British & American Investment Trust PLC

Interim Report

30 June 2009

Contents

Directors

J. Anthony V. Townsend *(Chairman)*

Jonathan C. Woolf *(Managing Director)*

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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 2009

	Unaudited 6 months to 30 June 2009 £'000	Unaudited 6 months to 30 June 2008 £'000	Audited Year ended 31 December 2008 £'000
Revenue			
Return before tax	**745**	581	1,413
Earnings per £1 ordinary shares – basic (note 4)	**2.41p**	1.64p	4.21p
Earnings per £1 ordinary shares – diluted (note 4)	**2.22p**	1.67p	4.01p
Capital			
Total equity	**30,312**	32,575	28,190
Revenue reserve (note 7)	**853**	1,256	1,225
Capital reserve – realised (note 7)	**15,353**	18,249	17,622
Capital reserve – unrealised (note 7)	**(20,894)**	(21,930)	(25,657)
Net assets per ordinary share (note 5)			
– Basic	**£0.81**	£0.90	£0.73
– Diluted	**£0.87**	£0.93	£0.81
Diluted net assets per ordinary share at 20 August 2009	**£0.89**		
Dividends*			
Dividend per ordinary share (note 3)	**2.7p**	2.7p	6.6p
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 2009.

Revenue

The profit on the revenue account before tax amounted to £0.8 million (30 June 2008: £0.6 million), an increase of 28 percent, reversing the decline experienced in the previous period as action taken to enhance revenue generation has taken effect.

A gain of £2.5 million (30 June 2008: £6.5 million deficit) was registered on the capital account, reflecting a realised loss of £1.2 million (30 June 2008: £0.2 million gain) and unrealised gain of £3.8 million (30 June 2008: £6.7 million loss). The return to net capital gain for the period after two years of reported net capital losses largely reflects the significant rise in the value of our principal US investment, Geron Corporation, in the current year.

The revenue earnings per ordinary share were 2.4 pence on an undiluted basis (30 June 2008: 1.6 pence) and 2.2 pence on a fully diluted basis (30 June 2008: 1.6 pence).

Net Assets

Group net assets were £30.3 million (£28.2 million, at 31 December 2008), an increase of 7.5 percent. This compares to decreases over the same six month period of 4.2 percent in the FTSE 100 share index and 1.7 percent in the All Share index. On a total return basis, after adding back dividends paid during the period, group net assets increased by 11.6 percent. The net asset value per £1 ordinary share was 81 pence (prior charges deducted at par) and 87 pence on a fully diluted basis. The increase in net assets over the period significantly outperformed the results seen in equity markets in the UK and USA which registered declines. This was the result of a significant increase in the value of our principal US investment, Geron Corporation, of 64 percent in dollar terms and 45 percent in sterling terms. Excluding Geron Corporation, our mostly UK portfolio registered an increase of 2.3 percent on a total return basis, again outperforming the UK benchmark indices. This is a pleasing result against the background of continuing difficulty in financial and equities markets. While significant improvement has been seen in these markets in the second quarter of 2009 with the FTSE 100 registering an unprecedented trough to peak rise of 28 percent in twelve weeks, equities markets were still around 4 percent below their opening 2009 values at the half-year and uncertainties prevail surrounding the strength and durability of this turnaround in the light of the global recessionary environment and continuing pressures on financial sector capital positions.

Dividends

We intend to pay an interim dividend of 2.7 pence per ordinary share on 12 November 2009 to shareholders on the register at 16 October 2009. 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

The size of our discount has been unusually variable over the period reflecting the high level of volatility in the market and the wide spreads quoted by market makers in periods of uncertainty and market turmoil. It has varied between a discount of around 20 percent and par, depending on the nature of the trade.

Chairman's Statement (continued)

This high variance has also been exacerbated by the fact that, as with many other smaller sized investment trusts, a number of traditional market makers have ceased to make a market in our shares in order to save costs. In our case, the number of market makers in our stock has dropped from three to one since the end of last year. This has had the inevitable effect of widening the bid/offer spread on the price of our shares with consequent effects on our discount calculations which now vary widely between buying and selling transactions. We are taking steps to encourage the market makers back into our stock; however this will depend on market conditions improving.

Our out-performance against our benchmark indices has been noted above. In addition, I am pleased to note that as at 30 June, we were ranked 2nd and 1st in terms of total return over one and 5 years, respectively, and 2nd (excluding income units) in terms of dividend yield in our AIC peer group of 24 UK Growth and Income investment trusts.

As at 20 August, group net assets were £31.3 million, an increase of 3.3 percent since 30 June. This compares with an increase of 11.9 percent in the FTSE 100 index and an increase of 12.4 percent in the All Share index over the same period, and is equivalent to 85 pence per share (prior charges deducted at par) and 89 pence per share on a fully diluted basis.

Outlook

Since I last reported in April, underlying conditions in world financial and equities markets have continued to be extremely difficult as severe levels of recession have been experienced in all the world economies, exacerbated by the international banking crisis of the last 12 months. However, a significant change in sentiment was seen in the second quarter compared to the first as the conviction that markets may have seen their nadir in the current severe downturn began to take hold. This feeling was reinforced by stabilising commodities prices in anticipation of an end to further substantial economic declines, initiated in the Far East and China in particular. In recent months, this stabilisation effect has also been seen in developed economies in the West with Japan and large Eurozone countries (but not the UK) registering economic stability or modest quarter on quarter growth. The question remains whether this recovery almost to values seen at the beginning of the year will be sustained, built upon or lost if it is felt that markets have outstripped the potential for economic recovery in the short to medium term. Latest market movements in August suggest that an element of caution may now have taken hold.

As is evident from the above, even the short-term outlook for markets remains extremely uncertain. It would appear at least from UK monetary authorities reports that the extent and duration of the downturn might be greater than envisaged earlier in the year. Risks, therefore, that the unprecedented level of monetary easing may result in uncontrollable inflationary forces in the longer term might be delayed somewhat until a sustained recovery is underway; however there always remains the risk that the authorities will unduly delay the credit tightening process to protect any fragile recovery.

While interest rates are therefore expected to remain at their historical low level for some considerable time, the outlook for 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 period to 30 June 2009, UK and US equity markets moved dramatically as the effects of the global financial crisis which had commenced in late 2008 began to be seen in the real economies of all major countries. Wholesale unavailability of bank credit, state intervention in the banking systems and government budget deficits of unprecedented proportions had combined to undermine confidence in most forms of investment by business and by the consumer. As a result, a significant decline in economic activity in all major economies took hold, in some cases by over 5 percent, wiping out all the growth countries had registered over the three previous years. This downturn was exacerbated by falling commodities prices and the result was the severe volatility seen in equities markets during the period. From the start of the year, the UK and US markets fell approximately 20 percent and 25 percent in a period of just 9 weeks, but subsequently rose 28 percent and 33 percent, respectively, in the following 12 weeks. At the end of the half-year, these markets had recovered to levels approximately 5 percent below opening year values.

These large movements described above were seen in many market sectors; however, bank and financial stocks as well as commodities lost substantial proportions of their market capitalisation as fears for banking solvency persisted and commodities prices continued their fall from the inflated prices seen in the previous two years. In the first quarter of the year, defensive stocks were favoured but in the second quarter investors began to switch into early cyclical stocks and to increase investment exposures generally, as sentiment improved quickly and dramatically at the time of the G20 meeting in April. As we reported at the time, the unity and determination displayed by governments to stabilise markets and support their banking systems and economies had the effect of reversing the severely negative outlook which had prevailed as a result of the banking crisis and its effects.

As reported above, our portfolio markedly out performed our benchmark indices over the period and placed us at the top of our AIC peer group, largely due to a significant recovery in the price of our major US investment, Geron Corporation, although the majority UK element of our portfolio also outperformed. After a number of years of underperformance, our investment in Geron moved into modest profit during the period as political obstacles to the development of its technology were removed and favourable reports of its clinical trials progress were announced. As this is a bio-technology company at the stage of converting the fruits of its research and development into intellectual property and marketable products in ground-breaking areas of medical science, we expect further significant progress in the years to come.

Outlook

The improvement in sentiment seen in the second quarter following the G20 meeting has been built upon in the third quarter by leading indices such as manufacturing activity and even consumer sentiment moving into positive territory indicating that further contraction was unlikely. These indications have subsequently been reinforced by stronger housing starts in the US and mortgage approvals in the UK and reports of actual if albeit modest quarter-on-quarter growth for the second quarter in a number of the larger economies in the Far East and Europe.

However, after the unprecedented nature of the shock to the global financial and economic system experienced over the last 12 months, the question now posed is whether these early indications of returning stability and a possible end to the economic downturn can be sustained and then built upon.

Managing Director's Report (continued)

Given the fact that the current recession has been made worse by the international financial crisis, stifling credit to business, trade and consumers in the process, it is possible that even if stability has returned, which may itself be partly a function of the stock cycle, no further improvement will be possible until confidence is suitably underpinned by a properly functioning credit system. Other factors weighing on a return to previously seen or even average levels of growth are the realisation that substantial amounts of value have been lost in world economies never to be regained and the resulting deficits taken on by governments will have to be reduced at some stage through increased levels of taxation or reduction in services. While these factors are counter-balanced by the vast amounts of liquidity being provided by governments through low interest rates and official programmes of money supply inflation, there is as yet no sign that this liquidity is feeding through to businesses and consumers who naturally, in the light of recent experience and the lack of confidence, are increasing savings rather than expanding their exposures.

As noted above, there is currently very little visibility in the future direction of financial markets or economic activity. It could even be that the recently seen recovery is only a pause in a continuing downward cycle as longer term factors such as unemployment and government deficit reduction measures erode confidence further. Much may depend on whether the more robust return to growth seen in the Far East in countries such as China can lead to a rebuilding of global levels of trade and investment through their demand for commodities and domestic consumption. While this result has not been seen before without demand also rising in Western economies, if domestic demand in China has now reached a sufficient level of critical mass in global terms this could at least provide a modest support to world growth pending a sustained recovery in other major economies.

As a traditional fund with exposure 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 markets.

Jonathan C Woolf

27 August 2009

Group Investment Portfolio

As at 30 June 2009

Company	Nature of Business	Valuation £'000	Percentage of portfolio %
Geron Corporation	Biomedical – USA	10,285	33.34*
RIT Capital Partners	Investment Trust	2,450	7.94
Prudential	Life Assurance	2,192	7.10
Alliance Trust	Investment Trust	1,904	6.17
Dunedin Income Growth	Investment Trust	1,492	4.84
British Assets Trust	Investment Trust	1,387	4.50
Electra Private Equity	Investment Trust	1,316	4.27
St. James's Place International	Unit Trust	1,189	3.85
Earthport	Software & computer services	643	2.08
Scottish American Investment Company	Investment Trust	567	1.84
Liberty International	Property	497	1.61
Shires Income	Investment Trust	475	1.54
Invesco Income Growth Trust	Investment Trust	467	1.51
Royal & Sun Alliance Insurance Group – Cum. irred. preference shares	Insurance – Non – Life	400	1.30
Rank Group	Leisure, entertain. and hotels	368	1.19
Matrix Chatham Maritime Trust	Enterprise Zone Trust	338	1.10
Braemar Shipping Services	Transport	329	1.07
Rothschilds Cont. Finance – Notes	Financial	325	1.05
Tate & Lyle	Food producers	318	1.03
Merchants Trust	Investment Trust	283	0.92
20 Largest investments		27,225	88.25
Other investments (number of holdings : 50)		3,625	11.75
Total investments		30,850	100.00

* 22.59% held by the company and 10.75% held by subsidiaries.

Consolidated Income Statement

Six months ended 30 June 2009

		Unaudited 6 months to 30 June 2009		
	Note	Revenue return £'000	Capital return £'000	Total £'000
Investment income	2	**930**	**–**	**930**
Gains/(losses) on investments at fair value through profit or loss - unrealised		**–**	**3,773**	**3,773**
(Losses)/gains on investments at fair value through profit or loss - realised		**–**	**(1,195)**	**(1,195)**
Other expenses		**(185)**	**(84)**	**(269)**
Profit/(loss) before tax		**745**	**2,494**	**3,239**
Taxation		**33**	**–**	**33**
Profit/(loss) for the period		**778**	**2,494**	**3,272**
Earnings per ordinary share	4			
Basic		**2.41p**	**9.98p**	**12.39p**
Diluted		**2.22p**	**7.13p**	**9.35p**

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 2008			Audited Year ended 31 December 2008		
Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
735	–	735	1,743	–	1,743
–	(6,658)	(6,658)	–	(10,698)	(10,698)
–	187	187	–	(35)	(35)
(154)	(81)	(235)	(330)	(173)	(503)
581	(6,552)	(5,971)	1,413	(10,906)	(9,493)
3	–	3	(10)	–	(10)
584	(6,552)	(5,968)	1,403	(10,906)	(9,503)
1.64p	(26.21)p	(24.57)p	4.21p	(43.63)p	(39.42)p
1.67p	(18.72)p	(17.05)p	4.01p	(31.16)p	(27.15)p

Consolidated Statement of Changes in Equity

Six months ended 30 June 2009

Unaudited
Six months ended 30 June 2009

	Share capital £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Retained earnings £'000	Total £'000
Balance at 31 December 2008	35,000	17,622	(25,657)	1,225	28,190
Profit for the period	–	(2,269)	4,763	778	3,272
Ordinary dividend paid	–	–	–	(975)	(975)
Preference dividend paid	–	–	–	(175)	(175)
Balance at 30 June 2009	35,000	15,353	(20,894)	853	30,312

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

Audited
Year ended 31 December 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	–	(658)	(10,248)	1,403	(9,503)
Ordinary dividend paid	–	–	–	(1,600)	(1,600)
Preference dividend paid	–	–	–	(350)	(350)
Balance at 31 December 2008	35,000	17,622	(25,657)	1,225	28,190

Consolidated Balance Sheet

As at 30 June 2009

	Unaudited 30 June 2009 £'000	Unaudited 30 June 2008 £'000	Audited 31 December 2008 £'000
Non current assets			
Investments - fair value through profit or loss (note 1)	**30,850**	31,305	26,673
Current assets			
Receivables	**982**	1,569	307
Investments - fair value through profit or loss	**1,215**	840	1,895
Cash and cash equivalents	**372**	725	864
	2,569	3,134	3,066
Total assets	**33,419**	34,439	29,739
Current liabilities			
Trade and other payables	**(2,346)**	(1,392)	(386)
Current tax	**(5)**	(42)	(6)
Other current liabilities	**(149)**	(355)	(105)
Investments - fair value through profit or loss	**(607)**	(75)	(1,052)
	(3,107)	(1,864)	(1,549)
Total assets less current liabilities	**30,312**	32,575	28,190
Net assets	**30,312**	32,575	28,190
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	**15,353**	18,249	17,622
Capital reserve - unrealised	**(20,894)**	(21,930)	(25,657)
Retained earnings	**853**	1,256	1,225
Total equity	**30,312**	32,575	28,190
Net assets per ordinaey share - basic	**£0.81**	£0.90	£0.73
Net assets per ordinaey share - diluted	**£0.87**	£0.93	£0.81

Consolidated Cashflow Statement

Six months ended 30 June 2009

	Unaudited 6 months to 30 June 2009 £'000	Unaudited 6 months to 30 June 2008 £'000	Audited Year ended 31 December 2008 £'000
Cash flow from operating activities			
Profit/(loss) before tax	**3,239**	(5,971)	(9,493)
Adjustment for:			
Profits/(losses) on investments	**(2,578)**	6,471	10,733
Scrip dividends	**(3)**	(19)	(23)
Film income tax deducted at source	**(1)**	(2)	(4)
Proceeds on disposal of investments at fair value through profit or loss	**8,526**	7,540	14,935
Purchases of investments at fair value through profit or loss	**(8,026)**	(7,999)	(14,653)
Operating cash flows before movements in working capital	**1,157**	20	1,495
Increase in receivables	**(230)**	(176)	(1,553)
(Increase)/decrease in payables	**(269)**	149	1,070
Net cash from operating activities before income tax	**658**	(7)	1,012
Income taxes paid	–	(14)	(44)
Net cash from operating activities	**658**	(21)	968
Cash flow from financing activities			
Dividends paid on ordinary shares	**(975)**	(925)	(1,600)
Dividends paid on preference shares	**(175)**	(175)	(350)
Net cash used in financing activities	**(1,150)**	(1,100)	(1,950)
Net decrease in cash and cash equivalents	**(492)**	(1,121)	(982)
Cash and cash equivalents at beginning of period	**864**	1,846	1,846
Cash and cash equivalents at end of period	**372**	725	864

Notes to the Group Results

Six months ended 30 June 2009

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 2008.

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. In accordance with the company's status as a UK investment company under section 833 of the Companies Act 2006, 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 fair value as determined by the directors.

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% (2008 - 50%) to revenue and 50% (2008 - 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 2009 £'000	Unaudited 6 months to 30 June 2008 £'000	Audited Year ended 31 December 2008 £'000
Income from investments	**933**	702	1,654
Other (loss)/income	**(3)**	33	89
	930	735	1,743

3. Proposed dividends

	Unaudited 6 months to 30 June 2009		Unaudited 6 months to 30 June 2008	
	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 (2008 - 2.7p) per ordinary share, payable on 12 November 2009 to shareholders registered on 16 October 2009. The shares will be quoted ex-dividend on 14 October 2009.

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 2009		Unaudited 6 months to 30 June 2008	
	Pence per share	**£**	Pence per share	£
Ordinary shares – final	**3.9**	**975,000**	3.7	925,000
Preference shares – fixed	**1.75**	**175,000**	1.75	175,000
		1,150,000		1,100,000

Notes to the Group Results (continued)

4. Earnings per ordinary share

	Unaudited 6 months to 30 June 2009 £'000	Unaudited 6 months to 30 June 2008 £'000	Audited Year ended 31 December 2008 £'000
Basic earnings per share			
Calculated on the basis of:			
Net revenue profit after preference dividends	**603**	409	1,053
Net capital gain/(loss)	**2,494**	(6,552)	(10,906)
Net total earnings after preference dividends	**3,097**	(6,143)	(9,853)
Ordinary shares in issue	**25,000**	25,000	25,000
Diluted earnings per share			
Calculated on the basis of:			
Net revenue profit	**778**	584	1,403
Net capital gain/(loss)	**2,494**	(6,552)	(10,906)
Profit/(loss) after taxation	**3,272**	(5,968)	(9,503)
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 2009 £'000	Unaudited 30 June 2008 £'000	Audited 31 December 2008 £'000
Total net assets	**30,312**	32,575	28,190
Less convertible preference shares	**(10,000)**	(10,000)	(10,000)
Net assets attributable to ordinary shareholders	**20,312**	22,575	18,190

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 2008 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 2009	17,622	(25,657)	1,225	(6,810)
Movement during the period:				
Net profit for the period	(1,279)	3,773	778	3,272
Transfer on disposal between reserves	(990)	990	–	–
Dividends paid on ordinary shares	–	–	(975)	(975)
Dividends paid on preference shares	–	–	(175)	(175)
At 30 June 2009	15,353	(20,894)	853	(4,688)

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 2008.

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 profit 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 Directors of the company are listed on the Contents page.

The half-yearly report was approved by the Board on 27 August 2009 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 2009 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 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Grant Thornton UK LLP
Auditor
London
27 August 2009