

*Electric & General
Investment Trust plc*

Interim Report
for the six months ended
30 November 2005
Taube Hodson Stonex Partners Limited

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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) Six months ended 30 November 2005 Pence	(Unaudited) (Restated - see note 2) Six months ended 30 November 2004 Pence	(Audited) (Restated - see note 2) Year ended 31 May 2005 Pence
Per ordinary share			
Net asset value	374.03	305.49	333.76
Share price	357.25	284.25	304.00
Earnings per share	2.30	2.68	6.94
Dividend	1.85	1.85	7.85

CHAIRMAN'S STATEMENT

Policy and objective

The Company's objective is to maximise total return while pursuing a progressive dividend policy. We invest internationally in a relatively concentrated portfolio. We do not aim to replicate the global indices but look to invest in strong businesses with good growth prospects.

Benchmark

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

Performance

For the six month period to 30 November 2005 the net asset value of the Company increased by 12.07%, which compares with an increase of 13.70% in the MSCI World Index (excluding income). Over the same period the Company's share price increased by 17.52%, the difference in performance being made up by the discount to net asset value, having come down from 8.9% to 4.5% per share.

Market background

With the notable exception of the USA, which in Dollar terms is almost unchanged over the period, most of the other major stock markets in the world have had a relatively good six months. This is against an environment where short term interest rates have continued to nudge up, but world economic activity has remained favourable, especially in the face of rising energy costs. Also worthy of note is the continued strength in the Dollar, which for the year to date has appreciated year to date, interim to interim, 9.85% against Sterling, with an increase of 4.84% in the past six months. This represents a significant change from a year ago when many pundits were convinced that the Dollar would continue to weaken.

During the period the Company has been reasonably active. We continue to build our exposure to Japan, buying two pharmaceutical companies Astellas Pharma and Takeda Pharmaceutical, together with consumer product company Kao Corporation. New holdings have been purchased in Bank of Communications and

Hutchison Whampoa, adding weight to our developing markets/China exposure. On a similar theme we have bought back the holdings in Rio Tinto and Teck Cominco, which were sold earlier in the year. Demand for metals having picked up, the prospects are looking good for 2006.

We lightened the Company's exposure to the oil and gas sector with partial sales of Statoil and Marathon Oil. Good profits were also taken in the German banks. The holding in Commerzbank was sold in its entirety and the holding in Unicredito was reduced after its successful takeover of Bayerische Hypo-Vereinsbank. Another sale worthy of note was SES Global, the European satellite company, which has performed very well since it was purchased last year. There was a takeover bid for Placer Dome, the Canadian gold miner, which was subsequently sold and part of the proceeds were switched into increasing the Trust's holding in Newcrest Mining, the Australian gold producer, which has a major new mine about to go into production.

Prospects

The last six months has been a good period for equity investment and it would be surprising if the next six months showed an equally good return from the broad indices. However, your Manager is still finding interesting individual investment opportunities. On that basis we are happy that the Company runs relatively fully invested but we are mindful that we are now 3 years into a stock market recovery. At some stage it may well be prudent to reduce exposure to the world's equity markets.

Accounting policy and asset valuation

As many shareholders will be aware, this year has seen the introduction of International Accounting Standards for UK listed companies preparing consolidated accounts. Your Company is not required to prepare consolidated accounts and will therefore continue to prepare its accounts under UK Generally Accepted Accounting Principles ("UK GAAP") rather than adopting International Accounting Standards.

There have been a number of changes to accounting practices, which will apply for the

CHAIRMAN'S STATEMENT

(continued)

year ending 31 May 2006. A Number of new Financial Reporting Standards ("FRS") have been introduced and of these, FRS26, "Financial Instruments: Recognition and Measurement" has had an impact on the Company's accounts. FRS26 requires quoted investments to be valued at bid price. Previously such investments were valued at mid-market price. The Company's unlisted investments will continue to be valued by the Directors to determine their fair value. Further information on this change is given in the notes to the financial information.

Dividend

The Directors have declared an unchanged interim dividend of 1.85p per ordinary share payable on 23 February 2006 to shareholders on the register of members at the close of business on 3 February 2006.

Lindsay Bury

Chairman

13 February 2006

STATEMENT OF TOTAL RETURN
(incorporating the revenue account)
for the six months ended 30 November 2005

	(Unaudited)		
	Six months ended 30 November 2005		
	Revenue	Capital	Total
	£'000	£'000	£'000
Total capital gains from investments	–	29,460	29,460
Investment income	2,213	–	2,213
Other interest receivable and similar income	162	–	162
	<hr/>	<hr/>	<hr/>
Gross revenue and capital gains	2,375	29,460	31,835
Management fee	(234)	(234)	(468)
Performance fee	–	(287)	(287)
Termination fee paid to previous manager	–	–	–
Other administrative expenses	(234)	–	(234)
	<hr/>	<hr/>	<hr/>
Net return on ordinary activities before interest payable and taxation	1,907	28,939	30,846
Interest payable	(101)	(301)	(402)
	<hr/>	<hr/>	<hr/>
Net return on ordinary activities before taxation	1,806	28,638	30,444
Taxation on net return on ordinary activities	(298)	172	(126)
	<hr/>	<hr/>	<hr/>
Net return attributable to ordinary shareholders	<u>1,508</u>	<u>28,810</u>	<u>30,318</u>
Return per ordinary share (see note 3)			46.27p

The total column of this statement represents the Company's Income Statement. The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Trust Companies. All items in the above statement derive from continuing operations.

All income is attributable to the equity shareholders of the Company.

(Unaudited)			(Audited)		
(Restated - see note 2)			(Restated - see note 2)		
Six months ended 30 November 2004			Year ended 31 May 2005		
Revenue	Capital	Total	Revenue	Capital	Total
£'000	£'000	£'000	£'000	£'000	£'000
-	8,079	8,079	-	22,892	22,892
3,520	-	3,520	7,505	-	7,505
338	-	338	462	-	462
<u>3,858</u>	<u>8,079</u>	<u>11,937</u>	<u>7,967</u>	<u>22,892</u>	<u>30,859</u>
(302)	(302)	(604)	(1,208)	(1,209)	(2,417)
-	-	-	-	(113)	(113)
(584)	(584)	(1,168)	-	-	-
<u>(269)</u>	<u>-</u>	<u>(269)</u>	<u>(360)</u>	<u>-</u>	<u>(360)</u>
2,703	7,193	9,896	6,399	21,570	27,969
<u>(95)</u>	<u>(286)</u>	<u>(381)</u>	<u>(191)</u>	<u>(571)</u>	<u>(762)</u>
2,608	6,907	9,515	6,208	20,999	27,207
<u>(291)</u>	<u>221</u>	<u>(70)</u>	<u>(936)</u>	<u>568</u>	<u>(368)</u>
<u>2,317</u>	<u>7,128</u>	<u>9,445</u>	<u>5,272</u>	<u>21,567</u>	<u>26,839</u>
		10.92p			35.31p

BALANCE SHEET
as at 30 November 2005

	(Unaudited) (Restated 30 November 2005 £'000	(Unaudited) - see note 2) 30 November 2004 £'000	(Audited) (Restated - see note 2) 31 May 2005 £'000
Non current assets			
Investments held at fair value	247,191	180,605	217,103
Current assets			
Debtors	898	1,239	1,262
Cash at bank and short term deposits	5,496	89,623	8,503
	6,394	90,862	9,765
Creditors: amounts falling due within one year	(1,519)	(670)	(1,189)
Net current assets	4,875	90,192	8,576
Total assets less current liabilities	252,066	270,797	225,679
Creditors: amounts falling due after more than one year	(7,000)	(7,000)	(7,000)
Total net assets	245,066	263,797	218,679
Reserves – non-distributable:			
Ordinary called up share capital	3,276	4,318	3,276
Share premium	19,937	19,937	19,937
Capital redemption reserve	1,431	389	1,431
Realised reserves	179,163	216,374	166,400
Unrealised reserves	31,293	12,166	15,246
Revenue reserve	9,966	10,613	12,389
Equity shareholders' funds	245,066	263,797	218,679
Net asset value per ordinary share	374.03p	305.49p	333.76p

CASH FLOW STATEMENT

for the six months ended 30 November 2005

	(Unaudited) Six months ended 30 November 2005 £'000	(Unaudited) Six months ended 30 November 2004 £'000	(Audited) Year ended 31 May 2005 £'000
Net cash inflow from operating activities	1,864	2,057	4,562
Interest paid	(401)	(377)	(758)
Tax recovered	-	12	59
Net cash (outflow)/inflow from financial investment	(972)	79,979	59,134
Equity dividends paid	(3,931)	(2,504)	(3,716)
Net cash (outflow)/inflow before financing	(3,440)	79,167	59,281
Net cash outflow from financing	(8)	(2,817)	(64,150)
(Decrease)/increase in cash	(3,448)	76,350	(4,869)
Reconciliation of operating revenue to net cash inflow from operating activities			
Net return before interest payable and taxation	1,907	2,703	6,399
Decrease in accrued income	413	296	62
Decrease/(increase) in other debtors	2	44	(10)
Increase/(decrease) in other creditors	192	(11)	(97)
Scrip dividends included in investment income	-	-	(37)
Tax on unfranked investment income	(129)	(89)	(433)
Management fee and termination fee charged to capital	(521)	(886)	(1,322)
Net cash inflow from operating activities	1,864	2,057	4,562
Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash as above	(3,448)	76,350	(4,869)
Exchange difference	441	(67)	32
Movement in net funds/(debt)	(3,007)	76,283	(4,837)
Net funds at start of period	1,503	6,340	6,340
Net (debt)/funds at end of period	(1,504)	82,623	1,503
Represented by:			
Cash	5,496	89,623	8,503
Debt due after more than one year	(7,000)	(7,000)	(7,000)
	(1,504)	82,623	1,503

NOTES TO THE INTERIM ACCOUNTS

for the six months ended 30 November 2005

1 Accounting policies

The accounts have been prepared under the historical cost convention, modified to include the revaluation of investments and in accordance with applicable accounting standards and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies" issued in January 2003.

The same accounting policies used for the year ended 31 May 2005 have been applied with the following exceptions which have arisen from new accounting regulations which apply for the year to 31 May 2006.

(a) Investments – Prior to 1 January 2005, listed investments were valued at middle market prices. Following the introduction of FRS 26, "Financial Instruments: Recognition and Measurement", listed investments are now valued at fair value deemed to be bid market prices. Unlisted investments are fair valued by the Board on the basis of the latest accounting and other relevant information. The effect of this change is to decrease the value of listed investments at 30 November 2005 by £210,000. The comparative figures have been restated and the impact of this change in policy on valuation is taken through the Statement of Total Return and results in an increase in gains on investments of £1,000. The accounts for the six months ended 30 November 2004 and the year ended 31 May 2005 have been restated as per note 2 below.

In accordance with FRS 26, the costs of acquiring or disposing of investments is separately disclosed. For the six months ended 30 November 2005, the costs of acquiring investments amounted to £215,000 and the costs of disposing of investments amounted to £148,000.

(b) In accordance with FRS 21, "Events After The Balance Sheet Date", dividends payable are not accrued in the accounts unless they have been approved before the balance sheet date. Dividends are therefore recognised in the period in which they are approved. As a result of this change, the accounts for the six months ended 30 November 2004 and the year ended 31 May 2005 have been restated as per note 2 below.

2 Restatement in respect of changes to accounting policy for valuing investments and accounting for dividends payable

(a) Statement of Total Return

	£'000	Per share pence
Six months ended 30 November 2004		
Total transfer to reserve per Statement of Total Return	8,201	9.48
Add back dividend	1,179	1.36
Change from mid to bid basis at 31 May 2004	180	0.21
Change from mid to bid basis at 30 November 2004	(115)	(0.13)
Total transfer to reserve per Statement of Total Return as restated	<u>9,445</u>	<u>10.92</u>

Year ended 31 May 2005	£'000	Per share pence
Total transfer to reserve per Statement of Total Return	21,760	28.63
Add back dividends	5,110	6.72
Change from mid to bid basis at 31 May 2004	180	0.24
Change from mid to bid basis at 31 May 2005	(211)	(0.28)
Total transfer to reserve per Statement of Total Return as restated	26,839	35.31

(b) Balance Sheet

	(Previously reported) 30 November 2004 £'000	Adjustments £'000	(Restated) 30 November 2004 £'000
Balance Sheet at 30 November 2004			
Investments	180,720	(115)	180,605
Current assets	90,862	-	90,862
Creditors: amounts falling due within one year	(1,849)	1,179	(670)
Net current assets	89,013	1,179	90,192
Total assets less current liabilities	269,733	1,064	270,797
Creditors: amounts falling due within one year	(7,000)	-	(7,000)
Total net assets	262,733	1,064	263,797
Reserves - non-distributable			
Ordinary called up share capital	4,318	-	4,318
Share premium	19,937	-	19,937
Capital redemption reserve	389	-	389
Realised reserves	216,374	-	216,374
Unrealised reserves	12,281	(115)	12,166
Revenue reserve	9,434	1,179	10,613
Equity shareholders' funds	262,733	1,064	263,797
Net asset value per ordinary share	304.25p	1.24p	305.49p

NOTES TO THE INTERIM ACCOUNTS

(continued)

(c) Balance Sheet

	(Previously reported)		(Restated)
	31 May		31 May
	2005	Adjustments	2005
	£'000	£'000	£'000
Balance Sheet at 31 May 2005			
Investments	217,314	(211)	217,103
Current assets	9,765	–	9,765
Creditors: amounts falling due within one year	(5,120)	3,931	(1,189)
Net current assets	4,645	3,931	8,576
Total assets less current liabilities	221,959	3,720	225,679
Creditors: amounts falling due within one year	(7,000)	–	(7,000)
Total net assets	<u>214,959</u>	<u>3,720</u>	<u>218,679</u>
Reserves - non-distributable			
Ordinary called up share capital	3,276	–	3,276
Share premium	19,937	–	19,937
Capital redemption reserve	1,431	–	1,431
Realised reserves	166,400	–	166,400
Unrealised reserves	15,457	(211)	15,246
Revenue reserve	8,458	3,931	12,389
Equity shareholders' funds	<u>214,959</u>	<u>3,720</u>	<u>218,679</u>
Net asset value per ordinary share	328.08p	5.68p	333.76p

3 Return per ordinary share

	(Unaudited)	(Unaudited)	(Audited)
	Six months	Six months	Year
	ended	ended	ended
	30 November	30 November	31 May
	2005	2004	2005
	£'000	£'000	£'000
The return per ordinary share is based on the following figures:			
Revenue return	1,508	2,317	5,272
Capital return	28,810	7,128	21,567
Total return	<u>30,318</u>	<u>9,445</u>	<u>26,839</u>
Weighted average number of ordinary shares in issue	65,520,296	86,473,174	76,010,305
Revenue return per ordinary share	2.30p	2.68p	6.94p
Capital return per ordinary share	43.97p	8.24p	28.37p
Total return per ordinary share	<u>46.27p</u>	<u>10.92p</u>	<u>35.31p</u>

4 Reconciliation of movement in shareholders' funds

For the six months ended 30 November 2004

	Share capital £'000	Share premium £'000	Redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 31 May 2004 as previously stated	4,374	19,937	333	224,409	8,296	257,349
Restatement of investments to fair value	-	-	-	(180)	-	(180)
Add back final dividend	-	-	-	-	2,537	2,537
At 31 May 2004 as restated	4,374	19,937	333	224,229	10,833	259,706
Net return from ordinary activities	-	-	-	7,128	2,317	9,445
Final dividend for 2004 approved	-	-	-	-	(2,537)	(2,537)
Buy back of own shares	(56)	-	56	(2,817)	-	(2,817)
At 30 November 2004 as restated	<u>4,318</u>	<u>19,937</u>	<u>389</u>	<u>228,540</u>	<u>10,613</u>	<u>263,797</u>

For the year ended 31 May 2005

	Share capital £'000	Share premium £'000	Redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 31 May 2004 as previously stated	4,374	19,937	333	224,409	8,296	257,349
Restatement of investments to fair value	-	-	-	(180)	-	(180)
Add back final dividend	-	-	-	-	2,537	2,537
At 31 May 2004 as restated	4,374	19,937	333	224,229	10,833	259,706
Net return from ordinary activities	-	-	-	21,567	5,272	26,839
Final dividend for 2004	-	-	-	-	(2,537)	(2,537)
Interim dividend for 2005 approved	-	-	-	-	(1,179)	(1,179)
Buy back of own shares	(1,098)	-	1,098	(64,150)	-	(64,150)
At 31 May 2005 as restated	<u>3,276</u>	<u>19,937</u>	<u>1,431</u>	<u>181,646</u>	<u>12,389</u>	<u>218,679</u>

NOTES TO THE INTERIM ACCOUNTS

(continued)

For the six months ended 30 November 2005

	Share capital £'000	Share premium £'000	Redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 31 May 2005 as restated	3,276	19,937	1,431	181,646	12,389	218,679
Net return from ordinary activities	-	-	-	28,810	1,508	30,318
Final dividend for 2005 approved	-	-	-	-	(2,064)	(2,064)
Special dividend for 2005 approved	-	-	-	-	(1,867)	(1,867)
At 30 November 2005	<u>3,276</u>	<u>19,937</u>	<u>1,431</u>	<u>210,456</u>	<u>9,966</u>	<u>245,066</u>

5 Comparative information

The figures and financial information for the year ended 31 May 2005 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 Acts 1985.

6 Dividend

A first interim dividend for the year ended 31 May 2005 of 1.85p was declared payable on 23 February 2006 to ordinary shareholders on the register at close of business 3 February 2006.

INDEPENDENT REVIEW REPORT

to Electric & General Investment Trust plc

Introduction

We have been instructed by the Company to review the financial information for the six months ended 30 November 2005 which comprises Statement of Total Return, Balance Sheet and Cash Flow Statement and the related notes 1 to 6. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' 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 interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Electric & General Investment Trust plc management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies and presentation have been consistently applied, unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 November 2005.

Ernst & Young LLP

London

13 February 2006

PORTFOLIO INFORMATION

at 30 November 2005

£'000	Thirty largest investments by value	Description	% of total portfolio
14,443	UK Treasury 4.5%	<i>fixed interest</i>	5.8
7,108	UK Treasury 5%	<i>fixed interest</i>	2.9
6,617	Nestle	<i>food, beverage & tobacco</i>	2.7
6,174	Royal Dutch Shell	<i>energy</i>	2.5
5,937	Rio Tinto	<i>mining</i>	2.4
5,664	Fraport	<i>transportation</i>	2.3
5,380	Volkswagen	<i>automobiles and components</i>	2.2
5,361	AMB Generali	<i>insurance</i>	2.2
5,115	Vodafone	<i>telecommunication services</i>	2.1
4,966	Teck Cominco	<i>resources</i>	2.0
4,939	Teliasonera	<i>telecommunication services</i>	2.0
4,935	Statoil	<i>energy</i>	2.0
4,823	Unicredito Italiano	<i>banks</i>	1.9
4,645	Sage	<i>software and services</i>	1.9
4,614	Petro-Canada	<i>energy</i>	1.9
4,573	Sompo Japan Insurance	<i>insurance</i>	1.8
4,413	Mitsubishi Estate	<i>real estate</i>	1.8
4,251	Verizon Communications	<i>telecommunication services</i>	1.7
4,207	Allianz AG	<i>insurance</i>	1.7
4,123	Carrefour	<i>food and drug retailing</i>	1.7
3,921	Millea	<i>insurance</i>	1.6
3,768	AMVESCAP	<i>diversified financials</i>	1.5
3,675	Swiss Reinsurance	<i>insurance</i>	1.5
3,644	Cadbury Schweppes	<i>food and beverage</i>	1.5
3,626	Hoya Corporation	<i>technology hardware and equipment</i>	1.5
3,562	British Sky Broadcasting	<i>media</i>	1.4
3,550	Deutsche Post	<i>transportation</i>	1.4
3,542	Hutchison Telecommunications	<i>telecommunication services</i>	1.4
3,532	Vivendi Universal	<i>media</i>	1.4
3,467	Schibsted	<i>media</i>	1.4

These investments account for 60.1% of the total portfolio valuation of £247,191,000.

The remaining 43 investments comprise 39.9% of the portfolio.

Geographical spread	£'000	% of total portfolio
United Kingdom	75,230	30.4
Europe	78,097	31.7
North America	41,548	16.8
Japan	29,269	11.8
Far East	23,047	9.3
	247,191	100.0

COMPANY INFORMATION

Directors

Lindsay C N Bury (Chairman)

Gerry P Aherne

John D W Pocock

Jonathan G Ruffer

Secretary and Registered Office

BNP Paribas Secretarial Services Limited

55 Moorgate

London EC2R 6PA

Telephone: +44 (0)20 7410 4942

Facsimile: +44 (0)20 7477 5849

Email: secretarialservice@bnpparibas.com

Manager

Taube Hodson Stonex Partners Limited

Cassini House

57-59 St James's Street

London SW1A 1LD

Registrars

Computershare Investor Services PLC

Lochside House

7 Lochside Avenue

Edinburgh Park

Edinburgh EH12 9DJ

Telephone: +44 (0)870 702 0010

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.electricandgeneral.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.

