

British & American Investment Trust PLC

Interim Report

30 June 2024

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Directors

David G. Seligman (*Chairman*)

Jonathan C. Woolf (*Managing Director*)

Julia Le Blan (*Non-executive and Chair of the Audit Committee*)

Alex Tamlyn (*Non-executive*)

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Registered Office

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Member of the Association of Investment Companies (AIC)

Financial Highlights

For the six months ended 30 June 2024

	Unaudited 6 months to 30 June 2024 £'000	Unaudited 6 months to 30 June 2023 £'000	Audited Year ended 31 December 2023 £'000
Revenue			
Return before tax	<u>412</u>	<u>740</u>	<u>797</u>
Earnings per £1 ordinary shares – basic (note 5)	<u>1.00p</u>	<u>2.29p</u>	<u>1.86p</u>
Earnings per £1 ordinary shares – diluted (note 5)*	<u>1.00p</u>	<u>2.14p</u>	<u>1.86p</u>
Capital			
Total equity	<u>9,697</u>	<u>8,749</u>	<u>4,512</u>
Revenue reserve (note 9)	<u>646</u>	<u>766</u>	<u>221</u>
Capital reserve (note 9)	<u>(25,949)</u>	<u>(27,017)</u>	<u>(30,709)</u>
Net assets per ordinary share (note 6)			
– Basic**	<u>£0.28</u>	<u>£0.25</u>	<u>£0.13</u>
– Diluted	<u>£0.28</u>	<u>£0.25</u>	<u>£0.13</u>
Diluted net assets per ordinary share at 24 September 2024	<u>£0.27</u>		
Dividends***			
Dividend per ordinary share (note 4)	<u>1.75p</u>	<u>1.75p</u>	<u>1.75p</u>
Dividend per preference share (note 4)	<u>1.75p</u>	<u>1.75p</u>	<u>1.75p</u>

*Calculated in accordance with International Accounting Standard 33 'Earnings per Share'.

**Basic net assets per share are calculated using a value of fully diluted net asset value for the preference shares.

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

Copies of this report will be posted to shareholders and be available for download at the company's website: www.baitgroup.co.uk.

Chairman's Statement

I report our results for the six months to 30 June 2024.

Revenue

The profit on the revenue account before tax amounted to £0.4 million (30 June 2023: profit £0.7 million). This decrease was the result of a lower level of income receipts from our subsidiary companies compared to the same six month period in 2023.

Gross revenues totalled £0.7 million (30 June 2023: £0.9 million) during the period. In addition, film income of £29,000 (30 June 2023: £24,000) was received in our subsidiary companies. In accordance with IFRS10, film income is not included within the revenue figures noted above.

A gain of £4.9 million (30 June 2023: £1.2 million gain) was registered on the capital account before capitalised expenses and foreign exchange gains/losses, comprising a realised gain of £0.2 million (30 June 2023: £0.4 million gain) and an unrealised gain of £4.7 million (30 June 2023: £0.8 million gain).

Revenue earnings per ordinary share were 1.00 pence on a fully diluted basis (30 June 2023: 2.14 pence).

Net Assets and Performance

Company net assets were £9.7 million (£4.5 million, at 31 December 2023), an increase of 114.9 percent. Over the same period, the FTSE 100 index increased by 5.6 percent and the All Share index increased by 5.2 percent. With no dividend paid during the period, the total return on net assets remains unchanged and the total return for the FTSE 100 and All Share indices were increases of 7.9 percent and 7.4 percent, respectively. The net asset value per £1 ordinary share was 28.0 pence on a fully diluted basis.

This substantial out-performance in net assets over the period was the result of an increase of 101 percent in the value of our major US investment, Geron Corporation Inc. This uplift follows the long-awaited and much-anticipated clearance by the US FDA of Geron's haematological cancer drug, Rytelo, its first such approval, on 7th June this year. This represents a significant milestone in our long history of investment in this company and more detailed comment on this pleasing development is made in the Managing Director's report below.

Our strong six-month performance noted above extends the cumulative outperformance of our portfolio in total return over the last two years to over 50 percent.

In my last statement in April commenting on equity markets in 2023 and the first 4 months of 2024, I noted the strength and resilience of these markets over the period as investors saw sustained reductions in inflation leading to interest rate cuts from the US Federal Reserve and other central banks. These cuts had originally been expected to commence in the second half of 2023 but the first such cuts only started with the Bank of England and the European Central Bank, together with Canada and Sweden in June and July of this year. The US Federal Reserve has only now this month made its first cut by a larger than usual initial amount of 0.5 percent following some recent single month indications of weakness in growth and employment. Despite this delay to expectations, however, equity markets have continued not only to be strong but in both the UK and the USA have attained all time highs over the past few months. These strong levels have been sustained despite increased volatility over the summer months, as the rare occurrence of a soft landing in the USA without a return to recession is believed to be in prospect.

Chairman's Statement (continued)

In April I also commented on the worrying economic, social, geopolitical and climatic developments around the world which without improvement could only pose a long-term risk to growth and stability in markets and therefore to investment returns in the future.

To be added now to this long list of concerns is the result of the recent general election in the UK. With the Labour party being returned to government with an overwhelming but numerically unrepresentative majority, their proposals for radical change will inevitably have a substantial effect on the future economic and social well-being of the UK. While professing a single-minded focus on economic growth coupled with fiscal responsibility in their campaign and manifesto, their actions in the two months since the election, their already announced policies and their expected budget plans in the autumn are conversely anti-growth and pro-inflation in nature. This has included or foreshadowed above-inflation public sector pay awards, weakening of industrial relations legislation, tightening of employment laws, directing new housing development to areas of lower economic activity and job-related desirability, reduction in pension contribution reliefs to the long-term detriment of national savings rates and retirement balances thereby negatively impacting investment markets, raising taxes on wealth-creators, discouragement of private investment in capital creation and enterprise through increased capital or proxy taxes, accelerated wind-down of national oil assets in the North Sea, placing added burdens on landlords in the private rental market, the effect of which will be to restrict rental housing supply and raise rents, the lack of an immigration or asylum control plan, the early release of prisoners and a squeeze on pensioners. More generally, the approach of this government appears to be decidedly interventionist, redistributive and collectivist in nature, to the extent that in the short period of time since its election, the medium to long-term prospects for the UK in terms of its economy, inflation, interest rates, currency, investment prospects and social cohesion appear to have taken a worrying turn for the worse.

Dividends

We intend to pay an interim dividend of 1.75 pence per ordinary share for the year to 31st December 2024 on 5 December 2024. This is the same level of dividend as was paid in calendar 2023. A preference dividend of 1.75 pence per preference share will be paid on the same date.

This dividend payment represents a yield of approximately 10 percent on the ordinary share price averaged over the first six month period of the year.

Outlook

As previously noted, with the many political, social, economic, security and indeed climatic uncertainties facing the world today, both in the immediate future and in the longer-term, it is difficult to be very positive about the investment outlook going forward. And given the specific comments made above in relation to the United Kingdom, the investment climate for equities in the UK is not expected to be favourable in the period to come, as it has not been, relatively speaking, for some time now.

We have maintained a full investment policy over the course of many years, with an increasing focus over the last decade on US-based investments in the biotechnology sector. Latterly, these investments have enabled us to outperform our benchmarks on a total return basis, as noted above. As and when these investments approach and reach maturity, we will examine how best to pivot our investment activity into those areas and asset classes which we consider are best placed to respond to the many international and regional concerns we perceive which might adversely affect investment performance in the future.

Chairman's Statement (continued)

As at 24 September, company net assets were £9.6 million, a decrease of 1.1 percent since the period end, and equivalent to 27.0 pence per share on a fully diluted basis. This small decrease was due entirely to the 5.5 percent increase in sterling against the US dollar over the period. On a constant exchange rate basis, the net assets would have increased by approximately 7.0 percent. Over the same period, the FTSE 100 index increased by 1.5 percent and the All Share index increased by 1.6 percent.

David Seligman

27 September 2024

Managing Director's Report

On 7th June this year, the US FDA granted formal approval to Geron Corporation, our largest US investment, to market their new and ground-breaking haematological cancer drug, "Rytelo" (previously known as Imetelstat), in the USA.

This is a long awaited development and marks an important milestone not just for Geron, allowing it to commence sales of the drug immediately and establish a real value both in the market and for potential pharma acquirers or partners, but also for our own portfolio and investment strategy from the initial modest investment in this company over 20 years ago to its position now as our largest single investment.

The extreme share price volatility shown by this stock over many years has made it a difficult stock to hold, but equally these price fluctuations, which did not necessarily reflect its true value and potential, enabled us over time to build up our investment in a cost effective way, even though on many occasions its poor performance has weighed heavily on our own portfolio performance. Nevertheless, as noted in the Chairman's statement, this investment has enabled our portfolio to register outperformance in total return of over 50 percent against our benchmarks over the last two years. Additionally, our portfolio has also outperformed our benchmarks on the same basis by over 20 percent over both the last 3 years and 5 years.

The approval obtained in June resulted in a further increase in Geron's share price, building on the rise of 80 percent reported in April in our 2023 final report when the approval was heralded by the FDA's committee in March, to show an increase of 101 percent for the six month period to 30th June as a whole. In relation to book cost, the value of the holding stood at a premium to cost of a 35 percent at the period end, although down from the premium of 70 percent on the price registered immediately after the approval announcement. At the date of this report, the premium to book cost has risen to 50 percent.

Geron was able to report encouraging sales within the first few weeks following approval, for which it had already built up a substantial sales, marketing and distribution team. It will be a few months before real visibility on sales levels and prospective revenues can be determined and an appropriate value attributed to the stock price. Given the long period of perceived undervaluation of this stock, an as yet unrevealed interest in the stock by big pharma, the ongoing trials of Rytelo in other haematological indications and imminently expected news of similar approvals from the UK and European Union to follow that from the

Managing Director's Report (continued)

USA, we believe that considerable further value remains to be captured by this investment which we will continue to hold until an appropriate level of value and return has been achieved.

Investment climate outlook

The Chairman has commented above and in previous reports on the risks perceived to future investment activity and returns posed by the many political, social, economic, security and indeed climatic uncertainties facing the world today. These concerns are considered to be significant and wide-ranging and do not even take into account those unknown and unquantifiable risks which can arise unexpectedly, so called 'black swan' events such as for example the Covid pandemic in 2020, and which can cause extreme damage to systems, markets, economies, social practices, nations and indeed the world with severe consequences for asset values and investment returns. The outbreak of full-scale war in Europe or in the South China Sea, for example, or a major failure in the global digital architecture such as in the internet cloud or even the breaking of encryption security by advances in quantum computing would be examples of other such unanticipated but seriously destabilising events.

Some future risks, whether immediate or long-term in nature, can also be the result of deliberate but misguided policy, as with the potential for substantial economic damage here in the UK resulting from errors made by the new Labour government. It remains to be seen just how damaging they will be to the economic and financial recovery from Covid and inflation which had begun to be established over the last year or so and how much they will embed lower rates of economic growth and even higher rates of tax over the longer term.

It is against that background of multiple uncertainty and the attendant risks to long-term investment in equities in particular that we will judge the re-calibration of our currently equity-heavy portfolio as the value of our investment in Geron reaches its perceived potential. A return to a more traditionally balanced and diversified portfolio across a full range of asset classes and currencies is anticipated.

Jonathan C Woolf

27 September 2024

Investment Portfolio

As at 30 June 2024

Company	Nature of Business	Valuation £'000	Percentage of portfolio %
Geron Corporation (USA)*	Biomedical	5,494	33.01
Dunedin Income Growth	Investment Trust	1,078	6.48
Lineage Cell Therapeutics (USA)**	Biotechnology	449	2.70
abrdn Diversified Income & Growth	Investment Trust	400	2.40
Serina Therapeutics (USA)	Biotechnology	22	0.13
ADVFN	Other financial	16	0.10
Vodafone	Telecommunications	14	0.08
Audioboom	Media	13	0.08
IQE	Semiconductors	6	0.04
Relief Therapeutics (Switzerland)	Healthcare	4	0.02
10 Largest investments (excluding subsidiaries)		7,496	45.04
Investment in subsidiaries		8,660	54.89
Other investments (number of holdings: 8)		12	0.07
Total investments		16,168	100.00

* Total value of investment including held by subsidiary companies - £11,245,000

** Total value of investment including held by subsidiary companies - £1,781,000

Condensed Income Statement

Six months ended 30 June 2024

		Unaudited 6 months to 30 June 2024		
	Note	Revenue return £'000	Capital return £'000	Total £'000
Investment income	3	665	–	665
Holding gains/(losses) on investments at fair value through profit or loss		–	4,695	4,695
Gains/(losses) on disposal of investments at fair value through profit or loss		–	193	193
Foreign exchange gains/(losses)		(4)	15	11
Expenses		(219)	(125)	(344)
Profit/(loss) before finance costs and tax		442	4,778	5,220
Finance costs		(30)	(18)	(48)
Profit/(loss) before tax		412	4,760	5,172
Taxation		13	–	13
Profit/(loss) for the period		425	4,760	5,185
Earnings/(loss) per ordinary share	5			
Basic		1.00p	19.04p	20.04p
Diluted*		1.00p	19.04p	20.04p

The company does not have any income or expense that is not included in profit/(loss) 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.

*Calculated in accordance with International Accounting Standard 33 'Earnings per Share'. Conversion of the preference shares will have an antidilutive effect. Upon conversion of the preference shares to ordinary shares the anti-diluted earnings per share would be 1.22p (31 December 2023 – 2.33p) (revenue return) (Note 5).

Unaudited
6 months to 30 June 2023

Audited
Year ended 31 December 2023

Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
944	–	944	1,264	–	1,264
–	747	747	–	(2,196)	(2,196)
–	412	412	–	(175)	(175)
34	(113)	(79)	(36)	(119)	(83)
(219)	(124)	(343)	(453)	(255)	(708)
<u>759</u>	<u>922</u>	<u>1,681</u>	<u>847</u>	<u>(2,745)</u>	<u>(1,898)</u>
(19)	(11)	(30)	(50)	(36)	(86)
<u>740</u>	<u>911</u>	<u>1,651</u>	<u>797</u>	<u>(2,781)</u>	<u>(1,984)</u>
7	–	7	17	–	17
<u>747</u>	<u>911</u>	<u>1,658</u>	<u>814</u>	<u>(2,781)</u>	<u>(1,967)</u>
2.29p	3.64p	5.93p	1.86p	(11.12)p	(9.26)p
2.14p	2.60p	4.74p	1.86p	(11.12)p	(9.26)p

Condensed Statement of Changes in Equity

Six months ended 30 June 2024

	Unaudited			
	Six months ended 30 June 2024			
	Share capital*	Capital reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000
Balance at 31 December 2023	35,000	(30,709)	221	4,512
Return for the period	–	4,760	425	5,185
Balance at 30 June 2024	35,000	(25,949)	646	9,697

	Unaudited			
	Six months ended 30 June 2023			
	Share capital*	Capital reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000
Balance at 31 December 2022	35,000	(27,298)	19	7,091
Return for the period	–	911	747	1,658
Balance at 30 June 2023	35,000	(27,017)	766	8,749

	Audited			
	Year ended 31 December 2023			
	Share capital*	Capital reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000
Balance at 31 December 2022	35,000	(27,298)	19	7,091
(Loss)/return for the period	–	(2,781)	814	(1,767)
Ordinary dividend paid	–	–	(437)	(437)
Preference dividend paid	–	–	(175)	(175)
Balance at 31 December 2023	35,000	(30,709)	221	4,512

*The company's share capital comprises £35,000,000 (2023 - £35,000,000) being 25,000,000 ordinary shares of £1 (2023 - 25,000,000) and 10,000,000 non-voting convertible preference shares of £1 each (2023 - 10,000,000).

Condensed Balance Sheet

As at 30 June 2024

	Unaudited 30 June 2024 £'000	Unaudited 30 June 2023 £'000	Audited 31 December 2023 £'000
Non – current assets			
Investments – fair value through profit or loss (note 1)	7,508	6,403	4,895
Subsidiaries – fair value through profit or loss	<u>8,660</u>	<u>8,014</u>	<u>6,665</u>
	16,168	14,417	11,560
Current assets			
Receivables	364	374	362
Cash and cash equivalents	<u>12</u>	<u>34</u>	<u>39</u>
	376	408	401
Total assets	<u>16,544</u>	<u>14,825</u>	<u>11,961</u>
Current liabilities			
Trade and other payables	(1,665)	(1,092)	(2,008)
Bank loan	<u>(1,235)</u>	<u>(1,341)</u>	<u>(1,235)</u>
	(2,900)	(2,433)	(3,243)
Total assets less current liabilities	<u>13,644</u>	<u>12,392</u>	<u>8,718</u>
Non – current liabilities	<u>(3,947)</u>	<u>(3,643)</u>	<u>(4,206)</u>
Net assets	<u>9,697</u>	<u>8,749</u>	<u>4,512</u>
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	(25,949)	(27,017)	(30,709)
Retained revenue earnings	<u>646</u>	<u>766</u>	<u>221</u>
Total equity	<u>9,697</u>	<u>8,749</u>	<u>4,512</u>
Net assets per ordinary share - basic (note 6)	<u>£0.28</u>	<u>£0.25</u>	<u>£0.13</u>
Net assets per ordinary share - diluted (note 6)	<u>£0.28</u>	<u>£0.25</u>	<u>£0.13</u>

Condensed Cashflow Statement

Six months ended 30 June 2024

	Unaudited 6 months to 30 June 2024 £'000	Unaudited 6 months to 30 June 2023 £'000	Audited Year ended 31 December 2023 £'000
Cash flow from operating activities			
Profit/(loss) before tax	5,172	1,651	(1,984)
Adjustment for:			
(Gains)/losses on investments	(4,888)	(1,159)	2,371
Proceeds on disposal of investments at fair value through profit or loss	89	136	136
Purchases of investments at fair value through profit or loss	–	(450)	(536)
Interest	36	(3)	73
Operating cash flows before movements in working capital	409	175	60
(Increase)/decrease in receivables	(56)	108	97
Increase/(decrease) in payables	88	(594)	(127)
Net cash from operating activities before interest	441	(311)	30
Interest paid	(36)	(23)	(73)
Net cash flows from operating activities	405	(334)	(43)
Cash flow from financing activities			
Dividends paid on ordinary shares	(257)	–	(180)
Dividends paid on preference shares	(175)	–	–
Net cash used in financing activities	(432)	–	(180)
Net decrease in cash and cash equivalents	(27)	(334)	(223)
Cash and cash equivalents at beginning of period	(1,196)	(973)	(973)
Cash and cash equivalents at end of period	(1,223)	(1,307)	(1,196)

Notes to the Company's Condensed Financial Statements

Six months ended 30 June 2024

1. Accounting policies

Basis of preparation and statement of compliance

This interim report is prepared in accordance with IAS 34 'Interim Financial Reporting' an International Financial Reporting Standard adopted by the United Kingdom and on the basis of the accounting policies set out in the company's Annual Report and financial statements at 31 December 2023.

The company's condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2023 which are prepared in accordance with UK adopted International Financial Reporting Standards (IFRS) and the Companies Act 2006.

The financial statements have not been audited or reviewed by the Auditor pursuant to the Auditing Practices Board Guidance on 'Review of Interim Financial Information'. The Financial Statements for the six months to 30 June 2024 have been prepared on the basis of the same accounting policies as set out in the Company's Annual Report and Financial Statements at 31 December 2023.

In accordance with IFRS 10, the group does not consolidate its subsidiaries and therefore instead of preparing group accounts it prepares separate financial statements for the parent entity only.

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 2023 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 group 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 at fair value through profit or loss are included in 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 closing prices or last traded prices, depending upon the convention of the

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

1. Accounting policies (continued)

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 & 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 for liabilities is made on the balance sheet equal to the value of the net liabilities of the subsidiary company where the ultimate parent company has entered into a guarantee to pay the liabilities as 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% (2023 – 50%) to revenue and 50% (2023 – 50%) to capital, in order to reflect the directors' long-term view of the nature of the expected investment returns of the company.

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' 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.

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

1. Accounting policies (continued)

Going concern

The directors have assessed the ability of the company to continue as a going concern for a period of at least twelve months after the date of approval of these financial statements. The directors are satisfied that a given the assets of the company consist mainly of securities that are readily realisable and has available a credit facility with Credit Suisse, it will have sufficient resources to enable it to continue as a going concern.

2. 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 information is provided.

3. Income

	Unaudited 6 months to 30 June 2024 £'000	Unaudited 6 months to 30 June 2023 £'000	Audited Year ended 31 December 2023 £'000
Income from investments	617	912	961
Other income	48	32	303
	665	944	1,264

During the period the company received a dividend of £578,000 (30 June 2023 – £867,000, 31 December 2023 – £867,000) from a subsidiary which was generated from gains made on the realisation of investments held by that company. As a result of the receipt of this dividend, a corresponding reduction was recognised on the value of the investment in the subsidiary company.

During the period the company recognised a foreign exchange gain of £19,000 (30 June 2023 – £147,000 loss, 31 December 2023 – £154,000 loss) on the loan of \$3,526,000 to a subsidiary. As a result of this loss, the corresponding movement was recognised in the value of the investment in the subsidiary company.

Under IFRS 10 the income analysis above includes the parent company only rather than that of the group. In addition to the income above, film revenues of £29,000 (30 June 2023 – £24,000, 31 December 2023 – £74,000) received by the subsidiary British & American Films Limited forms part of the net profit of this company available for distribution to the parent company.

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

4. Dividends

	Unaudited 6 months to 30 June 2024		Unaudited 6 months to 30 June 2023		Audited year ended 31 December 2023	
	Interim		Interim		Final	
	Pence per share	£'000	Pence per share	£'000	Pence per share	£'000
Ordinary shares – paid	–	–	–	–	1.75	437
Ordinary shares – proposed	1.75	437	1.75	437	–	–
Preference shares – paid	–	–	–	–	1.75	175
Preference shares – proposed	1.75	175	1.75	175	–	–
		<u>612</u>		<u>612</u>		<u>612</u>

The directors have declared an interim dividend of 1.75p (2023 – 1.75p) per ordinary share for the year to 31 December 2024 payable on 5 December 2024 to shareholders registered on 15 November 2024. The shares will be quoted ex-dividend on 14 November 2024.

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.

The non-payment in December 2019, December 2020, June 2022 and December 2023 of the dividend of 1.75 pence per share on the 3.5% cumulative convertible preference shares, consequent upon the non-payment of a final dividend on the Ordinary shares for the year ended 31 December 2019, for the year ended 31 December 2020, for the period ended 30 June 2022 and for the year ended 31 December 2023, has resulted in arrears of £700,000 on the 3.5% cumulative convertible preference shares. These arrears will become payable in the event that the ordinary shares receive, in any financial year, a dividend on par value in excess of 3.5%.

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

5. Earnings/(loss) per ordinary share

	Unaudited 6 months to 30 June 2024 £'000	Unaudited 6 months to 30 June 2023 £'000	Audited Year ended 31 December 2023 £'000
Basic earnings/(loss) per share			
Calculated on the basis of:			
Net revenue profit after preference dividends	250	572	464
Net capital gain/(loss)	<u>4,760</u>	<u>911</u>	<u>(2,781)</u>
Net total earnings/(loss) after preference dividends	<u>5,010</u>	<u>1,483</u>	<u>(2,317)</u>
	Number'000	Number'000	Number'000
Ordinary shares in issue	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
	£'000	£'000	£'000

Diluted earnings/(loss) per share

Calculated on the basis of:

Net revenue profit	250	747	464
Net capital gain/(loss)	<u>4,760</u>	<u>911</u>	<u>(2,781)</u>
Profit/(loss) after taxation	<u>5,010</u>	<u>1,658</u>	<u>(2,317)</u>
	Number'000	Number'000	Number'000
Ordinary and preference shares in issue	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>

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).

6. 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 2024 £'000	Unaudited 30 June 2023 £'000	Audited 31 December 2023 £'000
Total net assets	9,697	8,749	4,512
Less convertible preference shares at fully diluted value	<u>(2,771)</u>	<u>(2,500)</u>	<u>(1,289)</u>
Net assets attributable to ordinary shareholders	<u>6,926</u>	<u>6,249</u>	<u>3,223</u>

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

6. Net asset value attributable to each share (continued)

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 per share is calculated using a value of fully diluted net asset value for the preference shares.

7. Non – current liabilities

Guarantee of subsidiary liability	Unaudited	Unaudited	Audited
	30 June 2024 £'000	30 June 2023 £'000	31 December 2023 £'000
Opening provision	4,206	3,896	3,896
(Decrease)/increase in period	(191)	(367)	220
Transfer (from)/to allowance for doubtful debt	(68)	114	90
Closing provision	<u>3,947</u>	<u>3,643</u>	<u>4,206</u>

The provision is in respect of a guarantee made by the company for the liabilities of Second BritAm Investments Limited owed to the company's other wholly owned subsidiaries, BritAm Investments Limited and British & 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.

During the year ended 31 December 2019 as part of a transaction to hedge the company against exchange effects of the foreign currency loan, an amount corresponding to the \$USD value was loaned by British & American Investment Trust PLC to Second BritAm Investments Limited. As a result of this, and other related intercompany transactions, £2,860,000 of amounts previously guaranteed became an asset of the company and the provision brought forward against this has been transferred to become an allowance against doubtful debt. During the period to 30 June 2024, an allowance against doubtful debt has increased by £68,000 (30 June 2023 - decreased by £114,000 and 31 December 2023 - decreased by £90,000).

8. 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 and 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 £13,000 (30 June 2023 – £14,000 and 31 December 2023 – £27,000) in respect of those services.

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

8. Related party transactions (continued)

The salaries and pensions of the company's employees, except for the three non-executive directors and one employee, 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 2024 were £202,000 (30 June 2023 – £194,000 and 31 December 2023 – £404,000) in respect of salary costs and £25,000 (30 June 2023 – £24,000 and 31 December 2023 – £45,000) in respect of pensions.

At the period end an amount of £393,000 (30 June 2023 – £179,000 and 31 December 2023 – £342,000) was due to Romulus Films Limited and £367,000 (30 June 2023 – £276,000 and 31 December 2023 – £333,000) was due to Remus Films Limited. At the period end Other payables included amounts of £nil (30 June 2023 – £nil and 31 December 2023 – £294,705) due to Romulus Films Limited and £nil (30 June 2023 – £nil and 31 December 2023 – £137,703) due to Remus Films Limited.

During the period subsidiary BritAm Investments Limited paid dividends of £578,000 (30 June 2023 – £867,000 and 31 December 2023 – £867,000) to the parent company, British & American Investment Trust PLC.

British & American Investment Trust PLC has guaranteed the liabilities of £5,642,000 (30 June 2023 – £5,670,000 and 31 December 2023 – £4,961,000) due from Second BritAm Investments Limited to its fellow subsidiaries if they should fall due.

During the period the company paid interest of £11,000 (30 June 2023 – £7,000 and 31 December 2023 – £13,000) on the loan due to BritAm Investments Limited and £858 (30 June 2023 – £nil and 31 December 2023 – £nil) on the loan due to British & American Films Limited.

During the period the company received interest of £nil (30 June 2023 – £nil and 31 December 2023 – £257) from British & American Films Limited and £48,000 (30 June 2023 – £32,000 and 31 December 2023 – £64,000) from Second BritAm Investments Limited.

During the period the company did not enter into any investment transactions to sell stock to British & American Films Limited (30 June 2023 – £890,000 and 31 December 2023 – £890,000).

During the period the company did not enter into any investment transactions to purchase stock from British & American Films Limited (30 June 2023 – £890,000 and 31 December 2023 – £890,000).

At 30 June 2024 £4,853,000 (30 June 2023 – £4,170,000 and 31 December 2023 – £4,414,000) was owed by British & American Films Limited to Romulus Films Limited and £49,000 (30 June 2023 – £44,000 and 31 December 2023 – £47,000) to Remus Films Limited. Interest was paid to Romulus Films Limited of £63,000 (30 June 2023 – £80,000 and 31 December 2023 – £133,000) at the rate of 2.5% per annum (30 June 2023 – 1.5% over the UK Bank Rate per annum to 31 March 2023 and at the rate of 2.5% per annum starting on 1 April 2023 and 31 December 2023 – 1.5% over the UK Bank Rate per annum to 31 March 2023 and at the rate of 2.5% per annum starting on 1 April 2023). The loan is repayable at not less than one year's notice.

All transactions with subsidiaries were made on an arm's length basis.

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

9. 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 2024	(30,709)	221
Allocation of profit for the period	4,760	425
At 30 June 2024	(25,949)	646

The capital reserve includes £1,936,000 of investment holding gains (30 June 2023 – £218,000 gain, 31 December 2023 – £2,725,000 loss).

10. 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 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments held at fair value through profit or loss	7,506	–	2	7,508
Subsidiaries held at fair value through profit or loss	–	–	8,660	8,660
Total financial assets and liabilities carried at fair value	7,506	–	8,662	16,168

With the exception of the Sarossa Capital, Sherborne Investments (Guernsey), BritAm Investments Limited (unquoted subsidiary) and Second BritAm Investments Limited (unquoted subsidiary), which are categorised as Level 3, all other investments are categorised as Level 1.

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

10. Financial instruments (continued)

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 2024	6,667
Investment holding gains	<u>1,995</u>
Closing fair value at 30 June 2024	<u>8,662</u>

Subsidiaries

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

The directors of British & American Films Limited have determined a conservative valuation of £1.8 million for the five feature films in the library. This valuation has been arrived at from a combination of discounting expected cash flows over the full period of copyright at current long term interest rates and a recently received independent third party professional valuation.

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.

11. Financial information

The financial information contained in this report does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The financial information for the period ended 30 June 2024 and 30 June 2023 have not been audited by the Company's Auditor pursuant to the Auditing Practices Board guidance. The information for the year to 31 December 2023 has been extracted from the latest published Annual Report and Financial Statements, which have been lodged with the Registrar of Companies, contained an unqualified auditors' report and did not contain a statement required under Section 498(2) or (3) of the Companies Act 2006.

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 2023.

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 27 September 2024 and the above responsibility statement was signed on its behalf by:

Jonathan C Woolf

Managing Director

