British & American Investment Trust PLC

Interim Report

30 June 2013

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 2013

	Unaudited 6 months to 30 June 2013 £'000	Unaudited 6 months to 30 June 2012 £'000	Audited Year ended 31 December 2012 £'000
Revenue			
Return before tax	**1,355**	879	2,107
Earnings per £1 ordinary shares – basic (note 4)	**4.72p**	2.81p	7.02p
Earnings per £1 ordinary shares – diluted (note 4)	**3.87p**	2.51p	6.01p
Capital			
Total equity	**24,152**	23,297	23,345
Revenue reserve (note 7)	**1,200**	870	1,245
Capital reserve (note 7)	**(12,048)**	(12,573)	(12,900)
Net assets per ordinary share (note 5)			
– Basic	**£0.57**	£0.53	£0.53
– Diluted	**£0.69**	£0.67	£0.67
Diluted net assets per ordinary share at 23 August 2013	**£0.71**		
Dividends*			
Dividend per ordinary share (note 3)	**2.7p**	2.7p	7.6p
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 2013.

Revenue

The profit on the revenue account before tax amounted to £1.4 million (30 June 2012: £0.9 million), an increase of 54 percent reflecting a higher level of special dividends received in the period.

A gain of £0.9 million (30 June 2012: £0.3 million) was registered on the capital account before capitalised expenses, incorporating a realised loss of £1.0 million (30 June 2012: £0.6 million loss) and an unrealised gain of £1.9 million (30 June 2012: £1.0 million).

The revenue earnings per ordinary share were 4.7 pence on an undiluted basis (30 June 2012: 2.8 pence) and 3.9 pence on a fully diluted basis (30 June 2012: 2.5 pence).

Net Assets and Performance

Group net assets were £24.2 million (£23.3 million, at 31 December 2012), an increase of 3.7 percent. Over the same six month period, the FTSE 100 index increased by 5.4 percent and the All Share index increased by 6.4 percent. On a total return basis, after adding back dividends paid during the period, group net assets increased by 9.4 percent compared to a total return on the FTSE 100 index of approximately 7.0 percent. The net asset value per £1 ordinary share was 57 pence (prior charges deducted at par) and 69 pence on a fully diluted basis.

As noted above, the UK stock market finished modestly ahead at the half year; however, it had risen strongly during the period to register a gain of 11 percent by the end of May which was then mostly lost in June as markets worldwide reversed following anxieties that the sustained monetary stimulus measures in the USA would shortly be withdrawn. Markets then steadied somewhat in July and August as the US Federal Reserve attempted to play down these fears through its submissions to US Congress. The economic and investment themes of the period are set out in more detail in the Managing Director's report below.

As at 23 August, group net assets were £25.0 million, an increase of 3.4 percent since 30 June. This compares with an increase of 4.5 percent in the FTSE 100 index and an increase of 5.1 percent in the All Share index over the same period, and is equivalent to 60 pence per share (prior charges deducted at par) and 71 pence per share on a fully diluted basis.

Dividend

We intend to pay an interim dividend of 2.7 pence per ordinary share on 7 November 2013 to shareholders on the register at 11 October 2013. 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.

Chairman's Statement (continued)

Outlook

As I reported in April, equity markets had enjoyed firm and substantial growth in the early months of 2013 as global recessionary concerns abated and were close to regaining their all time highs before sentiment changed in June as fears emerged that the liquidity programme provided by the Federal Reserve could be withdrawn somewhat earlier than expected. Since then, all of the fall experienced in June has been reversed and the UK equity market is now ahead 11 percent since the beginning of the year. This also reflects the growing evidence that the UK economy is finally growing again, albeit weakly, after several years of stagnation.

While in the USA markets have been guided to expect a gradual reduction in monetary stimulus in the foreseeable future, in the UK the Bank of England has recently introduced a new and revolutionary policy of issuing medium term interest rate guidance under its new Governor which, unlike in the USA, indicates no change in the historically low sterling interest rates for a number of years ahead. As noted in the Managing Director's report below, we believe that this unprecedented period of certainty in UK interest rates provides us with an opportunity to capture value and income in the portfolio by entering into a modest amount of gearing over the coming period.

Against this background, therefore, we intend to pursue a modest programme of additional investment through gearing as opportunities present themselves to enhance returns on our growth and income holdings.

Anthony Townsend

Managing Director's Report

UK equity market performance in the first half of 2013 repeated for a third year that of the two previous years, with a strong rise in early months (11 percent) followed by a significant reversal, eliminating most of the gains by the end of the second quarter (to 3 percent). As noted above, the portfolio outperformed the benchmark index by approximately 2.5 percent on a total return basis over the period.

As reported in April, the strength in equity valuations in the first four months of the year derived from a confluence of factors, including the realisation that various economic disaster scenarios in the USA and Eurozone were less likely to occur and a consequent rotation from bond investment into equities, a change in focus of economic policy from austerity to growth and some actual signs of growth appearing in 2013 in the USA and latterly the in UK.

Despite this general shift in sentiment, a number of substantial concerns remain in global markets as the volatility of the first six months demonstrates. These concerns include the weakness in the recovery and length of time required to recapture lost levels of GDP, the withdrawal of emergency liquidity measures in the USA (so-called 'tapering') and its possible effects on financial investment, continuing worries about sovereign debt sustainability in the Eurozone and evidence of lower levels of economic growth in China.

In the UK, the most significant events of the past few months have been increasing evidence of an albeit weak return to growth, including revisions to official statistics which in fact eliminated the second leg of the recession in 2012 (so called 'double-dip') and the fear of a 'triple dip', increased corporate earnings, despite continued low levels of corporate lending from banks as they face increasing capital requirements, and an increase in consumer spending. In addition, the housing market has finally begun to show growth throughout the UK with sales increasing significantly over the summer, supported by increased levels of mortgage lending following a series of bank lending incentivisation programmes introduced by the government this year.

The other significant event was the introduction by the Bank of England for the first time in August of a medium term projection of UK interest rates. After an unprecedented period of historically low sterling interest rates, there were concerns, as in the USA, that expectations of rate increases in the short term as the economy began to show signs of recovery would undermine the recovery, which was judged to be frail following the effects of the global banking crisis. A medium term projection for interest rates was designed to allay these fears and inject a level of stability to promote financial investment and sustain the recovery.

The medium term interest rate projection announced in August by the new Bank of England Governor indicated a longer period than expected of continued low interest rates (to at least 2016) using a new target of unemployment (of 7 percent), in addition to the previous inflation target. Although various caveats remain related to inflation and market instability, it is generally expected that a further period of ultra-low interest rate will be sustained over the next few years. As noted above, this is designed to promote financial investment, and as such also provides us with opportunities to add investments to our currently fully invested portfolio using modest levels of gearing to achieve higher returns in both the growth and income elements of our portfolio. We will therefore be pursuing this strategy over the coming period while expectations of relatively low inflationary growth in the economy persist.

Jonathan C Woolf

29 August 2013

Group Investment Portfolio
As at 30 June 2013

Company	Nature of Business	Valuation £'000	Percentage of portfolio %
Geron Corporation	Biomedical – USA	3,438	15.16*
RIT Capital Partners	Investment Trust	3,087	13.61
Dunedin Income Growth	Investment Trust	2,570	11.33
British Assets Trust	Investment Trust	1,913	8.43
St. James's Place Global Equity	Unit Trust	1,722	7.59
Prudential	Life Assurance	1,700	7.50
Scottish American Investment Company	Investment Trust	966	4.26
Alliance Trust	Investment Trust	748	3.30
Invesco Income Growth Trust	Investment Trust	743	3.27
BioTime Inc NPV	Biotechnology	587	2.59
F&C Asset Management – 6.75% FRN Sub. Bonds 2026	General Financial	524	2.31
Royal & Sun Alliance Insurance Group – Cum. irred. preference shares	Insurance – Non - Life	465	2.05
Merchants Trust	Investment Trust	458	2.02
Rothschilds Cont. Finance – Notes	Financial	444	1.96
Shires Income	Investment Trust	443	1.95
Matrix Chatham EZT (unquoted)	Enterprise Zone Trust	438	1.93
Earthport	Software & Computer Services	338	1.49
Barclays – 9% PIB Capital Bonds	Bank retail	245	1.08
Jupiter Income Trust	Unit Trust	198	0.87
Emblaze	Software and computer services	163	0.72
20 Largest investments		21,190	93.42
Other investments (number of holdings : 25)		1,491	6.58
Total investments		22,681	100.00

* Geron Corporation. 6.53% held by the company and 8.63% held by subsidiaries. In addition the Group holds net purchases of £1,634,000 of put options in Geron Corporation as part of its hedging strategy.

Consolidated Income Statement

Six months ended 30 June 2013

		Unaudited 6 months to 30 June 2013		
	Note	Revenue return £'000	Capital return £'000	Total £'000
Investment income	2	**1,554**	**–**	**1,554**
Holding gains on investments at fair value through profit or loss		**–**	**1,908**	**1,908**
Losses on disposal of investments at fair value through profit or loss		**–**	**(959)**	**(959)**
Expenses		**(199)**	**(97)**	**(296)**
Profit before tax		**1,355**	**852**	**2,207**
Taxation		**–**	**–**	**–**
Profit for the period		**1,355**	**852**	**2,207**
Earnings per ordinary share	4			
Basic		**4.72p**	**3.41p**	**8.13p**
Diluted		**3.87p**	**2.44p**	**6.31p**

The group does not have any income or expense that is not included in the profit for the period and all items derive from continuing operations. Accordingly, the 'Profit 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 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 profit and total comprehensive income is attributable to the equity holders of the parent company. There are no minority interests.

Unaudited 6 months to 30 June 2012			Audited Year ended 31 December 2012		
Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
1,062	–	1,062	2,486	–	2,486
–	1,047	1,047	–	1,446	1,446
–	(613)	(613)	–	(1,237)	(1,237)
(183)	(96)	(279)	(379)	(198)	(577)
879	338	1,217	2,107	11	2,118
–	–	–	(3)	–	(3)
879	338	1,217	2,104	11	2,115
2.81p	1.35p	4.16p	7.02p	0.04p	7.06p
2.51p	0.97p	3.48p	6.01p	0.03p	6.04p

Consolidated Statement of Changes in Equity

Six months ended 30 June 2013

Unaudited
Six months ended 30 June 2013

	Share capital £'000	Capital reserve £'000	Retained earnings £'000	Total £'000
Balance at 31 December 2012	35,000	(12,900)	1,245	23,345
Profit for the period	–	852	1,355	2,207
Ordinary dividend paid	–	–	(1,225)	(1,225)
Preference dividend paid	–	–	(175)	(175)
Balance at 30 June 2013	35,000	(12,048)	1,200	24,152

Unaudited
Six months ended 30 June 2012

	Share capital £'000	Capital reserve £'000	Retained earnings £'000	Total £'000
Balance at 31 December 2011	35,000	(12,911)	1,341	23,430
Profit for the period	–	338	879	1,217
Ordinary dividend paid	–	–	(1,175)	(1,175)
Preference dividend paid	–	–	(175)	(175)
Balance at 30 June 2012	35,000	(12,573)	870	23,297

Audited
Year ended 31 December 2012

	Share capital £'000	Capital reserve £'000	Retained earnings £'000	Total £'000
Balance at 31 December 2011	35,000	(12,911)	1,341	23,430
Profit for the period	–	11	2,104	2,115
Ordinary dividend paid	–	–	(1,850)	(1,850)
Preference dividend paid	–	–	(350)	(350)
Balance at 31 December 2012	35,000	(12,900)	1,245	23,345

Consolidated Balance Sheet

As at 30 June 2013

	Unaudited 30 June 2013 £'000	Unaudited 30 June 2012 £'000	Audited 31 December 2012 £'000
Non current assets			
Investments - fair value through profit or loss (note 1)	**22,681**	21,604	21,137
Current assets			
Receivables	**1,684**	202	1,190
Derivatives - fair value through profit or loss	**3,249**	2,832	3,204
Cash and cash equivalents	**691**	1,286	740
	5,624	4,320	5,134
Total assets	**28,305**	25,924	26,271
Current liabilities			
Other current liabilities	**(2,538)**	(1,313)	(1,307)
Derivatives - fair value through profit or loss	**(1,615)**	(1,314)	(1,619)
	(4,153)	(2,627)	(2,926)
Total assets less current liabilities	**24,152**	23,297	23,345
Net assets	**24,152**	23,297	23,345
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	**(12,048)**	(12,573)	(12,900)
Retained revenue earnings	**1,200**	870	1,245
Total equity	**24,152**	23,297	23,345
Net assets per ordinary share - basic	**£0.57**	£0.53	£0.53
Net assets per ordinary share - diluted	**£0.69**	£0.67	£0.67

Consolidated Cashflow Statement

Six months ended 30 June 2013

	Unaudited 6 months to 30 June 2013 £'000	Unaudited 6 months to 30 June 2012 £'000	Audited Year ended 31 December 2012 £'000
Cash flow from operating activities			
Profit before tax	**2,207**	1,217	2,118
Adjustment for:			
Profits on investments	**(949)**	(434)	(209)
Scrip dividends	**(3)**	(3)	(8)
Film income tax deducted at source	**–**	–	(3)
Proceeds on disposal of investments at fair value through profit or loss	**14,696**	7,786	16,255
Purchases of investments at fair value through profit or loss	**(13,008)**	(5,862)	(14,111)
Operating cash flows before movements in working capital	**2,943**	2,704	4,042
Increase in receivables	**(3,518)**	(3,118)	(3,372)
Increase in payables	**1,751**	2,753	1,798
Net cash from operating activities before income tax	**1,176**	2,339	2,468
Net cash from operating activities	**1,176**	2,339	2,468
Cash flow from financing activities			
Dividends paid on ordinary shares	**(1,225)**	(1,175)	(1,850)
Net cash used in financing activities	**(1,225)**	(1,175)	(1,850)
Net (decrease)/increase in cash and cash equivalents	**(49)**	1,164	618
Cash and cash equivalents at beginning of period	**740**	122	122
Cash and cash equivalents at end of period	**691**	1,286	740

Notes to the Group Results

Six months ended 30 June 2013

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's annual Report and Accounts at 31 December 2012.

Basis of consolidation

These consolidated condensed financial statements incorporate the financial statements of the company and its subsidiary undertakings made up to 30 June. 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.

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 group 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 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.

Investments in subsidiary companies are held at the fair value of their underlying assets and liabilities, calculated in accordance with the above policy. Where a subsidiary has negative net assets it is included in investments at nil value and a provision made against it on the balance sheet.

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 EZT 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:

– 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% (2012 – 50%) to revenue and 50% (2012 – 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 2013 £'000	Unaudited 6 months to 30 June 2012 £'000	Audited Year ended 31 December 2012 £'000
Income from investments	**1,546**	1,063	2,491
Other income/(loss)	**8**	(1)	(5)
	1,554	1,062	2,486

3. Proposed dividends

	Unaudited 6 months to 30 June 2013 Interim		Unaudited 6 months to 30 June 2012 Interim		Audited year ended 31 December 2012 Final	
	Pence per share	**£'000**	Pence per share	£'000	Pence per share	£'000
Ordinary shares	**2.7**	**675**	2.7	675	4.9	1,225
Preference shares – fixed	**1.75**	**175**	1.75	175	1.75	175
		850		850		1,400

The directors have declared an interim dividend of 2.7p (2012 – 2.7p) per ordinary share, payable on 7 November 2013 to shareholders registered on 11 October 2013. The shares will be quoted ex-dividend on 9 October 2013.

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 2013		Unaudited 6 months to 30 June 2012		Audited Year ended 31 December 2012	
	Pence per share	**£'000**	Pence per share	£'000	Pence per share	£'000
Ordinary shares – final	**4.9**	**1,225**	4.7	1,175	4.7	1,175
Ordinary shares – interim	–	–	–	–	2.7	675
Preference shares – fixed	**1.75**	**175**	1.75	175	3.5	350
		1,400		1,350		2,200

Notes to the Group Results (continued)

4. Earnings per ordinary share

	Unaudited 6 months to 30 June 2013 £'000	Unaudited 6 months to 30 June 2012 £'000	Audited Year ended 31 December 2012 £'000
Basic earnings per share			
Calculated on the basis of:			
Net revenue profit after preference dividends	**1,180**	704	1,754
Net capital profit	**852**	338	11
Net total earnings after preference dividends	**2,032**	1,042	1,765
Ordinary shares in issue	**25,000**	25,000	25,000
Diluted earnings per share			
Calculated on the basis of:			
Net revenue profit	**1,355**	879	2,104
Net capital profit	**852**	338	11
Profit after taxation	**2,207**	1,217	2,115
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 2013 £'000	Unaudited 30 June 2012 £'000	Audited 31 December 2012 £'000
Total net assets	**24,152**	23,297	23,345
Less convertible preference shares	**(10,000)**	(10,000)	(10,000)
Net assets attributable to ordinary shareholders	**14,152**	13,297	13,345

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 ended 31 December 2012 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 498(2) or (3) of the Companies Act 2006.

7. 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 2013	(12,900)	1,245
Allocation of profit for the year	852	1,355
Ordinary and preference dividends paid	–	(1,400)
At 30 June 2013	(12,048)	1,200

The capital reserve includes £1,213,000 of investment holding gains (30 June 2012 – £45,000, 31 December 2012 – £87,000 loss).

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 2012.

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

The half-yearly report was approved by the Board on 29 August 2013 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 reviewed the condensed set of consolidated financial statements in the half-yearly financial report of British & American Investment Trust PLC for the six months ended 30 June 2013 which comprises the Consolidated Income Statement, the Consolidated Statement of Changes in Equity, the Consolidated Balance Sheet, the Consolidated Cashflow Statement and the related explanatory notes that have been reviewed. We have read the other information contained in the half yearly financial report Group Financial Highlights, the Chairman's Statement, the Managing Director's Report, the Group 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 Services Authority.

As disclosed in note 1, the annual financial statements of the group 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 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'. 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 2013 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 Services Authority.

GRANT THORNTON UK LLP
AUDITOR
London
29 August 2013