

British Empire

Securities and General Trust plc

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.

Equity Shareholders' funds

£786 million at 31 March 2010

ISA Status

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

Website

www.british-empire.co.uk

Investment Manager

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

Capital Structure

		Mid market price 31 March 2010 p	Market capitalisation 31 March 2010 £ million
31 March 2010			
160,080,089	Ordinary Shares	446.10	714.12
£8,483,440	10 ³ / ₈ per cent Debenture Stock 2011	110.07	9.34
£15,000,000	8 ¹ / ₈ per cent Debenture Stock 2023	126.93	19.04
£2,506,754	Equities Index Unsecured Loan Stock 2013	245.00	6.14

* 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

Capital Return

	At 31 March 2010	At 30 September 2009	% change
Net assets	£785.82m	£735.19m	6.89
Net asset value per share	490.89p	459.26p	6.89
Share price (mid market)	446.10p	431.50p	3.38
Discount	9.12%	6.04%	–

Revenue Earnings and Dividends

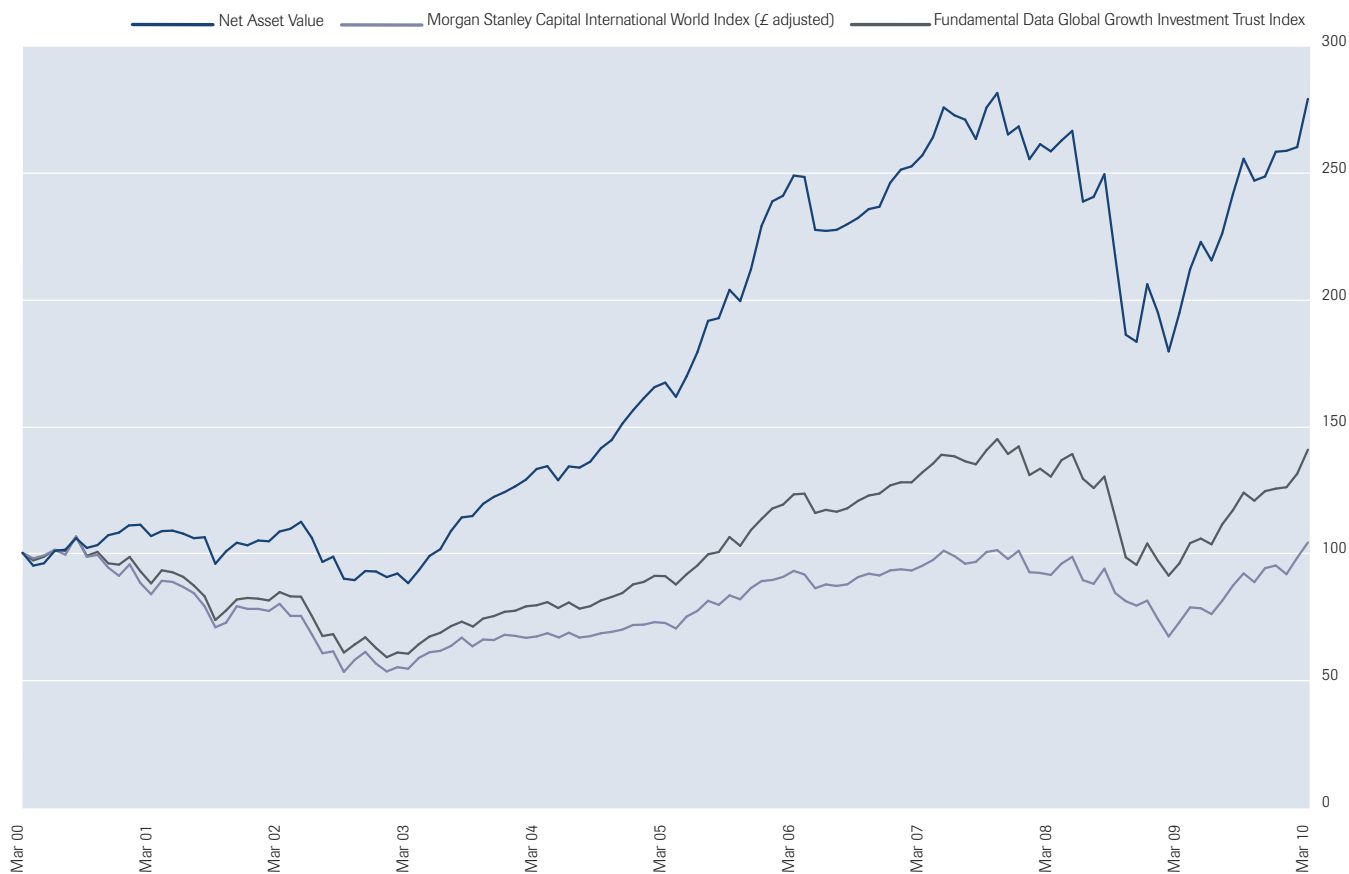
	Six months to 31 March 2010	Six months to 31 March 2009
Revenue earnings per share	0.75p	2.39p
Interim dividend per share	1.80p	1.80p

Performance Comparison

	Six months to 31 March 2010	Year to 30 September 2009
British Empire Securities and General Trust plc (NAV total return)	8.07%	17.83%
Morgan Stanley Capital International World Index (£ adjusted total return)	13.52%	9.63%
Fundamental Data Global Growth Investment Trust Index (total return)	13.55%	9.06%

Net Asset Value

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 under review from 1 October 2009 to 31 March 2010 saw further recovery in financial markets following the exceptionally difficult conditions in the previous year. The Company's net asset value increased by 8.1% and since 31 March 2009 through to 31 March 2010 it has increased by 42.6% (figures on a total return basis).

The stock market recovery has been led by cyclical, highly geared stocks. However, because our focus is on companies with little or no gearing and relatively low volatility, the Company has suffered some underperformance against its benchmark. We continue to focus on companies with these characteristics, many of which also have substantial non-UK exposure, and all of which should represent good fundamental value.

The discount of the share price to net asset value at the half year end was just over 9%, up from 6% at the last financial year end.

The Chairman's Statement issued in November last year sounded a note of caution about the prospect for dividend growth given the likely continuing economic difficulties and low interest rate environment. We are maintaining the interim

dividend at 1.8p, which whilst technically un-covered in the period, has been covered by substantial dividends receivable shortly after the half year end. Although the note of caution remains, we hope at least to maintain the Ordinary dividend for the year as a whole (2009: 6.0p) but it is unlikely, in the absence of any significant further VAT refunds, that a special dividend will be paid this year (2009: 1.25p).

Now that the general election in the UK has been held and we have a coalition, it remains to be seen if there is the political will to take radical enough action to ensure that the international markets remain confident in the UK's ability to manage, and substantially reduce, its huge fiscal deficit. Many developed nations face similar challenges in achieving the necessary reduction in government and household leverage; inadequate policies are likely to undermine market confidence. Given these uncertainties, we remain cautious about the short and medium term effects on equity markets and on many other asset classes.

Strone Macpherson

Chairman

18 May 2010

Investment Manager's Report

For the first six months of the financial year, the Company's net asset value per share rose 8.1% compared with gains of 13.6% for the Fundamental Data Global Growth Investment Trust Index and 13.5% for the MSCI World Index (£) (all figures are on a total return basis).

The largest positive contributors during the period were Jardine Strategic, Tüpraş, Jardine Matheson, Nintendo and Investor AB 'A'.

The largest detractors from performance were Paris Orléans, Vivendi, First Uranium, Simmer and Jack Mines and Holmen.

Over the five year period to 31 March 2010, the Company's net asset value per share rose 67.0%

compared with gains of 56.1% for the Fundamental Data Global Growth Investment Trust Index and 47.6% for the MSCI World Index (£) (all figures are on a total return basis).

At 31 March 2010, the geographical profile was as follows: Continental Europe 43.4%, UK 8.9%, Asia Pacific 17.2%, Japan 7.9%, Canada 3.4%, EMEA 5.1%, and liquidity 14.1% (based on country of listing except for London-listed Japanese funds which are classified as Japan). Equity markets have continued to improve over the first six months of the financial year, rallying from the low point that was reached in March 2009. Equity markets one year ago were priced for catastrophe. Since that time, the policy response of central banks and governments has been very strong and supportive

of asset prices and we are now seeing signs of a cyclical economic recovery. There were good reasons for a rally and we were right to be more or less fully invested one year ago. In addition, we have benefitted from a reduction in the general level of discounts in our portfolio from 28% one year ago to 23% at 31 March 2010.

Over the period, the increase in your Company's net asset value has been 5.5% behind the benchmark index. In recent months, investors have favoured 'recovery plays'; highly indebted companies and cyclical stocks have done best. These are not the kind of stocks that we typically own. Our largest positions tend to be diversified companies with good quality underlying business and net cash on their balance sheets. Some of our large holdings have lagged the rally but as we believe they are good value and high quality, we have been adding to their weightings. Investor AB 'A', Groupe Bruxelles Lambert and Vivendi are good examples of this type of stock and we have purchased more of each.

Wide discounts provide an opportunity for actions from either inside or outside listed companies to narrow discounts to net asset value. For instance, a tender offer to buy back shares in Jardine Strategic on 5 March 2010, saw the shares move up over 18% in the following month. The tender offer was relatively small at just 1.3% of shares outstanding but it highlighted the wide discount which stood at almost 40% just before the tender announcement. An example of activity from outside the company is Forth Ports where a consortium of investors owning 27% of the stock has approached management with a view to a takeover resulting in a sharp rally in the stock. We anticipate we should see more of this type of activity in the markets providing an opportunity for value stocks to perform well.

The economic recovery has been supported to a significant degree by ultra low policy interest rates and government deficit spending. This has proven to be a powerful combination not to be resisted. The limitations of such policies, however, can now begin to be seen. The markets will start to rebel against deficit spending without end and the ongoing transfer of wealth from savers to borrowers. Greece has now hit the wall and others may go the same way if policy is not changed.

Either stimulus is removed or the markets will at some point seek to force greater restraint. The resultant transition from government led demand to private sector demand will not be easy or smooth. A collision between political will and market discipline may lead to further government intervention and regulation of the markets.

Due to our perception that the Euro is overvalued versus Sterling and the potential for contagion surrounding the Greek bailout, we have hedged a portion of our Euro exposure. We have sold forward £75m worth of Euros which equated to approximately 10% of our portfolio at the time of inception. Our overall exposure to Eurozone listed companies is 30%, which may seem high given the concerns on the Euro as a currency. Many of the companies in which we invest in Europe, however, are global businesses that earn a large portion of their revenues in foreign markets including emerging markets. A fall in the value of the Euro may actually be beneficial to these companies. The £75m position therefore hedges the residual exposure to domestic Euro-based revenues. The hedge was showing a loss of £1.8m at 31 March 2010 but was subsequently closed for a gain of £0.1m. An equivalent value hedge of £75m worth of Euros is currently in place.

The level of net liquidity in the portfolio as of 31 March 2010, was 14.1%. 6.0% was in Norwegian Kroner and 5.8% in US Dollars on that date due to fears over Sterling weakness. We have subsequently profitably closed all of the Norwegian Kroner and most of the US Dollar positions and we now have 13.2% net liquidity of which all but 0.9% (which is in US Dollars) is in Sterling.

The discount on British Empire shares was 9.1% as of 31 March 2010. This is wider than the average of 4.5% seen over the past 12 months. Discounts tend to be backward-looking and reflect recent performance. The discount does not seem to reflect the wide discount on the underlying portfolio and the potential for future performance contained in it.

John Pennink
Asset Value Investors Limited
 18 May 2010

Investment Portfolio

at 31 March 2010

Company	Nature of business	% of class	Cost £'000	Valuation £'000	% of total assets less current liabilities
Vivendi	Media Company	0.2	49,317	47,641	5.84
Sofina	Investment Holding Company	1.9	35,545	43,030	5.28
Groupe Bruxelles Lambert	Investment Holding Company	0.5	41,296	42,358	5.19
Jardine Strategic Holdings	Investment Holding Company	0.3	8,853	42,302	5.19
Investor AB 'A'	Investment Holding Company	0.9	30,571	40,239	4.93
Jardine Matheson Holdings	Investment Holding Company	0.3	17,454	35,910	4.40
Deutsche Wohnen	Real Estate Company	5.4	35,614	29,485	3.62
Electra Private Equity	Investment Company	4.1	17,332	19,597	2.40
Sun Hung Kai Properties	Real Estate Company	0.1	17,203	19,578	2.40
Swire Pacific 'B'	Investment Holding Company	0.3	12,166	18,857	2.31
Top ten investments			265,351	338,997	41.56
Exor SpA Preference	Investment Holding Company	1.1	23,012	17,688	2.17
Doosan	Investment Holding Company	0.1	16,020	17,234	2.11
Tüpraş Türkiye Petrol Rafinerileri	Oil Refining Company	0.5	13,505	16,583	2.03
Nintendo	Consumer Goods Company	0.1	12,003	16,480	2.02
Paris Orléans	Investment Holding Company	3.1	12,814	16,280	2.00
Lundbergforetagen AB 'B'	Investment Holding Company	0.8	11,564	15,915	1.95
CIR SpA	Investment Holding Company	1.2	15,085	15,529	1.90
Pargesa Holding	Investment Holding Company	0.2	14,325	14,732	1.81
Haci Omer Sabanci Holdings	Investment Holding Company	1.4	11,489	13,509	1.65
Aker	Investment Holding Company	1.0	13,330	13,485	1.65
Top twenty investments			408,498	496,432	60.85
Orkla	Investment Holding Company	0.2	12,281	13,331	1.64
Bouygues	Investment Holding Company	0.1	10,576	12,472	1.53
Kinross Gold	Mining Company	0.1	11,222	10,658	1.31
Yamana Gold	Mining Company	0.2	10,569	10,551	1.29
Soco	Energy Exploration Company	0.7	10,328	10,171	1.25
BIP Investment Partners	Investment Holding Company	4.5	7,852	9,371	1.15
Daibiru Corp	Real Estate Company	1.3	8,161	8,374	1.03
CF Morant Wright Japan 'B'	Investment Company	1.9	5,292	7,291	0.89
Herald Investment Trust	Investment Company	2.4	6,594	7,138	0.87
JPMorgan Japanese Investment Trust	Investment Company	2.4	8,233	6,900	0.85
Top thirty investments			499,606	592,689	72.66
Detour Gold Corp	Mining Company	0.8	6,660	6,758	0.83
Forth Ports	Harbours & Property Company	1.1	6,029	6,748	0.83
Katakura Industries	Textile & Property Company	2.7	7,168	6,410	0.78
Pantheon	Investment Company	3.2	5,743	6,333	0.77
Daidoh	Textile & Property Company	3.2	6,739	6,106	0.75
Cie Du Bois Sauvage	Investment Holding Company	2.0	7,724	5,120	0.63
Alarko Gayrimenkul Yatirim	Real Estate Investment Company	6.0	3,977	5,037	0.62
Henex	Investment Holding Company	1.0	4,748	4,944	0.61
Finsbury Worldwide Pharmaceutical Trust	Investment Company	1.6	3,442	4,845	0.59
The Alliance Trust	Investment Company	0.2	4,749	4,726	0.58
Top forty investments			556,585	649,716	79.65

Company	Nature of business	% of class	Cost £'000	Valuation £'000	% of total assets less current liabilities
JPMorgan Japanese Smaller Companies	Investment Company	7.4	5,337	4,568	0.56
Mitra Energy *	Oil & Gas Company	2.9	4,080	4,333	0.53
Showa Aircraft Industry	Transport & Property Company	2.8	5,957	4,291	0.53
GSD Holding	Investment Holding Company	4.0	3,922	4,058	0.50
Impax Environmental Markets Ireland Fund 'A'	Investment Company	2.6	3,041	3,986	0.49
CNP-CIE Natle a Portefeuille	Investment Holding Company	0.1	3,614	3,935	0.48
Impax Environmental Markets	Investment Company	1.0	2,286	3,380	0.41
China Real Estate Opportunities	Real Estate Investment Company	1.5	2,331	3,179	0.39
Cofide SpA	Investment Holding Company	0.6	2,518	2,749	0.34
Vietnam Property Fund	Investment Company	6.0	2,363	2,323	0.28
Top fifty investments			592,034	686,518	84.16
Simmer and Jack Mines	Mining Company	1.6	6,609	2,094	0.26
New City Residence Investment Corp	Real Estate Investment Company	1.6	6,935	1,951	0.24
Resaca Exploitation	Oil Production Company	4.1	4,880	1,716	0.21
Fidelity Japanese Values	Investment Company	3.3	1,872	1,706	0.21
CA Normandie-Seine CCI	Financial Company	0.5	1,380	1,208	0.15
Colonia Real Estate	Real Estate Investment Company	1.0	1,168	1,173	0.14
CA Loire-Haute-Loire	Financial Company	0.7	1,256	1,065	0.13
CA Touraine Poitou - CCI	Financial Company	0.6	1,368	960	0.12
CA Ile et Vilaine - CCI	Financial Company	0.6	1,200	880	0.11
CA Alpes Provence CCI	Financial Company	0.3	1,221	830	0.10
JPMorgan Japanese Smaller Companies (Subscription Shares)	Investment Company	7.4	-	213	0.03
Finsbury Worldwide Pharmaceutical Trust (Subscription Shares)	Investment Company	2.5	-	210	0.02
Fidelity Japanese Values (Subscription Shares)	Investment Company	3.3	-	70	0.01
Other equity investments			619,923	700,594	85.89
Fixed income investments					
US Treasury 3.375% 15/11/2019	US Government Security	-	36,160	38,164	4.68
Treasury 4.25% 07/03/2011	UK Government Security	-	11,694	11,668	1.43
US Treasury Bill 17/06/2010	US Treasury Bill	-	7,453	7,342	0.90
Total investments			675,230	757,768	92.90
Net current assets				57,889	7.10
Total assets less current liabilities				815,657	100.00

* Unquoted investment

Consolidated Income Statement

For the six months to 31 March 2010 (unaudited)

	Revenue return £'000	Capital return £'000	Total £'000
Income			
Investment income (see note 2)	4,121	–	4,121
Gains/(losses) on investments held at fair value	–	63,929	63,929
(Losses)/gains on forward currency contracts held at fair value	–	(1,858)	(1,858)
Losses on Equities Index Stock 2013	–	(883)	(883)
Realised loss on buyback of 10 ³ / ₈ per cent Debenture Stock 2011	–	–	–
Realised exchange losses on currency balances	–	(1,910)	(1,910)
	4,121	59,278	63,399
Expenses			
Investment management fee	(1,094)	(1,094)	(2,188)
Performance fee	–	(26)	(26)
Back VAT on management and performance fees	–	–	–
Other expenses (including irrecoverable VAT)	(510)	–	(510)
Profit/(loss) before finance costs and tax	2,517	58,158	60,675
Finance costs	(1,169)	(4)	(1,173)
Profit/(loss) before taxation	1,348	58,154	59,502
Taxation	(144)	–	(144)
Profit/(loss) for the period	1,204	58,154	59,358
Earnings per Ordinary Share (see note 3)	0.75p	36.33p	37.08p

The Group does not have any income or expense that is not included in profit for the year. Accordingly, the "Profit for the Year" is also the "Total Comprehensive Income for the Year", as defined in IAS1 (revised) and no separate Statement of Comprehensive Income has been presented.

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.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses of the Group have been reflected in the above statement.

For the six months to 31 March 2009 (unaudited)

For the year to 30 September 2009 (audited)

Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
7,088	-	7,088	20,702	-	20,702
-	(69,053)	(69,053)	-	96,382	96,382
-	1,041	1,041	-	7,897	7,897
-	(259)	(259)	-	(380)	(380)
-	(5)	(5)	-	(5)	(5)
-	(27)	(27)	-	(801)	(801)
7,088	(68,303)	(61,215)	20,702	103,093	123,795
(951)	(951)	(1,902)	(1,902)	(1,902)	(3,804)
-	(1,165)	(1,165)	-	(2,313)	(2,313)
482	123	605	837	123	960
(397)	(4)	(401)	(1,061)	(5)	(1,066)
6,222	(70,300)	(64,078)	18,576	98,996	117,572
(1,172)	(4)	(1,176)	(2,431)	(7)	(2,438)
5,050	(70,304)	(65,254)	16,145	98,989	115,134
(1,228)	477	(751)	(3,371)	1,254	(2,117)
3,822	(69,827)	(66,005)	12,774	100,243	113,017
2.39p	(43.62)p	(41.23)p	7.98p	62.62p	70.60p

Consolidated Statement of Changes in Equity

	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 2009 (unaudited)							
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
For the year ended 30 September 2009 (audited)							
Balance at 30 September 2008	16,008	2,927	28,078	522,684	41,406	22,753	633,856
Profit for the period	-	-	-	100,243	-	12,774	113,017
Ordinary dividend paid	-	-	-	-	-	(9,284)	(9,284)
Special dividend paid	-	-	-	-	-	(2,401)	(2,401)
Balance at 30 September 2009	16,008	2,927	28,078	622,927	41,406	23,842	735,188
For the six months to 31 March 2010 (unaudited)							
Balance at 30 September 2009	16,008	2,927	28,078	622,927	41,406	23,842	735,188
Profit 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

Consolidated Balance Sheet

	At 31 March 2010 (unaudited) £'000	At 31 March 2009 (unaudited) £'000	At 30 September 2009 (audited) £'000
Non-current assets			
Investments held at fair value through profit or loss	757,768	585,253	755,359
Current assets			
Investments	–	1	–
Forward currency contracts held at fair value through profit or loss	75,000	59,625	–
Sales for future settlement	47,986	1,991	1,071
Other receivables	3,274	4,633	4,092
Cash and cash equivalents	17,155	8,585	7,237
	143,415	74,835	12,400
Total assets	901,183	660,088	767,759
Current liabilities			
Forward currency contracts held at fair value through profit or loss	(76,857)	(58,584)	–
Purchases for future settlement	(7,551)	(5,880)	(25)
Other payables	(1,118)	(6,854)	(3,421)
	(85,526)	(71,318)	(3,446)
Total assets less current liabilities	815,657	588,770	764,313
Non-current liabilities			
10 ³ / ₈ per cent Debenture Stock 2011	(8,484)	(8,484)	(8,484)
8 ¹ / ₈ per cent Debenture Stock 2023	(14,904)	(14,897)	(14,900)
Equities Index Stock 2013	(6,392)	(5,653)	(5,686)
Provision for deferred tax	(55)	(689)	(55)
Net assets	785,822	559,047	735,188
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	681,081	452,857	622,927
Merger reserve	41,406	41,406	41,406
Revenue reserve	16,322	17,771	23,842
Total equity	785,822	559,047	735,188
Net asset value per Ordinary Share (see note 6)	490.89p	349.23p	459.26p
Number of Ordinary Shares in issue	160,080,089	160,080,089	160,080,089

Consolidated Cash Flow Statement

	Six months to 31 March 2010 (unaudited) £'000	Six months to 31 March 2009 (unaudited) £'000	Year to 30 September 2009 (audited) £'000
Net cash inflow from operating activities			
Profit/(loss) before taxation	59,502	(65,254)	115,134
Losses on Equities Index Stock 2013 held at fair value	883	259	380
Loss on buyback of 10 ³ / ₈ per cent Debenture Stock 2011	-	5	5
Realised exchange losses on currency balances	1,910	27	801
(Gains)/losses on investments held at fair value through profit or loss	(63,929)	69,053	(96,382)
Purchases of investments	(443,586)	(103,176)	(289,003)
Sales of investments	465,716	113,791	290,013
Decrease/(increase) in other receivables	679	(571)	1,576
(Decrease)/increase in creditors	(445)	993	2,203
Taxation	(5)	(1,053)	(8,262)
Amortisation of Debenture issue expenses	4	4	7
Decrease in value of investments – current assets	-	2	3
Net cash inflow from operating activities	20,729	14,080	16,475
Financing activities			
Dividends paid	(8,724)	(8,804)	(11,685)
Buyback of Equities Index Stock 2013	(177)	(9)	(97)
Buyback of 10 ³ / ₈ per cent Debenture Stock 2011	-	(36)	(36)
Cash outflow from financing activities	(8,901)	(8,849)	(11,818)
Increase in cash and cash equivalents	11,828	5,231	4,657
Exchange movements	(1,910)	(27)	(801)
Change in cash and cash equivalents	9,918	5,204	3,856
Cash and cash equivalents at beginning of period	7,237	3,381	3,381
Cash and cash equivalents at end of period	17,155	8,585	7,237

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 2010 £'000	31 March 2009 £'000	30 September 2009 £'000
Income from investments			
Listed investments	4,113	6,618	19,964
Other Income			
Deposit interest	8	472	741
Loss from dealing activities of subsidiary	-	(2)	(3)
	8	470	738
Total income	4,121	7,088	20,702

3. Earnings per Ordinary Share

	31 March 2010 £'000	31 March 2009 £'000	30 September 2009 £'000
Total earnings per Ordinary Share			
Total profit/(loss)	59,358,000	(66,005,000)	113,017,000
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	37.08p	(41.23)p	70.60p

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

Revenue earnings per Ordinary Share

Revenue profit	1,204,000	3,822,000	12,774,000
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	0.75p	2.39p	7.98p

Capital earnings per Ordinary Share

Capital profit/(loss)	58,154,000	(69,827,000)	100,243,000
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	36.33p	(43.62)p	62.62p

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 2010 and 31 March 2009 have not been audited.

The information for the year ended 30 September 2009 has been extracted from the latest published audited financial statements. The audited financial statements for the year ended 30 September 2009 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 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 2009	23,842	622,927	646,769
Movement during the period:			
Profit for the period	1,204	58,154	59,358
Ordinary dividend paid: Ordinary Shares	(6,723)	-	(6,723)
Special dividend paid: Ordinary Shares	(2,001)	-	(2,001)
At 31 March 2010	16,322	681,081	697,403

6. Net asset value per Ordinary Share

The net asset value per Ordinary Share is based on net assets of £785,822,000 (six months to 31 March 2009: £559,047,000; year ended 30 September 2009: £735,188,000) and on 160,080,089 (six months to 31 March 2009: 160,080,089, year ended 30 September 2009: 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 77,703 units of its Equities Index Unsecured Loan Stock 2013 for cancellation at a cost of £176,847.

8. Dividends

During the period the Company paid a final dividend of 4.20p per Ordinary Share and a special dividend of 1.25p per Ordinary Share for the year ended 30 September 2009 on 8 January 2010 to Ordinary Shareholders on the register at 11 December 2009 (ex-dividend 9 December 2009).

The interim dividend of 1.80p per Ordinary Share for the year ending 30 September 2010 will be paid on 11 June 2010 to Ordinary Shareholders on the register at the close of business on 28 May 2010 (ex-dividend 26 May 2010).

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 is taking steps to reclaim such Back VAT on investment management fees as it can and has recovered and accounted for £3,027,102 up to the date of this report. For the six months to 31 March 2010 no Back VAT has been recovered and shown within these financial statements.

10. Related party transactions

The Company has related party transactions with Asset Value Investors Limited. Management fees for the period amounted to £2,188,000 (six months to 31 March 2009: £1,902,000; year ended 30 September 2009: £3,804,000) and the performance fees for the period amounted to £26,000 relating to the prior year (six months to 31 March 2009: £1,165,000; year ended 30 September 2009: £2,313,000).

At the half year end, the following amounts were outstanding in respect of management fees: £364,000 (half year end 31 March 2009: £317,000; year ended 30 September 2009: £317,000) and performance fees: £nil (half year end 31 March 2009: £1,165,000; year ended 30 September 2009: £2,313,000).

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 2009, except as above.

The Directors consider that the Chairman's Statement on page 4 of this Report, the Investment Manager's

Report on pages 4 and 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 2010 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 International Financial Reporting Standards, gives a true and fair view of the assets, liabilities, financial position and profit of the Company;
- b) the Interim Management Report includes a fair review, as required by 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 2010 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 2010 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
18 May 2010

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.

Company Information

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 Andrew Robson
 Steve Bates
 Rosamund Blomfield-Smith
 John May

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Calls charged at 8p per minute plus network charges.

Registrar's Broker Helpline
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Calls charged at £1 per minute plus network charges.

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