

*Electric & General
Investment Trust plc*

Interim Report
for the half-year ended
30 November 2004
Taube Hodson Stonex Partners Limited

ELECTRIC & GENERAL INVESTMENT TRUST PLC

**The aim of the Company is to produce above average capital growth
by investing in an international portfolio of companies**

FINANCIAL HIGHLIGHTS (unaudited)

	Half-year ended 30/11/04 Pence	Half-year ended 30/11/03 Pence	Year ended 31/5/04 Pence
Per ordinary share			
Net asset value	304.25	289.97	294.19
Share price	284.25	241.50	247.00
Earnings per share	2.68	2.48	5.36
Dividend	1.85	1.85	4.75

DIVIDEND

An interim dividend of 1.85p (2003: 1.85p) per ordinary share has been declared payable on 28 February 2005 to shareholders on the register on 4 February 2005. The Company's shares will be quoted ex-dividend on 2 February 2005.

COMPANY INFORMATION

Directors

Lindsay C N Bury (Chairman)

Gerry P Aherne

John D W Pocock

Jonathan G Ruffer

Secretary and Registered Office

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Registrars

Computershare Investor Services PLC

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Auditors

Ernst & Young LLP

1 More London Place

London SE1 2AF

Stockbroker

Cazenove & Co. Limited

20 Moorgate

London EC2R 6DA

Solicitor

Linklaters

One Silk Street

London EC2Y 8HQ

Information

Share price and performance information can be found on the Company's website

www.electricensecondgeneral.com.

The Company publishes the net asset value per share daily. The market price of the shares is published in The Financial Times and other leading newspapers. The London Stock Exchange Daily Official List (SEDOL) Code is 0309019. Investors with Share Certificates (i.e. not those in the Share Plan or an ISA or PEP Scheme) can check their holding with our Registrar, Computershare Investor Services PLC. The link can be found via **www.computershare.com**.

A member of the Association of Investment Trust Companies.

An investment company as defined under Section 266 of the Companies Act 1985.

Registered in England, Number 31506.

CHAIRMAN'S STATEMENT

The past six months have been an eventful time for the Company. On the 10 September 2004 the Directors appointed Taube Hodson Stonex Partners Limited as the new Manager of the Company in place of Henderson Global Investors Limited. At the same time it was announced that the Company would make a tender offer to repurchase up to 50% of its share capital at a 5% discount to the debt adjusted market value, the tender offer to be coupled to a matching facility to enable existing investors to add to their holdings should they wish. It was also proposed that the Company change its name to Electric & General Investment Trust plc. These measures were passed at an Extraordinary General Meeting on 30 November 2004.

Tender Offer and Matching Facility

Under the Tender Offer, where the Company offered to buy back 50% of its share capital, 27,032,177 shares were tendered, being 31.30% of the share capital. Under the matching facility shareholders could add to their holdings should they wish at the same price, and 6,199,372 shares were bought, the net result being that the NAV of the Company reduced by £59,633,000 (22.7%) or £61,199,000 (23.3%) including related expenses. These transactions took place on 1 December 2004 and are therefore not included in the financial statements for the Company's half-year, but the balance sheet on 1 December 2004 reflecting these changes is shown on note 3 of the accounts.

Investment objective, policy and benchmark

The Directors have reviewed with the new Manager the investment objective and policy of the Company and have concluded that it should not be changed. The benchmark index will change from 50% FTSE All Share Index and 50% FTSE All World Index to MSCI World Index (excluding income), thus emphasising the true global nature of the portfolio.

Performance

For the period to 10 September 2004, the net asset value of the Trust was up by 3.55%, the FTSE All World Index (sterling capital return) was up by 1.49% and the FTSE All Share Index (sterling capital return) was up by 3.77%. For the period from 10 September 2004 to 30 November

2004, the net asset value has increased by 2.22% against 1.13% for the MSCI World Index (excluding income). During the latter period there has been a reorganisation of the Company's portfolio, reducing the number of holdings from 161 to 75.

Prospects

It is now almost two years since stock markets around the world recorded their lows. Since then progress has been steady, with the MSCI World Index rising by almost 40% in sterling terms. It is unreasonable to expect the pace of returns from global equities to continue at this rate and our expectation is for major stock markets to make steady but unspectacular progress during 2005. Equities are still viewed with caution by investors both big and small and institutions continue to re-balance life and pension portfolios towards bonds. These two factors have kept equity valuations reasonable at a time when many competing assets are looking increasingly unattractive.

Dividend and fees

The Directors have decided to pay an unchanged interim dividend of 1.85p per share payable on 28 February 2005 to shareholders on the register of members at the close of business on 4 February 2005, even though the Company has incurred significant costs during the recent restructuring. This has been possible due to the Company's ability to pay a proportion of costs from capital, the high cash balances held awaiting the share buyback and the rather higher yielding portfolio that the Company now owns.

Board composition

Shareholders will be aware that Richard McClean retired at the Annual General Meeting on 16 September 2004. Christopher Palmer-Tomkinson, having planned to retire in one year's time after twenty-two years on the Board, decided to bring forward his retirement to coincide with that Annual General Meeting. The Board would like to thank them both for the excellent contribution they have made to the Company over the years.

Lindsay Bury

20 January 2005

STATEMENT OF TOTAL RETURN
(incorporating the revenue account)
for the half-year ended 30 November 2004

	(Unaudited)		
	Half-year ended 30/11/04		
	Revenue	Capital	Total
	£'000	£'000	£'000
Total capital gains on investments	–	8,014	8,014
Income from fixed asset investments	3,520	–	3,520
Other interest receivable and similar income	338	–	338
	<hr/>	<hr/>	<hr/>
Gross revenue and capital gains	3,858	8,014	11,872
Management fee	(302)	(302)	(604)
Termination fees and expenses paid to previous manager	(584)	(584)	(1,168)
Other administrative expenses	(269)	–	(269)
	<hr/>	<hr/>	<hr/>
Net return on ordinary activities before interest payable and taxation	2,703	7,128	9,831
Interest payable	(95)	(286)	(381)
	<hr/>	<hr/>	<hr/>
Net return on ordinary activities before taxation	2,608	6,842	9,450
Taxation on net return on ordinary activities	(291)	221	(70)
	<hr/>	<hr/>	<hr/>
Net return attributable to ordinary shareholders	2,317	7,063	9,380
Dividend declared			
Overprovision	33	–	33
Interim of 1.85p (2003: 1.85p)	(1,212)	–	(1,212)
Final (year ended 31 May 2004: 2.90p)	–	–	–
	<hr/>	<hr/>	<hr/>
	(1,179)	–	(1,179)
	<hr/>	<hr/>	<hr/>
Transfer to reserves	1,138	7,063	8,201
	<hr/>	<hr/>	<hr/>
Return per ordinary share	2.68p	8.17p	10.85p

The revenue columns of this statement represent the revenue accounts of the Company.

(Unaudited)			(Audited)		
Half-year ended 30/11/03			Year ended 31/5/04		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
-	20,212	20,212	-	24,372	24,372
2,809	-	2,809	6,024	-	6,024
191	-	191	325	-	325
3,000	20,212	23,212	6,349	24,372	30,721
(295)	(295)	(590)	(602)	(603)	(1,205)
-	-	-	-	-	-
(213)	-	(213)	(407)	-	(407)
2,492	19,917	22,409	5,340	23,769	29,109
(131)	(392)	(523)	(231)	(692)	(923)
2,361	19,525	21,886	5,109	23,077	28,186
(176)	102	(74)	(398)	192	(206)
2,185	19,627	21,812	4,711	23,269	27,980
3	-	3	3	-	3
(1,621)	-	(1,621)	(1,621)	-	(1,621)
-	-	-	(2,537)	-	(2,537)
(1,618)	-	(1,618)	(4,155)	-	(4,155)
567	19,627	20,194	556	23,269	23,825
2.48p	22.27p	24.75p	5.36p	26.48p	31.84p

BALANCE SHEET
as at 30 November 2004

	(Unaudited) 30/11/04 £'000	(Unaudited) 30/11/03 £'000	(Audited) 31/5/04 £'000
Fixed asset investments			
Listed in UK	91,297	130,753	137,345
Listed outside UK	88,237	125,098	111,943
Open Ended Investment Company	–	1,818	1,554
Unquoted investments at Directors' valuation	1,186	1,226	1,118
	<u>180,720</u>	<u>258,895</u>	<u>251,960</u>
Current assets			
Debtors	1,239	5,204	3,725
Cash at bank and short term deposits	89,623	5,827	13,340
	90,862	11,031	17,065
Creditors: amounts falling due within one year	(1,849)	(8,832)	(4,676)
Net current assets	<u>89,013</u>	<u>2,199</u>	<u>12,389</u>
Total assets less current liabilities	269,733	261,094	264,349
Creditors: amounts falling due after more than one year	(7,000)	(7,000)	(7,000)
Total net assets	<u>262,733</u>	<u>254,094</u>	<u>257,349</u>
Capital and reserves			
Called-up share capital	4,318	4,381	4,374
Reserves – non-distributable:			
Share premium	19,937	19,937	19,937
Capital redemption reserve	389	326	333
Realised reserve	216,374	220,903	220,046
Unrealised reserve	12,281	240	4,363
Revenue reserve	9,434	8,307	8,296
Equity shareholders' funds	<u>262,733</u>	<u>254,094</u>	<u>257,349</u>
Net asset value per ordinary share	304.25p	289.97p	294.19p

CASH FLOW STATEMENT

for the half-year ended 30 November 2004

	(Unaudited) Half-year ended 30/11/04 £'000	(Unaudited) Half-year ended 30/11/03 £'000	(Audited) Year ended 31/5/04 £'000
Net cash inflow from operating activities	2,057	2,449	4,724
Interest paid	(377)	(595)	(991)
Tax recovered	12	44	86
Net cash inflow/(outflow) from financial investment	79,979	(7,246)	4,876
Equity dividends paid	(2,504)	(2,256)	(3,876)
Cash withdrawn from short term deposit	–	15,117	15,117
Net cash inflow before financing	79,167	7,513	19,936
Net cash outflow from financing	(2,817)	(13,612)	(18,629)
Increase/(decrease) in cash	76,350	(6,099)	1,307
Reconciliation of operating revenue to net cash inflow from operating activities			
Net return before interest payable and taxation	2,703	2,492	5,340
Decrease in accrued income	296	418	38
Decrease in other debtors	44	53	11
(Decrease)/increase in creditors	(11)	(66)	262
Scrip dividends included in investment income	–	(63)	(63)
Tax on unfranked investment income	(89)	(90)	(261)
Management fee and termination fee charged to capital	(886)	(295)	(603)
Net cash inflow from operating activities	2,057	2,449	4,724
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash as above	76,350	(6,099)	1,307
Cash outflow from loans repaid	–	10,914	15,555
Cash inflow from movement in liquid resources	–	(15,117)	(15,117)
Exchange difference	(67)	(1,174)	(1,038)
Movement in net debt/funds	76,283	(11,476)	707
Net funds at start of period	6,340	5,633	5,633
Net funds/(debt) at end of period	82,623	(5,843)	6,340
Represented by:			
Cash	89,623	5,827	13,340
Debt due within one year	–	(4,670)	–
Debt due after more than one year	(7,000)	(7,000)	(7,000)
	82,623	(5,843)	6,340

NOTES

to the interim accounts for the half-year ended 30 November 2004

1. Return per ordinary share

Revenue return per ordinary share is calculated by dividing the net revenue return available to ordinary shareholders of £2,317,000 (half-year ended 30 November 2003: £2,185,000 and year ended 31 May 2004: £4,711,000) by the weighted average number of shares in issue of 86,473,174 (half-year ended 30 November 2003: 88,132,352 shares in issue throughout the period and year ended 31 May 2004: weighted average number of shares in issue of 87,885,445).

Capital return per ordinary share is calculated by dividing the net capital gain attributable to ordinary shareholders of £7,063,000 (half-year ended 30 November 2003: £19,627,000 gain and year ended 31 May 2004: £23,269,000 gain) by the weighted average number of shares in issue of 86,473,174 (half-year ended 30 November 2003: 88,132,352 shares in issue throughout the period and year ended 31 May 2004: weighted average number of shares in issue of 87,885,445).

2. Share buy-backs

During the half-year to 30 November 2004, the Company made authorised market purchases for cancellation of 1,125,000 of its own issued ordinary shares of 5p, representing 1.3% of the issued share capital at 31 May 2004. The total consideration paid by the Company for the shares, including stamp duty and commission, was £2,817,000. The reason for the purchases was to enhance the net asset value per share.

3. Tender Offer

The Company undertook a Tender Offer during the period, the calculation date for which was the close of business on 30 November 2004. An extract of the opening balance sheet on 1 December 2004, adjusted for the effect of the Tender Offer is shown below.

EXTRACT FROM THE OPENING BALANCE SHEET AS AT 1 DECEMBER 2004 ADJUSTED FOR THE EFFECT OF THE TENDER OFFER

	£'000
Fixed asset investments	180,720
Net current assets	27,428
Loans falling due after more than one year	(7,000)
Total net assets	<u>201,148</u>
Capital and reserves	
Called-up share capital	3,276
Share premium	37,572
Capital redemption	1,742
Capital reserve – realised	138,409
Capital reserve – unrealised	12,281
Revenue reserve	<u>7,868</u>
Total equity shareholders' funds	<u>201,148</u>
Net asset value per ordinary share*	307.00p

* Based on new number of shares of 65,520,296.

4. Comparative information

The figures and financial information for the year ended 31 May 2004 are an extract from the latest published accounts and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under either section 237 (2) or 237 (3) of the Companies Act 1985. The interim accounts have been neither audited nor reviewed by the auditors.

PORTFOLIO INFORMATION

at 30 November 2004

£'000	Thirty largest investments by value	Description	% of total portfolio
28,028	UK Treasury 9.5%	<i>fixed interest</i>	15.5
6,063	Shell Transport & Trading	<i>oil exploration and production</i>	3.4
5,340	BP	<i>oil exploration and production</i>	3.0
4,544	HSBC	<i>banking</i>	2.5
4,216	Rio Tinto	<i>mining</i>	2.3
3,860	Sage	<i>computer software</i>	2.1
3,798	GlaxoSmithKline	<i>pharmaceuticals</i>	2.1
3,675	Deutschland (Republic of) 4.75%	<i>fixed interest</i>	2.0
3,663	HBOS	<i>banking</i>	2.0
3,506	SES Global	<i>satellite telecom</i>	2.0
3,358	British Sky Broadcasting	<i>television broadcasting</i>	1.9
3,352	Fraport	<i>airport development</i>	1.9
3,269	Bayerische Hypo-Vereinsbank	<i>banking</i>	1.8
3,248	Vivendi Universal	<i>multimedia</i>	1.8
3,207	Nestle	<i>food production/diversified</i>	1.8
3,155	Valeo	<i>automobile products</i>	1.8
3,143	Canada Pacific Railways	<i>rail transport</i>	1.7
3,080	Unocal	<i>oil exploration and production</i>	1.7
3,030	AMB Generali	<i>insurance</i>	1.7
3,028	GUS	<i>retail shopping</i>	1.7
2,960	LG Philips	<i>electronic components</i>	1.6
2,910	BAA	<i>airport development</i>	1.6
2,902	Carrefour	<i>food retail</i>	1.6
2,731	Xstrata	<i>mining</i>	1.5
2,570	Land Securities	<i>property</i>	1.4
2,514	Mitsubishi Tokyo Financial Limited	<i>banking</i>	1.4
2,395	Unilever	<i>food production</i>	1.3
2,262	National Express	<i>national operator of buses and trains</i>	1.3
2,056	Sompo Japan Insurance	<i>insurance</i>	1.1
2,044	Millea	<i>insurance</i>	1.1
123,907			68.6

The remaining 45 investments comprise 31.4% of the portfolio.

Geographical spread	£'000	% of total portfolio
United Kingdom	92,483	51.2
Europe	43,770	24.2
North America	20,051	11.1
Japan	12,733	7.0
Far East	11,683	6.5
	<u>180,720</u>	<u>100.0</u>

