

The Establishment Investment Trust plc

Interim Management Statement covering the period 1st October 2007 to 31st January 2008

Material Events

There are no material events to report in the period under review.

Material Transactions

There has been no significant or strategic alteration to the portfolio or investment strategy in the period under review. The top ten equity holdings, the top ten absolute return vehicles, precious metal and bond holdings and the Company's currency, market and sector exposure are detailed in the table overleaf. A dividend of 1.4p per share was paid to shareholders on 14th December 2007.

General description of financial position

The gross assets of the Company stood at £38.4mn at the end of January, the net assets stood at £32.9mn. This represents a decrease of 7.2% and 10.4% respectively from 30th September 2007. Gearing stood at 16.9% at the end of January compared to 12.9% at 30th September 2007.

General description of financial performance

The share price fell from 172.00p at 30th September 2007 to 150.50p at 31st January 2008, a decrease of 12.5%. The net asset value declined from 183.39p to 164.37p, a decrease of 10.4%. Including dividends paid the total return of the share price and the net asset value was -11.7% and -9.6% respectively. The discount thus widened from 5.7% to 8.4%. For comparative purposes the FTSE APCIMS Private Investor Series Balanced Portfolio Total Return Index declined 5.3% over the period.

The chart overleaf shows the evolution of the share price and net asset value against various indices since the Company's inception in March 2002.

Performance Review

It was an extremely difficult January for investors in all equity markets. The shares declined by 8.2% while the net asset value declined by 9.4%. The discount narrowed slightly to 8.4%. For comparative purposes the MSCI World, UK, Asia ex Japan and Japan Indices declined by 7.9%, 9.2%, 14.1% and 4.9%. For an absolute return vehicle the results of the Company are extremely disappointing. All the absolute return vehicles held in the portfolio suffered sizeable declines and the asset value suffered from extensive declines in some of our larger direct positions such as China Insurance and Samsung Fire and Marine.

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Key Data (as at 31st January 2008)

Share Price	150.50p
Net Asset Value	164.37p
Premium/(Discount)	(8.4%)
Shares Outstanding	20m
Market Capitalisation	£30.1m
Historic Yield	2.1%
Listed	London Stock Exchange
Bloomberg Ticker	ET/ LN <Equity>
ISIN	GB0031336919
Website	www.bdtinvest.com

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Sponsor	JPMorgan Cazenove
Directors	Dr James King (Chairman) Sir David Cooksey Henry Thornton Richard Thornton Harry Wells

Investment Objective	To achieve long-term capital growth from a managed international portfolio of securities. The preservation of capital will be of primary importance to the investment objective.
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Management Fee	One per cent of the market capitalisation of the Company annually.
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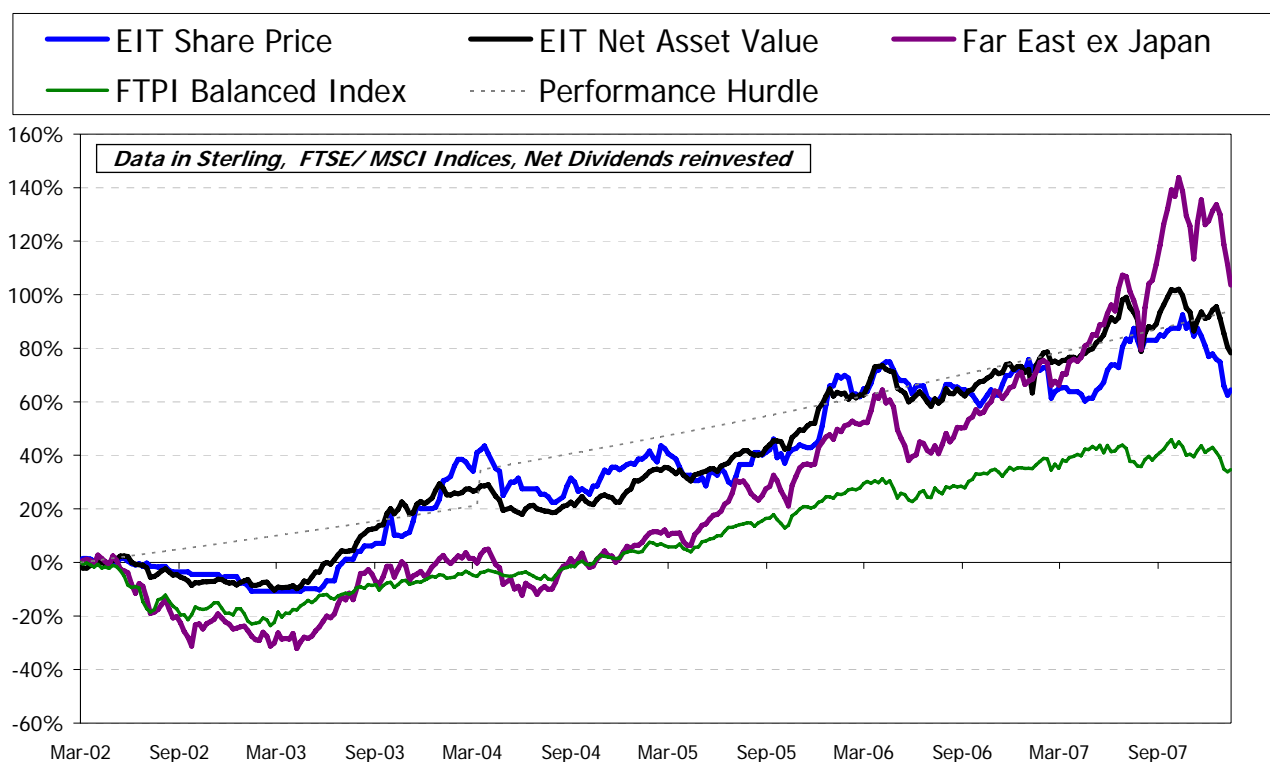
Performance Fee	10% of any gain in the market capitalisation of the company that exceeds the 10% performance hurdle annually.
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Financial Year	31 st March
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Net Asset Value	Calculated weekly on Friday's closing prices and published the following Monday or Tuesday.
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While events of the past month have reminded us that the French retain an almost unique ability to surprise, the real news remains the ongoing unravelling of the US-centric structured finance industry and the related collapse in securitisation. Activity and prices in the housing market continue to fall sharply and the severe tightening in lending standards revealed in the Senior Loan Officer Survey just published by the Fed does little to suggest there will be better news in the quarters ahead. The fall in the yield of the US 10 year Treasury from 5.2% last June to 3.6% today is evidence of the deflationary implications of a contracting credit system and it appears quite likely that the US economy is already in recession.

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The gentle easing of monetary policy that commenced last summer has been overtaken by events. The Bernanke Fed has been given little choice but to act forcefully and confidently to ease liquidity conditions in the credit markets. The central assumption must be that the Fed will continue to react to weak economic data and further signs of distress in the credit markets with lower rates and additional liquidity. A Federal Reserve hell-bent on cutting interest rates and supplying unlimited liquidity presents an interesting (and familiar) problem for monetary authorities across Asia.

The rising risk aversion associated with growing problems in the US credit market is laying the liquidity

foundations for Asia's next Bull Run. Slowing global growth and likely earnings downgrades do not help confidence in the short term but we would caution against becoming too negative, especially after the recent declines.

At a stock level, things are starting to get interesting again and there are even rumours of bull markets finally getting underway in regional backwaters such as Taiwan and Thailand.

BDT Invest LLP
6th February 2008

Currency Exposure		Asset Type		Direct Equity by Country		Equity by Sector	
Sterling	24.5%	Listed Equities	54.4%	Hong Kong	9.8%	Financials	15.7%
Taiwan Dollar	12.2%	Absolute Return Vehicles	28.9%	Taiwan	9.3%	Industrial	9.9%
Hong Kong Dollar	9.8%	Sovereign Bonds	15.2%	Japan	8.4%	Property	6.9%
Euro	9.1%	Gold Bullion	7.0%	Korea	7.2%	Consumer Discretionary	6.2%
Korean Won	7.2%	Cash	6.9%	UK	4.5%	Technology	6.1%
Japanese Yen	6.3%	Unlisted Equities	4.5%	Thailand	3.4%	Telecoms	5.3%
Malaysian Ringgit	4.0%	Derivatives	0.0%	Other Asian	14.5%	Materials	2.5%
Thai Baht	3.4%	Other	0.0%	Other non Asian	1.8%	Consumer Staple	1.8%
Other	23.5%	Loan	-16.9%			Utilities	0.0%

Top Ten Equity Holdings		Top Bond & ARV Holdings		Performance	
China Insurance	4.2%	BDT Invest Asia Fund \$ Dist	12.2%	18-Mar-02	31-Jan-08 +/- %
Siam Steel	3.4%	Bundesobligation 3.5% 10/08	9.1%	EIT Share Price #	100.0
Farglory Land Development	3.2%	BDT Invest EM Focus \$	6.1%	EIT Net Asset Value #	164.4
SK Telecom	2.6%	SR European IT	4.5%	Premium/Discount	-8.4%
Samsung F & M Ins	2.4%	Treasury 5% 07/03/2008	3.1%	UK Equity #	670.2
China Trust Financial	2.3%	Treasury 4% 07/03/2009	3.0%	World Equity #	714.8
Hana Tour	2.2%	BDT Invest Japan Fund E	2.5%	Asia Free ex Japan #	153.8
Taiwan Semi	2.2%	Bedlam AM UK Fund	1.7%		
Minh Grp	2.2%	BDT Invest Japan Small Cos	1.0%		
Bank Pan Indonesia	2.0%	Lindsell Train Inv Trust	0.9%		

excluding dividends
all MSCI indices in Sterling terms

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