

British Empire

Securities and General Trust plc

AVI

Half Year Report 2009

Company Summary

Objective The investment objective of the Company is to achieve capital growth through a focused portfolio of investments, particularly in companies whose shares stand at a discount to estimated underlying net asset value.

Status The Company is an investment trust and its shares are listed on the London Stock Exchange. It is a member of the Association of Investment Companies.

Investment Manager Asset Value Investors Limited (Customer Services: 0845 850 0181*)

Equity Shareholders' funds £559 million at 31 March 2009

Capital structure

	Number 31 March 2009		Mid market price 31 March 2009 p	Market capitalisation 31 March 2009 £ million
160,080,089	Ordinary Shares		354.00	566.68
£8,483,440	10 ³ / ₈ per cent Debenture Stock 2011		117.83	10.00
£15,000,000	8 ¹ / ₈ per cent Debenture Stock 2023		130.32	19.55
£2,629,457	Equities Index Unsecured Loan Stock 2013		197.50	5.19

ISA status The Company's shares are eligible for Stocks and Shares ISAs.

Website www.british-empire.co.uk

*Calls from BT landlines will cost a maximum of 4p per minute plus a 6p call set-up fee. The price of calls from other telephone companies will vary. The call price is correct at the time of printing.

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Financial Highlights

Performance summary

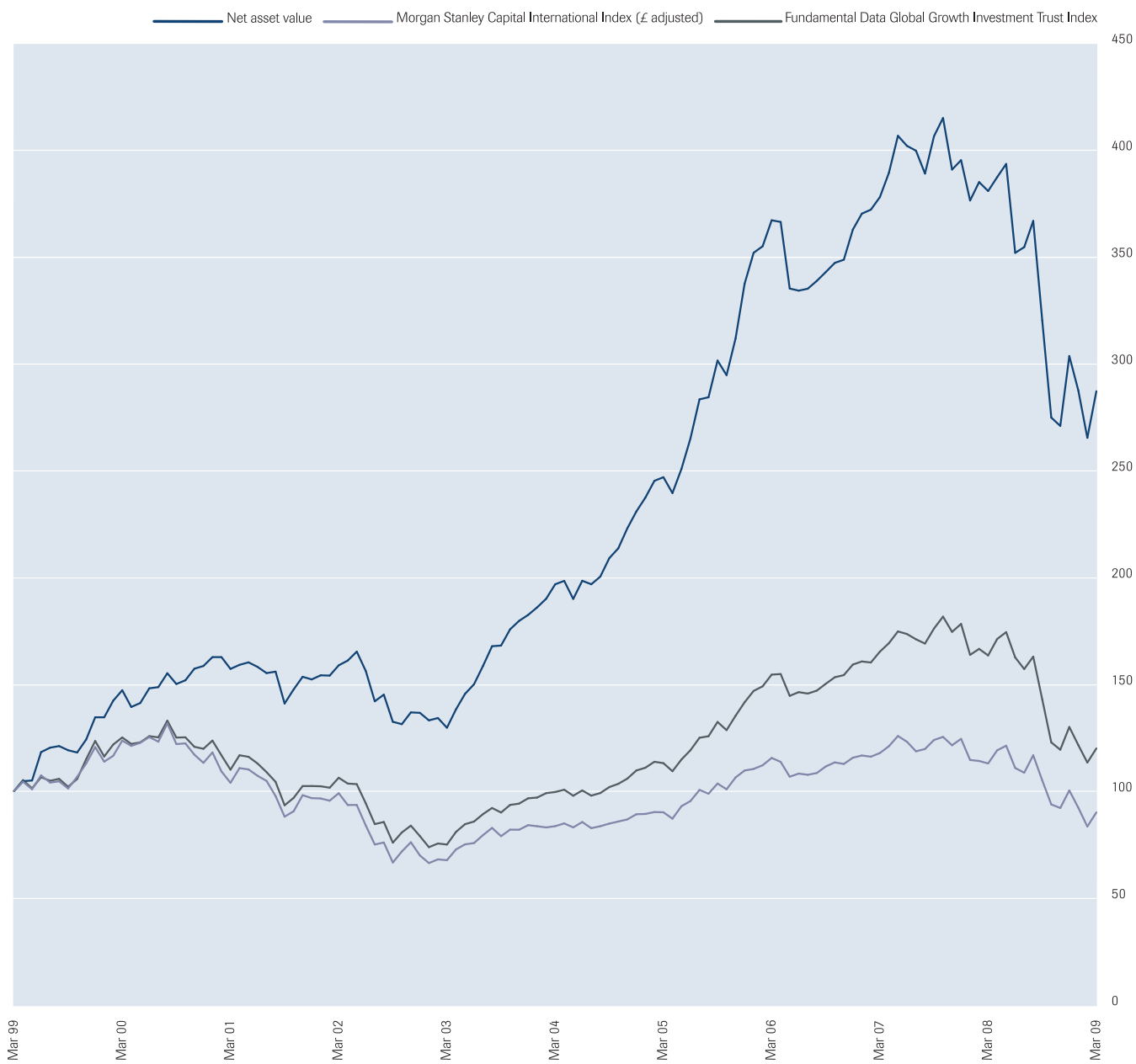
	At 31 March 2009	At 30 September 2008	% change
Capital return			
Net assets	£559.05m	£633.86m	(11.80)
Net asset value per share	349.23p	395.96p	(11.80)
Share price (mid market)	354.00p	396.00p	(10.61)
Premium	1.37%	0.01%	-

	Six months to 31 March 2009	Six months to 31 March 2008	
Revenue earnings and dividends			
Revenue earnings per share	2.39p	2.92p	
Interim dividend per share	1.80p	1.75p	

	Six months to 31 March 2009	Year to 30 September 2008	
Performance comparison			
British Empire Securities and General Trust plc (NAV total return)	(10.41)%	(21.09)%	
Morgan Stanley Capital International World Index (£ adjusted total return)	(14.05)%	(14.98)%	
Fundamental Data Global Growth Investment Trust Index (total return basis)	(15.98)%	(19.05)%*	

* The Datastream Global Growth Investment Trust Index (total return basis)

The Company's Net Asset Value relative to the Fundamental Data Global Growth Investment Trust Index and the Morgan Stanley Capital International World Index (£ adjusted total return)



Sources: Fundamental Data, Bloomberg

Chairman's Statement

The six months from 1 October 2008 to 31 March 2009 witnessed some of the most volatile and difficult conditions for investors in a generation. In the early autumn global financial markets became exceptionally stressed, with particular difficulties in October and November. By the AGM in December net assets had declined by 8.9% and by 31 March 2009 had fallen a total of 10.4% to £559.05m, whilst our benchmark had fallen 16.0% over the same period (all on a total return basis).

Since the half-year end, to 5 May, net asset value has improved by 12.6%, comfortably ahead of our benchmark, taking us back almost to where net asset value was at the end of September last year. As a result of a few sales and some takeover activity, liquidity is again above 10%.

The Manager has taken advantage of the difficult conditions and depressed values in the autumn and winter, to add selectively to the portfolio, with liquidity levels ranging from 12% to as low as 5%.

During the period all but 10% of our Yen exposure has been hedged, benefitting our net asset value by approximately £1m. Since the period end the hedging has been maintained and has further benefitted net asset value.

Throughout the period, your Board has continued to focus with the Manager on the Company's strengths, selecting good businesses around the world whose shares stand at a discount to estimated net asset value, and we remain confident that this approach will continue to produce, over time, good returns for shareholders.

Though markets have recovered quite vigorously since March, the deleveraging process for the financial industry and for many consumers still has a distance to go, and we remain cautious about the level of sustainable progress that markets can make while this process plays out. Nonetheless, we are confident that your Manager has ample opportunity to deploy the liquidity prudently and profitably.

We are paying an interim dividend of 1.80p, an increase of 3% over last year's interim dividend of 1.75p. The interim dividend will be payable on 12 June 2009 to shareholders on the register at 29 May 2009 (ex-dividend 27 May 2009).

Finally, I would like to take this opportunity to thank Peter Allen for the sterling work he provided to the Company as a Director and Chairman of the Audit Committee up to his retirement on 31 March 2009. We wish him a long and happy retirement. As I indicated in my Statement in last year's Report & Accounts, your Board has appointed Andrew Robson as the new Chairman of the Audit Committee.

Strone Macpherson

Chairman

19 May 2009

Investment Manager's Report

For the first six months of the financial year, the Company's net asset value per share fell 10.4% compared with falls of 16.0% for the Fundamental Data Global Growth Investment Trust Index and 14.1% for the MSCI World Index (£) (all figures are on a total return basis).

The largest positive contributors during the period were First Uranium, Deutsche Wohnen, and 3i Quoted Private Equity.

The largest detractors from performance were Electra, Holmen, Tupras, Paris Orléans, and Investor.

Over the five year period to 31 March 2009, the Company's net asset value per share rose 45.8% compared to an increase of 20.4% for the Fundamental Data Global Growth Investment Trust Index.

As at 31 March 2009, the geographical profile on a look-through basis was as follows: Continental Europe 40.5%, UK 16.7%, Japan 12.1%, Asia Pacific 9.5%, North America 6.3%, other 4.0% and liquidity 10.9%.

Over the last six months, the 'credit crunch' developed into a global economic recession and its effects have been worse than most investors, ourselves included, had expected. Investors are still trying to come to grips with how deep and long the recession might be. British Empire's total return NAV fell a further 10.4% during the period which is disappointing but better than our peer group index. Unfortunately, wide discounts in the portfolio have not provided much protection in absolute terms up until now as the sense of panic in the equity markets rendered stock analysis irrelevant. Discounts went to unreasonably wide levels as all stocks fell indiscriminately. Consolation for investors comes with the knowledge that risk appetite will pick up in time and inexpensive valuations should set up a period of subsequent good performance when sentiment improves.

We should not expect an early return to strong economic growth. The economy in many countries will be characterised by continued deleveraging and increased government regulation. The result should be a rather subdued recovery and lower potential economic growth in the future. I would argue, however, that some, certainly not all, stocks have more than priced-in such an environment. A good recent example is 3i Quoted Private Equity in which British Empire owned 3% of the shares. We bought our stake for an average price of 58p per share. The company had cash of 57p per share and listed investments of 32p per share at the time we took our position. The valuation the market was placing on the company was giving almost no value to the listed equity investments. 3i Group PLC has subsequently made a bid at full NAV for the company in cash and shares. Not all the valuation stories are as clear cut as was the case with 3i QPE and not all will be as successful but with a weighted average discount of 28%, we feel there is a lot of potential value in our portfolio.

As discounts across the board are wider, we have become more fully invested. Many of our investments are attractively priced and will benefit from a reduction in risk aversion. Our net cash level stood at 6.4% as at 31 March, the lowest it had been for some time, although cash levels have increased since then. Increasing levels of government intervention and regulation in the economy make the future course of markets especially difficult to foresee. To guard against the effects of 'quantitative easing' and possible mis-steps by the authorities, we have increased our position in gold mining equities to 4.5%.

Macro economic uncertainties have been driving volatility in the currency markets. The weakness of Sterling against the Euro and the Yen, in particular, has been helpful in offsetting the full scale of the falls in European and Japanese equity markets for Sterling-based investors. We decided to hedge 90% of our Yen exposure for 3 months so as to try to avoid handing back those currency gains.

The share price of British Empire has remained close to its NAV, which we believe is an endorsement of our view that the underlying portfolio contains value. The wide discounts to NAV seen in our portfolio provide us with some comfort despite the difficult economic and political environment. In addition, the Company is well-placed to weather difficult market conditions with a portfolio that is diversified across many currencies and countries.

John Pennink

Asset Value Investors Limited

19 May 2009

Investment Portfolio

At 31 March 2009

Company	Nature of business	% of class	Cost £'000	Valuation £'000	% of total assets less current liabilities
Sofina	Investment Holding Company	1.7	32,118	30,740	5.22
Investor AB 'A'	Investment Holding Company	0.9	28,342	26,481	4.50
Vivendi	Media Company	0.1	25,216	23,226	3.94
Jardine Strategic Holdings	Investment Holding Company	0.3	8,853	23,034	3.91
Groupe Bruxelles Lambert	Investment Holding Company	0.3	27,492	21,887	3.72
Jardine Matheson Holdings	Investment Holding Company	0.3	17,454	20,770	3.53
Deutsche Wohnen	Real Estate Company	5.3	23,071	15,114	2.57
Paris Orléans	Investment Holding Company	3.2	12,814	14,331	2.43
Tokyu Corp	Transport & Property Company	0.4	16,101	13,876	2.36
Holmen AB 'B'	Forestry & Paper Company	0.4	22,737	12,828	2.18
Top ten investments			214,198	202,287	34.36
Tüpraş Türkiye Petrol Rafinerileri	Oil Refining Company	0.7	20,431	11,724	1.99
First Uranium Corp	Mining Company	2.1	11,452	11,466	1.95
3i Quoted Private Equity	Investment Company	3.1	7,102	11,389	1.93
Orkla	Investment Holding Company	0.2	13,519	11,174	1.90
Aker	Investment Holding Company	1.1	15,252	10,970	1.86
Finsbury Worldwide Pharmaceutical Trust	Investment Company	4.7	9,781	10,815	1.84
Electra Private Equity	Investment Company	5.3	22,069	10,636	1.80
NTT Urban Development	Real Estate Company	0.6	15,932	10,548	1.79
Swire Pacific 'B'	Investment Holding Company	0.3	10,298	10,524	1.79
Mitsubishi Estates	Real Estate Company	0.1	14,404	10,405	1.77
Top twenty investments			354,438	311,938	52.98
Pargesa Holding	Investment Holding Company	0.2	15,095	10,253	1.74
Exor SpA Preference	Investment Holding Company	0.9	19,664	10,013	1.70
BIP Investment Partners	Investment Holding Company	4.8	8,248	9,455	1.60
Aksigorta	Insurance Company	2.2	12,776	7,283	1.24
Cameco Corp	Mining Company	0.2	11,317	7,113	1.21
Lundbergforetagen AB 'B'	Investment Holding Company	0.1	6,776	7,090	1.20
Forth Ports	Harbours & Property Company	1.7	9,827	6,962	1.18
Law Debenture	Investment Company	2.9	7,852	6,882	1.17
Daibiru Corp	Real Estate Company	1.1	6,774	6,865	1.17
Industrivarden AB 'C'	Investment Company	0.6	12,455	6,702	1.14
Top thirty investments			465,222	390,556	66.33

Company	Nature of business	% of class	Cost £'000	Valuation £'000	% of total assets less current liabilities
Herald Investment Trust	Investment Company	3.8	10,773	6,274	1.07
CF Morant Wright Japan 'B'	Investment Company	1.8	5,292	6,034	1.03
Ackermans & van Haaren	Investment Holding Company	0.5	3,669	5,896	1.00
Edinburgh Dragon Trust	Investment Company	2.1	3,781	5,806	0.99
Barrick Gold Corp	Mining Company	0.0	5,234	5,611	0.95
Heineken Holding NV	Beverages Company	0.1	5,729	5,606	0.95
BP	Oil & Gas Company	0.0	5,445	5,491	0.93
Katakura Industries	Textile & Property Company	2.9	7,636	5,354	0.91
New India Investment Trust	Investment Company	10.3	4,231	5,324	0.91
Rift Oil	Oil & Gas Company	11.6	3,609	5,321	0.90
Top forty investments			520,621	447,273	75.97
JP Morgan Japanese Investment Trust	Investment Company	2.3	8,233	5,037	0.85
Red Back Mining	Mining Company	0.5	5,037	5,004	0.85
Yamana Gold	Mining Company	0.1	5,046	4,996	0.85
Polar Capital Technology Trust	Investment Company	2.3	6,084	4,818	0.82
Bovis Homes	Housebuilding Company	0.9	6,487	4,623	0.78
Simmer and Jack Mines	Mining Company	2.1	8,269	4,549	0.77
Daidoh	Textile & Property Company	3.2	6,739	4,338	0.74
Cie Du Bois Sauvage	Investment Holding Company	2.0	7,789	4,312	0.73
Gimv	Investment Holding Company	0.6	3,961	4,239	0.72
BlackRock Smaller Companies Trust	Investment Company	4.6	5,946	4,111	0.70
Top fifty investments			584,212	493,300	83.78
Impax Environmental Markets Ireland Fund 'A'	Investment Company	0.8	4,749	4,099	0.70
Henex	Investment Holding Company	0.9	4,748	3,689	0.63
JP Morgan Japanese Smaller Companies	Investment Company	7.4	5,337	3,108	0.53
Total value of investments over 0.5%			599,046	504,196	85.64
Other investments (20)			48,657	16,426	2.79
Treasury 4.75% 07/06/2010	UK Government Security	-	35,985	36,648	6.22
Treasury 5.75% 07/12/2009	UK Government Security	-	27,321	27,983	4.75
Total investments			711,009	585,253	99.40
Net current assets				3,517	0.60
Total assets less current liabilities				588,770	100.00

Consolidated Income Statement

For the six months to 31 March 2009 (unaudited)

	Revenue return £'000	Capital return £'000	Total £'000
Income			
Investment income (see note 2)	7,088	-	7,088
Losses on investments held at fair value	-	(69,053)	(69,053)
Gains on forward currency contracts held at fair value	-	1,041	1,041
(Losses)/gains on Index Stock	-	(259)	(259)
Realised loss on buyback of 10 ³ / ₈ per cent Debenture Stock 2011	-	(5)	(5)
Realised exchange losses	-	(27)	(27)
	7,088	(68,303)	(61,215)
Expenses			
Investment management fee	(951)	(951)	(1,902)
Performance fee	-	(1,165)	(1,165)
Back VAT on management and performance fees	482	123	605
Write back of VAT – prior year	-	-	-
Other expenses (including irrecoverable VAT)	(397)	(4)	(401)
Profit/(loss) before finance costs and tax	6,222	(70,300)	(64,078)
Finance costs	(1,172)	(4)	(1,176)
Profit/(loss) before taxation	5,050	(70,304)	(65,254)
Taxation	(1,228)	477	(751)
Profit/(loss) for the period	3,822	(69,827)	(66,005)
Earnings per Ordinary Share (see note 3)			
Basic – Ordinary Shares	2.39p	(43.62)p	(41.23)p

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

All items in the above statement derive from continuing operations.

All income is attributable to the equity holders of British Empire Securities and General Trust plc. There are no minority interests.

For the six months to 31 March 2008 (unaudited)			For the year to 30 September 2008 (audited)		
Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
8,701	-	8,701	23,352	-	23,352
-	(57,709)	(57,709)	-	(181,055)	(181,055)
-	-	-	-	-	-
-	1,221	1,221	-	2,825	2,825
-	-	-	-	-	-
-	(482)	(482)	-	(618)	(618)
8,701	(56,970)	(48,269)	23,352	(178,848)	(155,496)
(1,223)	(1,168)	(2,391)	(2,445)	(2,445)	(4,890)
-	(171)	(171)	-	-	-
-	-	-	761	1,306	2,067
-	-	-	-	127	127
(512)	-	(512)	(1,288)	-	(1,288)
6,966	(58,309)	(51,343)	20,380	(179,860)	(159,480)
(1,199)	(4)	(1,203)	(2,442)	(7)	(2,449)
5,767	(58,313)	(52,546)	17,938	(179,867)	(161,929)
(1,093)	37	(1,056)	(4,390)	(5,585)	(9,975)
4,674	(58,276)	(53,602)	13,548	(185,452)	(171,904)
2.92p	(36.40)p	(33.48)p	8.46p	(115.84)p	(107.38)p

Consolidated Statement of Changes in Equity

For the six months to 31 March 2008 (unaudited)

	Ordinary share capital £'000	Capital redemption reserve £'000	Share premium £'000	Capital reserve £'000	Merger reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 September 2007	16,008	2,927	28,078	708,136	41,406	18,569	815,124
(Loss)/profit for the period	-	-	-	(58,276)	-	4,674	(53,602)
Ordinary dividend paid	-	-	-	-	-	(5,763)	(5,763)
Special dividend paid	-	-	-	-	-	(800)	(800)
Balance at 31 March 2008	16,008	2,927	28,078	649,860	41,406	16,680	754,959

For the year ended 30 September 2008 (audited)

	Ordinary share capital £'000	Capital redemption reserve £'000	Share premium £'000	Capital reserve £'000	Merger reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 September 2007	16,008	2,927	28,078	708,136	41,406	18,569	815,124
(Loss)/profit for the period	-	-	-	(185,452)	-	13,548	(171,904)
Ordinary dividends paid	-	-	-	-	-	(8,564)	(8,564)
Special dividend paid	-	-	-	-	-	(800)	(800)
Balance at 30 September 2008	16,008	2,927	28,078	522,684	41,406	22,753	633,856

For the six months to 31 March 2009 (unaudited)

	Ordinary share capital £'000	Capital redemption reserve £'000	Share premium £'000	Capital reserve £'000	Merger reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 September 2008	16,008	2,927	28,078	522,684	41,406	22,753	633,856
(Loss)/profit for the period	-	-	-	(69,827)	-	3,822	(66,005)
Ordinary dividend paid	-	-	-	-	-	(6,403)	(6,403)
Special dividend paid	-	-	-	-	-	(2,401)	(2,401)
Balance at 31 March 2009	16,008	2,927	28,078	452,857	41,406	17,771	559,047

Consolidated Balance Sheet

	At 31 March 2009 (unaudited) £'000	At 31 March 2008 (unaudited) £'000	At 30 September 2008 (audited) £'000
Non current assets			
Investments held at fair value through profit or loss	585,253	780,244	663,765
Current assets			
Investments	1	6	3
Forward currency contracts held at fair value through profit or loss	59,625	-	-
Sales for future settlement	1,991	144	-
Other receivables	4,633	6,936	5,121
Cash and cash equivalents	8,585	1,980	3,381
	74,835	9,066	8,505
Total assets	660,088	789,310	672,270
Current liabilities			
Forward currency contracts held at fair value through profit or loss	(58,584)	-	-
Purchases for future settlement	(5,880)	(72)	(2,732)
Other payables	(6,854)	(3,319)	(6,561)
	(71,318)	(3,391)	(9,293)
Total assets less current liabilities	588,770	785,919	662,977
Non-current liabilities			
10 ³ / ₈ per cent Debenture Stock 2011	(8,484)	(8,515)	(8,515)
8 ¹ / ₈ per cent Debenture Stock 2023	(14,897)	(14,890)	(14,893)
Equities Index Stock 2013	(5,653)	(7,131)	(5,403)
Provision for deferred tax	(689)	(424)	(310)
Net assets	559,047	754,959	633,856
Equity attributable to equity Shareholders			
Ordinary Share capital	16,008	16,008	16,008
Capital redemption reserve	2,927	2,927	2,927
Share premium	28,078	28,078	28,078
Capital reserve	452,857	649,860	522,684
Merger reserve	41,406	41,406	41,406
Revenue reserve	17,771	16,680	22,753
Total equity	559,047	754,959	633,856
Net asset value per Ordinary Share: - basic (see note 6)	349.23p	471.61p	395.96p
Number of Ordinary Shares in issue	160,080,089	160,080,089	160,080,089

Consolidated Cash Flow Statement

	Six months to 31 March 2009 (unaudited) £'000	Six months to 31 March 2008 (unaudited) £'000	Year to 30 September 2008 (audited) £'000
Net cash inflow from operating activities (see below)	14,080	5,211	9,672
Financing activities			
Dividends paid	(8,804)	(6,563)	(9,364)
Buyback of Index Stock	(9)	(112)	(235)
Buyback of 10% per cent Debenture Stock 2011	(36)	-	-
Cash outflow from financing activities	(8,849)	(6,675)	(9,599)
Increase/(decrease) in cash and cash equivalents	5,231	(1,464)	73
Exchange movements	(27)	(482)	(618)
Change in cash and cash equivalents	5,204	(1,946)	(545)
Cash and cash equivalents at beginning of period	3,381	3,926	3,926
Cash and cash equivalents at end of period	8,585	1,980	3,381

Reconciliation of loss before taxation to net cash inflow from operating activities

Loss before taxation	(65,254)	(52,546)	(161,929)
Losses/(gains) on Index Stock held at fair value	259	(1,221)	(2,825)
Loss on buyback of 10% per cent Debenture Stock 2011	5	-	-
Losses on exchange movements	27	482	618
Losses on investments held at fair value through profit or loss	69,053	57,709	181,055
Purchases of investments	(103,176)	(242,416)	(408,565)
Sales of investments	113,791	246,557	408,642
Increase in other receivables	(571)	(2,674)	(640)
Increase/(decrease) in creditors	993	(458)	(896)
Taxation	(1,053)	(228)	(5,800)
Amortisation of Debenture issue expenses	4	4	7
Decrease in value of investments – current assets	2	2	5
Net cash inflow from operating activities	14,080	5,211	9,672

Notes to the Financial Statements

1. Significant accounting policies

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The accounting policies and methods of computation followed in these half year financial statements are consistent with the most recent annual financial statements.

The half year financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

These financial statements are presented in sterling because this is the currency of the primary economic environment in which the Group operates.

2. Income

	31 March 2009 £'000	31 March 2008 £'000	30 September 2008 £'000
Income from investments			
Listed investments	6,618	8,409	22,954
Other Income			
Deposit interest	472	294	403
Loss from dealing activities of subsidiary	(2)	(2)	(5)
	470	292	398
Total income	7,088	8,701	23,352

3. Earnings per Ordinary Share

	31 March 2009 £'000	31 March 2008 £'000	30 September 2008 £'000
Total basic earnings per Ordinary Share			
Total loss	(66,005,000)	(53,602,000)	(171,904,000)
Weighted average number of Ordinary Shares in issue during the period	160,080,089	160,080,089	160,080,089
Total earnings per Ordinary Share	(41.23)p	(33.48)p	(107.38)p

The total earnings per Ordinary Share detailed above can be further analysed between revenue and capital as below:

Basic revenue earnings per Ordinary Share

Revenue profit	3,822,000	4,674,000	13,548,000
Weighted average number of Ordinary Shares in issue during the period	160,080,089	160,080,089	160,080,089
Basic revenue earnings per Ordinary share	2.39p	2.92p	8.46p

Basic capital earnings per Ordinary Share

Capital loss	(69,827,000)	(58,276,000)	(185,452,000)
Weighted average number of Ordinary Shares in issue during the period	160,080,089	160,080,089	160,080,089
Basic capital earnings per Ordinary Share	(43.62)p	(36.40)p	(115.84)p

4. Comparative information

The financial information contained in this half year report does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The financial information for the six months ended 31 March 2009 and 31 March 2008 have not been audited.

The information for the year ended 30 September 2008 has been extracted from the latest published audited financial statements. The audited financial statements for the year ended 30 September 2008 have been filed with the Registrar of Companies. The report of the auditors on those accounts contained no qualification or reference to any matters to which the auditors drew attention by way of emphasis without qualifying the audit report or statement under section 237(2) or (3) of the Companies Act 1985.

Notes to the Financial Statements continued

5. Retained earnings

The table below shows the movement in the retained earnings analysed between revenue and capital items.

	Revenue £'000	Capital £'000	Total £'000
At 30 September 2008	22,753	522,684	545,437
Movement during the period:			
Profit/(loss) for the period	3,822	(69,827)	(66,005)
Ordinary dividend paid: Ordinary Shares	(6,403)	-	(6,403)
Special dividend paid: Ordinary Shares	(2,401)	-	(2,401)
At 31 March 2009	17,771	452,857	470,628

6. Net asset value per Ordinary Share

The net asset value per Ordinary Share is based on net assets of £559,047,000 (six months to 31 March 2008: £754,959,000; year ended 30 September 2008: £633,856,000) and on 160,080,089 (six months to 31 March 2008: 160,080,089, year ended 30 September 2008: 160,080,089) Ordinary Shares, being the number of Ordinary Shares in issue at the period ends.

7. Equities Index Unsecured Loan Stock 2013

During the period the Company bought back 6,539 units of Equity Index Unsecured Loan Stock 2013 for cancellation at a cost of £9,482.

8. 10³/₈ per cent Debenture Stock 2011

During the period the Company bought back 31,500 units of 10³/₈ per cent Debenture Stock 2011 for cancellation at a cost of £36,304.

9. Dividends

During the period the Company paid a final dividend of 4.00p per Ordinary Share and a special dividend of 1.50p per Ordinary Share for the year ended 30 September 2008 on 9 January 2009 to Ordinary Shareholders on the register at 12 December 2008 (ex-dividend 10 December 2008).

The interim dividend of 1.80p per Ordinary Share for the year ending 30 September 2009 will be paid on 12 June 2009 to Ordinary Shareholders on the register at the close of business on 29 May 2009 (ex-dividend 27 May 2009).

10. Contingent assets

The Board is taking steps to reclaim such back VAT on investment management fees as it can and has recovered £2,671,261 up to the date of this report. For the six months to 31 March 2009 £604,321 has been recovered and shown within these financial statements. This has been allocated £481,625 as revenue and £122,696 as capital within the Income Statement in line with VAT previously written-off on investment management and performance fees previously charged. Interest amounting to £423,466 relating to these recoveries has also been received by the Company.

Responsibility Statement

The Directors listed on page 17, being the responsible persons, confirm to the best of their knowledge that:

- a) the condensed financial statements herein have been prepared in accordance with International Financial Reporting Standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- b) the Interim Management Report, which comprises the Chairman's Statement and Investment Manager's Report, includes a fair review of:
 - i. important events which have occurred during the first six months of the financial year and their impact on the condensed financial statements, and the principal risks and uncertainties for the remaining six months of the financial year; and
 - ii. related party transaction information under Disclosure & Transparency Rule 4.2.8 R.

Independent Review Report to British Empire Securities and General Trust plc

Introduction

We have been engaged by the Company to review the financial statements in the half year financial report for the six months ended 31 March 2009 which comprises the Consolidated Income Statement, Consolidated Statement of Changes in Equity, Consolidated Balance Sheet, Consolidated Cash Flow Statement and the related notes 1 to 10. We have read the other information contained in the half year financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the financial statements.

This report is made solely to the Company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half year financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half year financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The financial statements included in this half year financial report have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the financial statements in the half year financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements in the half year financial report for the six months ended 31 March 2009 are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP

London

19 May 2009

Investment Services to Shareholders

Investing through an ISA or Share Plan

An easy, cost effective way to invest in British Empire Securities and General Trust plc is through the Asset Value Investors' (AVI) Stocks and Shares ISA, or Share Plan.

AVI ISA

The AVI Stocks and Shares Individual Savings Account (ISA) is a savings account that allows you to invest in stocks and shares in line with HM Revenue & Customs' limitations.

AVI Share Plan

The AVI Share Plan is a savings plan which aims to provide a simple and low cost way for private investors to purchase shares in British Empire Securities and General Trust plc. Lump sum payments or regular monthly deposits can be made to the Share Plan.

Company Information

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Rosamund Blomfield-Smith
John May
Andrew Robson

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