**51**	331
Management fee allocated to capital	**(2,114)**	(2,229)
Performance fee allocated to capital	**(1,105)**	(1,980)
Net transaction costs incurred on acquisitions of investments	**(694)**	(497)
Interest charge allocated to capital	**(1,040)**	(688)
Tax relief on fees and interest charged to capital	**941**	1,020
Foreign tax suffered on dividends allocated to capital	**(8)**	(38)
Balance at 30 September	**54,912**	143,486

19. Capital Reserve – Unrealised

	2007 £'000	2006 £'000
Balance brought forward	**40,245**	48,193
Transfer to capital reserve – realised, arising on disposal of investments	**(28,932)**	(35,343)
Unrealised appreciation during the year	**12,716**	27,395
Balance at 30 September	**24,029**	40,245

20. Revenue Reserve

	2007 £'000	2006 £'000
Balance brought forward	**5,494**	7,373
Net revenue return for the year	**3,368**	5,191
Dividends paid on Ordinary shares	**(1,156)**	(7,070)
Balance at 30 September	**7,706**	5,494

21. Net Asset Value per Share

The Net Asset Value per Ordinary share is calculated on net assets of £219,515,000 (2006: £322,093,000) and 32,871,662 (2006: 57,990,389) Ordinary shares in issue at the year-end.

Shares held in treasury are excluded from the calculation of the Net Asset Value per Ordinary share.

22. Analysis of Net Debt

	At 30 September 2006 £'000	Cash Flow £'000	Movement in Borrowings £'000	Exchange loss £'000	At 30 September 2007 £'000
Cash at bank and short-term deposits	1,287	(180)	–	(337)	**770**
Bank overdraft	(152)	146	–	–	**(6)**
Net cash at 30 September	1,135	(34)	–	(337)	**764**
Bank loans	(14,919)	–	13,523	–	**(1,396)**
Net debt at 30 September	(13,784)	(34)	13,523	(337)	**(632)**

23. Reconciliation of Net Cash Flow to Movement in Net Debt	2007 £'000	2006 £'000
Decrease in cash	**(34)**	(1,791)
Decrease in borrowings	**13,523**	17,793
Change in net balances resulting from cash flows	**13,489**	16,002
Net debt brought forward	**(13,784)**	(29,690)
Exchange loss on currency transactions	**(337)**	(96)
Net debt at 30 September	**(632)**	(13,784)

24. Transactions with the Manager

The Company has complied with the provisions of FRS 8, which require disclosure of related party transactions and balances. Gartmore Investment Limited is the Manager and Company Secretary and details of their services and fees are provided on page 21.

25. Risk Management, Derivatives and Other Financial Instruments

The Company's investment objective is to seek capital growth over the longer term from investment in Continental Europe. The entire portfolio is held in equities.

As an investment trust, the Company invests in shares and securities for the long-term. Accordingly, it is the Company's policy that no trading in investments or other financial instruments is undertaken.

Events may occur that could result in a reduction in the Company's Net Assets or a reduction of revenue profits available for distribution as dividends.

The main risks arising from the Company's financial instruments are market price risk, credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board has reviewed and agreed policies for managing each of these risks and these are summarised below:

(i) Market price risk
Market price risk represents the potential financial loss that the Company might suffer through holding market positions in the face of price movements and movements in exchange rates. Market price risk arises over the future value of the Company's investments and borrowings.

In order to manage this risk the Directors meet regularly with the Managers to compare the performance of the portfolio against market indices and to review the comparable investment trusts, individual shares, securities and sectors, both within and outside the portfolio. The Company does not generally hedge against the effect of changes in the underlying prices of the investments as it is believed that the costs associated with such a process would result in an unacceptable reduction in the prospects for capital growth. The Company had no derivative instruments at the year-end, but, in the event that it had, the value of derivative instruments held at the balance sheet date would be determined by reference to their market value at that date.

(ii) Credit risk
Credit risk is the exposure to loss from failure of a counter-party or bank to deliver securities or cash for acquisitions or disposals of investments or to repay deposits.

These risks are managed by using brokers from a database of approved brokers who have undergone rigorous due diligence checks by the Manager's Risk Management Team and by dealing through Gartmore Investment Management Limited with banks considered to be of undoubted standing.

(iii) Liquidity risk
Liquidity risk is the possibility of failure of the Company to realise sufficient assets to meet its financial liabilities.

This is minimised through a policy of investing only in listed securities, which are usually readily realisable, and through holding a relatively large number of diverse stocks.

(iv) Interest rate risk
The Company finances its investment activities by means of realised capital profits and retained revenue profits. In addition, financing is obtained through bank borrowing facilities.

The Company has an overdraft facility of £5,000,000 with The Royal Bank of Scotland plc. Interest on the bank overdraft is charged at 1% over the bank's base rate. At 30 September 2007 the Company had an overdraft of £6,000 (2006: £152,000).

25. Risk Management, Derivatives and Other Financial Instruments (continued)

The Company also has an uncommitted multi-currency loan facility of £50,000,000 with The Bank of New York. Interest on the facility is charged at 0.5% over LIBOR.

To minimise exposure to interest rate movements amounts drawn are rarely fixed for terms in excess of one month. At 30 September 2007 the Company had drawings under this facility of €2 million (2006: €22 million), equivalent to £1,396,000 (2006: £14,919,000).

The carrying amount, by the earlier of contractual re-pricing or maturity date, of the Company's financial instruments was as follows:

	2007 In 1 year or less £'000	2007 Greater than 1 year £'000	2006 In 1 year or less £'000	2006 Greater than 1 year £'000
Cash Flow Interest Rate Risk				
Loans and Receivables				
Cash at bank and short-term deposits	**770**	**–**	1,287	–
Financial Liabilities				
Multi currency loan facility	**(1,396)**	**–**	(14,919)	–
Bank overdraft	**(6)**	**–**	(152)	–
	(632)	**–**	(13,784)	–

	2007 In 1 year or less £'000	2007 Greater than 1 year £'000	2006 In 1 year or less £'000	2006 Greater than 1 year £'000
No Interest Rate Risk				
Financial assets at fair value				
Fixed asset investments at fair value	**–**	**223,980**	–	338,544
Investments in subsidiaries	**–**	**327**	–	364
Loans and receivables				
Short-term trade receivables	**3,980**	**–**	4,320	–
Financial Liabilities				
Short-term trade payables	**(8,991)**	**–**	(8,030)	–
	(5,011)	**224,307**	(3,710)	338,908

As shown by the list of investments in the portfolio at 30 September 2007 on page 11, the investments are equity based and are not therefore subject to interest rate risk.

(v) Foreign currency risk
The Company's total return and balance sheet can be affected by currency fluctuations, as a significant proportion of the Company's assets are denominated in currencies other than sterling (see Net Currency Exposure on page 13). No hedging of the currency exposure is undertaken. Revenue received in currencies other than sterling is converted into sterling on or shortly after the date of receipt.

Additional currency risk through gearing is minimised by borrowing in euro, the main currency of the securities held in the portfolio. There are not considered to be any significant credit risks surrounding the bank loan or overdraft as there are strict covenants in place and amounts drawn are rarely for periods longer than one month.

Both the amount and the currency split of the financial instruments are expected to fluctuate as cash flow payments and receipts are made on a regular basis in currencies other than sterling.

25. Risk Management, Derivatives and Other Financial Instruments (continued)

(vi) Financial Assets

The Company's financial assets comprise equity and other investments, short-term trade receivables and cash balances.

The currency cash flow profile of those financial assets was as follows:

2007	Sterling £'000	Euros £'000	Swiss Francs £'000	Swedish Krona £'000	Norwegian Krone £'000	US Dollars £'000	Danish Krona £'000	Total £'000
Fixed asset investments at fair value	–	170,141	39,855	9,441	3,877	666	–	223,980
Loans and receivables	1,555	2,057	608	–	510	20	–	4,750
	1,555	172,198	40,463	9,441	4,387	686	–	228,730

2006	Sterling £'000	Euros £'000	Swiss Francs £'000	Swedish Krona £'000	Norwegian Krone £'000	US Dollars £'000	Danish Krona £'000	Total £'000
Fixed asset investments at fair value	–	255,570	61,527	14,458	4,421	–	2,568	338,544
Loans and receivables	899	2,526	1,858	322	–	2	–	5,607
	899	258,096	63,385	14,780	4,421	2	2,568	344,151

(vii) Financial Liabilities

The Company's financial liabilities comprise bank loans, overdraft balances and short-term trade payables. Details of the Company's bank loans are disclosed in note 12.

The currency cash-flow profile of those financial liabilities was:

2007	Sterling £'000	Euros £'000	Swiss Francs £'000	Norwegian Krone £'000	Total £'000
Multi currency loan facility	–	1,396	–	–	1,396
Bank overdraft	6	–	–	–	6
Short-term trade payables	2,280	5,371	830	510	8,991
	2,286	6,767	830	510	10,393

2006	Sterling £'000	Euros £'000	Swiss Francs £'000	Norwegian Krone £'000	Total £'000
Multi currency loan facility	–	14,919	–	–	14,919
Bank overdraft	–	–	152	–	152
Short-term trade payables	2,860	2,744	2,426	–	8,030
	2,860	17,663	2,578	–	23,101

(viii) Fair Value

The Company's assets and liabilities are stated at their fair values at the year-end. The fair value of shares and securities is based on bid market prices.

26. VAT Reclaims

Since the year-end, HM Revenue & Customs (HMRC) have confirmed that they accept that fund management services to investment trusts are exempt from VAT. The Manager has confirmed that it has lodged claims with HMRC to recover VAT paid from January 2001.

Until all remaining uncertainties surrounding the mechanisms of the reclaim process have been cleared, there will be no recognition of an asset in the accounts. However, the Company currently estimates that it may recover between £1.5 million and £2.5 million in due course.

Notice of Annual General Meeting

THIS NOTICE OF ANNUAL GENERAL MEETING IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your Ordinary shares in Gartmore European Investment Trust p.l.c., please send this document, together with the accompanying documents to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Gartmore European Investment Trust p.l.c. will be held at Gartmore House (see page 60), 8 Fenchurch Place, London EC3M 4PB, on Friday, 1 February 2008 at 12.30 p.m. to transact the following business. Resolutions 1 to 8 will be proposed as ordinary resolutions and Resolutions 9 to 11 will be proposed as special resolutions.

1. To receive the Report of the Directors and the Accounts for the year ended 30 September 2007, together with the Report of the Auditors.
2. To approve the Directors' Remuneration Report for the year ended 30 September 2007.
3. To re-appoint Mr R Dennis as a Director.
4. To re-appoint Mr JC Banon as a Director.
5. To re-appoint Dr M Piehl as a Director.
6. To re-appoint Grant Thornton UK LLP as Auditors of the Company, having previously been appointed by the Board to fill the auditor vacancy arising from the resignation of RSM Robson Rhodes LLP and having received special notice of this resolution.
7. To authorise the Directors to fix the remuneration of the Auditors.
8. THAT, the Directors be and are hereby generally and unconditionally authorised, in accordance with Section 80 of the Companies Act 1985 (the "Act"), to exercise all the powers of the Company to allot relevant securities (as defined in Section 80(2) of the Act) up to an aggregate nominal amount of £5,358,194 provided that such authority expires on the conclusion of the next Annual General Meeting of the Company save that the Company may before such expiry make offers or agreements which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offers or agreements as if the powers and authorities hereby granted had not expired; and all unexercised authorities previously granted to the Directors to allot relevant securities be and are hereby revoked.
9. THAT, the Directors be and they are hereby empowered, pursuant to Section 95 of the Act, to allot equity securities (as defined in Section 94 of the Act) or the Company may make offers or agreements to allot equity securities for cash pursuant to the authority conferred by Resolution 8 and to sell equity securities which are held by the Company in treasury as if Section 89(1) of the Act did not apply to any such allotments and sales provided that this power shall be limited to:

   (a) the allotment of equity securities in connection with rights issues, open offers or other offers of securities in favour of the holders of Ordinary shares on the register of members at such record date(s) as the Directors may determine where the equity securities respectively attributable to the interests of all Ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary shares held by them on any such record date(s) (subject in either case to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements or legal or practical problems under the laws of any overseas territory or the requirements of any regulatory body or any stock exchange in any territory or by virtue of shares being represented by depository receipts, or otherwise howsoever); and

   (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) to any person or persons of equity securities up to an aggregate nominal value of £1,607,458.

   This power shall expire at the conclusion of the next Annual General Meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting), except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

10. THAT, in substitution for any prior authority, the Company be generally and unconditionally authorised, in accordance with Section 166 of the Act, to make market purchases (within the meaning of Section 163(3) of the Act) of Ordinary shares of 50 pence each of the Company provided that:

    (a) the maximum number of Ordinary shares that may be purchased is 4,819,159;

    (b) the minimum price which may be paid for an Ordinary share shall be 50p;

    (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary share shall not be more than the lower of (i) net asset value per share and (ii) 5 per cent. above the average of the mid-market quotations for an Ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Ordinary share are contracted to be purchased;

    (d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company;

    (e) the Company may make a contract to purchase Ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary shares pursuant to any such contract; and

    (f) any Ordinary shares so purchased shall be cancelled or, if the Directors so determine and subject to the provision of the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 and any applicable regulations of the United Kingdom Listing Authority, held as Treasury Shares.

11. THAT, the new Articles of Association of the Company, set out in the printed document produced to the Meeting and initialled by the Chairman for the purposes of identification, be and are hereby approved and adopted in substitution for, and to the exclusion of, the existing Articles of Association of the Company.

By Order of the Board
GARTMORE INVESTMENT LIMITED
Company Secretary

20 December 2007

Registered Office:
Gartmore House
8 Fenchurch Place
London EC3M 4PB
Registered No: 427958

NOTES:

(1) A Member entitled to attend and vote is entitled to appoint one or more proxies to exercise all or any of his rights to attend, speak and vote at the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him. Such proxy need not be a Member of the Company. A Form of Proxy is enclosed. To be effective, the Form of Proxy must be deposited at the offices of the Company's Registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA not less than 48 hours before the time fixed for the Meeting.

(2) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of Ordinary Shares registered on the Company's Register of Members at 6.00 p.m. on the date two days prior to the Meeting or any adjournment of it shall be entitled to attend and vote at the Meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries on the Register of Members after this time shall be disregarded in determining the rights of any person to attend and vote at the Meeting or adjourned meeting.

(3) The following documents will be available for inspection during normal business hours on Monday to Friday (public holidays excepted) at the registered office of the Company from the date of this document up to and including the date of the Meeting, and also at Gartmore House, 8 Fenchurch Place, London EC3M 4PB on the morning of the AGM from 15 minutes prior to the Meeting until its conclusion:

    (i) copies of terms of appointment for Non-Executive Directors;

    (ii) a copy of the existing Articles of Association of the Company together with a copy of the new Articles of Association proposed to be adopted by the Company pursuant to Resolution 11 set out in this notice.

(4) As at 10 December 2007 (being the latest practicable date prior to publication of this notice), the Company's issued share capital consists of 32,149,162 Ordinary shares, carrying one vote each. Therefore, the total number of voting rights in the Company as at 10 December 2007 is 32,149,162.

(5) Members are requested to notify the Company's Registrar of any change of address. This Report is forwarded to the address at present registered for communications.

Principal Changes to the Company's Articles of Association

1. Notice of general meetings (Articles 49 and 50)

The provisions in the current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to new provisions in the 2006 Act. In particular, an extraordinary general meeting to consider a special resolution can be convened on 14 days' notice, whereas previously 21 days' notice was required.

The new wording also reflects shareholders' ability to send documents, notices and information to an electronic address given by the Company in a notice, subject to any conditions or limitations specified by the Company in the notice.

The amendments to Article 50 deal with situations where, because of a postal strike or similar situation beyond the control of the Company, the Company is unable to send out hard copies of the notice of meeting or the notification that the notice of meeting has been placed on its website. The amendment will ensure that such failure to give notice does not invalidate the proceedings of the meeting.

2. Quorum (Article 51)

Article 51 is amended to make it clear that two persons who are proxies for the same member or representatives of the same corporation can constitute a quorum.

3. Safety and security of general meetings (Articles 53 and 55)

It is also proposed that the Articles in relation to meetings and resolutions be updated:

(i) to introduce appropriate security measures to ensure the safety of those attending a general meeting; and

(ii) to enable the chairman of a general meeting to adjourn the meeting without the consent of the meeting for reasons of orderly conduct and security.

4. Right to attend and speak at general meetings (Article 54)

Article 54 is updated to allow the chairman of a general meeting discretion to permit other persons who are not members to attend and speak at a meeting.

5. Amendments to resolutions (Article 57)

Article 57 updates the provisions on amendments to resolutions to clarify the situations in which resolutions may be amended.

6. Polls (Article 58)

Article 58 is amended in order to permit a poll to be demanded before a show of hands, as well as immediately after the result of a show of hands, and in order to allow directors the ability to demand a poll.

7. Proxies and corporate representatives (Articles 62, 69 and 73)

Under the 2006 Act, proxies are entitled to vote on a show of hands, whereas under the current Articles proxies are only entitled to vote on a poll. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. Multiple corporate representatives may also be appointed. The new Articles reflect all of these provisions.

8. Removal of age limit for directors (Article 74)

The current Articles contain a provision limiting the age at which a director can be appointed and requiring a director to vacate office at the annual general meeting after he attains the age of 70. Such provision could now fall foul of the Employment Equality (Age) Regulations 2006 and so has been removed from the new Articles.

9. Directors' interests (Article 89)

The 2006 Act sets out directors' general duties. The provisions largely codify the existing law, but with some changes. When the provisions on directors' conflict of interest come into force, a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts where the articles of association contain a provision to this effect. It also allows the articles to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The Company intends to follow developing best practice, as regards process and reporting, in relation to the exercise of the power to authorise conflicts to be included in the new Articles.

The amendment to the Articles gives the Directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when Directors decide whether to authorise a conflict or potential conflict. First, only independent directors (i.e. those who have no interest in the matter being considered) will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

10. Sending of notices, documents and information (Articles, 71, 129-138)

Article 129 will provide the Company with a general power to send or give any notice, document or information to any member by a variety of methods such as in person, by post or in electronic form (such as by email), or by making it available on the Company's website depending on the individual member's preference. In addition to any notice, document or information which is specifically required to be supplied under the 2006 Act or the Articles, Article 129 will also allow the Company to send any other document or information to members by the variety of methods described above.

Article 71 allows an appointment of proxy to be sent by and delivered to the Company in electronic form.

If the Company gives any notice, or sends any document or information to its members by making it available on the Company's website, it must comply with the requirements under Article 129.3. The Company will be able to ask each individual member for his or her consent to receive communications from the Company via its website. If the member does not respond to the request for consent within 28 days, the Company may take that as consent by the member to receive communications in this way. When the Company makes a document available on its website, it must notify each member who has consented (or is deemed to have consented) to receive documents via the website, either by post or by email (if the member has specifically agreed to receive communications electronically), that the document has been made available on the website. A member who has received a document electronically can request a hard copy of any document at any time. Members can also revoke their consent to receive electronic communications at any time.

In relation to joint holders of shares, Article 129.4 provides that the agreement of the first-named holder on the register of members to accept notices, documents or information electronically or via a website will be binding on the other joint holders.

Articles 129.5 and 131 cater for situations where the provision of corporate information by electronic means may amount to a breach of securities laws of another jurisdiction. Article 131 permits the Company not to give or send any notice, document or information to any member whose registered address is not within the UK, unless that member has given a non-electronic address within the UK. Article 129.5 allows the Company to send hard copies, if it needs to restrict the circulation of information in certain circumstances, such as for US securities law reasons.

Article 133 sets out when notices, documents or information given or sent by the Company to its members are deemed to be delivered.

Article 135 allows for any notice, document or information (not being a notice of a general meeting) to be given by advertisement in at least one national daily newspaper published in the UK.

Article 137 is amended to deal with the validation of documents in electronic form by members where required by the Articles.

Article 138 is amended to deal with notices, documents or information, given or sent by the Company to a member, that have been returned undelivered after three consecutive occasions. The member will only be entitled to receive such further communications upon provision of a new postal or electronic address to the Company.

11.General

Generally, the opportunity has been taken to bring clearer language into the new Articles and, in some areas, to conform the language of the Articles with that used in the "Model Articles for Public Companies" produced by the Department for Business, Enterprise and Regulatory Reform.

Shareholder Information

Annual General Meeting
This year's Annual General Meeting of the Company will be held at Gartmore House, 8 Fenchurch Place, London EC3M 4PB (see page 60), on Friday, 1 February 2008 at 12.30 p.m.

Payment of Dividends
Cash dividends will be sent by cheque to the first-named shareholder on the Register at their registered address, together with a tax voucher. At a shareholder's request, dividends may instead be paid direct into the shareholder's bank account through the Bankers' Automated Clearing System (BACS). This may be arranged by contacting the Company's Registrar on 0870-601 5366.

Price and Performance Information
The Company's Ordinary shares are listed on the London Stock Exchange and the prices are published in the Financial Times and The Daily Telegraph under 'Investment Companies'.

Real-time share price information is available on 0906-843 0000 (select menu option 2 and then enter company code 2656). Calls are charged at 60p per minute at all times.

The Company's Net Asset Value is calculated daily and can be viewed on the London Stock Exchange website at www.londonstockexchange.com.

Further information can be obtained from Gartmore as follows:

Free Investor Helpline	– 0800-289 336
Internet address	– www.gartmore.co.uk.
E-mail address	– helpline@gartmore.com

Internet
Information on the Company is available on the Gartmore internet site, www.gartmore.co.uk. The Company's discrete area on the site can be accessed via the "Product" menu or directly using www.gartmoreeuropeaninvtrust.co.uk or www.gartmoreeuropeaninvtrust.com. This information includes the latest annual and interim reports, fact sheets and corporate governance documents such as committee terms of reference that can be downloaded, together with access to the latest regulatory news announcements and net asset values.

Share Dealing
Investors wishing to purchase Ordinary shares in the Company, or sell all or part of their existing holdings, may do so through a stockbroker. Most banks also offer this service. See also pages 58 and 59 for investing in Gartmore investment trusts.

Share Register Enquiries
The Company's Registrars, Equiniti Limited, maintain the share register. In the event of queries regarding your holding, please contact the Registrars on 0870-601 5366. Alternatively, there is now a range of information online. You can check your holding and find practical help on transferring shares or updating your details at www.shareview.co.uk. Changes of name or address must be notified in writing to the Registrars.

Gartmore SAVE*it*, ISA*it* and PEP*it* Enquiries
Details of the Gartmore Savings Plan, SAVE*it*, and the Gartmore tax-free Individual Savings Account, ISA*it*, are set out on page 59 of this Report. These enable individuals to buy shares in the Company in a straightforward and accessible way, or, in the case of PEP*it*, to transfer in an existing Personal Equity Plan.

Enquiries about SAVE*it*, ISA*it*, and PEP*it* should be directed to:

Investor Helpline	– Call free on 0800-289 336
Administration Helpline	– Call on 0870-601 6163
Administration Fax	– 0870-888 3033
E-mail	– helpline@gartmore.com

Shareholder Information

Factsheets
A Factsheet booklet, which contains statistics for the whole range of Gartmore managed investment trusts, is published regularly and is available on request from Gartmore Investment Limited, Gartmore House, 8 Fenchurch Place, London EC3M 4PB, or call free on 0800-289 336. Individual company Fact sheets are also available on the internet at www.gartmore.co.uk.

Capital Gains Tax
The annual capital gains of private individuals in excess of £9,200 will be charged to capital gains tax.

Investment trust companies are able to switch investments without liability to capital gains tax.

The Association of Investment Companies
The Company is a member of The Association of Investment Companies, which produces monthly publications of detailed information on the majority of investment trusts. This information is also available on The Association's internet site, www.theaic.co.uk. The Association of Investment Companies can be contacted by telephone on 020-7282 5555, or by post to the 9th Floor, 24 Chiswell Street, London EC1Y 4YY.

Corporate Information

Manager and Company Secretary
Gartmore Investment Limited
Gartmore House
8 Fenchurch Place
London EC3M 4PB
Tel: 020-7782 2000

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

Registered Office
Gartmore House
8 Fenchurch Place
London EC3M 4PB

Registered No. 427958
England and Wales

Independent Auditors
Grant Thornton UK LLP
Registered Auditor
Chartered Accountants
30 Finsbury Square
London EC4Y 8BB

Registrars and Transfer Office
Equiniti Limited
PO Box 28448
Finance House
Orchard Brae
Edinburgh EH4 1WQ
Tel: 0870-601 5366
Portfolio service: www.shareview.com
Share dealing service: www.shareviewdealing.com

Gartmore Investment Trusts

The aims of investment trusts managed by Gartmore are as follows:

Gartmore European Investment Trust p.l.c.
Long-term capital growth from investment in Continental Europe, with a focus on larger companies.

Gartmore Fledgling Trust plc
Long-term growth in capital and dividends from investment principally in the constituents of the FTSE Fledgling Index (ex Investment Companies). The investment policy combines indexation with an active overlay.

Gartmore Global Trust PLC
Long-term capital growth from a concentrated portfolio of international equities. Although not a primary objective, the dividend is expected to rise over the longer term.

Gartmore Growth Opportunities plc
Capital appreciation from investment primarily in the shares of UK smaller companies.

Gartmore Irish Growth Fund PLC
Long-term capital growth from investment in companies incorporated in the Republic of Ireland or Northern Ireland.

Gartmore Smaller Companies Trust p.l.c.
Long-term capital growth through investment in smaller UK listed companies and unlisted companies quoted on the Alternative Investment Market.

Investing in Gartmore Investment Trusts

Gartmore Investment Limited offers a range of savings schemes that provide a simple and cost effective means of buying shares. You can use these schemes to invest on a regular savings basis, for lump sum investments or a combination of each. Details of these products are listed below.

You can also buy Gartmore investment trust shares through a stockbroker or indirectly via a lawyer, accountant or other independent financial adviser.

SAVE*it*, a low-cost, easy to use and flexible savings scheme

Regular savings from £50 per month **Lump sum investments from £1,000**

SAVE***it*** is the savings scheme for investment trusts managed by Gartmore. Any income can be reinvested or, alternatively, paid to your bank or building society account. There is a dealing fee on share purchases of just 1% and no annual* or exit fees. Moreover, you may switch from one Gartmore trust to another within the scheme at a cost of only 1% of the repurchase value. There is no maximum investment level.

ISA*it* – a tax-efficient way to invest

Regular savings from £50 per month **Lump sum investments from £1,000**

ISA***it*** is the Individual Savings Account (ISA) investment trusts managed by Gartmore. An ISA is a tax-efficient savings account.

Investments held within ISA***it*** are not subject to capital gains tax.

ISA***it*** allows you to invest, via a Maxi-ISA, up to a maximum of £7,000 per person each tax year. It is also available as a 'stocks and shares' Mini-ISA, with a maximum investment of £4,000 per annum.

There is an annual fee of 0.5%* (plus VAT) and no initial charge. Switches from one Gartmore trust to another within the scheme are available at a cost of only 1% of the repurchase value.

PEP*it* Transfers – available for the transfers of existing schemes

The minimum transfer value from another PEP provider is £1,000

PEP***it*** is the Personal Equity Plan (PEP) for investment trusts managed by Gartmore. Although PEPs are now closed to new investment, existing plans can continue indefinitely.

If you are an existing PEP***it*** investor, you may switch from one Gartmore investment trust to another within the scheme, at a cost of 1% of the repurchase value.

If you have a PEP with another Plan Manager, you may transfer existing schemes from previous tax years to PEP***it***.

For all plans there is an annual fee of 0.5%* (plus VAT) and no initial charge.

* Please note that in addition to any scheme charges paid by savers the investment trust companies bear their own operating costs which include investment management fees.

How to receive further information

Write to: Gartmore Investor Services, Gartmore House, 8 Fenchurch Place, London EC3M 4PB

Call free: 0800-289 336 E-mail: helpline@gartmore.com Internet: www.gartmore.co.uk

Telephone calls may be recorded for monitoring and training purposes.

Important Information

The value of investment trust shares and the income from them may go down as well as up and you may not get back your original investment. Past performance is not a guide to future performance. Investment trust shares may trade at a discount or a premium to the value of the investment trust's assets. Funds investing in overseas securities are exposed to and can hold currencies other than sterling. As a result, exchange rate movements may cause the value of investments to decrease or increase. Emerging markets tend to be more volatile than more established stockmarkets and therefore your money is at greater risk. Other risk factors such as political and economic conditions should also be considered. Smaller companies are riskier and less liquid than larger companies which means their share price may be more volatile. Investment Trusts can borrow money to make additional investments on top of shareholders' funds (gearing). If these investments fall in value, gearing will magnify the negative impact on performance. Particular share classes may also be structurally geared by other share classes that have earlier entitlements to the Company's assets up to a predetermined limit. If an investment trust incorporates a large amount of gearing its value may be subject to sudden and large falls in value and you could get back nothing at all. Where investment trust companies are involved in corporate activity, this may change the risk profile of individual shares, as well as impacting on the portfolio strategy, capital structure and duration of the overall Company. The value of current tax relief depends on individual circumstances. If you have doubts about your tax position you should seek professional advice. The level of yield may be subject to fluctuation and is not guaranteed. Some or all of the annual management fee may be currently charged to the capital of the Company. Whilst this increases the yield, it will restrict the potential for capital growth. Net Asset Value ("NAV") performance is not the same as share price performance and investors may not realise returns the same as NAV performance. Where a fund holds a limited number of investments and one or more of those investments declines or is otherwise adversely affected, it may have a more profound effect on the Fund's value than if a larger number of investments were held. If you choose to reinvest dividends to buy more shares in the same investment trust that paid the dividend, you should be aware that this will increase your investment risk exposure to the investment performance of that Company. Funds which specialise in investing in a particular region or market sector are more risky than those which hold a very broad spread of investments. ISAs were introduced on 6th April 1999 for an initial ten year period. ISAs and PEPs are subject to government legislation and as such their tax treatment may be changed in the future.

Issued by Gartmore Investment Limited which is authorised and regulated by the Financial Services Authority. Gartmore House, 8 Fenchurch Place, London EC3M 4PB.

Annual General Meeting

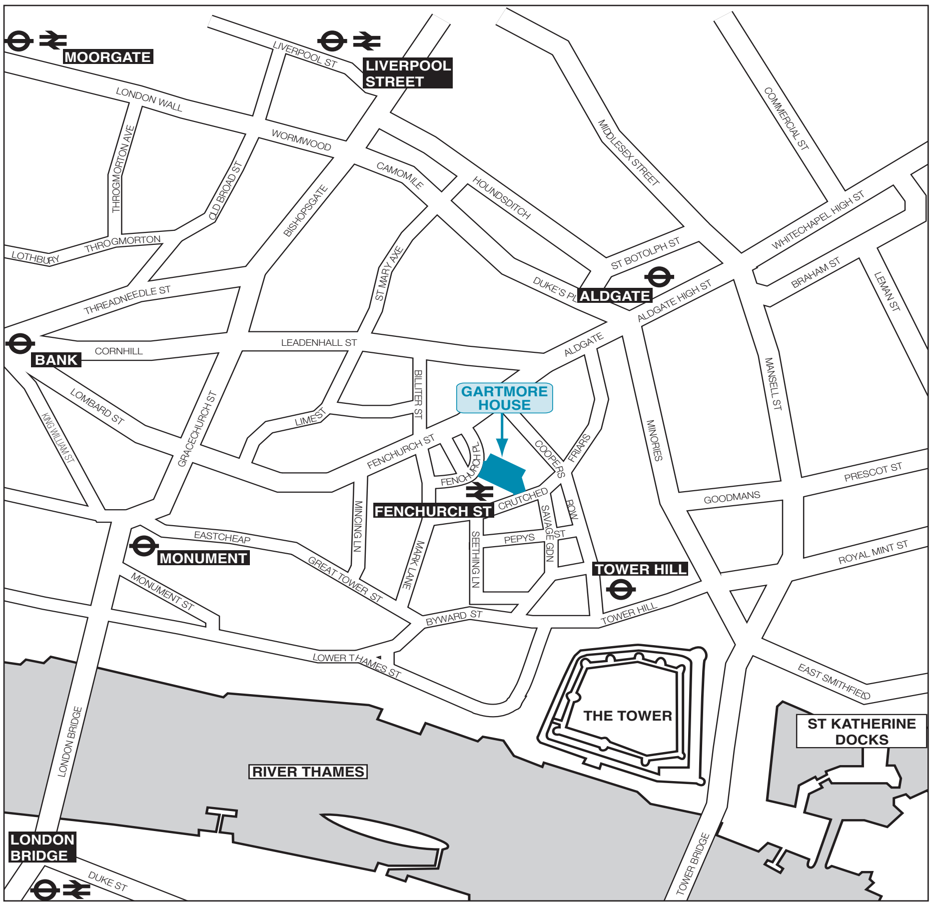
The Annual General Meeting will be held at:

Gartmore House
8 Fenchurch Place
London EC3M 4PB

on Friday, 1 February 2008 at 12.30 p.m.

In the event of queries regarding your holding, please contact Equiniti Limited, the Company's Registrars (see page 57).

How to Find Us



The entrance to Gartmore House is to the left of Fenchurch Street Railway Station on Fenchurch Place.

Glossary of Terms

Discount
The amount by which the mid-market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.

Gearing
The term applied to the effect produced by borrowings and prior charge securities, which tends to exaggerate the return attributable to shareholders. This is often expressed as a percentage indicating the extra amount by which shareholders' funds would rise or fall if the total assets, before deducting borrowings and prior charges, were to rise or fall. This is calculated by dividing total assets, before deducting borrowings and prior charges, by Net Asset Value, expressed as a percentage. A figure of 100 would indicate that a company had no gearing.

Liquidity
In the context of the liquidity of shares in the stock market, this refers to the availability of buyers in the market for the share in question. Where the market in a particular share is described as liquid, that share will be in demand and holders wishing to sell their shares should find ready buyers. Conversely, where the market in a share is illiquid the difficulty of finding a buyer will tend to depress the price that might be negotiated for a sale.

Market Capitalisation (Market Cap)
The market value of a company as calculated by multiplying the mid-market price per share by the number of shares in issue.

Net Assets
Also described as Equity Shareholders' Funds, Net Assets is the value of Total Assets less liabilities. Liabilities for this purpose include borrowings and prior charge securities as well as current liabilities.

Net Asset Value per share (NAV)
'Basic' or 'Undiluted' Net Asset Value per share is calculated by dividing the Net Assets by the number of shares in issue. 'Diluted' Net Asset Value per share accounts for the dilutive effect that would be caused by the exercise of any Warrants in issue. It is calculated by adding, to the Net Asset Value, the proceeds receivable if all the Warrants in issue were exercised, and dividing that sum by the new total number of shares that would consequently be in issue.

Premium
The amount by which the mid-market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.

Prior charge
The term given to either borrowings or any class of security which, in a winding-up of the company, ranks ahead of the final beneficiary of surplus assets, usually ordinary or capital shares.

Total Expense Ratio (TER])
The total ongoing expenses (excluding interest and taxation) incurred in running the Company, as a percentage of the average net assets.

Warrant
A class of security which confers the right to subscribe for a predetermined number of shares at a predetermined price on a specific date or series of dates.

Yield
The annual dividend expressed as a percentage of the share price.

Gartmore European Investment Trust p.l.c.

Registered Office:
Gartmore House
8 Fenchurch Place
London EC3M 4PB

Telephone: 020 7782 2000

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