British & American Investment Trust PLC

Interim Report

30 June 2015

Contents

Directors
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Member of the Association of Investment Companies (AIC)

Financial Highlights

For the six months ended 30 June 2015

	Unaudited 6 months to 30 June	Unaudited 6 months to 30 June (restated)	Audited Year ended 31 December
	2015	2014	2014
	£'000	£'000	£'000
Revenue			
Return before tax	**679**	2,377	2,416
Earnings per £1 ordinary shares – basic (note 4)	**2.06p**	8.86p	8.48p
Earnings per £1 ordinary shares – diluted (note 4)	**1.97p**	6.83p	7.06p
Capital			
Total equity	**28,568**	26,718	27,126
Revenue reserve (note 8)	**1,611**	3,190	2,420
Capital reserve (note 8)	**(8,043)**	(11,472)	(10,294)
Net assets per ordinary share (note 5)			
– Basic	**£0.74**	£0.67	£0.69
– Diluted	**£0.82**	£0.76	£0.78
Diluted net assets per ordinary share at 26 August 2015	**£0.70**		
Dividends*			
Dividend per ordinary share (note 3)	**2.7p**	2.7p	8.0p
Dividend per preference share (note 3)	**1.75p**	1.75p	3.5p

The Financial Highlights above reflect the change made last year in the presentation of our accounts from consolidated group reporting to parent company only reporting under the new International Reporting Standard IFRS10. This change was fully explained in the Annual Report for the year ended 31 December 2014. The figures for the 6 months to 30 June 2014 have been restated to show parent company only figures under IFRS so as to be on a basis consistent with the figures for the 6 months to 30 June 2015 and the previously published audited figures in the Annual Report for the year ended 31 December 2014.

* Dividends *declared* for the period. Dividends shown in the accounts are, by contrast, dividends *paid or approved* in the period.

Basic net assets and earnings per share are calculated using a value of par for the preference shares. Consequently, when the net asset value attributed to ordinary shares remains below par the diluted net asset value will show a higher value than the basic net asset value.

Copies of this report are available for download at the company's website: www.baitgroup.co.uk.

Chairman's Statement

I report our results for the 6 months to 30 June 2015.

Revenue

The profit on the revenue account before tax amounted to £0.7 million (30 June 2014: £2.4 million), a decrease of 71 percent. This significant difference in reported profit is a result of the change last year in the presentation of our accounts from consolidated group reporting to parent company only reporting under the new International Reporting Standard IFRS10. This change was fully explained in last year's accounts together with the likely and unhelpful implications for us as an investment trust group in terms of the volatility, clarity and visibility of our reported earnings and other results. Because these figures only show parent company and not group profits and earnings, the results can be greatly distorted by the existence or absence in any one year of inter group dividends and the location of earnings within the group. In the current year, inter group dividends were significantly smaller than in the prior year which accounts for the large difference in current year reported profits.

To assist shareholders in forming some opinion on the earnings performance of the company, we show in Note 2 to the accounts the film and other income of our subsidiaries. This shows that film income of £29,000 (30 June 2014: £71,000) and property unit trust income of £10,000 (30 June 2014: £12,000) was received. This income is not included within the revenue figures reported above.

A gain of £2.4 million (30 June 2014: £5.0 million loss) was registered on the capital account before capitalised expenses, incorporating a realised gain of £0.4 million (30 June 2014: £0.3 million gain) and an unrealised gain of £2.0 million (30 June 2014: £5.3 million loss).

Revenue earnings per ordinary share were 2.1 pence on an undiluted basis (30 June 2014: 8.9 pence) and 2.0 pence on a fully diluted basis (30 June 2014: 6.8 pence).

Net Assets and Performance

Company net assets were £28.6 million (£27.1 million, at 31 December 2014), an increase of 5.3 percent. Over the same six month period, the FTSE 100 index decreased by 0.7 percent and the All Share index increased by 1.1 percent. On a total return basis, after adding back dividends paid during the period, company net assets increased by 10.8 percent compared to a total return on the FTSE 100 index of approximately 0.2 percent. The net asset value per £1 ordinary share was 74 pence (prior charges deducted at par) and 82 pence on a fully diluted basis.

As noted in the Managing director's report below, we have outperformed our investment trust sector on price and total return for all periods up to 10 years.

Given the difficulties now associated with our reporting of income and earnings as noted above, our capital results in terms of net asset value, which incorporate on a fair value basis the capital results of our subsidiaries, remain the only accessible way for shareholders to judge the results of the group as a whole.

The increase in net assets during the period was largely due to the increase in the value of our principal investment, Geron Corporation, which consolidated the initial gains seen following its important partnership agreement with Johnson & Johnson at the end of last year.

Chairman's Statement (continued)

The UK stock market finished the period almost unchanged having traded higher for most of the period by up to 8 percent. The generally favourable economic climate and continued historically low rates of interest in developed countries generated this relative stability in equity markets at historically high valuations. The economically friendly UK general election result in early May also served to underpin the UK market. Towards the end of the period, however, instability in eurozone countries arising out of the Greek sovereign debt crisis and the protracted negotiations on renewed bailout terms increased volatility and the UK market fell by 6 percent in June.

As at 26 August, company net assets were £24.4 million, a decrease of 14.6 percent since 30 June. This compares with a decrease of 8.3 percent in the FTSE 100 index and a decrease of 7.7 percent in the All Share index over the same period, and is equivalent to 58 pence per share (prior charges deducted at par) and 70 pence per share on a fully diluted basis.

Dividend

We intend to pay an interim dividend of 2.7 pence per ordinary share on 12 November 2015 to shareholders on the register at 16 October 2015. This represents an unchanged dividend from last year's interim dividend. A preference dividend of 1.75 pence will be paid to preference shareholders on the same date.

Outlook

With the 11th hour agreement in July between Greece and the eurozone countries on a renewed bailout package, an element of uncertainty has been removed from markets. This allowed markets to recover slightly from the reversal registered in June. Going forward, the main focus now is on the first rises in official interest rates for over 5 years in the USA and UK which are expected to occur before the end of the year. The Federal Reserve and Bank of England have taken care to indicate that any initial rise is likely to be modest in order not to destabilise markets and have also noted they expect the interest tightening cycle to be modest and gradual, culminating in highs of no more than 3 percent, appreciably lower than previous highs.

However, there remain concerns which have potential longer term market implications arising out of China's growth outlook and the instability and official intervention in its stock market in recent months. Some of these concerns were realised in the second part of August as large falls in the Chinese stock market led to contagion initially in Asian markets and subsequently in the US and UK equity markets where the indices retreated to year opening levels registering correction size falls of over 10 percent.

As previously reported, during the first few months of the year we took advantage of high valuations to reduce some of our core UK holdings against the background of political and economic uncertainty. These sales were conducted at levels which have yet to be re-tested. Looking forward, we will consider any new investment opportunities in the light of developments during the remaining months of the year.

Anthony Townsend

Managing Director's Report

In the first six months of 2015, our portfolio outperformed our benchmark indices on a net assets basis by 4 percent and by considerably more on a total return basis. We have also now outperformed our investment trust sector (UK equity income) on both a share price and NAV total return basis for all periods over 1, 3, 5 and 10 years. This is particularly pleasing as over most of that period the UK equity market has grown (and by over 20 percent over 10 years), meaning that shareholders have enjoyed absolute gains on the portfolio as well as out-performance and also high levels of dividend income.

This out-performance has been the result of the recovery in the value of our principal holding, Geron Corporation, over the last two years and continuing investment in the US biotechnology sector which has performed strongly even against a background of a rising US equity market. Over the last year in particular, the biotech market in the US has been particularly strong as large pharma companies have directed substantial proportions of their cash holdings to acquiring both large biotech companies and also smaller ones at increasingly early stages in their development cycles. We believe that there remains considerable upside potential in our very targeted investments as their products continue successfully along the path to commercialisation in areas of substantial unmet medical need. We have also benefited from a general strengthening in the US dollar over the last 7 years since the global economic crash in 2008 following the significant falls in its parity in the early 2000s.

The background to equity markets in general over the last 6 months has been supportive on almost all fronts, with continued historically low interest rates in developed economies, continued quantitative easing in the eurozone, historically low oil and commodity prices, low levels of inflation, firm corporate earnings and an absence of large political shocks. As a result, markets have remained firm at their historically high levels although they have shown no appetite to break out further to the upside. In fact, increased levels of volatility began to be seen in the second quarter as an increasingly uncertain outcome to the Greek debt negotiations and wider implications for the Eurozone surfaced. Also, it became increasingly clear after a long period of waiting that US official interest rates were likely at last to increase some time later this year on the back of re-established US economic growth after a dull first quarter of 2015.

Some of the looming concerns (completion of the Greek debt renewal package and worries over China's economic growth and extreme stock market volatility) are likely to constitute a drag on confidence, particularly at a time when the interest rate cycle is just about to change, as noted in the Chairman's statement above. Higher levels of volatility are likely as a result. However, the US Federal Reserve and Bank of England have been careful to explain that the rate rises (which could now be delayed as a result of the recent equity market falls) are expected to be modest and gradual in an effort not to destabilise the markets unduly and suppress economic investment.

Having reduced some of our longer term UK holdings during the first half while prices were standing at historical highs, we are relatively comfortable with the current level of investment but will be prepared to consider any new investment opportunities in the light of developments during the remaining months of the year.

Jonathan C Woolf

28 August 2015

Investment Portfolio

As at 30 June 2015

Company	Nature of Business	Valuation £'000	Percentage of portfolio %
Geron Corporation (USA)	Biomedical	8,607	25.32
Dunedin Income Growth	Investment Trust	2,460	7.24
Biotime Inc (USA)	Biotechnology	2,123	6.24
Blackrock Income Strategies Trust	Investment Trust	2,010	5.91
St. James's Place Global Equity	Unit Trust	1,934	5.69
Biotime Series A Convertible preferred stock (USA)	Biotechnology	1,271	3.73
Scottish American Investment Company	Investment Trust	1,080	3.18
Asterias Biotherapeutics (USA)	Pharmaceuticals	931	2.74
Invesco Income Growth Trust	Investment Trust	867	2.55
Prudential	Life Assurance	843	2.48
Royal & Sun Alliance Insurance Group – Cum. irred. preference shares	Insurance – Non-Life	519	1.53
Rothschilds Cont. Finance – Notes	Financial	504	1.48
Enquest PLC 5.5% SNR EMTN 15/02/2022	Oil & Gas producers	478	1.41
Shires Income	Investment Trust	473	1.39
Merchants Trust	Investment Trust	465	1.37
Earthport	Software and computer services	408	1.20
F&C Asset Management – 6.75% FRN Sub. Bonds 2026	General Financial	362	1.06
RIT Capital Partners	Investment Trust	309	0.91
Barclays – 9% PIB Capital Bonds	Bank retail	274	0.81
Jupiter Income Trust	Unit Trust	226	0.66
20 Largest investments (excluding subsidiaries)		26,144	76.90
Investment in subsidiaries		6,207	18.26
Other investments (number of holdings: 23)		1,644	4.84
Total investments		33,995	100.00

Condensed Income Statement

Six months ended 30 June 2015

	Note	Unaudited 6 months to 30 June 2015		
		Revenue return £'000	Capital return £'000	Total £'000
Investment income	2	**909**	**–**	**909**
Holding gains/(losses) on investments at fair value through profit or loss		**–**	**1,959**	**1,959**
Gains/(losses) on disposal of investments at fair value through profit or loss		**–**	**398**	**398**
Foreign exchange gains/(losses)		**–**	**18**	**18**
Expenses		**(218)**	**(110)**	**(328)**
Profit/(loss) before finance costs and tax		**691**	**2,265**	**2,956**
Finance costs		**(12)**	**(14)**	**(26)**
Profit/(loss) before tax		**679**	**2,251**	**2,930**
Taxation		**12**	**–**	**12**
Profit/(loss) for the period		**691**	**2,251**	**2,942**
Earnings per ordinary share	4			
Basic		**2.06p**	**9.01p**	**11.07p**
Diluted		**1.97p**	**6.43p**	**8.40p**

The Income Statement above reflects the change made last year in the presentation of our accounts from consolidated group reporting to parent company only reporting under the new International Reporting Standard IFRS10. This change was fully explained in the Annual Report for the year ended 31 December 2014. The results for the 6 months to 30 June 2014 have been restated to show parent company only figures under IFRS so as to be on a basis consistent with the results for the 6 months to 30 June 2015 and the previously published audited results in the Annual Report for the year ended 31 December 2014.

The company does not have any income or expense that is not included in profit for the period and all items derive from continuing operations. Accordingly, the 'Profit/(loss) 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 has been presented.

The total column of this statement is the company's Income Statement, prepared in accordance with IFRS. The supplementary revenue return and capital return columns are both prepared under guidelines published by the Association of Investment Companies.

All profit and total comprehensive income is attributable to the equity holders of the company.

Unaudited 6 months to 30 June 2014 (restated)			Audited Year ended 31 December 2014		
Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
2,588	–	2,588	2,871	–	2,871
–	(5,330)	(5,330)	–	(3,226)	(3,226)
–	316	316	–	(313)	(313)
–	–	–	–	(147)	(147)
(194)	(103)	(297)	(398)	(225)	(623)
2,394	(5,117)	(2,723)	2,473	(3,911)	(1,438)
(17)	–	(17)	(57)	(28)	(85)
2,377	(5,117)	(2,740)	2,416	(3,939)	(1,523)
13	–	13	54	–	54
2,390	(5,117)	(2,727)	2,470	(3,939)	(1,469)
8.86p	(20.48)p	(11.62)p	8.48p	(15.76)p	(7.28)p
6.83p	(14.63)p	(7.80)p	7.06p	(11.25)p	(4.19)p

Condensed Statement of Changes in Equity

Six months ended 30 June 2015

	Unaudited Six months ended 30 June 2015			
	Share capital* £'000	Capital reserve £'000	Retained earnings £'000	Total £'000
Balance at 31 December 2014	35,000	(10,294)	2,420	27,126
Profit for the period	–	2,251	691	2,942
Ordinary dividend paid	–	–	(1,325)	(1,325)
Preference dividend paid	–	–	(175)	(175)
Balance at 30 June 2015	35,000	(8,043)	1,611	28,568

	Unaudited Six months ended 30 June 2014 (restated)			
	Share capital* £'000	Capital reserve £'000	Retained earnings £'000	Total £'000
Balance at 31 December 2013 - restated	35,000	(6,355)	2,250	30,895
(Loss)/profit for the period	–	(5,117)	2,390	(2,727)
Ordinary dividend paid	–	–	(1,275)	(1,275)
Preference dividend paid	–	–	(175)	(175)
Balance at 30 June 2014	35,000	(11,472)	3,190	26,718

	Audited Year ended 31 December 2014			
	Share capital* £'000	Capital reserve £'000	Retained earnings £'000	Total £'000
Balance at 31 December 2013 - restated	35,000	(6,355)	2,250	30,895
(Loss)/profit for the period	–	(3,939)	2,470	(1,469)
Ordinary dividend paid	–	–	(1,950)	(1,950)
Preference dividend paid	–	–	(350)	(350)
Balance at 31 December 2014	35,000	(10,294)	2,420	27,126

*The company's share capital comprises £35,000,000 (2014 - £35,000,000) being 25,000,000 ordinary shares of £1 (2014 - 25,000,000) and 10,000,000 non-voting convertible preference shares of £1 each (2014 - 10,000,000).

Condensed Balance Sheet

As at 30 June 2015

	Unaudited 30 June 2015 £'000	Unaudited 30 June 2014 (restated) £'000	Audited 31 December 2014 £'000
Non – current assets			
Investments - fair value through profit or loss (note 1)	**27,788**	26,670	27,334
Subsidiaries – fair value through profit or loss	**6,207**	5,928	6,499
	33,995	32,598	33,833
Current assets			
Receivables	**1,337**	1,474	1,406
Derivatives - fair value through profit or loss	–	737	87
Cash and cash equivalents	**1,190**	1,029	250
	2,527	3,240	1,743
Total assets	**36,522**	35,838	35,576
Current liabilities			
Trade and other payables	**(1,903)**	(2,435)	(1,414)
Bank loan	**(1,724)**	(2,588)	(2,743)
	(3,627)	(5,023)	(4,157)
Total assets less current liabilities	**32,895**	30,815	31,419
Non – current liabilities	**(4,327)**	(4,097)	(4,293)
Net assets	**28,568**	26,718	27,126
Equity attributable to equity holders			
Ordinary share capital	**25,000**	25,000	25,000
Convertible preference share capital	**10,000**	10,000	10,000
Capital reserve	**(8,043)**	(11,472)	(10,294)
Retained revenue earnings	**1,611**	3,190	2,420
Total equity	**28,568**	26,718	27,126
Net assets per ordinary share - basic	**£0.74**	£0.67	£0.69
Net assets per ordinary share - diluted	**£0.82**	£0.76	£0.78

Condensed Cashflow Statement

Six months ended 30 June 2015

	Unaudited 6 months to 30 June 2015	Unaudited 6 months to 30 June 2014 (restated)	Audited Year ended 31 December 2014
	£'000	£'000	£'000
Cash flow from operating activities			
Profit/(loss) before tax	**2,930**	(2,740)	(1,523)
Adjustment for:			
(Profits)/losses on investments	**(2,357)**	5,014	3,539
Scrip dividends	**(3)**	(20)	(25)
Proceeds on disposal of investments at fair value through profit or loss	**3,677**	4,142	5,866
Purchases of investments at fair value through profit or loss	**(1,357)**	(3,363)	(4,170)
Interest paid	**26**	17	85
Operating cash flows before movements in working capital	**2,916**	3,050	3,772
Increase in receivables	**(98)**	(851)	(784)
Increase/(decrease) in payables	**480**	(1,256)	(2,277)
Net cash from operating activities before interest	**3,298**	943	711
Interest paid	**(26)**	(17)	(85)
Net cash from operating activities after interest before taxation	**3,272**	926	626
Taxation	**12**	13	54
Net cash flows from operating activities	**3,284**	939	680
Cash flow from financing activities			
Dividends paid on ordinary shares	**(1,325)**	(1,275)	(1,950)
Bank loan	**(1,019)**	1,140	1,295
Net cash used in financing activities	**(2,344)**	(135)	(655)
Net increase in cash and cash equivalents	**940**	804	25
Cash and cash equivalents at beginning of period	**250**	225	225
Cash and cash equivalents at end of period	**1,190**	1,029	250

Notes to the Company's Condensed Financial Statements

Six months ended 30 June 2015

1. Accounting policies

Basis of preparation

This interim report is prepared in accordance with IAS 34 'Interim Financial Reporting' and on the basis of the accounting policies set out in the company's annual Report and financial statements at 31 December 2014.

The annual financial statements of the company are prepared in accordance with International Financial Reporting standards as adopted by the European Union.

Basis of preparation and statement of compliance

The company's condensed financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the IASB and International Accounting Standards and Standing Interpretations Committee interpretations approved by the IASC that remain in effect, and to the extent they have been adopted by the European Union.

The company used to publish group accounts for British & American Investment Trust PLC Group which were prepared under IFRS. Following an amendment introduced in IFRS 10 in December 2014, the group is no longer allowed to consolidate its subsidiaries and therefore instead of preparing group accounts it now prepares separate financial statements for the parent entity only. In order to promote consistency with the way that the group accounts were previously prepared, the company changed from UK GAAP to IFRS in 2014.

The adoption of the IFRS10 amendment was applied in the last annual accounts but was not adopted in the last half-year report to 30 June 2014. Accordingly figures in this report relating to the 30 June 2014 comparatives have been restated to be on a consistent basis.

The financial statements have been prepared on the historical cost basis except for the measurement at fair value of investments, derivative financial instruments, and subsidiaries. The same accounting policies as those published in the statutory accounts for 31 December 2014 have been applied.

Significant accounting policies

In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the Association of Investment Companies (AIC), supplementary information which analyses the income statement between items of a revenue and capital nature has been presented alongside the income statement.

As the entity's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or increases in fair value, listed equities and fixed income securities are designated as fair value through profit or loss on initial recognition. The company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about the company is provided internally on this basis to the entity's key management personnel.

Investments held at fair value through profit or loss, including derivatives held for trading, are initially recognised at fair value.

All purchases and sales of investments are recognised on the trade date.

After initial recognition, investments, which are designated as at fair value through profit or loss, are measured at fair value. Gains or losses on investments designated as at fair value through profit or loss are included in net profit or loss as a capital item, and material transaction costs on acquisition and disposal of investments are expensed and included in the capital column of the income statement. For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices or last traded prices, depending upon the convention of the exchange on which the investment is quoted at the close of business on the balance sheet date. Investments in units of unit trusts or shares in OEICs are valued at the closing price released by the relevant investment manager.

In respect of unquoted investments, or where the market for a financial instrument is not active, fair value is established by using an appropriate valuation technique.

Investments of the company in subsidiary companies are held at the fair value of their underlying assets and liabilities.

This includes the valuation of film rights in British and American Films Limited and thus the fair value of its immediate parent BritAm Investments Limited. In determining the fair value of the film rights, estimates are made. These include future film revenues which are estimated by the management. Estimations made have taken into account historical results, current trends and other relevant factors.

Where a subsidiary has negative net assets it is included in investments at nil value and a provision is made for it on the balance sheet where the ultimate parent company has made a guarantee to pay the liabilities if they fall due.

Dividend income from investments is recognised as income when the shareholders' rights to receive payment has been established, normally the ex-dividend date.

Interest income on fixed interest securities is recognised on a time apportionment basis so as to reflect the effective interest rate of the security.

When special dividends are received, the underlying circumstances are reviewed on a case by case basis in determining whether the amount is capital or income in nature. Amounts recognised as income will form part of the company's distribution. Any tax thereon will follow the accounting treatment of the principal amount.

All expenses are accounted for on an accruals basis. Expenses are charged as revenue items in the income statement except as follows:

– transaction costs which are incurred on the purchase or sale of an investment designated as fair value through profit or loss are expensed and included in the capital column of the income statement;

– expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated, and accordingly investment management and related costs have been allocated 50% (2014 – 50%) to revenue and 50% (2014 – 50%) to capital, in order to reflect the directors' long-term view of the nature of the expected investment returns of the company.

Notes to the Company's Condensed Financial Statements (continued)

The 3.5% cumulative convertible non-redeemable preference shares issued by the company are classified as equity instruments in accordance with IAS 32 'Financial Instruments – Presentation' and as the company has no contractual obligation to redeem the preference shares for cash or pay preference dividends unless similar dividends are declared to ordinary shareholders.

Segmental reporting

The directors are of the opinion that the company is engaged in a single segment of business, that is investment business, and therefore no segmental reporting is provided.

2. Investment income

	Unaudited 6 months to 30 June 2015 £'000	Unaudited 6 months to 30 June 2014 £'000	Audited Year ended 31 December 2014 £'000
Income from investments	**898**	2,588	2,849
Other income	**11**	–	22
	909	2,588	2,871

Under IFRS 10 the income analysis is for the parent company only rather than that of the consolidated group shown in previous years. Thus film revenues of £29,000 (30 June 2014 - £71,000, 31 December 2014 - £165,000) received by the subsidiary British & American Films Limited and property unit trust income of £10,000 (30 June 2014 - £12,000, 31 December 2014 - £24,000) received by the subsidiary BritAm Investments Limited are shown separately in this paragraph for information purposes.

3. Proposed dividends

	Unaudited 6 months to 30 June 2015 Interim		Unaudited 6 months to 30 June 2014 Interim		Audited year ended 31 December 2014 Final	
	Pence per share	**£'000**	Pence per share	£'000	Pence per share	£'000
Ordinary shares	**2.7**	**675**	2.7	675	5.3	1,325
Preference shares – fixed	**1.75**	**175**	1.75	175	1.75	175
		850		850		1,500

The directors have declared an interim dividend of 2.7p (2014 – 2.7p) per ordinary share, payable on 12 November 2015 to shareholders registered on 16 October 2015. The shares will be quoted ex-dividend on 15 October 2015.

The dividends on ordinary shares are based on 25,000,000 ordinary £1 shares. Dividends on preference shares are based on 10,000,000 non-voting 3.5% convertible preference shares of £1.

The holders of the 3.5% convertible preference shares will be paid a dividend of £175,000 being 1.75p per share. The payment will be made on the same date as the dividend to the ordinary shareholders.

Notes to the Company's Condensed Financial Statements (continued)

3. Proposed dividends (continued)

Amounts recognised as distributions to ordinary shareholders in the period:

	Unaudited 6 months to 30 June 2015		Unaudited 6 months to 30 June 2014		Audited Year ended 31 December 2014	
	Pence per share	**£'000**	Pence per share	£'000	Pence per share	£'000
Ordinary shares – final	**5.3**	**1,325**	5.1	1,275	5.1	1,275
Ordinary shares – interim	–	–	–	–	2.7	675
Preference shares – fixed	**1.75**	**175**	1.75	175	3.5	350
		1,500		1,450		2,300

4. Earnings per ordinary share

	Unaudited 6 months to 30 June 2015 £'000	Unaudited 6 months to 30 June 2014 £'000	Audited Year ended 31 December 2014 £'000
Basic earnings per share			
Calculated on the basis of:			
Net revenue profit after preference dividends	**516**	2,215	2,120
Net capital profit/(loss)	**2,251**	(5,117)	(3,939)
Net total earnings after preference dividends	**2,767**	(2,902)	(1,819)
Ordinary shares in issue	**25,000**	25,000	25,000
Diluted earnings per share			
Calculated on the basis of:			
Net revenue profit	**691**	2,390	2,470
Net capital profit/(loss)	**2,251**	(5,117)	(3,939)
Profit/(loss) after taxation	**2,942**	(2,727)	(1,469)
Ordinary and preference shares in issue	**35,000**	35,000	35,000

Diluted earnings per share is calculated taking into account the preference shares which are convertible to ordinary shares on a one for one basis, under certain conditions, at any time during the period 1 January 2006 to 31 December 2025 (both dates inclusive).

Notes to the Company's Condensed Financial Statements (continued)

5. Net asset value attributable to each share

Basic net asset value attributable to each share has been calculated by reference to 25,000,000 ordinary shares, and company net assets attributable to shareholders as follows:

	Unaudited 30 June 2015 £'000	Unaudited 30 June 2014 £'000	Audited 31 December 2014 £'000
Total net assets	**28,568**	26,718	27,126
Less convertible preference shares	**(10,000)**	(10,000)	(10,000)
Net assets attributable to ordinary shareholders	**18,568**	16,718	17,126

Diluted net asset value is calculated on the total net assets in the table above and on 35,000,000 shares, taking into account the preference shares which are convertible to ordinary shares on a one for one basis, under certain conditions, at any time during the period 1 January 2006 to 31 December 2025 (both dates inclusive).

Basic net assets and earnings per share are calculated using a value of par for the preference shares.

Consequently, when the net asset value attributed to ordinary shares remains below par the diluted net asset value will show a higher value than the basic net asset value.

6. Non – current liabilities

Guarantee of subsidiary liability	**Unaudited 30 June 2015 £'000**	Unaudited 30 June 2014 £'000	Audited 31 December 2014 £'000
Opening provision	**4,293**	4,131	4,131
Increase/(decrease) in period	**34**	(34)	162
Closing provision	**4,327**	4,097	4,293

The provision is in respect of a guarantee made by the company for liabilities between its wholly owned subsidiaries, Second BritAm Investments Limited, BritAm Investments Limited and British and American Films Limited. The guarantee is to pay out the liabilities of Second BritAm Investments Limited if they fall due. There is no current intention for these liabilities to be called.

Notes to the Company's Condensed Financial Statements (continued)

7. Related party transactions

Romulus Films Limited and Remus Films Limited have significant shareholdings in the company (6,902,812 (27.6%) ordinary shares held by Romulus Films Limited, 7,868,750 (31.5%) ordinary shares held by Remus Films Limited). Romulus Films Limited also holds 10,000,000 cumulative convertible preference shares.

The company rents its offices from Romulus Films Limited, and is also charged for its office overheads. During the period the company paid £8,876 (30 June 2014 – £8,224 and 31 December 2014 – £17,322) in respect of those services.

The salaries and pensions of the company's employees, except for the three non-executive directors, are paid by Remus Films Limited and Romulus Films Limited and are recharged to the company. Amounts charged by these companies in the period to 30 June 2015 were £190,046 (30 June 2014 – £183,033 and 31 December 2014 – £407,913) in respect of salary costs and £24,000 (30 June 2014 – £18,726 and 31 December 2014 – £41,875) in respect of pensions.

At the period end an amount of £11,978 (30 June 2014 – £(33,857) and 31 December 2014 – £nil) was due from/(to) Romulus Films Limited and £(44,027) (30 June 2014 – £(14,861) and 31 December 2014 – £nil) was due from/(to) Remus Films Limited.

During the period subsidiary BritAm Investments Limited paid dividends of £580,000 (30 June 2014 – £2,151,333 and 31 December 2014 – £2,151,333) to the parent company, British & American Investment Trust PLC.

British & American Investment Trust PLC has guaranteed the liabilities of £4,327,000 (30 June 2014 – £4,097,000 and 31 December 2014 – £4,293,000) due from Second BritAm Investments Limited to its fellow subsidiaries if they should fall due.

During the period the company paid interest of £10,533 (30 June 2014 – £nil and 31 December 2014 – £47,208) on the loan due to BritAm Investments Limited.

During the period the company received interest of £9,778 (30 June 2014 – £nil and 31 December 2014 – £19,050) from British and American Films Limited and £1,283 (30 June 2014 – £nil and 31 December 2014 – £2,694) from Second BritAm Investments Limited.

All transactions with subsidiaries were made on an arms length basis.

Details of any past related party transactions are contained in the company's Annual Report for the year ended 31 December 2014.

Notes to the Company's Condensed Financial Statements (continued)

8. Retained earnings

The table below shows the movement in the retained earnings analysed between revenue and capital items.

	Capital reserve £'000	Retained earnings £'000
At 1 January 2015	(10,294)	2,420
Allocation of profit for the period	2,251	691
Ordinary and preference dividends paid	–	(1,500)
At 30 June 2015	(8,043)	1,611

The capital reserve includes £4,761,000 of investment holding gains (30 June 2014 – £3,890,000, 31 December 2014 – £4,768,000 gain).

9. Financial instruments

Financial instruments carried at fair value

All investments are carried at fair value. Other financial assets and liabilities of the company are held at amounts that approximate to fair value. The book value of cash at bank and bank loans included in these financial statements approximate to fair value because of their short-term maturity.

Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities.

These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly:

(1) Prices of recent transactions for identical instruments.
(2) Valuation techniques using observable market data.

Level 3: Unobservable inputs for the asset or liability.

Financial assets and financial liabilities at fair value through profit or loss at 30 June 2015	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Investments including derivatives:				
Investments held at fair value through profit or loss	24,357	2,160	1,271	27,788
Subsidiary held at fair value through profit or loss	–	–	6,207	6,207
Total financial assets and liabilities carried at fair value	24,357	2,160	7,478	33,995

Notes to the Company’s Condensed Financial Statements (continued)

9. Financial instruments (continued)

With the exception of Biotime Series A Convertible Preferred Stock and BritAm Investments Limited and Second BritAm Investments Limited (unquoted subsidiaries) which are categorised as Level 3 and investment in Unit Trusts which is categorised as Level 2 (2), all other investments are categorised as Level 1.

Fair Value Assets in Level 3

The following table shows the reconciliation from the opening balances to the closing balances for fair value measurement in level 3 of the fair value hierarchy.

	Level 3 **£’000**
Opening fair value at 1 January 2015	7,785
Purchases	–
Sales proceeds	–
Gains on sales	–
Investment holding losses	(307)
Closing fair value at 30 June 2015	7,478

Biotime preferred stock

The Biotime preferred stock is convertible to Biotime shares at any time until March 2019 where automatic conversion will take place. The fair value has been determined by the Directors, taking into account the estimated market value of the Biotime shares in 2019 and the discounted cash flows of the semi-annual preference dividends.

Subsidiaries

The fair value of the subsidiaries is determined to be equal to the net asset values of the subsidiaries at year end plus the uplift in the revaluation of film rights in British and American Films Limited, a subsidiary of BritAm Investments Limited.

The fair value of the film rights have been determined by estimating the present value of the post-tax film revenues in the next 10 years discounted at a discount rate of 12%.

There have been no transfers between levels of the fair value hierarchy during the period. Transfers between levels of fair value hierarchy are deemed to have occurred at the date of the event or change in circumstances that caused the transfer.

10. Transition to IFRS

This is the first year that the company has presented its separate Half Yearly Report for the period to 30 June 2015 under IFRS. The date of transition to IFRS was 1 January 2013.

The following tables summarise the adjustments made to the balance sheet and the income statement on implementation of the new accounting policies.

Restated balances for December 2013, the opening balance sheets, are included within the financial statements of the company's latest audited accounts.

	Balances as at 30 June 2014 (UK GAAP)	Impact of change in accounting policy	Restated balances as at 30 June 2014 (IFRS)
	£'000	£'000	£'000
Investments	31,762	836	32,598

Investments are designated as held at fair value under IFRS. Previously, under UK GAAP investments in subsidiaries included films rights recorded as an amortised intangible asset. This results in an upward revaluation of £836,000 in investments and an increase in capital reserves.

The effect on the income statement was as follows:

	Balances as at 30 June 2014 (UK GAAP)	Impact of change in accounting policy	Restated balances as at 30 June 2014 (IFRS)
	£'000	£'000	£'000
Holding losses on investments at fair value through profit or loss	(5,332)	2	(5,330)

All comparative information and relevant notes have been restated.

Directors’ statement

Principal risks and uncertainties

The principal risks and uncertainties faced by the company continue to be as described in the previous annual accounts. Further information on each of these areas, together with the risks associated with the company's financial instruments are shown in the Directors' Report and notes to the financial statements within the Annual Report and Accounts for the year ended 31 December 2014.

The Chairman’s Statement and Managing Director’s report include commentary on the main factors affecting the investment portfolio during the period and the outlook for the remainder of the year.

Directors' Responsibilities statement

The Directors are responsible for preparing the half-yearly report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge the interim financial statements, within the half-yearly report, have been prepared in accordance with IAS 34 'Interim Financial Reporting'. The Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. The Directors further confirm that the Chairman’s Statement and Managing Director's Report includes a fair review of the information required by 4.2.7R and 4.2.8R of the FCA’s Disclosure and Transparency Rules.

The Directors of the company are listed in the section preceding the Chairman’s Statement.

The half-yearly report was approved by the Board on 28 August 2015 and the above responsibility statement was signed on its behalf by:

Jonathan C Woolf

Independent Review Report to the members of British & American Investment Trust PLC

Introduction

We have reviewed the condensed set of financial statements in the half-yearly financial report of British & American Investment Trust PLC for the six months ended 30 June 2015 which comprises the Condensed Income Statement, the Condensed Statement of Changes in Equity, the Condensed Balance Sheet, the Condensed Cashflow Statement and related Notes to the Company's Condensed financial results. We have read the other information contained in the half yearly financial report being the Financial Highlights, the Chairman's Statement, the Managing Director's Report, the Investment Portfolio and the Directors' Responsibilities Statement, and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company's members, as a body, 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'. Our review work has been undertaken so that we might state to the company's members those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has 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 a conclusion on the condensed set of financial statements in the half-yearly 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'. 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.

Independent Review Report to the members of British & American Investment Trust PLC (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

GRANT THORNTON UK LLP
AUDITOR
London
28 August 2015