British & American Investment Trust PLC

Interim Report

30 June 2008

Contents

Directors

J. Anthony V. Townsend *(Chairman)*

Jonathan C. Woolf *(Managing Director)*

Dominic G. Dreyfus *(Non-executive)*

Ronald G. Paterson *(Non-executive)*

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Member of the Association of Investment Companies (AIC)

Group Financial Highlights

For the six months ended 30 June 2008

	Unaudited 6 months to 30 June 2008 £'000	Unaudited 6 months to 30 June 2007 £'000	Audited Year ended 31 December 2007 £'000
Revenue			
Return before tax	**581**	1,050	1,640
Earnings per £1 ordinary shares – basic (note 4)	**1.64p**	3.49p	4.98p
Earnings per £1 ordinary shares – diluted (note 4)	**1.67p**	2.99p	4.56p
Capital			
Total equity	**32,575**	44,554	39,643
Revenue reserve (note 7)	**1,256**	2,073	1,772
Capital reserve – realised (note 7)	**18,249**	17,974	18,280
Capital reserve – unrealised (note 7)	**(21,930)**	(10,493)	(15,409)
Net assets per ordinary share (note 5)			
– Basic	**£0.90**	£1.38	£1.19
– Diluted	**£0.93**	£1.27	£1.13
Diluted net assets per ordinary share at 26 August 2008	**£0.98**		
Dividends*			
Dividend per ordinary share (note 3)	**2.7p**	2.7p	6.4p
Dividend per preference share (note 3)	**1.75p**	1.75p	3.5p

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

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 2008.

Revenue

The profit on revenue account before tax amounted to £0.6 million (30 June 2007: £1.0 million), a decrease of 45 percent. This decrease reflects the receipt of lower levels of special dividends compared to the same period in the previous year.

A deficit of £6.5 million (30 June 2007: £3.1 million deficit) was registered on the capital account, including both realised profit of £0.2 million (30 June 2007: £0.1 million) and unrealised loss of £6.7 million (30 June 2007: £3.2 million loss). The net result, including both income and capital, for the period was therefore a deficit of £6.0 million (deficit £2.0 million).

The earnings per ordinary share were 1.6 pence on an undiluted basis (3.5 pence) and 1.6 pence on a fully diluted basis (3.0 pence).

Net Assets

Group net assets were £32.6 million (£39.6 million, at 31 December 2007), a decrease of 17.8 percent. This compares to a decrease over the same six month period of 13.4 percent in the FTSE 100 share index and 13.6 percent in the All Share index. On a total return basis, after adding back dividends paid during the period, group net assets declined by 15.0 percent. The net asset value per £1 ordinary share was 90 pence (prior charges deducted at par) and 93 pence on a fully diluted basis. The decline in net assets over the period broadly tracked the significant declines seen in equity markets in the UK and USA following the severe dislocation experienced by financial markets since mid 2007. Within this result, considerable price underperformance was seen in our largest US investment which contributed to the fall in net assets, although the decline in the value of the US dollar which had been experienced in previous periods was absent on this occasion. Since the period end, however, a significant recovery in the price of our US investment together with a strengthening in the US dollar has resulted in strong out-performance by the portfolio since the period end and for the year to date, as noted below.

Dividends

We intend to pay an interim dividend of 2.7 pence per ordinary share on 13 November 2008 to shareholders on the register at 17 October 2008. 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.

Discount and performance

Continuing the process seen in the previous period, our discount remained wide and variable over the period at between 10 and 20 percent, in line with discounts generally in the investment trust sector. These higher levels of discount reflect the increased measures of volatility in equity markets and the large absolute declines in valuations seen over the period. Such higher levels of discount are expected to remain the norm while current levels of risk aversion continue and until a measure of stability returns to the financial markets generally and investors feel more comfortable with increasing their exposure to financial instruments and equities in particular.

Chairman’s Statement (continued)

As at 26 August, group net assets were £34.3 million, an increase of 5.3 percent since 30 June. This compares with a decrease of 2.8 percent in the FTSE 100 index and a decrease of 2.4 percent in the All Share index over the same period, and is equivalent to 97 pence per share (prior charges deducted at par) and 98 pence per share on a fully diluted basis.

Outlook

Since I last reported in April, there has been no improvement in the difficulties affecting global financial markets. The stresses felt in the US and UK and most developed economy markets have continued as the problems caused by the credit crisis which struck in July 2007 have been exacerbated by steeply increasing energy and commodity prices. These have fed through into sharply rising inflation in these economies which together with constrained credit and falling property values has provoked a slowing of economic growth in the world's largest economies. At the time of writing, these economies are already showing signs of expected recession in the coming months. The question remains whether the economic slowdown will be as prolonged or as deep as in previous episodes which will determine the course of all the major aspects of economic and investment activity over the coming period.

Consequently, the outlook for interest and exchange rates, levels of growth, employment and investment and the direction of markets are at this time particularly difficult to determine.

Anthony Townsend

Managing Director's Report

Performance

In the six months to 30 June 2008, UK and US equity markets experienced a high level of volatility against the background of the continued disruption in credit markets worldwide. As reported in April, the US and UK equity markets fell by 7 percent and 12.3 percent in the first quarter of 2008. This was followed by a brief rally in April and May only to be reversed again in June with the indices finally recording losses of 13.5 percent and 14.4 percent, respectively, by the period end. As in the previous period, sectors contributing downward pressure on the indices were property, banks, financial institutions and retail while sectors contributing to upward movements were energy, natural resources and utilities. Larger capitalisation stocks outperformed small company stocks reflecting the performance of the energy companies which now form the largest element of the leading companies index and a flight from risk.

The reasons for this volatility and sharp decline in equity markets have been referred to in the Chairman's statement above and are a continuation of the extraordinary circumstances experienced in the credit markets since the second half of 2007. The damage caused to international liquidity and valuations of real and investment assets has been greater and longer lasting than originally expected. Although unprecedented amounts of state support have been given by governments to their financial markets and considerable levels of new capital have been raised by international banks from state and private sector sources in an effort to restore their balance sheets, a great deal of uncertainty remains in financial markets.

Our portfolio broadly tracked the market over the period, recovering from the bout of under-performance experienced in 2007 caused by a combination of a sharp drop in the market value of our largest US investment, Geron Corporation, and a decline of the US dollar. Although the market value of our US investment dropped again in the period, the US dollar exchange rate remained steady and the majority UK element of our portfolio outperformed slightly.

Since the period end, the US dollar has strengthened markedly, by some 6 percent against sterling. In addition, the market value of our largest US investment has also recovered significantly from the multi-year low reached early in July. As a result, our portfolio has outperformed the benchmark index by 7.7 percent since 30th June and by 6.3 percent since the beginning of the year.

Outlook

While there is now some expectation that the worst of the damage emanating from the difficulties in the property-related structured credit markets may now have been seen, there remains considerable concern that further and substantial difficulties might yet be experienced by banks if the general slowdown in growth begins to affect valuations of banks' commercial and retail loan books, both structured and direct. As noted above, the length and severity of the slowdown, together with the effectiveness of the response from the regulatory authorities to the necessary readjustment and prospect of recession will determine how far the difficulties already experienced in financial markets spread into the real economies of the US, UK and European countries.

Managing Director's Report (continued)

There is consequently a considerable degree of uncertainty whether the bear market in equities in the US and the UK which formally commenced during the period will see further significant downward movement in the months to come as downward pressure on growth combined with the deteriorating inflation outlook eats into corporate profitability or whether the lows recorded in July will form a new base for an eventual recovery. It remains to be seen whether the retreat in oil prices from their recent highs, the recovery in the US dollar and the purchase of banks' distressed assets by hedge funds in recent weeks is a signal of a retreat from worsening instability in financial markets and a return to some measure of stability if not growth.

As a traditional fund with a balance of exposures to UK and US equities as well as fixed interest and property, we will continue with our current investment strategy to achieve a balance of income and growth against the uncertainties currently presented in the financial market

Finally, I would like to thank our staff who have had to produce these interim results in 8 weeks this year instead of the usual 12 weeks as a result of the recently introduced European Transparency Directive. This family-unfriendly regulation requires those listed companies with calendar year ends now to publish interim accounts by the end of August. This means that accounts departments and auditors now have to be fully staffed during the two main school summer holiday months. For smaller companies such as ourselves without staffing flexibility, unnecessary pressure is placed on those with young families. For larger companies which may well have greater departmental flexibility, being required to publish important financial information in August when the majority of investors and analysts are on vacation is far from ideal and cannot be said to promote market 'transparency'.

Jonathan C Woolf
28 August 2008

Group Investment Portfolio

As at 30 June 2008

Company	Nature of Business	Valuation £'000	Percentage of portfolio %
Geron Corporation	Biomedical – USA	3,716	11.87*
RIT Capital Partners	Investment Trust	2,978	9.51
Prudential	Life Assurance	2,932	9.37
Liberty International	Property	2,845	9.09
The Alliance Trust	Investment Trust	2,189	6.99
Electra Private Equity	Investment Trust	2,110	6.74
Dunedin Income Growth	Investment Trust	1,990	6.36
British Assets Trust	Investment Trust	1,721	5.50
St. James Place Capital – Unit Trust	Unit Trust	1,450	4.63
The Scottish American Investment Company	Investment Trust	816	2.61
Earthport	Software & computer services	800	2.56
Invesco Income Growth Trust	Investment Trust	533	1.70
The Rank Group	Other services & businesses	529	1.69
Matrix Chatham Maritime Trust	Enterprise Zone Trust	467	1.49
Royal & Sun Alliance Insurance Group – Cum. irred. preference shares	Insurance – Non – Life	444	1.42
Lloyds TSB	Banks retail	420	1.34
Shires Income	Investment Trust	419	1.34
Rothschilds Cont. Finance – Loan Notes	Financial	418	1.34
Merchants Trust	Investment Trust	375	1.20
F&C Asset Management – Bonds	General financial	361	1.15
20 Largest investments		27,513	87.90
Other investments (number of holdings : 57)		3,792	12.10
Total investments		31,305	100.00

* 8.52% held by the company and 3.35% held by subsidiaries.

Consolidated Income Statement

Six months ended 30 June 2008

		Unaudited 6 months to 30 June 2008		
	Note	**Revenue return £'000**	**Capital return £'000**	**Total £'000**
Investment income	2	**735**	**–**	**735**
Losses on investments at fair value through profit or loss - unrealised		**–**	**(6,658)**	**(6,658)**
Gains/(losses) on investments at fair value through profit or loss - realised		**–**	**187**	**187**
Other expenses		**(154)**	**(81)**	**(235)**
(Loss)/profit before tax		**581**	**(6,552)**	**(5,971)**
Taxation		**3**	**–**	**3**
(Loss)/profit for the period		**584**	**(6,552)**	**(5,968)**
Earnings per ordinary share	4			
Basic		**1.64p**	**(26.21)p**	**(24.57)p**
Diluted		**1.67p**	**(18.72)p**	**(17.05)p**

The total column of this statement is the Group'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 items in the above statement derive from continuing operations.

All income is attributable to the equity holders of the parent company. There are no minority interests.

Unaudited 6 months to 30 June 2007			Audited Year ended 31 December 2007		
Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
1,200	–	1,200	1,939	–	1,939
–	(3,164)	(3,164)	–	(7,278)	(7,278)
–	147	147	–	(264)	(264)
(150)	(73)	(223)	(299)	(158)	(457)
1,050	(3,090)	(2,040)	1,640	(7,700)	(6,060)
(3)	–	(3)	(44)	–	(44)
1,047	(3,090)	(2,043)	1,596	(7,700)	(6,104)
3.49p	(12.36)p	(8.87)p	4.98p	(30.80)p	(25.82)p
2.99p	(8.83)p	(5.84)p	4.56p	(22.00)p	(17.44)p

Consolidated Statement of Changes in Equity

Six months ended 30 June 2008

Unaudited
Six months ended 30 June 2008

	Share capital £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Retained earnings £'000	Total £'000
Balance at 31 December 2007	35,000	18,280	(15,409)	1,772	39,643
Loss for the period	–	(31)	(6,521)	584	(5,968)
Ordinary dividend paid	–	–	–	(925)	(925)
Preference dividend paid	–	–	–	(175)	(175)
Balance at 30 June 2008	35,000	18,249	(21,930)	1,256	32,575

Unaudited
Six months ended 30 June 2007

	Share capital £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Retained earnings £'000	Total £'000
Balance at 31 December 2006	35,000	17,154	(6,583)	2,076	47,647
Loss for the period	–	820	(3,910)	1,047	(2,043)
Ordinary dividend paid	–	–	–	(875)	(875)
Preference dividend paid	–	–	–	(175)	(175)
Balance at 30 June 2007	35,000	17,974	(10,493)	2,073	44,554

Audited
Year ended 31 December 2007

	Share capital £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Retained earnings £'000	Total £'000
Balance at 31 December 2006	35,000	17,154	(6,583)	2,076	47,647
Loss for the period	–	1,126	(8,826)	1,596	(6,104)
Ordinary dividend paid	–	–	–	(1,550)	(1,550)
Preference dividend paid	–	–	–	(350)	(350)
Balance at 31 December 2007	35,000	18,280	(15,409)	1,772	39,643

Consolidated Balance Sheet

As at 30 June 2008

	Unaudited 30 June 2008 £'000	Unaudited 30 June 2007 £'000	Audited 31 December 2007 £'000
Non current assets			
Investments - fair value through profit or loss (note 1)	**31,305**	43,670	37,901
Current assets			
Receivables	**1,569**	240	531
Investments - fair value through profit or loss	**840**	386	542
Cash and cash equivalents	**725**	2,200	1,846
	3,134	2,826	2,919
Total assets	**34,439**	46,496	40,820
Current liabilities			
Trade and other payables	**1,392**	768	586
Current tax	**42**	11	42
Other current liabilities	**355**	942	74
Investments - fair value through profit or loss	**75**	221	475
	(1,864)	(1,942)	(1,177)
Total assets less current liabilities	**32,575**	44,554	39,643
Net assets	**32,575**	44,554	39,643
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 - realised	**18,249**	17,974	18,280
Capital reserve - unrealised	**(21,930)**	(10,493)	(15,409)
Retained earnings	**1,256**	2,073	1,772
Total equity	**32,575**	44,554	39,643
Net assets per ordinaey share - basic	**£0.90**	£1.38	£1.19
Net assets per ordinaey share - diluted	**£0.93**	£1.27	£1.13

Consolidated Cashflow Statement

Six months ended 30 June 2008

	Unaudited 6 months to 30 June 2008 £'000	Unaudited 6 months to 30 June 2007 £'000	Audited Year ended 31 December 2007 £'000
Cash flow from operating activities			
Loss before tax	**(5,971)**	(2,040)	(6,060)
Adjustment for:			
Losses on investments	**6,471**	3,017	7,542
Scrip dividends	**(19)**	(2)	(6)
Film income tax deducted at source	**(2)**	(2)	(3)
Proceeds on disposal of investments at fair value through profit or loss	**7,540**	5,129	13,864
Purchases of investments at fair value through profit or loss	**(7,999)**	(5,157)	(12,867)
Operating cash flows before movements in working capital	**20**	945	2,470
Increase in receivables	**(176)**	(18)	(115)
Increase/(decrease) in payables	**149**	761	(148)
Net cash from operating activities before income tax	**(7)**	1,688	2,207
Income taxes (paid)/received	**(14)**	8	(15)
Net cash from operating activities	**(21)**	1,696	2,192
Cash flow from financing activities			
Dividends paid on ordinary shares	**(925)**	(875)	(1,550)
Dividends paid on preference shares	**(175)**	(175)	(350)
Net cash used in financing activities	**(1,100)**	(1,050)	(1,900)
Net (decrease)/increase in cash and cash equivalents	**(1,121)**	646	292
Cash and cash equivalents at beginning of period	**1,846**	1,554	1,554
Cash and cash equivalents at end of period	**725**	2,200	1,846

Notes to the Group Results

Six months ended 30 June 2008

1. Accounting policies

Basis of preparation

This interim report is prepared in accordance with IAS 34 and on the basis of the accounting policies set out in the group and company's annual Report and Accounts at 31 December 2007.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary undertakings made up to 31 December each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Significant accounting policies

In order better to 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. In accordance with the company's status as a UK investment company under section 266 of the Companies Act 1985, net capital returns may not be distributed by way of dividend.

Investments held at fair value through profit or loss are initially recognised at fair value. Investments are classified as either fair value through profit or loss or available-for-sale. 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 entity 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.

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.

Notes to the Group Results (continued)

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. Where no reliable fair value can be estimated for such unquoted equity instruments, they are carried at cost, subject to any provision for impairment.

Investments in subsidiary companies are held at directors' valuation.

All purchases and sales of investments are recognised on the trade date i.e. the date that the group commits to purchase or sell an asset.

Realised gains on sales of investments in the group financial statements are based on historical cost to the group and on brought forward market value.

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.

Property unit trust income is recognised on the date the distribution is receivable. Film royalty income is recognised on receipt of royalty statements covering periods ending in the financial year.

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:

- material 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% (2007 - 50%) to revenue and 50% (2007 - 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 - Disclosure and Presentation' and FRS 25 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 Group is engaged in a single segment of business, that is investment business, and therefore no segmental reporting is provided.

Notes to the Group Results (continued)

2. Investment income

	Unaudited 6 months to 30 June 2008 £'000	Unaudited 6 months to 30 June 2007 £'000	Audited Year ended 31 December 2007 £'000
Income from investments	**702**	1,185	1,862
Other income	**33**	15	77
	735	1,200	1,939

3. Proposed dividends

	Unaudited 6 months to 30 June 2008		Unaudited 6 months to 30 June 2007	
	Pence per share	**£**	Pence per share	£
Ordinary shares – interim	**2.7**	**675,000**	2.7	675,000
Preference shares – fixed	**1.75**	**175,000**	1.75	175,000
		850,000		850,000

The directors have declared an interim dividend of 2.7p (2007 - 2.7p) per ordinary share, payable on 13 November 2008 to shareholders registered on 17 October 2008. The shares will be quoted ex-dividend on 15 October 2008.

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.

Amounts recognised as distributions to ordinary shareholders in the period:

	Unaudited 6 months to 30 June 2008		Unaudited 6 months to 30 June 2007	
	Pence per share	**£**	Pence per share	£
Ordinary shares – final	**3.7**	**925,000**	3.5	875,000
Preference shares – fixed	**1.75**	**175,000**	1.75	175,000
		1,100,000		1,050,000

Notes to the Group Results (continued)

4. Earnings per ordinary share

	Unaudited 6 months to 30 June 2008 £'000	Unaudited 6 months to 30 June 2007 £'000	Audited Year ended 31 December 2007 £'000
Basic earnings per share			
Calculated on the basis of:			
Net revenue profit after preference dividends	**409**	872	1,246
Net capital loss	**(6,552)**	(3,090)	(7,700)
Net total earnings after preference dividends	**(6,143)**	(2,218)	(6,454)
Ordinary shares in issue	**25,000**	25,000	25,000
Diluted earnings per share			
Calculated on the basis of:			
Net revenue profit	**584**	1,047	1,596
Net capital loss	**(6,552)**	(3,090)	(7,700)
Loss after taxation	**(5,968)**	(2,043)	(6,104)
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 Group Results (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 group net assets attributable to shareholders as follows:

	Unaudited 30 June 2008 £'000	Unaudited 30 June 2007 £'000	Audited 31 December 2007 £'000
Total net assets	**32,575**	44,554	39,643
Less convertible preference shares	**(10,000)**	(10,000)	(10,000)
Net assets attributable to ordinary shareholders	**22,575**	34,554	29,643

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).

6. Financial information

This interim statement is not the company's statutory accounts. The statutory accounts for the year 31 December 2007 have been delivered to the Registrar of Companies and received an audit report which was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report, and did not contain statements under section 237(2) and (3) of the Companies Act 1985.

7. Retained earnings

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

	Unaudited Capital reserve - realised £'000	Unaudited Capital reserve - unrealised £'000	Unaudited Revenue £'000	Unaudited Total £'000
At 1 January 2008	18,280	(15,409)	1,772	4,643
Movement during the period:				
Net loss for the period	106	(6,658)	584	(5,968)
Transfer on disposal between reserves	(137)	137	–	–
Dividends paid on ordinary shares	–	–	(925)	(925)
Dividends paid on preference shares	–	–	(175)	(175)
At 30 June 2008	18,249	(21,930)	1,256	(2,425)

Directors’ responsibilities 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 2007.

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, give a true and fair view of the assets, liabilities, financial position and loss for the period, and have been prepared in accordance with IAS 34 'Interim Financial Reporting'. 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 FSA's Disclosure and Transparency Rules.

The half-yearly report was approved by the Board on 26 August 2008 and the above responsibility statement was signed on its behalf by:

Jonathan C Woolf

Independent Review Report to British & American Investment Trust PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 which comprises the Consolidated Income Statement, the Consolidated Statement of Changes in Equity, the Consolidated Balance Sheet, the Consolidated Cashflow Statement and notes 1 to 7. We have read the other information contained in the half yearly financial report which comprises only the Group Financial Highlights, the Group Investment Portfolio, the Chairman's Statement and the Managing Director's Report 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 in accordance with guidance contained in ISRE (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 those matters we are required to state to them in a 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, 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 Services Authority.

As disclosed in Note 1, the annual financial statements of the group are prepared in accordance with IFRSs 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 to the company 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 issued by the Auditing Practices Board for use in the United Kingdom. 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 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 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Grant Thornton UK LLP
Chartered Accountants
London
28 August 2008