British Empire

Securities and General Trust plc

AVI

Half Year Report 2011

British Empire Securities and General Trust plc

Established in 1889, the Company's investment objective 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.

British Empire is managed by
Asset Value Investors Limited

AVI aims to deliver superior returns while managing risks and specialises in securities that for a number of reasons may be selling on anomalous valuations.

Company Summary

Capital Structure
as at 31 March 2011

The Company's capital structure comprises Ordinary Shares, two tranches of Debenture Stock, and Equities Index Unsecured Loan Stock ('Index Stock').

	31 March 2011	Mid market price 31 March 2011 p	Market capitalisation 31 March 2011 £ million
160,080,089	Ordinary Shares	496.70	795.12
£8,483,440	$10^3/_8$ per cent Debenture Stock 2011	102.26	8.68
£15,000,000	$8^1/_8$ per cent Debenture Stock 2023	125.73	18.86
£2,426,754	Equities Index Unsecured Loan Stock 2013	275.00	6.67

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

The Group's net asset value at 31 March 2011 was £876 million and the market capitalisation was £795 million.

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

ISA Status
The Company's shares are eligible for Stocks & Shares ISAs.

Website
The Company's website is:
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.

Financial Highlights

	At 31 March 2011	At 30 September 2010	% change
Capital Return			
Net assets	**£876.16m**	£829.67m	5.6
Net asset value per Share	**547.33p**	518.28p	5.6
Share price (mid market)	**496.70p**	465.50p	6.7
Discount	**9.25%**	10.18%	–

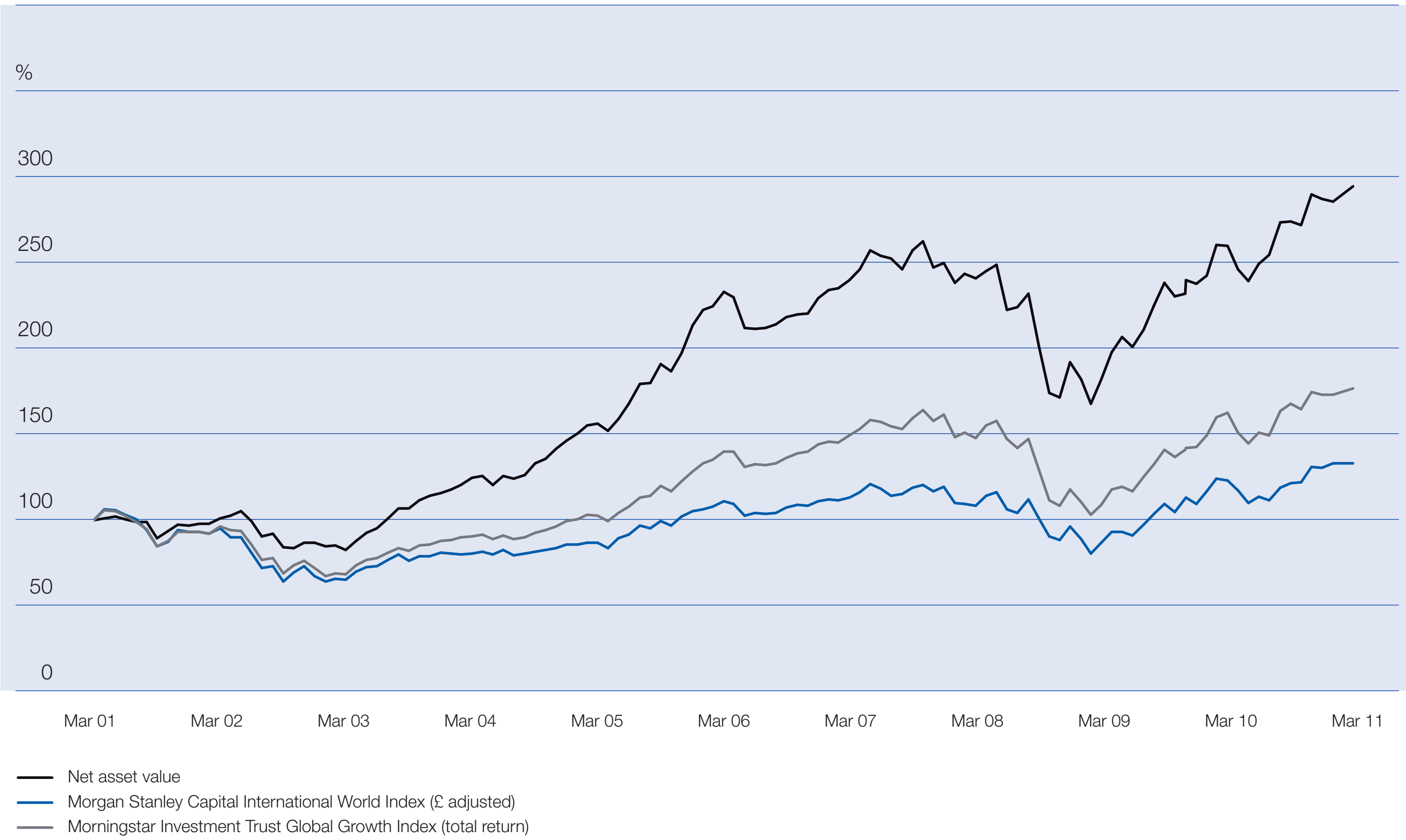
	Six months to 31 March 2011	Six months to 31 March 2010
Revenue Earnings and Dividends		
Revenue earnings per share	**1.29p**	0.75p
Interim dividend per share	**2.00p**	1.80p

	Six months to 31 March 2011	Year to 30 September 2010
Performance Comparison		
British Empire Securities and General Trust plc (NAV total return)	**7.7%**	14.7%
Morgan Stanley Capital International World Index (£ adjusted total return)	**11.9%**	9.4%
Morningstar Investment Trust Global Growth Index (total return)*	**9.9%**	14.1%

*The Morningstar Investment Trust Global Growth Index is subject to revision and the Index percentages are therefore also subject to revision.

Net Asset Value

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



Chairman's Statement

The six month period under review from 1st October 2010 to 31st March 2011 has seen a further improvement in net asset value per share of 7.7%. This represents a modest underperformance against our benchmark index (the Morningstar Investment Trust Global Growth Index) which was up 9.9%. Since the half-year end to 3rd May 2011, the net asset value has increased by 2.4% against an increase in the Index of 1.6%. (All figures are on a total return basis).

The Manager continues to focus on companies with strong balance sheets and which typically are valued in the markets at a discount to net asset value; the overall discount levels in the portfolio stand at 30% and somewhat more than this for our European holdings.

Liquidity has been reduced from 20.2% at the year-end to 13.3% at 31st March 2011 and significant profits have been taken in a number of Far Eastern investments. New investments have been made in Europe, including, for the first time since 2005, Spain. The holdings in Japan have decreased as a proportion of the whole as it remains unclear where the catalyst for improved corporate performance will come from. In addition, it is difficult to assess the impact the recent earthquakes and the enormous damage stemming from them will have on the Japanese economy given its already significant indebtedness.

The discount to net asset value has oscillated between 5% and 10% and stood at approximately 9.3% at the half-year end.

We are increasing the interim dividend from 1.8p to 2.0p and would expect at least a similar percentage increase in the final dividend based on the strong income flows in the portfolio since the half-year end.

Despite the gradual recovery in the world economy the headwinds are significant for further strong progress in markets. The necessary reduction in Government spending in much of the western world is only in its early stages and the effects of it have not been fully felt. That said, there are now signs of a recovery in corporate activity which is starting to unlock hitherto hidden value in the portfolio.

Strone Macpherson
Chairman
16 May 2011

Investment Manager's Report

For the first six months of the financial year, the Company's net asset value (NAV) per share rose 7.7% compared with gains of 9.9% for the Morningstar Investment Trust Global Growth Index and 11.9% for the MSCI World Index (£) (all figures are on a total return basis).

The largest positive contributors during the period were Aker (+1.1%), Investor AB 'A' (+1.0%), Deutsche Wohnen (+0.8%), Exor SpA Preference (+0.7%), Groupe Bruxelles Lambert (+0.6%) and Lundbergfőretagen AB 'B' (+0.4%).

The largest detractor from performance was Kinross Gold (– 0.4%).

Over the five year period to 31 March 2011, the Company's NAV per share rose 26.55% compared with gains of 26.11% for the Morningstar Investment Trust Global Growth Index and 23.29 % for the MSCI World Index (£) (all figures are on a total return basis).

As at 31 March 2011, the geographical profile was as follows: Continental Europe 55%, UK 5%, Asia Pacific 16%, Canada 7%, Japan 4% and liquidity 13% (based on country of listing except for London-listed Japanese funds which are classified as Japan).

The discount on the Company's shares was 9.3% as of 31 March 2011.

The equity markets remained buoyant in the first 6 months of the Company's financial year. There has been a cyclical upturn in the global economy, albeit purchased at the cost of increased government deficit spending and highly accommodative monetary policies. The levels of debt to Gross Domestic Product (GDP) in much of the developed world remain elevated but the burden has been shifted from the private to the public sector. As a result, the solvency of sovereign borrowers is now being called into question. The debt deleveraging cycle is still playing out and invites some caution in relation to the duration of the current economic recovery and the staying power of the equity market rally.

The discounts to NAV we are able to find in the markets are attractive. The weighted average discount on our portfolio (excluding cash held) is 30%. We find the European markets particularly good value with discounts on our holdings there of 34%. Investors perceive the European markets to be dysfunctional and are more willing to hunt for growth elsewhere but in our view there are many very good companies listed in Europe on compelling ratings.

We have added to our European exposure during the period and, in particular, initiated several significant positions in Spain. We had not invested in Spain for several years since we sold our last holding in September 2005. We now have 7.5% of the portfolio in Spain in 5 companies: Prisa, Telefonica, Ferrovial, NH Hoteles and Alba. The weak Spanish economy and the ongoing problems in the property and financial sector have masked the progress made by corporate Spain in strengthening its balance sheet. The companies in the portfolio generally have substantial foreign assets and are trading on significant discounts to NAV.

We reduced our exposure to Asian holding companies through partial sales of our holdings in Jardine Matheson, Jardine Strategic and Swire 'B'. We became more cautious on the valuation of the underlying assets following the phenomenal outperformance of Asia in recent years.

Unlike some value investors, we have become less convinced by the case for Japan, and have reduced exposure over the past year. The entire equity market is inexpensive on a price to book ratio of less than one. However, the obstacle in realising this value is that Japanese corporate management does not strive to maximise value for shareholders as a core aim. On the macro-economic side, it is too soon to say if the government's response to the terrible destruction caused by the earthquake and tsunami will be a positive or negative for the equity markets. With a government debt to GDP ratio of over 200%, the last thing Japan needs is more deficit spending. At some point the bond markets may rebel and send yields on government bonds higher, causing a fiscal crisis. Some of the spending may also be funded by higher taxes which are not helpful for an economy struggling with low growth and a deflationary bias.

The high discounts that we have in the stocks in our portfolio are an important store of value but are only of benefit if that value can ultimately be realised for shareholders. This can happen through the narrowing of discounts, and more fundamentally, through corporate activity.

There has been some encouraging news in this regard during the period. There have been bids for portfolio companies Colonia, CNP and Forth Ports generating material uplifts for the fund. Buybacks have also been used to good effect in situations where the discount to NAV was wide. Overall, we are positive on the portfolio at this level of discount to NAV and see more potential for corporate activity to add value.

John Pennink
Asset Value Investors Limited
16 May 2011

Investment Portfolio

Investments at 31 March 2011

Company	Nature of business	% of class	Cost £000	Valuation £000	% of total assets less current liabilities
Vivendi	Media Conglomerate	0.3	70,326	71,160	7.92
Orkla	Conglomerate	0.9	49,644	54,113	6.02
Groupe Bruxelles Lambert	Investment Holding Company	0.5	48,136	49,848	5.55
Investor AB'A'	Investment Holding Company	0.9	32,307	48,780	5.43
Jardine Strategic Holdings	Investment Holding Company	0.3	7,480	46,896	5.22
Sofina	Investment Holding Company	1.7	31,136	35,737	3.98
Jardine Matheson Holdings	Investment Holding Company	0.2	12,290	31,903	3.55
Aker	Investment Holding Company	2.0	22,736	27,649	3.08
Deutsche Wohnen	Real Estate Company	3.4	22,075	24,818	2.76
Exor SpA Preference	Investment Holding Company	0.6	12,056	22,346	2.49
Top ten investments			**308,186**	**413,250**	**46.00**
Telefonica	Telecoms Company	0.0	18,651	19,365	2.15
Swire Pacific'B'	Investment Holding Company	0.3	10,063	18,548	2.06
Prisa	Media Conglomerate	2.3	15,387	18,248	2.03
CIR SpA	Investment Holding Company	1.6	18,918	18,111	2.02
Paris Orléans	Investment Holding Company	3.2	13,112	17,193	1.91
Yamana Gold	Mining Company	0.3	14,435	16,431	1.83
Kinross Gold	Mining Company	0.1	18,567	15,703	1.75
Doosan Corporation	Investment Holding Company	0.7	12,612	15,073	1.68
Soco	Energy Exploration Company	1.1	15,110	13,904	1.55
Ferrovial	Infrastructure Company	0.2	12,988	13,487	1.50
Top twenty investments			**458,029**	**579,313**	**64.48**
Detour Gold Corp	Mining Company	0.8	8,672	12,975	1.44
Pantheon International Participations	Investment Company	3.2	9,366	12,953	1.44
BIP Investment Partners	Investment Holding Company	4.5	7,852	11,854	1.32
Nexen	Oil & Gas Company	0.1	11,983	11,799	1.31
Corporación Financiera Alba	Investment Holding Company	0.4	8,491	9,007	1.00
Bajaj Holdings and Investment Warrants 27/07/2015†	Investment Holding Company	0.6	7,577	7,683	0.86
Iş Gayrimenkul Yatirim Ortak	Real Estate Investment Company	2.3	8,204	7,331	0.82
Daidoh	Textile & Property Company	3.2	6,739	7,208	0.80
Electra Private Equity	Investment Company	1.2	5,108	7,162	0.80
RHJ International	Investment Holding Company	1.6	7,142	6,956	0.78
Top thirty investments			**539,163**	**674,241**	**75.05**

Company	Nature of business	% of class	Cost £000	Valuation £000	% of total assets less current liabilities
CF Morant Wright Japan 'B'	Investment Company	1.8	5,292	6,902	0.77
JPMorgan Japanese Investment Trust	Investment Company	2.4	8,233	6,792	0.75
Mitra Energy*	Oil & Gas Company	2.2	4,080	6,589	0.73
Lundbergföretagen AB 'B'	Investment Holding Company	0.2	3,285	6,504	0.72
Amerisur Resources	Energy Exploration Company	3.1	4,848	6,406	0.71
NH Hoteles	Hotel Company	0.6	5,072	6,033	0.67
Macquarie International Infrastructure Fund	Investment Company	1.5	5,673	6,003	0.67
Cie Du Bois Sauvage	Investment Holding Company	2.0	7,723	5,994	0.67
Treasury China Trust	Real Estate Investment Company	2.7	4,669	5,552	0.62
Henex	Investment Holding Company	0.9	4,748	5,265	0.59
Top forty investments			**592,786**	**736,281**	**81.95**
GSD Holding	Investment Holding Company	5.1	5,361	5,006	0.56
Showa Aircraft Industry	Transport & Property Company	2.8	5,957	4,506	0.50
Alarko Gayrimenkul Yatirim	Real Estate Investment Company	6.0	3,977	4,199	0.47
JPMorgan Japan Smaller Companies Investment Trust	Investment Company	5.9	5,126	4,008	0.45
Alarko Holding	Investment Holding Company	1.4	4,207	3,954	0.44
Cofide SpA	Investment Holding Company	0.9	4,150	3,951	0.44
Tag Immobilien	Real Estate Company	1.1	2,462	3,939	0.44
Katakura Industries	Textile & Property Company	1.9	5,000	3,835	0.43
Vietnam Property Fund	Investment Company	0.0	2,579	2,699	0.30
Eurazeo	Investment Holding Company	0.1	2,386	2,565	0.28
Top fifty investments			**633,991**	**774,943**	**86.26**
Canaco Resources	Mining Company	0.3	1,701	1,642	0.18
Daibiru Corp	Real Estate Company	0.2	1,064	1,058	0.12
Resaca Exploitation	Oil Production Company	3.9	4,880	747	0.08
JPMorgan Japan Smaller Companies Investment Trust (Subscription Shares)	Investment Company	8.0	0	231	0.03
Total equity investments			**641,636**	**778,621**	**86.67**
Fixed income investments					
Treasury 5% 07/03/2012	UK Government Security	–	62,247	62,280	6.93
Treasury 3.25% 07/12/2011	UK Government Security	–	27,465	27,464	3.06
US Treasury Bill 30th June 2011	US Government Security	–	24,897	24,947	2.77
Total investments			756,245	893,312	99.43
Net current assets				5,085	0.57
Total assets less current liabilities				898,397	100.00

*Unquoted Investment

†Held through a Participation Note issued by JPMorgan.

Consolidated Statement of Comprehensive Income

of the Group for the six months ended 31 March 2011

	For the six months to 31 March 2011 (unaudited)		
	Revenue return £'000	Capital return £'000	Total £'000
Income			
Investment income (see note 2)	**5,091**	**–**	**5,091**
Gains on investments held at fair value	**–**	**55,647**	**55,647**
(Losses)/gains on forward currency contracts held at fair value	**–**	**–**	**–**
Losses on Equities Index Stock 2013 held at fair value	**–**	**(340)**	**(340)**
Exchange losses on currency balances	**–**	**(591)**	**(591)**
	5,091	**54,716**	**59,807**
Expenses			
Investment management fee	**(1,235)**	**(1,235)**	**(2,470)**
Performance fee	**–**	**–**	**–**
Back VAT on management and performance fees	**111**	**69**	**180**
Other expenses (including irrecoverable VAT)	**(531)**	**–**	**(531)**
Profit before finance costs and tax	**3,436**	**53,550**	**56,986**
Finance costs	**(1,154)**	**(4)**	**(1,158)**
Profit before taxation	**2,282**	**53,546**	**55,828**
Taxation	**(214)**	**–**	**(214)**
Profit for the period	**2,068**	**53,546**	**55,614**
Earnings per Ordinary Share (see note 3)	**1.29p**	**33.45p**	**34.74p**

The Company did not have any income or expense that is not included in profit for the period. Accordingly, the "Profit for the period" is also the "Total Comprehensive Income for the period", as defined in IAS 1 (revised) and no separate Statement of Comprehensive Income has been presented.

The total column of this statement is the profit and loss account of the Group. 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 2010 (unaudited)			For the year to 30 September 2010 (audited)		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
	4,121	–	4,121	19,535	–	19,535
	–	63,929	63,929	–	97,769	97,769
	–	(1,858)	(1,858)	–	1,952	1,952
	–	(883)	(883)	–	(1,635)	(1,635)
	–	(1,910)	(1,910)	–	(2,519)	(2,519)
	4,121	59,278	63,399	19,535	95,567	115,102
	(1,094)	(1,094)	(2,188)	(2,187)	(2,187)	(4,374)
	–	(26)	(26)	–	(170)	(170)
	–	–	–	231	165	396
	(510)	–	(510)	(1,114)	(1)	(1,115)
	2,517	58,158	60,675	16,465	93,374	109,839
	(1,169)	(4)	(1,173)	(2,338)	(7)	(2,345)
	1,348	58,154	59,502	14,127	93,367	107,494
	(144)	–	(144)	(1,415)	8	(1,407)
	1,204	58,154	59,358	12,712	93,375	106,087
	0.75p	36.33p	37.08p	7.94p	58.33p	66.27p

Consolidated Statement of Changes in Equity

for the six months ended 31 March 2011

	Ordinary share capital £'000	Capital redemption reserve £'000	Share premium £'000	Capital reserve £'000	Merger reserve £'000	Revenue reserve £'000	Total £'000
For the six months to 31 March 2010 (unaudited)							
Balance as at 30 September 2009	16,008	2,927	28,078	622,927	41,406	23,842	735,188
Total comprehensive income for the period	–	–	–	58,154	–	1,204	59,358
Ordinary dividend paid	–	–	–	–	–	(6,723)	(6,723)
Special dividend paid	–	–	–	–	–	(2,001)	(2,001)
Balance at 31 March 2010	16,008	2,927	28,078	681,081	41,406	16,322	785,822
For the year ended 30 September 2010 (audited)							
Balance at 30 September 2009	16,008	2,927	28,078	622,927	41,406	23,842	735,188
Total comprehensive income for the period	–	–	–	93,375	–	12,712	106,087
Ordinary dividend paid	–	–	–	–	–	(9,604)	(9,604)
Special dividend paid	–	–	–	–	–	(2,001)	(2,001)
Balance at 30 September 2010	16,008	2,927	28,078	716,302	41,406	24,949	829,670
For the six months to 31 March 2011 (unaudited)							
Balance as at 30 September 2010	**16,008**	**2,927**	**28,078**	**716,302**	**41,406**	**24,949**	**829,670**
Total comprehensive income for the period	**–**	**–**	**–**	**53,546**	**–**	**2,068**	**55,614**
Ordinary dividend paid	**–**	**–**	**–**	**–**	**–**	**(9,125)**	**(9,125)**
Balance at 31 March 2011	**16,008**	**2,927**	**28,078**	**769,848**	**41,406**	**17,892**	**876,159**

Consolidated Balance Sheet

as at 31 March 2011

	At 31 March 2011 (unaudited) £'000	At 31 March 2010 (unaudited) £'000	At 30 September 2010 (audited) £'000
Non-current assets			
Investments held at fair value through profit or loss	**893,312**	757,768	853,883
Current assets			
Forward currency contracts held at fair value through profit or loss	**–**	75,000	–
Sales for future settlement	**872**	47,986	–
Other receivables	**3,010**	3,274	2,687
Cash and cash equivalents	**11,010**	17,155	6,020
	14,892	143,415	8,707
Total assets	**908,204**	901,183	862,590
Current liabilities			
Forward currency contracts held at fair value through profit or loss	**–**	(76,857)	–
Purchases for future settlement	**(145)**	(7,551)	(1,054)
Other payables	**(1,178)**	(1,118)	(1,284)
$10^{3}/_{8}$ per cent Debenture Stock 2011	**(8,484)**	–	(8,484)
	(9,807)	(85,526)	(10,822)
Total assets less current liabilities	**898,397**	815,657	851,768
Non-current liabilities			
$10^{3}/_{8}$ per cent Debenture Stock 2011	**–**	(8,484)	–
$8^{1}/_{8}$ per cent Debenture Stock 2023	**(14,911)**	(14,904)	(14,907)
Equities Index Stock 2013 held at fair value through profit or loss	**(7,280)**	(6,392)	(7,144)
Provision for deferred tax	**(47)**	(55)	(47)
Net assets	**876,159**	785,822	829,670
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	**769,848**	681,081	716,302
Merger reserve	**41,406**	41,406	41,406
Revenue reserve	**17,892**	16,322	24,949
Total equity	**876,159**	785,822	829,670
Net asset value per Ordinary Share – basic (see note 6)	**547.33p**	490.89p	518.28p
Number of Ordinary Shares in issue	**160,080,089**	160,080,089	160,080,089

Registered in England & Wales No. 282030

Consolidated Cash Flow Statement

for the six months ended 31 March 2011

	Six months to 31 March 2011 (unaudited) £'000	Six months to 31 March 2010 (unaudited) £'000	Six months to 30 September 2010 (audited) £'000
Net cash (outflow)/inflow from operating activities			
Profit before taxation	**55,828**	59,502	107,494
Loss on Equities Index Stock 2013 held at fair value	**340**	883	1,635
Realised exchange losses on currency balances	**591**	1,910	2,519
Gains on investments held at fair value through profit or loss	**(55,647)**	(63,929)	(97,769)
Purchases of investments	**(384,938)**	(443,586)	(855,586)
Sales of investments	**399,375**	465,716	856,931
(Increase)/decrease in other receivables	**(529)**	679	1,694
Decrease in creditors	**(106)**	(445)	(2,136)
Taxation	**(8)**	(5)	(1,705)
Amortisation of Debenture issue expenses	**4**	4	7
Net cash inflow from operating activities	**14,910**	20,729	13,084
Financing activities			
Dividends paid	**(9,125)**	(8,724)	(11,605)
Buyback of Equities Index Stock 2013	**(204)**	(177)	(177)
Cash outflow from financing activities	**(9,329)**	(8,901)	(11,782)
Increase in cash and cash equivalents	**5,581**	11,828	1,302
Exchange movements	**(591)**	(1,910)	(2,519)
Change in cash and cash equivalents	**4,990**	9,918	(1,217)
Cash and cash equivalents at beginning of period	**6,020**	7,237	7,237
Cash and cash equivalents at end of period	**11,010**	17,155	6,020

Notes to the Financial Statements

for the six months ended 31 March 2011

1. Significant accounting policies

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The accounting policies and methods of computation followed in these half year financial statements are consistent with the most recent annual financial statements for the year ended 30 September 2010.

The factors which have an impact on Going Concern are set out in the Going Concern section of the Director's Report in the Company's Annual Report and Accounts to 30th September 2010. At 31st March 2011 there have been no significant changes to these factors. Accordingly, the Directors believe that it is appropriate to continue to adopt the Going Concern basis in preparing the interim accounts.

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 as this is the currency of the primary economic environment in which the Group operates.

2. Income

	31 March 2011 £'000	31 March 2010 £'000	30 September 2010 £'000
Income from investments			
Listed investments	**4,973**	4,113	19,520
Other income			
Deposit interest	**118**	8	15
Total income	**5,091**	4,121	19,535

3. Earnings per Ordinary Share

	31 March 2011	31 March 2010	30 September 2010
Total earnings per Ordinary Share			
Total profit	**£55,614,000**	£59,358,000	£106,087,000
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	**34.74p**	37.08p	66.27p

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

	31 March 2011	31 March 2010	30 September 2010
Revenue earnings per Ordinary Share			
Revenue profit	**£2,068,000**	£1,204,000	£12,712,000
Weighted average number of Ordinary Shares in issue during the period	**160,080,089**	160,080,089	160,080,089
Revenue earnings per Ordinary Share	**1.29p**	0.75p	7.94p
Capital earnings per Ordinary Share			
Capital profit	**£53,546,000**	£58,154,000	£93,375,000
Weighted average number of Ordinary Shares in issue during the period	**160,080,089**	160,080,089	160,080,089
Capital earnings per Ordinary Share	**33.45p**	36.33p	58.33p

4. Comparative information

The financial information contained in this half year report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial information for the six months ended 31 March 2011 and 31 March 2010 have not been audited.

The information for the year ended 30 September 2010 has been extracted from the latest published audited financial statements. The audited financial statements for the year ended 30 September 2010 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 498(2) or (3) of the Companies Act 2006.

Notes to the Financial Statements

for the six months ended 31 March 2011

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 2010	**24,949**	716,302	741,251
Movement during the period:			
Total comprehensive income for the period	**2,068**	53,546	55,614
Ordinary dividend paid: Ordinary Shares	**(9,125)**	–	(9,125)
At 31 March 2011	**17,892**	769,848	787,740

6. Net asset value per Ordinary Share

The net asset value per Ordinary Share is based on net assets of £876,159,000 (31 March 2010: £785,822,000; 30 September 2010: £829,670,000) and on 160,080,089 (31 March 2010: 160,080,089, 30 September 2010: 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 80,000 units of its Equities Index Unsecured Loan Stock 2013 for cancellation at a cost of £204,000.

8. Dividends

During the period the Company paid a final dividend of 5.70p per Ordinary Share for the year ended 30 September 2010 on 7 January 2011 to Ordinary Shareholders on the register at 10 December 2010 (ex-dividend 8 December 2010).

The interim dividend of 2.00p per Ordinary Share for the year ending 30 September 2011 will be paid on 10 June 2011 to Ordinary Shareholders on the register at the close of business on 27 May 2011 (ex-dividend 25 May 2011).

9. Contingent assets

While most of the Back VAT has now been recovered, the Company will continue to pursue recovery of outstanding Back VAT, and interest, as far as is practical. The Directors consider it inappropriate to recognise any Back VAT not yet recovered, in these financial statements.

The Board has recovered and accounted for £3,603,575 up to the date of this report. For the six months to 31 March 2011 £179,975 Back VAT has been recovered and shown within these financial statements. This has been allocated £110,901 as revenue and £69,074 as capital within the Consolidated Statement of Comprehensive Income in line with VAT previously written off on investment management and performance fees previously charged. Interest amounting to £115,846 relating to these recoveries has also been received by the Company.

10. Principal financial risks

The principal financial risks which the Company faces include exposure to:

- Market price risk
- Foreign Currency risk
- Interest rate risk
- Liquidity risk
- Credit risk

Further details of the Company's management of these risks and exposure to them is set out in Note 19 to the Company's Annual Report & Accounts for the year ended 30 September 2010, as issued on 15 November 2010. There have been no changes to the management of or exposure to these risks since that date.

11. Related party transactions

The Company has related party transactions with Asset Value Investors Limited. Management fees for the period amounted to £2,470,000 (six months to 31 March 2010: £2,188,000; year ended 30 September 2010: £4,374,000) and the performance fees for the period amounted to £nil (six months to 31 March 2010 relating to the prior year: £26,000; year ended 30 September 2010: £170,000 of which £26,000 relates to the prior year).

At the half year end, the following amounts were outstanding in respect of management fees: £412,000 (half year end 31 March 2010: £364,000; year ended 30 September 2010: £365,000) and performance fees: £nil (half year end 31 March 2010: £nil; year ended 30 September 2010: £144,000).

Interim Management Report

There have been no changes to the related party disclosures set out in the Annual Report of the Company for the year ended 30 September 2010, except as above.

The Directors consider that the Chairman's Statement on page 4 of this Report, the Investment Manager's Report on page 5, the above statement on related party disclosures and the Directors' Responsibility Statement below, together constitute the Interim Management Report of the Company for the half year to 31 March 2011 and satisfy the requirements of the FSA's Disclosure Rules and Transparency Rules (DTR) 4.2.3 to 4.2.11.

Directors' Responsibility Statement

The non-executive Directors listed on page 17 confirm that to the best of their knowledge:

a) the condensed set of financial statements, which has been prepared in accordance with IAS34, gives a true and fair view of the assets, liabilities, financial position and profit of the Company for the period ended 31 March 2011;
b) the Interim Management Report includes a fair review, the FSA's Disclosure and Transparency rules DTR 4.2.7R, of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
c) the Interim Management Report includes a fair review of the information concerning related parties transactions as required by DTR 4.2.8R.

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 2011 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 Rules 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 2011 are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP
London
16 May 2011

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 Stocks and Shares 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.

For further information contact
Asset Value Investors Limited
(Customer Services: 0845 850 0181)

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.

London Stock Exchange
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AVI