

British Empire

Securities and General Trust p.l.c.

Investment Objective: To achieve capital growth through a focused portfolio of investments, particularly in companies whose share prices stand at a discount to estimated underlying net asset value.

Performance Commentary

Investment management report with performance figures as at 30 September 2004.

Over the month NAV was up 5.8%¹. This compares to an increase in the benchmark of 2.5%² and an increase of 2.2%¹ and 2.8%¹ for the MSCI World (£) and FTSE All Share indices respectively.

For the full financial year, net asset value rose 25.2%¹ compared to a rise of 12.0%² for the Datastream index, 8.9%¹ for the MSCI World (£) and 15.7%¹ for the FTSE All Share.

Over three years NAV is up 49.2%¹ while the FTSE All Share is up 7.0%¹.

Manager's Comment

The financial year has ended with the Trust significantly ahead of its benchmark indices.

During the past month, strength was seen in the mining stocks as it became clear that administrative measures in China are doing little to dampen booming demand for industrial commodities. The Trust has just over 10% of its total assets in resource stocks including mining and energy companies. We believe that some exposure to resource stocks is necessary at a time when rising energy and base metal prices may hurt profitability in other sectors of the market.

Statistics

	Value	% 1 mo	% 1 yr	% 3 yr	% 5 yr
Price (£) ¹	264.5	9.4	30.2	63.0	102.9
Net Asset Value ¹	270.6	5.8	24.4	45.3	69.6
Net Asset Value Total Return ¹		5.8	25.2	49.2	76.5
Benchmark ² (£)		2.5	12.0	7.5	-2.5

Annual Returns (%)	2003	2002	2001	2000	1999
Price ¹	41.6	-12.2	0.8	26.0	52.6
MSCI World ¹	20.6	-27.4	-14.1	-5.8	28.6

1 Source: Fundamental Data

2 Datastream Global Growth Investment Trust Index(TR) Source: Thomson Financial

3 Benchmark index changed to Datastream Global Growth Investment Trust Index(TR)

Further Information

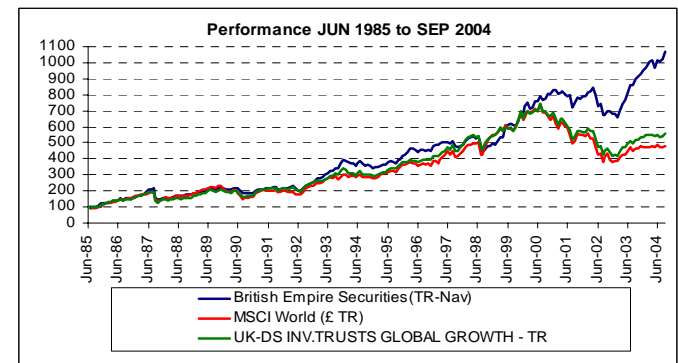
Investment Manager – John Pennink, AVI Ltd.
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The share price can be found under 'INVESTMENT COMPANIES' in The Financial Times, The Times, The Daily Telegraph, The Scotsman and The Evening Standard.

Information may be found on the following websites.
www.british-empire.co.uk or www.assetvalueinvestors.com

Top Ten Equity Holdings

	%
Hansa Trust plc	5.91
Eurazeo	5.68
Henderson Electric & General	4.57
Jardine Strategic Holdings Ltd	4.46
Law Debenture Corp	3.47
Prospect Japan Fund Ltd	3.46
Wendel Investissement	3.03
CNP	2.71
Encana Corp	2.68
European Asset Value Fund	2.23
TOTAL	38.20



Source: Bloomberg, Thomson Financial, Fundamental Data

Capital Structure as at 30 September 2004

Ordinary Shares	160,080,089
10 3/8% Debenture stock 2011	£8,514,940
8 1/8% Debenture stock 2023	£15,000,000
Equities index unsecured loan stock 2013	3,061,267

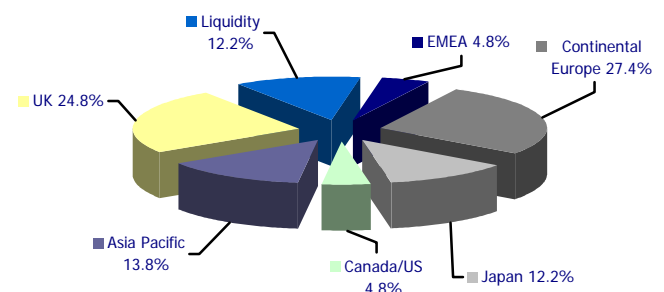
Gross Assets/Gearing as at 30 September 2004

Gross Assets	£465.3mil.
Debt	£ 30.7mil.
Actual Gearing (Debt less cash divided by net asset value)	-5.9 %

Fund Codes

Bloomberg: BTEM
Reuters Ticker / ISIN: GB0001335081

Geographic Breakdown (% of total assets)



Asset Value Investors

All figures as at 30 September 2004. All sources Asset Value Investor unless otherwise stated. British Empire Securities Trust is managed by Asset Value Investors Ltd. The price of shares and the income from them may go down as well as up; they can be affected by exchange rate movements between currencies and it is possible that investors may not get back the full amount invested on disposal of the shares. Past performance is no guarantee of future performance. Investments in emerging markets carries a greater degree of risk, in particular the volatility of the markets and the local custody and registration arrangements, which may be less developed than in more mature markets. There is no guarantee that the market price of shares in Investment Trusts will fully reflect their underlying Net Asset Value (NAV). This Investment Trust should be considered only as part of a balanced portfolio, of which it should not form a disproportionate part. Under no circumstances should this information be considered as an offer, or solicitation, to deal in investments. Issued by Asset Value Investors Ltd., which is authorised and regulated by the Financial Services Authority.