

ELECTRIC & GENERAL INVESTMENT TRUST PLC

Preliminary announcement of the interim results for the six months ended 31 December 2007

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

Financial Highlights

	(Unaudited) Six months ended 31 December 2007	(Unaudited) Six months ended 30 November 2006	(Audited) Period ended 30 June 2007
Per ordinary share	Pence	Pence	Pence
Net asset value	491.12	428.94	483.09
Share price	424.50	399.00	428.00
Revenue return per share	2.65	2.94	9.47
Total return per share	13.22	26.03	82.01
Dividend	2.00	2.00	7.19

Chairman's Statement

for the six months ended 31 December 2007

Policy and objectives

The Company's objective is to maximise total return whilst pursuing a progressive dividend policy where achievable within the overriding objective of capital growth. The Investment Manager invests internationally in a relatively concentrated portfolio. The Investment Manager does not aim to replicate the global indices, but looks to invest in strong businesses with good growth prospects.

Benchmark

The benchmark against which the portfolio performance is measured is the MSCI World Index (Sterling excluding income), thus emphasising the global nature of the portfolio.

Change of Accounting Reference Date

I should like to remind shareholders that the Company changed its accounting reference date from 31 May to 30 June during the course of 2007. These are the first interim accounts to be prepared to the six months ended 31 December and, consequently, they make reference to "period" and "year" ends when making retrospective references.

Performance

For the six months ended 31 December 2007, the net asset value ("NAV") of the Company increased by 1.66%, which compares with a decrease of 0.06% in the MSCI World Index (Sterling excluding income). Over the same period the Company's share price decreased by 0.82%, the difference in performance being made up by the discount to NAV having gone up to 13.56% per share from 11.40% per share.

Dividend

The Directors have declared an interim dividend of 2.00p per ordinary share payable on 7 March 2008 to shareholders on the register of members at the close of business on 22 February 2008.

Market Background

The second half of 2007 saw sharply increased volatility in equity markets brought about by negative events in the credit markets which are, by now, well known. Only a late rally in December helped the broad indices stay almost unchanged over the six months. Currencies were also volatile, with Sterling weak across the board, but particularly against the Euro, where it depreciated by some 8.8% over the period.

Central banks waited until mid-Summer to take action to alleviate the problems in credit. The Federal Reserve cut rates from 5.25% at the end of August 2007 to 4.25% by the end of the year. The Bank of England cut by just 25bps and the European Central Bank ("ECB") had yet to reduce rates at the time of writing. Despite these cuts in base rates, both US dollar and Sterling interbank lending rates traded at increasing premia over the last months of 2007, until huge injections of liquidity in December brought them closer to target rates at year end. Meanwhile in two of the engines of growth in the world economy both China and India have taken action to slow their runaway economies, with both central banks acting to tighten monetary conditions.

For the six months under review, the biggest contributor to performance was PICC Property and Casualty, the major Chinese motor insurer, which, along with other Chinese financial stocks, had an extraordinary run. The Investment Manager felt this had become overheated and took a very substantial profit. Later in the year, when the Chinese stock market had worked off some excessive optimism, a new holding was started in Bank of China, which has been held before, the Company having participated in the new issue of May 2006. It is one of China's biggest four banks with about 9% of the Chinese loan market and 11% of deposits. It stands at 2.1 times book value, which includes its controlling stake in its very profitable Hong Kong subsidiary.

A holding was also started in China Netcom, the smaller of China's two fixed line telephone companies. Whilst mobile phone use has grown rapidly in China, use of fixed lines has declined except for broadband lines use by businesses. This has left the fixed line phone companies amongst the least favoured investments through the China boom; China Netcom currently trades at 15 times earnings with a yield of 2.5%. Following meetings at the Communist Party congress it seems likely that one of China's mobile phone companies, Unicom, will be broken up and one of their mobile businesses sold to China Netcom. This should dramatically change the company's growth rate and rating.

Towards the end of the period under review, the Investment Manager decided to add to the Japanese portion of the portfolio, starting a holding in NTT, Japan's dominant telephone company, which also controls NTT DoCoMo, the leading mobile provider. In the past having been the most expensive major telecom company in the world, it now looks good value against the global peer group. New holdings were also started in Sekisui House and Japan Retail Fund. Sekisui House is Japan's largest housebuilder, which trades at a significant discount to the value of its land bank. Japan Retail Fund is a Real Estate Investment Trust ("REIT") specialising in large shopping centres spread across Japan, with a current dividend of a little more than 4%, which compares favourably with Japanese Government Bond yields of barely 2%. Additions were made to existing holdings in Mitsubishi Heavy Industries and Kurita Water, in the latter case buying back at a profit stock which was sold earlier in the year.

Mining stocks have performed well over the past six months, with a bid for Rio Tinto, during the run up to which part of the holding was switched into Anglo American, which has a bigger precious metals content. Newcrest Mining had a rights issue to unwind the hedge on its gold production, a move which has gone down very well with the market, as it occurred just before a major move in the price of gold.

Also worthy of note is a new holding in ANF, a French REIT which was 90% owned by Eurazeo. The company's main assets are large holdings in both Marseille and Lyon, including both the main shopping centres and improving residential areas in both cities. As a long term holder of Eurazeo, the Investment Manager has learnt a lot about those assets over the years and has been to visit the company a number of times. Under new French tax rules, for REITs to keep their tax status, no one holder can own more than 60%, so a placement of shares has taken place to dilute Eurazeo, the money raised being used to purchase a

relatively high yielding portfolio of hotels. The real interest lies in the properties in Marseille and Lyon, which are very under rented and going through a process of refurbishment, which, over the next few years, should help the company put rent levels up substantially.

Profits have been taken with the sale of holdings that have come to maturity in CVS Caremark, the American pharmacy chain, Standard Life and Verizon. The Company's holding in Cadbury Schweppes was also sold following wide-spread disappointment that the company failed to fulfil its long term aim to spin off its US beverage business. Statoil, which has been a successful long term holding was sold because of worries that Norwegian corporate governance is being compromised by the new Socialist government. This, again, is a company the Investment Manager knows very well and at some stage in the future the stock will most likely be bought back. Holdings were trimmed in AMP, EDF, MTN and Standard Chartered.

Prospects

With liquidity, comprising cash and short-dated government bonds, representing some 11.5% of the portfolio and the bulk of the portfolio invested in large, blue chip companies, the Company is in a fairly defensive position. It is not yet clear how severe the US recession is liable to be. If it looks to be a protracted affair, then further liquidity may well be prudent.

VAT paid on Management Fees

Her Majesty's Revenue and Customs ("HMRC") has advised the Investment Manager that it is likely to receive a refund of output VAT received on its management fees charged in respect of the period commencing 10 September 2004 upon resolution of certain general matters. Accordingly, no provision can be made with virtual certainty within this Report for such an amount. Upon final resolution of the outstanding issues, the Company will make an announcement to the market confirming the amount receivable together with the restated NAV of the Company for shareholders' information.

The Company is in discussions with its former investment manager, Henderson Global Investors plc ("HGI"), regarding the refund of VAT charged on management fees paid prior to 10 September 2004. HGI has appointed Grant Thornton to undertake a review of VAT for recovery purposes and the Company will report further on the matter as soon as it is able to do so.

Audit Committee Chairmanship

I should like to take this opportunity to advise shareholders that I have relinquished my membership of the Company's Audit Committee. Whilst both myself and my colleagues on the Board do not believe that my independence and objectivity has been in anyway impaired by my length of service, for the sake of good corporate governance, I am standing down from the role of chairman of the Audit Committee to be succeeded by John Pocock, the Company's Senior Independent Director. The Audit Committee is now comprised of my three colleagues, all of whom are considered to be independent in accordance with the recommendations of the Combined Code of Corporate Governance.

Lindsay Bury
Chairman

8 February 2008

Income Statement

for the six months ended 31 December 2007

(Unaudited)

Return on ordinary activities after taxation	1,923	15,131	17,054	6,203	47,530	53,733
	=====	=====	=====	=====	=====	=====
Return per ordinary share (pence) (see note 2)	2.94	23.09	26.03	9.47	72.54	82.01
	=====	=====	=====	=====	=====	=====

Balance Sheet

as at 31 December 2007

	(Unaudited) 31 December 2007 £'000	(Unaudited) 30 November 2006 £'000	(Audited) 30 June 2007 £'000
Investments			
Investments at fair value through profit or loss	322,447	280,501	316,576
	-----	-----	-----
Current assets			
Debtors	1,184	868	3,025
Cash and short term deposits	6,612	9,007	8,837
	-----	-----	-----
	7,796	9,875	11,862
Creditors: amounts falling due within one year	(1,924)	(2,333)	(4,651)
	-----	-----	-----
Net current assets	5,872	7,542	7,211
	-----	-----	-----
Total assets less current liabilities	328,319	288,043	323,787
	-----	-----	-----
Creditors: amounts falling due after more than one year			
Debentures	(7,000)	(7,000)	(7,000)
Provision for liabilities and charges	(527)	-	(1,239)
	-----	-----	-----
Net assets	320,792	281,043	315,548
	=====	=====	=====
Capital and reserves			
Called up share capital	3,266	3,276	3,266
Share premium account	19,937	19,937	19,937
Capital redemption reserve	1,441	1,431	1,441
Realised reserves	237,912	208,024	219,706
Unrealised reserves	45,998	37,447	57,300
Revenue reserve	12,238	10,928	13,898
	-----	-----	-----
Equity shareholders' funds	320,792	281,043	315,548
	=====	=====	=====
Net asset value per ordinary share (pence) (see note 4)	491.12	428.94	483.09

Reconciliation of movements in shareholders' funds

for the six months ended 31 December 2007

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Realised reserves £'000	Unrealised reserves £'000	Revenue reserve £'000	Total £'000
Balance at 30 June 2007	3,266	19,937	1,441	219,706	57,300	13,898	315,548
Return on ordinary activities after taxation	-	-	-	18,206	(11,302)	1,730	8,634
Dividends paid (see note 6)	-	-	-	-	-	(3,390)	(3,390)
Balance at 31 December 2007	3,266	19,937	1,441	237,912	45,998	12,238	320,792

For the six months ended 30 November 2006

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Realised reserves £'000	Unrealised reserves £'000	Revenue reserve £'000	Total £'000
Balance at 31 May 2006	3,276	19,937	1,431	199,385	30,955	11,528	266,512
Return on ordinary activities after taxation	-	-	-	8,639	6,492	1,923	17,054
Dividends paid (see note 6)	-	-	-	-	-	(2,523)	(2,523)
Balance at 30 November 2006	3,276	19,937	1,431	208,024	37,447	10,928	281,043

For the period ended 30 June 2007

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Realised reserves £'000	Unrealised reserves £'000	Revenue reserve £'000	Total £'000
Balance at 31 May 2006	3,276	19,937	1,431	199,385	30,995	11,528	266,512
Return on ordinary activities after taxation	-	-	-	21,185	26,345	6,203	53,733
Purchase of own shares for	(10)	-	10	(864)	-	-	(864)

cancellation							
Dividends paid (see note 6)	-	-	-	-	-	(3,833)	(3,833)
	-----	-----	-----	-----	-----	-----	-----
Balance at 30 June 2007	3,266	19,937	1,441	219,706	57,300	13,898	315,548
	=====	=====	=====	=====	=====	=====	=====

Cash Flow Statement

for the six months ended 31 December 2007

	(Unaudited) Six months ended 31 December 2007 £'000	(Unaudited) Six months ended 30 November 2006 £'000	(Audited) Period ended 30 June 2007 £'000
Return on ordinary activities before taxation	9,116	17,550	55,101
Adjustments for:			
Realised gains on investments	(18,733)	(9,215)	(23,639)
Unrealised losses/(gains) on investments	11,302	(6,493)	(26,345)
Exchange (gains)/losses	(263)	84	10
Decrease/(increase) in accrued income	37	105	(5)
Decrease/(increase) in other debtors	1,492	(10)	(1,616)
Tax on unfranked investment income	(97)	(114)	(666)
(Decrease)/increase in creditors	(1,357)	98	1,569
	-----	-----	-----
Net cash inflow from operating activities	1,497	2,005	4,409
Servicing of finance			
Debenture interest paid	(376)	(376)	(815)
Bank overdraft and loan interest paid	(5)	(6)	21
	-----	-----	-----
Net cash outflow from servicing of finance	(381)	(382)	(794)
Taxation			
Tax recovered	-	42	-
Financial investment			
Purchases of investments	(88,642)	(67,784)	(134,586)
Sales of investments	88,428	72,846	139,628
	-----	-----	-----
Net cash (outflow)/inflow from financial investment	(214)	5,062	5,042
	-----	-----	-----
Equity dividends paid	(3,390)	(2,523)	(3,833)
	-----	-----	-----
Net cash (outflow)/inflow before financing	(2,488)	4,204	4,824
Financing			
Purchase of own ordinary shares	-	-	(864)
	-----	-----	-----
(Decrease)/increase in cash	(2,488)	4,204	3,960
	=====	=====	=====
Reconciliation of net cash flow to movements in net funds			

(Decrease)/increase in cash as above	(2,488)	4,204	3,960
Exchange movements	263	(84)	(10)
	-----	-----	-----
Movement in net funds in the period	(2,225)	4,120	3,950
Net funds at start of period	1,837	(2,113)	(2,113)
	-----	-----	-----
Net funds at end of period	(388)	2,007	1,837
	=====	=====	=====
Represented by:			
Cash	6,612	9,007	8,837
Debt due after more than one year	(7,000)	(7,000)	(7,000)
	-----	-----	-----
	(388)	2,007	1,837
	=====	=====	=====

Notes to the Interim Accounts (Unaudited)

for the six months ended 31 December 2007

1. Accounting Policies

The accounts have been prepared under the historical cost convention as modified to include the revaluation of investments in accordance with applicable Accounting Standards, with pronouncements on interim reporting issued by the Accounting Standards Board and with the Statement of Recommended Practice for "Financial Statements of Investment Trust Companies". They have also been prepared on the assumption that approval as an investment trust will continue to be granted.

The Board has elected to continue to adopt UK Generally Accepted Accounting Principles ('UK GAAP') and therefore comply with the new Financial Reporting Standards issued as part of the programme to converge UK GAAP with International Financial Reporting Standards.

The same accounting policies used for the period ended 30 June 2007 have been applied.

2. Return per ordinary share

The return per ordinary share is based on the following figures:

	(Unaudited) Six months ended 31 December 2007 £'000	(Unaudited) Six months ended 30 November 2006 £'000	(Audited) Period ended 30 June 2007 £'000
Revenue return	1,730	1,923	6,203
Capital return	6,904	15,131	47,530
	-----	-----	-----
Total return	8,634	17,054	53,733
	=====	=====	=====
Weighted average number of ordinary shares in issue	65,318,174	65,520,296	65,519,405
Revenue return per ordinary share (pence)	2.65	2.94	9.47
Capital return per ordinary share	10.57	23.09	72.54

(pence)

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Total return per ordinary share (pence)	13.22	26.03	82.01
	=====	=====	=====

3. Transaction costs

During the six months ended 31 December 2007, expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. These have been expensed through capital and are included within gains on investments in the Income Statement. The total costs were as follows:

	(Unaudited) Six months ended 31 December 2007 £'000	(Unaudited) Six months ended 30 November 2006 £'000	(Audited) Period ended 30 June 2007 £'000
Purchases	48	112	215
Sales	87	49	123
	-----	-----	-----
	135	161	338
	=====	=====	=====

4. Net asset value per ordinary share

The net assets attributable to the ordinary shares were as follows:

	(Unaudited) As at 31 December 2007	(Unaudited) As at 30 November 2006	(Audited) As at 30 June 2007
Net assets attributable	£320,792,000	£281,043,000	£315,548,000
Number of ordinary shares in issue	65,318,174	65,520,296	65,318,174
Net asset value per share (pence)	491.12	428.94	483.09
	=====	=====	=====

5. Financial information

The financial information set out above comprises non-statutory accounts within the meaning of Section 240 of the Companies Act 1985. The financial information for the period ended 30 June 2007 has been extracted from the published accounts that have been delivered to the Registrar of Companies and on which the report of the auditors was unqualified under Section 235 of the Companies Act 1985. The interim accounts have been prepared using the same accounting policies as the preceding annual accounts.

6. Dividend

	(Unaudited) Six months ended 31 December 2007 £'000	(Unaudited) Six months ended 30 November 2006 £'000	(Audited) Period ended 30 June 2007 £'000
Final dividend for 2007: 5.19p (2006: 3.85p)	3,390	2,523	2,523

Interim dividend for 2007: 2.00p	-	-	1,310
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	3,390	2,523	3,833
	=====	=====	=====

The Company has declared an interim dividend in respect of the year ending 30 June 2008 of 2.00p (2007: 2.00p) per Ordinary share which will be paid on 7 March 2008 to ordinary shareholders on the register on 22 February 2008.

Responsibility Statement of the Directors

in respect of the Interim Report and Accounts for the six months ended 31 December 2007

The Directors confirm that, to the best of their knowledge:

- the financial statements contained within the Interim Report and Accounts have been prepared in accordance with the Accounting Standards Board's Statement 'Half Yearly Financial Reports'; and
- the Chairman's Statement includes a fair review of the information required by 4.2.7R and 4.2.8R of the FSA's Disclosure and Transparency Rules.

The Interim Report and Accounts were approved by the Board and the above Responsibility Statement has been signed on its behalf by Lindsay Bury, Chairman.

For further information contact:

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8 FEBRUARY 2008