

British Empire

Securities and General Trust plc

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 minimising risks and specialises in securities that for a number of reasons may be selling on anomalous valuations.

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Company Summary

Capital Structure

as at 31 March 2013

The Company's capital structure comprises Ordinary Shares and Debenture Stock.

	Mid market price p	Market capitalisation £ million
157,121,038* Ordinary Shares	497.50	781.68
£15,000,000 8 ¹ / ₈ per cent Debenture Stock 2023	124.50	18.68

*excluding 2,893,051 shares held in treasury

Company Summary

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 2013 was £904 million and the market capitalisation was £781.68 million.

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.

Investment Manager

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

*Call charges may apply.

ISA Status

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

Website

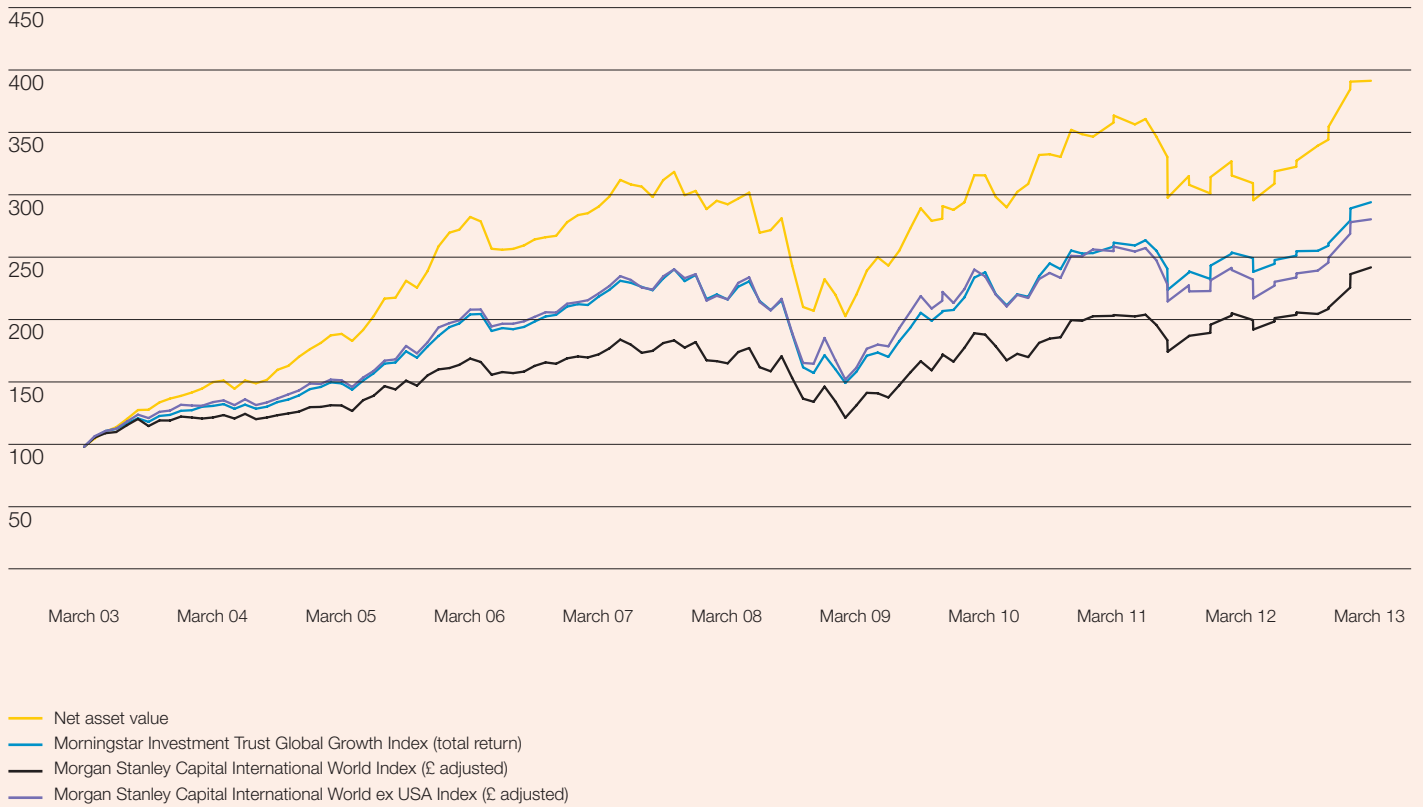
The Company's internet website is:
www.british-empire.co.uk

Financial Highlights

	At 31 March 2013	At 30 September 2012	% change
Capital Return			
Net assets	£903.95m	£791.23m	14.3
Net asset value per Share	575.32p	500.47p	15.0
Share price (mid market)	497.50p	438.30p	13.5
Discount	13.53%	12.42%	
	Six months to 31 March 2013	Six months to 31 March 2012	
Revenue Earnings and Dividends			
Revenue earnings per Share	2.64p	4.40p	
Interim dividend per Share	2.00p	2.00p	
	Six months to 31 March 2013	Year to 30 September 2012	
Performance Comparison			
British Empire Securities and General Trust plc (NAV total return) [†]	17.46%	10.25%	
Morningstar Investment Trust Global Growth Index (total return)*	15.26%	13.78%	
Morgan Stanley Capital International World Index (£ adjusted total return)	17.73%	18.00%	
Morgan Stanley Capital International World ex USA Index (£ adjusted total return)	18.12%	10.33%	
* The Morningstar Investment Trust Global Growth Index (total return basis) is subject to revision and the figures are at 30 April 2013.			
[†] Source: Morningstar			

Net Asset Value

The Company's Net Asset Value relative to the Morningstar Investment Trust Global Growth Index, the Morgan Stanley Capital International World Index, and the Morgan Stanley Capital International World ex USA Index



Chairman's Statement

In the second half of the last financial year to September 2012 the Manager outperformed the benchmark index by an encouraging margin. This has continued in the six month period under review and from 1 October 2012 to 31 March 2013, there was an increase in net asset value of 17.5%. This represents an outperformance against our benchmark index (the Morningstar Investment Trust Global Growth Index) which was up by 15.3%. The ten year return is 292.2%, compared with 195.1% for the benchmark. Since the half year end the Manager has underperformed the benchmark (by approximately 1%) but remains ahead over the accounting year to date. (All figures are on a total return basis).

The Manager's style remains unchanged and AVI continues to focus on making investments in companies which typically are valued in the markets at a discount to net asset value. The overall discount level in the portfolio stood at approximately 27% at the end of March, (30% at 30 September 2012). Liquidity was 8.5% at 31 March 2013 compared to 20% at the last year end, though this latter figure reflected a lag between the timing of sales and subsequent purchases. Since the half year end the Jardine Strategic holding has been sold, and this together with other sales has increased net liquidity to approximately 24%.

The interim dividend is being maintained at 2.0p per share and is well covered by earnings of 2.64p per share. Earnings included special dividends from Macquarie International Infrastructure Fund and from Ferrovial, which together contributed some 1.5p per share to our revenue account. Significant further dividends were received in April and May, after the half year end, and the level of increase in payout (excluding special dividends) from a number of the portfolio companies is encouraging.

Having renewed its authorities at the AGM to buy back and issue shares, the Board is continuing its policy of taking steps, if necessary, to limit the volatility of the discount or premium. In determining whether to implement a buy back the Board, in conjunction with the Manager, will consider a variety of factors including the absolute discount on the Company's shares, the discount relative to its peer group, the level of cash in the Company and the opportunities which the Manager is finding at the time. In the first half of this financial year, 973,947 Ordinary Shares were bought back at discounts of between 10.7% and 12.4% and are held in treasury. Since the end of March, a further 310,000 shares were bought back at an average discount of 13.1% and placed in treasury.

Holdings of the Equities Index Unsecured Loan Stock 2013 were repaid in full in early April as required under the terms of the stock's Trust Deed.

The European Union's Alternative Investment Fund Managers Directive (AIFMD) comes into force on 22 July 2013 and companies such as British Empire Securities and General Trust plc then have a further year, until July 2014, to comply with the Directive. However, the final details of how AIFMD will be implemented under UK law are not yet available. Your Board will work closely with Asset Value Investors and with its own independent legal advisors to ensure that any necessary adjustments to our corporate arrangements will be in place ahead of the deadline in 2014.

At the Company's Annual General Meeting in December of last year, Rosamund Blomfield-Smith retired as a director and I would like once again to thank her for her input and support over the preceding decade.

Central banks of the troubled economies in the developed world are for the moment generally continuing with substantial quantitative easing programmes. These are inflating the prices of many risk assets and making it unusually difficult for investors to assess properly what is "good value". This leads us as a Board to sound a note of caution about the direction of markets after the recent rapid rise. Irrespective of central bank policies, your Manager's aim remains to find fundamental value and realise that value in the long term and the Board is confident that AVI's investment style and processes will continue to provide good returns in the medium and longer term.

Strone Macpherson
Chairman
28 May 2013

Investment Manager's Report

Performance Summary

For the first 6 months of the financial year, the Company's net asset value per share rose by 17.5% compared with gains of 15.3% for the Morningstar Investment Trust Global Growth Index (the Company's benchmark), 17.7% for the MSCI World Index (£) and 18.1% for the MSCI World ex USA Index (£) (all figures are on a total return basis).

The largest positive contributors during the period were Investor AB 'A' +1.5%, Jardine Matheson Holdings +1.2%, Vivendi +1.2%, Jardine Strategic Holdings +1.1% and Aker +1.0%.

The largest detractors from performance were Detour Gold Corp -0.8% and St Barbara -0.3%.

Over the ten year period to 31 March 2013 the Company's net asset value per share rose 292.2% compared with gains of 195.1% for the Morningstar Investment Trust Global Growth Index, 157.0% for the MSCI World Index (£) and 181.6% for the MSCI World ex USA Index (£) (all figures are on a total return basis).

As at 31 March 2013, the geographical profile of the portfolio was as follows: Continental Europe 41%, UK 2%, Asia Pacific 27%, North America 19% and EMEA 2%.

Net cash at the end of the period was 8.5% compared to 20% as at 30 September 2012. The average level of net cash over the period was 12.4% (based on month end cash levels). Liquidity levels were reduced during the period as we found a number of attractive new investments.

The discount on the Company's shares was 13.5% as of 31 March 2013. The discount has averaged 10.5% during the period.

Market Review

Equity markets performed strongly over the 6 months to 31 March 2013. Policies that artificially suppress bond yields are "encouraging" investors to seek returns from riskier assets such as equities.

This is a challenging time for investors. With economic growth remaining lacklustre there are fears that the strength of equity markets has not been supported by the economic reality, leaving valuations less compelling. The flip side of this, however, is that as long as the data disappoints the Federal Reserve and other central banks around the world will retain a bias for easy monetary policy that can support asset prices. Thus far, the power of quantitative easing (QE) has had the upper hand.

The narrowing of the weighted average discount on the portfolio from 30% as at the 30 September 2012, to 27% as at 31 March 2013, has contributed to returns. In addition, we have benefitted from improving investor confidence and increased levels of corporate activity amongst companies which we own. The latter has included takeovers, strategic reviews, asset disposals and special dividends. Nexen for example was taken over by CNOOC allowing us to realise a profit. Ferrovial has been selling minority stakes in core assets and has used surplus cash on the balance sheet to fund a special dividend. In Singapore, Macquarie International Infrastructure Fund concluded its strategic review with a decision to dispose of all of its assets and return cash to shareholders. An initial return of capital was made in the period.

We have also seen confirmation of a trend to increasing dividends. In the case of three of our Scandinavian investments, the rates of dividend growth have been impressive with Kinnevik Investment AB 'A', Investor AB 'A' and Aker announcing increases of 18%, 17% and 9% respectively.

In the listed private equity sector of the closed-end fund universe there have been notable successes from asset sales at significant premia to carrying values. Electra Private Equity, for example, was boosted by the Initial Public Offering of Esure. Other companies in the sector have also benefitted from disposals at good prices. These are giving investors greater confidence in reported NAVs and, as a result, we are seeing greater interest in the sector, which has started to push discounts down.

In the period, we sold out of Prosafe and Onex at or above NAV. We are sensitive when discounts move towards net asset value and we see limited upside. In these cases, we start to reduce our exposure and rotate into companies that have a better risk-reward profile.

Overall, we continue to see good value in our portfolio. Discounts remain wide in a substantial portion of our portfolio and in aggregate are currently at a level of 27%. In addition, we see the potential for further corporate activity that could push net asset values higher, as well as cause discounts to narrow from current levels.

Thus far asset markets have been the greatest beneficiaries of QE. It is uncertain whether there is any positive impact on economic growth or employment. It is impossible to predict how long extremely accommodative interest rate policies will remain in place, or indeed what impact they will have both on asset markets and on the broader economy. We remain focused on bottom-up stock picking and try to build a portfolio of companies trading on wide discounts to NAV with potential catalysts for those discounts to narrow. This strategy has served us well over the long term and we believe will continue to do so in the future.

John Pennink
Joe Bauernfreund
Asset Value Investors Limited
28 May 2013

Investment Portfolio

Investments at 31 March 2013

Company	Nature of business	% of class	Cost £000	Valuation £000	% of total assets less current liabilities
Vivendi	Media & Telecoms Conglomerate	0.5	99,219	85,342	9.29
Jardine Matheson Holdings	Investment Holding Company	0.2	18,701	50,430	5.49
Aker	Investment Holding Company	2.5	28,566	43,744	4.76
Orkla	Investment Holding Company	0.8	44,204	42,727	4.65
Jardine Strategic Holdings	Investment Holding Company	0.1	4,268	41,877	4.56
Investor AB 'A'	Investment Holding Company	0.6	22,748	41,704	4.54
Dundee Corp	Investment Holding Company	0.9	25,837	32,003	3.48
Kinnevik Investment AB 'A'	Investment Holding Company	0.3	22,985	29,788	3.24
Sofina	Investment Holding Company	1.3	24,662	28,259	3.08
Groupe Bruxelles Lambert	Investment Holding Company	0.3	28,393	27,251	2.96
Top ten investments			319,583	423,125	46.05
First Pacific	Investment Holding Company	0.8	21,798	26,877	2.93
Ferrovial	Investment Holding Company	0.3	16,234	23,321	2.54
Granite Real Estate	Real Estate Investment Company	1.9	16,179	22,091	2.40
Detour Gold Corp	Mining Company	1.5	24,307	20,997	2.29
Shun Tak Holdings	Investment Holding Company	1.9	15,936	20,035	2.18
Suntec REIT	Real Estate Company	0.9	14,727	19,980	2.17
Macquarie International Infrastructure Fund	Investment Company	5.7	18,326	19,800	2.15
Henderson Land Development	Investment Holding Company	0.2	19,025	19,667	2.14
Symphony International Holdings	Investment Company	6.8	13,559	18,687	2.03
Fred Olsen Energy	Oil Services	0.9	17,208	17,424	1.90
Top twenty investments			496,882	632,004	68.78
ASM International	Investment Holding Company	1.3	16,658	15,771	1.72
Talisman Energy	Oil & Gas Company	0.2	13,666	14,528	1.58
Electra Private Equity	Investment Company	1.7	7,934	14,277	1.55
AP Alternative Assets	Investment Company	1.4	8,153	12,874	1.40
Pantheon International Participations	Investment Company	3.2	5,743	12,666	1.38
Harbourvest Global Private Equity	Investment Company	2.5	11,427	12,225	1.33
Amerisur Resources	Oil & Gas Company	1.7	3,484	9,574	1.04
NB Private Equity Partners	Investment Company	3.3	9,140	9,300	1.01
Private Equity Holding AG	Investment Company	6.6	7,633	9,260	1.01
Iş Gayrimenkul Yatırım Ortak	Real Estate Investment Company	2.8	9,316	9,046	0.98
Top thirty investments			590,036	751,525	81.78

Company	Nature of business	% of class	Cost £000	Valuation £000	% of total assets less current liabilities
Brookfield Canada Office Properties	Real Estate Investment Company	0.5	9,029	8,994	0.98
LMS Capital	Investment Company	4.6	7,561	8,840	0.96
Soco International	Oil & Gas Company	0.7	8,936	8,535	0.93
Paris Orléans	Investment Holding Company	0.8	6,962	7,938	0.86
Mitra Energy*	Oil & Gas Company	2.2	4,234	7,797	0.85
Forterra Trust	Real Estate Investment Company	2.6	4,670	5,500	0.60
Henex	Investment Holding Company	0.9	4,747	5,334	0.58
St Barbara	Mining Company	1.2	8,638	4,801	0.52
Pantheon International Participation (Redeemable Shares)	Investment Company	1.0	2,079	3,880	0.42
Alarko Gayrimenkul Yatirim	Real Estate Investment Company	4.3	2,880	3,636	0.40
Top forty investments			649,772	816,780	88.88
Gagfah	Real Estate Company	0.2	2,928	2,990	0.33
Vietnam Property Fund	Investment Company	7.2	2,741	2,321	0.25
Resaca Exploitation	Oil & Gas Company	9.1	5,296	70	0.01
Other equity investments			660,737	822,161	89.47
Fixed income investments					
Treasury 2.25% 07/03/2014	UK Government Security	–	93,254	93,238	10.15
Total investments			753,991	915,399	99.62
Net current assets				3,507	0.38
Total assets less current liabilities				918,906	100.00

*Unquoted Investment

Consolidated Statement of Comprehensive Income

of the Group for the six months ended 31 March 2013

	For the six months to 31 March 2013 (unaudited)		
	Revenue return £'000	Capital return £'000	Total £'000
Income			
Investment income (see note 2)	7,193	–	7,193
Gains on investments held at fair value	–	133,017	133,017
Unclaimed distribution monies	–	–	–
Losses on Equities Index Unsecured Loan Stock 2013 held at fair value	–	(1,166)	(1,166)
Exchange gains/(losses) on currency balances	–	151	151
	7,193	132,002	139,195
Expenses			
Investment management fee	(1,176)	(1,176)	(2,352)
Other expenses (including irrecoverable VAT)	(654)	(26)	(680)
Profit before finance costs and tax	5,363	130,800	136,163
Finance costs	(739)	(4)	(743)
	4,624	130,796	135,420
Profit before taxation	4,624	130,796	135,420
Taxation	(454)	–	(454)
	4,170	130,796	134,966
Profit for the period	4,170	130,796	134,966
Earnings per Ordinary Share (see note 3)	2.64p	82.88p	85.52p

The Company did not have any income or expense that is not included in consolidated 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 for the Company 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 2012 (unaudited)

For the year to 30 September 2012 (audited)

Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
9,805	–	9,805	30,865	–	30,865
–	29,969	29,969	–	55,533	55,533
–	52	52	–	52	52
–	–	–	–	(243)	(243)
–	(823)	(823)	–	(1,242)	(1,242)
9,805	29,198	39,003	30,865	54,100	84,965
(1,100)	(1,100)	(2,200)	(2,200)	(2,200)	(4,400)
(597)	(4)	(601)	(1,235)	(58)	(1,293)
8,108	28,094	36,202	27,430	51,842	79,272
(730)	(4)	(734)	(1,486)	(7)	(1,493)
7,378	28,090	35,468	25,944	51,835	77,779
(324)	–	(324)	(1,894)	9	(1,885)
7,054	28,090	35,144	24,050	51,844	75,894
4.40p	17.55p	21.95p	15.06p	32.46p	47.52p

Consolidated Statement of Changes in Equity

for the six months ended 31 March 2013

	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 2012 (unaudited)							
Balance as at 30 September 2011	16,008	2,927	28,078	620,938	41,406	31,028	740,385
Total comprehensive income for the period	-	-	-	28,090	-	7,054	35,144
Ordinary dividend paid	-	-	-	-	-	(10,406)	(10,406)
Special dividend paid	-	-	-	-	-	(3,201)	(3,201)
Balance at 31 March 2012	16,008	2,927	28,078	649,028	41,406	24,475	761,922
For the year ended 30 September 2012 (audited)							
Balance at 30 September 2011	16,008	2,927	28,078	620,938	41,406	31,028	740,385
Ordinary Shares bought back and cancelled	(7)	7	-	(264)	-	-	(264)
Ordinary Shares bought back and held in treasury	-	-	-	(7,982)	-	-	(7,982)
Total comprehensive income for the period	-	-	-	51,844	-	24,050	75,894
Ordinary dividends paid	-	-	-	-	-	(13,607)	(13,607)
Special dividend paid	-	-	-	-	-	(3,201)	(3,201)
Balance at 30 September 2012	16,001	2,934	28,078	664,536	41,406	38,270	791,225
For the six months to 31 March 2013 (unaudited)							
Balance as at 30 September 2012	16,001	2,934	28,078	664,536	41,406	38,270	791,225
Ordinary Shares bought back and held in treasury	-	-	-	(4,878)	-	-	(4,878)
Total comprehensive income for the period	-	-	-	130,796	-	4,170	134,966
Ordinary dividend paid	-	-	-	-	-	(11,836)	(11,836)
Special dividend paid	-	-	-	-	-	(5,523)	(5,523)
Balance at 31 March 2013	16,001	2,934	28,078	790,454	41,406	25,081	903,954

Consolidated Balance Sheet

as at 31 March 2013

	At 31 March 2013 (unaudited) £'000	At 31 March 2012 (unaudited) £'000	At 30 September 2012 (audited) £'000
Non-current assets			
Investments held at fair value through profit or loss	915,399	773,307	807,181
Current assets			
Sales for future settlement	181	5,593	1,296
Other receivables	5,396	5,685	4,480
Cash and cash equivalents	8,362	1	7,780
	13,939	11,279	13,556
Total assets	929,338	784,586	820,737
Current liabilities			
Purchases for future settlement	(1,298)	–	(5,634)
Other payables	(9,134)	(903)	(1,892)
Equities Index Unsecured Loan Stock 2013 held at fair value through profit or loss	–	–	(7,038)
Bank overdraft	–	(12)	–
	(10,432)	(915)	(14,564)
Total assets less current liabilities	918,906	783,671	806,173
Non-current liabilities			
8 ¹ / ₈ per cent Debenture Stock 2023	(14,925)	(14,918)	(14,921)
Equities Index Unsecured Loan Stock 2013 held at fair value through profit or loss	–	(6,795)	–
Provision for deferred tax	(27)	(36)	(27)
Net assets	903,954	761,922	791,225
Equity attributable to equity Shareholders			
Ordinary share capital	16,001	16,008	16,001
Capital redemption reserve	2,934	2,927	2,934
Share premium	28,078	28,078	28,078
Capital reserve	790,454	649,028	664,536
Merger reserve	41,406	41,406	41,406
Revenue reserve	25,081	24,475	38,270
Total equity	903,954	761,922	791,225
Net asset value per Ordinary Share – basic (see note 6)	575.32p	475.96p	500.47p
Number of Shares in issue excluding treasury	157,121,038	160,080,089	158,094,985

Consolidated Cash Flow Statement

for the six months ended 31 March 2013

	Six months to 31 March 2013 (unaudited) £'000	Six months to 31 March 2012 (unaudited) £'000	Year to 30 September 2012 (audited) £'000
Net cash inflow from operating activities			
Profit before taxation	135,420	35,468	77,779
Losses on Equities Index Unsecured Loan Stock 2013 held at fair value	1,166	–	243
Realised exchange (gains)/losses on currency balances	(151)	823	1,242
Gains on investments held at fair value through profit or loss	(133,017)	(29,969)	(55,533)
Purchases of investments	(321,126)	(254,805)	(556,735)
Sales of investments	342,704	259,644	563,194
(Increase)/decrease in other receivables	(806)	(1,463)	733
Increase/(decrease) in creditors	7,242	(62)	927
Taxation	(564)	(883)	(3,443)
Amortisation of Debenture issue expenses	4	4	7
Net cash inflow from operating activities	30,872	8,757	28,414
Financing activities			
Dividends paid	(17,359)	(13,607)	(16,808)
Payments for Ordinary Shares bought back and cancelled	–	–	(264)
Payments for Ordinary Shares bought back and held in treasury	(4,878)	–	(7,982)
Redemption of Equities Index Unsecured Loan Stock 2013	(8,204)	–	–
Cash outflow from financing activities	(30,441)	(13,607)	(25,054)
Increase/(decrease) in cash and cash equivalents	431	(4,850)	3,360
Exchange movements	151	(823)	(1,242)
Change in cash and cash equivalents	582	(5,673)	2,118
Cash and cash equivalents at beginning of period	7,780	5,662	5,662
Cash and cash equivalents at end of period	8,362	(11)	7,780

Notes to the Financial Statements

for the six months ended 31 March 2013

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 2012.

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 to 30 September 2012. At 31 March 2013 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 half year 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 as this is the currency of the primary economic environment in which the Group operates.

2. Income

	31 March 2013 £'000	31 March 2012 £'000	30 September 2012 £'000
Income from investments			
Listed investments	7,180	9,796	30,849
Other income			
Deposit interest	7	9	16
Underwriting Commission	6	–	–
Total income	7,193	9,805	30,865

3. Earnings per Ordinary Share

	31 March 2013	31 March 2012	30 September 2012
Total earnings per Ordinary Share			
Total profit	£134,966,000	£35,144,000	£75,894,000
Weighted average number of Ordinary Shares in issue during the period	157,806,227	160,080,089	159,727,619
Total earnings per Ordinary Share	85.52p	21.95p	47.52p

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	£4,170,000	£7,054,000	£24,050,000
Weighted average number of Ordinary Shares in issue during the period	157,806,227	160,080,089	159,727,619
Revenue earnings per Ordinary Share	2.64p	4.40p	15.06p

Capital earnings per Ordinary Share

Capital profit	£130,796,000	£28,090,000	£51,844,000
Weighted average number of Ordinary Shares in issue during the period	157,806,227	160,080,089	159,727,619
Capital earnings per Ordinary Share	82.88p	17.55p	32.46p

4. Comparative information

The financial information contained in this half year report does not constitute statutory accounts as defined in section 435(1) of the Companies Act 2006. The financial information for the half year periods ended 31 March 2012 and 31 March 2013 has not been audited. The figures and financial information for the year ended 30 September 2012 are an extract from the latest published audited financial statements and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and include the report of the auditors, which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

Notes to the Financial Statements

for the six months ended 31 March 2013

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 2012	38,270	664,536	702,806
Movement during the period:			
Ordinary Shares bought back and held in treasury	–	(4,878)	(4,878)
Total comprehensive income for the period	4,170	130,796	134,966
Ordinary dividend paid: Ordinary Shares	(11,836)	–	(11,836)
Special dividend paid: Ordinary Shares	(5,523)	–	(5,523)
At 31 March 2013	25,081	790,454	815,535

6. Net asset value per Ordinary Share

The net asset value per Ordinary Share is based on net assets of £903,954,000 (31 March 2012: £761,922,000; 30 September 2012: £791,225,000) and on 157,121,038 (31 March 2012: 160,080,089; 30 September 2012: 158,094,985) Ordinary Shares, being the number of Ordinary Shares in issue excluding treasury at the period ends.

7. Share Capital

During the period 973,947 (six months to 31 March 2012: nil; year ended 30 September 2012: 1,919,104) Ordinary Shares were bought back and placed in treasury for an aggregate consideration of £4,877,525 (six months to 31 March 2012: nil; year ended 30 September 2012: £7,982,558). No Ordinary Shares were bought back and cancelled in the period (six months to 31 March 2012: nil; year ended 30 September 2012: 66,000 for an aggregate consideration of £263,875).

8. Equities Index Unsecured Loan Stock 2013 (the Loan Stock)

The Company did not buy back any units of the Loan Stock for cancellation during the period. In accordance with the provisions of the Trust Deed governing the Loan Stock, the Company repaid the Capital Value and the final interest amount for the quarter ending 31 March 2013 on 15 April 2013 to holders on the register at the close of business on 28 March 2013.

9. Dividends

During the period the Company paid a final dividend of 7.5p per Ordinary Share and a special dividend of 3.5p per Ordinary Share for the year ended 30 September 2012 on 7 January 2013 to Ordinary Shareholders on the register at 7 December 2012 (ex-dividend 5 December 2012).

The interim dividend of 2.00p per Ordinary Share for the year ending 31 March 2013 will be paid on 21 June 2013 to Ordinary Shareholders on the register at the close of business on 7 June 2013 (ex-dividend 5 June 2013).

10. Contingent assets

While most of the Back VAT has now been recovered, the Company will continue to examine methods to recover further Back VAT, and interest, but does not anticipate any further significant recovery in the near term.

11. 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 18 of the Company's Annual Report for the year ended 30 September 2012, as issued on 12 November 2012. There have been no changes to the management of or exposure to these risks since that date.

12. Related party transactions

The Company has related party transactions with Asset Value Investors Limited. Management fees for the period amounted to £2,352,000 (six months to 31 March 2012: £2,200,000; year ended 30 September 2012: £4,400,000) and the performance fees for the period amounted to £nil (six months to 31 March 2012: £nil; year ended 30 September 2012: £nil).

At the half year end, the following amounts were outstanding in respect of management fees: £392,000 (half year end 31 March 2012: £367,000; year ended 30 September 2012: £367,000) and performance fees: £nil (half year end 31 March 2012: £nil; year ended 30 September 2012: £nil).

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 2012, 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 2013 and satisfy the requirements of the FCA'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 2013;

- b) the Interim Management Report includes a fair review, under the FCA'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 2013 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 12. 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 Conduct 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 2013 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 Conduct Authority.

Ernst & Young LLP
London
28 May 2013

Shareholder Information

Dividends

Shareholders who wish to have dividends paid directly into a bank account rather than by cheque to their registered address can complete a mandate form for the purpose. Mandates may be obtained from Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA on request. The Company operates the BACS system for the payment of dividends. Where dividends are paid directly into Shareholders' bank accounts, dividend tax vouchers are sent to Shareholders' registered addresses.

Share Prices

The Company's Ordinary Shares are listed on the London Stock Exchange under code BTEM. Prices are given daily in The Financial Times, The Times, The Daily Telegraph, The Scotsman and The Evening Standard.

Change of Address

Communications with Shareholders are mailed to the last address held on the Share register. Any change or amendment should be notified to Equiniti Limited at the address given above, under the signature of the registered holder.

Daily Net Asset Value

The net asset value of the Company's shares can be obtained by contacting Customer Services on 0845 850 0181 or via the website: www.british-empire.co.uk

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)

Call charges may apply.



Company Information

Directors

Chairman

Philip Strone Stewart Macpherson

Senior Independent Director

Steven Andrew Ralph Bates

Andrew Stephen Robson

Susan Margaret Noble

Nigel Mervyn Sutherland Rich CBE

Registered Office

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Colchester Road
Chelmsford
Essex CM2 5PW

Registered in England & Wales
No. 28203

Investment Manager

Asset Value Investors Limited
25 Berkeley Square
London W1J 6HN

Registrars and Transfer Office

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Registrar's Shareholder Helpline

Tel. 0871 384 2490

Calls charged at 8p per minute plus network charges.

Registrar's Broker Helpline

Tel. 0906 559 6025

Calls charged at £1 per minute plus network charges.

Corporate Broker

Winterflood Securities Limited
The Atrium Building
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Secretary

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Services Limited
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London SE1 2AF

Bankers and Custodian

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London EC2Y 5AJ

Solicitors

Herbert Smith
Exchange Square
Primrose Street
London EC2A 2HS



Design & Production
www.carrkamasa.co.uk

Print
www.corporateink.co.uk



Printed on Chorus Silk, a paper containing 100% virgin fibre sourced from well managed, sustainable FSC certified forests. The paper is FSC certified. The factory is an EMAS and FSC® certified CarbonNeutral® Company, and its Environmental Management System is certified to ISO14001. 100% of the inks used are vegetable oil based and 95% of press chemicals are recycled for further use and on average 99% of any waste associated with this production will be recycled.

