BRITISH & AMERICAN INVESTMENT TRUST PLC

FINANCIAL HIGHLIGHTS
For the six months ended 30 June 2021

	Unaudited 6 months to 30 June 2021	Unaudited 6 months to 30 June 2020	Audited Year ended 31 December 2020
	£'000	£'000	£'000
Revenue			
Return before tax	**1,056**	989	879
Earnings per £1 ordinary shares – basic (note 5)	**3.58p**	3.31p	2.23p
Earnings per £1 ordinary shares – diluted (note 5)	**3.06p**	2.86p	2.59p
Capital			
Total equity	**7,169**	7,888	6,720
Revenue reserve (note 9)	**388**	1,112	168
Capital reserve (note 9)	**(28,219)**	(28,224)	(28,448)
Net assets per ordinary share (note 6)			
- Basic	**£0.20**	£0.23	£0.19
- Diluted	**£0.20**	£0.23	£0.19
Diluted net assets per ordinary share at 23 September 2021	**£0.20**		
Dividends*			
Dividends per ordinary share (note 4)	**3.5p**	2.7p	2.7p
Dividends per preference share (note 4)	**3.5p**	1.75p	1.75p

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

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

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

INVESTMENT PORTFOLIO
As at 30 June 2021

Company	Nature of Business	Valuation £'000	Percentage of portfolio %
Lineage Cell Therapeutics (USA)*	Biotechnology	2,997	23.30
Dunedin Income Growth	Investment Trust	1,575	12.25
Geron Corporation (USA)**	Biomedical	1,115	8.67
Aberdeen Diversified Income & Growth	Investment Trust	729	5.67
Relief Therapeutics (Switzerland)	Healthcare	117	0.91
AgeX (USA)	Biotechnology	114	0.89
Audioboom Group	Media	90	0.70
ADVFN	Other financial	80	0.62
Braemar Shipping Services	Transport	79	0.61
Electra Private Equity	Investment Trust	78	0.60
10 Largest investments (excluding subsidiaries)		6,974	54.22
Investment in subsidiaries		5,794	45.05
Other investments (number of holdings: 8)		94	0.73
Total investments		**12,862**	**100.00**

* Total value of investment within the group £4,674,000
** Total value of investment within the group £3,715,000

Unaudited Interim Report
As at 30 June 2021

Registered number: 433137

Directors	**Registered office**
David G Seligman *(Chairman)*	Wessex House
Jonathan C Woolf *(Managing Director)*	1 Chesham Street
Dominic G Dreyfus *(Non-executive and Chairman of the Audit Committee)*	London SW1X 8ND
Alex Tamlyn *(Non-executive)*	Telephone: 020 7201 3100
	Website: www.baitgroup.co.uk

CHAIRMAN'S STATEMENT

I report our results for the six months to 30 June 2021.

Revenue

The profit on the revenue account before tax amounted to £1.1 million (30 June 2020: £1.0 million), an increase of 6.8 percent and mainly comprised income received from our subsidiary companies.

Gross revenues totalled £1.29 million (30 June 2020: £1.27 million) during the period. In addition, film income of £57,000 (30 June 2020: £29,000) and property unit trust income of £nil (30 June 2020: £7,000) was received in our subsidiary companies. In accordance with IFRS10, these income streams are not included within the revenue figures noted above.

A gain of £0.3 million (30 June 2020: £0.5 million gain) was registered on the capital account before capitalised expenses and foreign exchange gains/losses, comprising a realised loss of £0.5 million (30 June 2020: £0.7 million loss) and an unrealised gain of £0.8 million (30 June 2020: £1.2 million gain).

Revenue earnings per ordinary share were 3.6 pence on an undiluted basis (30 June 2020: 3.3 pence) and 3.1 pence on a fully diluted basis (30 June 2020: 2.9 pence).

Net Assets and performance

Company net assets were £7.2 million (£6.7 million, at 31 December 2020), an increase of 6.7 percent. Over the same six month period, the FTSE 100 index increased by 8.9 percent and the All Share index increased by 9.3 percent. On a total return basis, after adding back dividends paid during the period, our net assets increased by 19.3 percent compared to equivalent increases of 10.5 percent and 11.0 percent in the FTSE 100 and All Share indices, respectively. The net asset value per £1 ordinary share was 20.5 pence on a fully diluted basis.

This total return outperformance was a function of both an increase of almost 50 percent in the price of our US investment Lineage Cell Therapeutics Inc (previously Biotime Inc) and the payment of a dividend for the 6 months at a rate of almost six times the equivalent yield on our benchmark indices. By contrast the value of our other large US investment Geron Corporation declined by 10 percent over the period, despite having advanced by up to 20 percent on two occasions during the period. The high levels of volatility which have been a hallmark of this stock for many years continued in the first half and on one occasion in June daily trading volume reached 150 times average levels over two days and the stock price increased by 60 percent. Perversely, the company's board chose not to comment on this most unusual and unexplained movement, thereby risking a false market in the stock at the time.

Despite the continuation of the worldwide Covid-19 crisis into a second year in 2021, and in many cases with an intensification of its reach and effects, equity markets in the USA and UK performed strongly in the first half of the year. The leading stocks index in the UK rose steadily from almost the beginning of the year, recovering from the severe Covid-19 induced falls of the second quarter of 2020 to regain a level only 10 percent below its all time high. In the USA, leading stocks had regained their all time high in November 2020 and have moved steadily up since, reaching new highs every month in 2021. By the half year, they had reached 17 percent above the previous all time high struck in February 2020, just before the Covid-19 sell-off.

The enormous success of the worldwide Covid-19 vaccine programme, reducing infection rates and saving countless lives, has been the dominant driver of this continuing and somewhat surprising continued strength in equity markets, despite the arrival of new and more virulent virus variants and stubbornly high hesitancy in vaccine take-up in some places, including in the USA. In addition, central banks have kept interest rates at their historically low levels for a further and unexpectedly extended period of time to mitigate the damaging effects of the pandemic on businesses and societies worldwide.

This strong equities performance also reflects the bounce-back in developed economy GDP since the precipitous falls of 2020. Despite continuing systemic inefficiencies arising from home-working, disruption to trade and travel restrictions, corporate profitability in many sectors has begun to grow again, with the notable exception of the tourism and travel-related sectors and industries with particular trade or supply related problems such as semiconductors and as a consequence automobiles. Generally, however, and with some recalibration of the social effects of the pandemic, economies have gradually returned to a more normal basis of operation as the protection afforded by the vaccine programme has provided much needed confidence to businesses and individuals. This has been further supported by continued levels of government financial and fiscal support which have prevented many insolvencies and a collapse in employment levels. In fact in recent months, employment vacancies, particularly in the UK possibly also due to other factors such as Brexit, have grown strongly, surpassing pre-Covid-19 levels. Perversely, there are now concerns that these high levels of unfilled employment demand, particularly in the transport and hospitality sectors, will begin to adversely impact the economic recovery which in the UK was the strongest of all G7 countries in the second quarter.

These swift recoveries from the ravages caused by the Covid-19 pandemic are of course welcome. However, as this initial bounce-back from the worst of the pandemic eases, the disruption to the underlying global financial architecture which the pandemic has caused will remain to be tackled over the medium term and these are likely to put pressure on economic growth going forward. Unprecedented levels of government borrowing and fiscal deficits will have to be repaired with higher personal or more broadly based corporate taxes, and the now rapidly increasing levels of inflation will have to be tamed by increases in interest rates from their historic low levels and the withdrawal of quantitative easing measures after many years of highly accommodative monetary policy.

In addition to addressing these longer term economic and financial issues, there continues to be great and growing pressure on governments to address the other fundamental issues facing the world, such as climate change, energy and resource sustainability and security, the growing sense of social inequality and instability in international relations, all of which are likely to involve cost and drag on economic growth in the short to medium term until the undoubted long-term benefits of tackling these challenging issues can be reaped.

Dividends

We intend to pay a second interim dividend of 0.8 pence per ordinary share for the year to 31st December 2021 on 9th December 2021. When added to the first interim dividend of 2.7 pence per ordinary share paid on 24th June for the year to 31st December 2021 this totals 3.5 pence per ordinary share, equivalent to the annual dividend on our 3.5 percent preference shares. A preference dividend of 1.75 pence per preference share was also paid on 24th June 2021 and a further preference dividend of 1.75 pence per preference share will be paid on 9th December 2021.

The first interim dividend payment represents a yield of approximately 9 percent on the ordinary share price averaged over the first six month period of the year.

Outlook

As reported earlier in the year, developed economies face a plethora of challenges on multiple fronts in both the short and medium term with significant economic and investment impacts. Apart from the continued evolution of the Covid-19 pandemic and the possibility that the emergency responses which have been required in the past year and a half may have to be further extended, the recent strong advances in inflation, the unprecedented levels of government debt and deficits and growing geopolitical uncertainties at a time when the international policy and strategy of the new US administration is still being formed will likely weigh heavily on the prospects of a further long term bull market after the current Covid-19 shock recovery has run its course.

Having trimmed some of our general sterling based investments over the last two years which we do not expect to replace in the foreseeable future, our portfolio has become more focused on our US biopharma investments which do not tend to track general market movements and which we believe hold significant investment promise as they progress steadily towards commercialisation of their ground-breaking and valuable technologies.

As at 23 September, company net assets were £6.9 million, a decrease of 4.3 percent since 30 June. This compares with an increase in the FTSE 100 index of 0.6 percent and an increase of 1.7 percent in the All Share index over the same period, and is equivalent to 19.6 pence per share (prior charges deducted at fully diluted value) and 19.6 pence per share on a fully diluted basis.

David Seligman

29 September 2021

Managing Director's Report

As reported earlier in the year and also in the chairman's statement above, prospects in the short term for equity markets in the USA and UK have been and remain good as the recovery in economic activity, corporate profitability and general confidence continues to build from the low points registered in 2020 at the height of the pandemic.

By contrast, however, the medium term outlook appears very much less certain and the big question remains how the many imbalances which have built up during the pandemic in government finances, monetary policy and corporate and social activity will be re-set without negatively affecting the ongoing recovery and building in permanently the lost production over the last two years.

It was always going to be the case that after the immense lock-down related falls in economic activity of 2020 the bounce-back when it occurred would be equally large and fast once the severest restrictions on movement were lifted. This has indeed been the case, with economic activity in the USA and UK reverting to prior levels somewhat sooner than previously expected. This, and the great sense of relief at the success of the vaccine programme as the current year unfolded, explains the firmness in equity markets at this point.

However, waiting to be addressed are the systemic after-effects of the emergency measures introduced by governments to combat the pandemic over the last 18 months and their longer term effect on economic activity and markets going forward. Inflation rates have risen quickly to levels not seen for 10 years (and prior to that not for 30 years) as accommodative monetary policy and government support mechanisms have washed through the system leading to significant asset price inflation, particularly in financial assets and real estate. The Bank of England currently calculates inflation at 4 percent in the UK and the latest annualised inflation rate in the USA is calculated at 5 percent.

Central banks appear to have remained relatively unperturbed by these developments, considering them a temporary effect of a rapidly recovering economy, expected to be reversed as the stimulus measures are soon to be withdrawn. However, recent indications of inflation beginning to seep into wages, precipitated by shortages and disruption in the labour market, could suggest that such views are premature and a recent report from the OECD forecasting significant inflation rises in the next two years would appear to support this. One further element in central banks' calculations could be the fact that any early increases in interest rates would significantly increase the cost to governments of their recently inflated borrowings, thereby accelerating further the urgency for fiscal tightening or spending cuts. In the UK, government debt interest costs have doubled over the last 12 months and, going forward, it is estimated that each percentage point increase in interest rates would increase the government's annual interest bill by over £20 billion, equivalent to 5 pence on income tax or approaching half of the UK's defence budget.

A further consideration in the tug of war between inflation and future government spending and taxation are the large capital expenditure programmes that were in place or contemplated in the USA even before the advent of the pandemic and are now considerably further enhanced by the new administration. A similar capital expenditure programme is also planned by the UK government in the context of its levelling-up policy. These programmes by their nature and intent add substantially to the demand side of the economy for years to come, and although designed to side-step annual budgets as non-current expenditure nevertheless add to the government's debt stock and the interest cost thereon, which is of course current expenditure. While interest rates remain at their current ultra low levels, the additional interest cost over time would have been manageable, but if rates move closer to previous and more normal levels this would not be the case, bringing the need for further fiscal tightening and effectively undermining to some extent the original purpose of the investments as a means to bring income enhancing activities to lower income areas. Given the compelling political expediency of these programmes and the fact that once announced and commissioned they are extremely difficult to cancel, it is unlikely that the current or future governments would willingly seek to rein them in.

While equity markets and particularly the more sensitive bond market have not yet reacted significantly to the prospect of higher inflation and interest rates in the period to come, there must be some doubt whether their current levels, which follow over 12 years of exceptionally strong bull markets, can be sustained through the medium term.

Our portfolio has become very much more focussed on specific investments and sectors which, while in themselves volatile and ultimately dependent on breakthroughs in their own businesses, could be said to be less exposed to the major trends in markets which might occur over the coming years.

One such investment, in Geron Corporation, is now close to the inflection point when significant value is potentially generated, being well into the Phase 3 stages of its two major hematological oncology clinical trials. This value generation is realised either through the conclusion of a successful Phase 3 trial (which on average leads to drug approval approximately 90 percent of the time) and subsequent commercialisation or through partnerships with or take-over by larger pharmaceutical companies.

Our other significant investment in this area, Lineage Cell Therapeutics Inc (a combination of the previous Biotime Inc and Asterias Therapeutics Inc), has not yet entered Phase 3 trials but continues to publish impressive and never before seen results in its Phase 2 macular degeneration and spinal cord injury trials based on its regenerative medicine (stem cell) technology. In the former, recent results show for the first time that this technology not only halts but reverses the retina damage and ultimately blindness which this disease causes in older people, resulting in significantly improved vision. While the value of this company has increased 150 percent over the last 12 months, target valuations from leading sector brokers have been set at three times the current value.

We believe, therefore, that our portfolio is well positioned to capture value over the coming period at a time when the general market outlook looks challenging for the reasons explained above. In addition, the portfolio is specifically structured within the group in terms of income potential to maximise distributions to shareholders when and as possible.

Jonathan Woolf

29 September 2021

CONDENSED INCOME STATEMENT
Six months ended 30 June 2021

	Note	**Unaudited 6 months to 30 June 2021**			Unaudited 6 months to 30 June 2020			Audited Year ended 31 December 2020		
		Revenue return £'000	**Capital return £'000**	**Total £'000**	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Investment income	**3**	**1,286**	**-**	**1,286**	1,269	-	1,269	1,372	-	1,372
Holding gains on investments at fair value through profit or loss		**-**	**848**	**848**	-	1,207	1,207	-	1,388	1,388
Losses on disposal of investments at fair value through profit or loss		**-**	**(471)**	**(471)**	-	(747)	(747)	-	(960)	(960)
Foreign exchange (losses)/gains		**3**	**(27)**	**(24)**	(52)	53	1	(44)	(13)	(57)
Expenses		**(214)**	**(119)**	**(333)**	(199)	(119)	(318)	(400)	(242)	(642)
Profit before finance costs and tax		**1,075**	**231**	**1,306**	1,018	394	1,412	928	173	1,101
Finance costs		**(19)**	**(2)**	**(21)**	(29)	(12)	(41)	(49)	(15)	(64)
Profit before tax		**1,056**	**229**	**1,285**	989	382	1,371	879	158	1,037
Taxation		**14**	**-**	**14**	13	-	13	29	**-**	29
Profit for the period		**1,070**	**229**	**1,299**	1,002	382	1,384	908	158	1,066
Earnings per ordinary share	**5**									
Basic		**3.58p**	**0.92p**	**4.50p**	3.31p	1.53p	4.84p	2.23p	0.63p	2.86p
Diluted		**3.06p**	**0.65p**	**3.71p**	2.86p	1.09p	3.95p	2.59p	0.45p	3.04p

The company does not have any income or expense that is not included in profit for the period and all items derive from continuing operations. Accordingly, the 'Profit for the period' is also the 'Total Comprehensive Income for the period' as defined in IAS 1(revised) and no separate Statement of Comprehensive Income has been presented.

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

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

CONDENSED STATEMENT OF CHANGES IN EQUITY
Six months ended 30 June 2021

				Unaudited Six months ended 30 June 2021
	Share capital* £'000	**Capital reserve £'000**	**Retained earnings £'000**	**Total £'000**
Balance at 31 December 2020	35,000	(28,448)	168	6,720
Profit for the period	-	229	1,070	1,299
Ordinary dividend paid	-	-	(675)	(675)
Preference dividend paid	-	-	(175)	(175)
Balance at 30 June 2021	35,000	(28,219)	388	7,169

				Unaudited Six months ended 30 June 2020
	Share capital* £'000	Capital reserve £'000	Retained earnings £'000	Total £'000
Balance at 31 December 2019	35,000	(28,606)	110	6,504
Profit for the period	-	382	1,002	1,384
Ordinary dividend paid	-	-	-	-
Preference dividend paid	-	-	-	-
Balance at 30 June 2020	35,000	(28,224)	1,112	7,888

				Audited Year ended 31 December 2020
	Share capital* £'000	Capital reserve £'000	Retained earnings £'000	Total £'000
Balance at 31 December 2019	35,000	(28,606)	110	6,504
Profit for the period	-	158	908	1,066
Ordinary dividend paid	-	-	(675)	(675)
Preference dividend paid	-	-	(175)	(175)
Balance at 31 December 2020	35,000	(28,448)	168	6,720

*The company's share capital comprises £35,000,000 (2020 - £35,000,000) being 25,000,000 ordinary shares of £1 (2020 - 25,000,000) and 10,000,000 non-voting convertible preference shares of £1 each (2020 - 10,000,000).

CONDENSED BALANCE SHEET
As at 30 June 2021

	Note	Unaudited 30 June 2021	Unaudited 30 June 2020	Audited 31 December 2020
		£'000	£'000	£'000
Non-current assets				
Investments – fair value through profit or loss (note 1)		**7,068**	6,804	6,436
Subsidiaries – fair value through profit or loss		**5,794**	5,822	5,719
		12,862	12,626	12,155
Current assets				
Receivables		**1,067**	1,584	1,605
Cash and cash equivalents		**320**	2,192	394
		1,387	3,776	1,999
Total assets		**14,249**	16,402	14,154
Current liabilities				
Trade and other payables		**(2,565)**	(2,359)	(3,003)
Bank loan		**(637)**	(2,843)	(687)
		(3,202)	(5,202)	(3,690)
Total assets less current liabilities		**11,047**	11,200	10,464
Non – current liabilities		**(3,878)**	(3,312)	(3,744)
Net assets		**7,169**	7,888	6,720
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		**(28,219)**	(28,224)	(28,448)
Retained revenue earnings		**388**	1,112	168
Total equity		**7,169**	7,888	6,720
Net assets per ordinary share – basic	**6**	**£0.20**	£0.23	£0.19
Net assets per ordinary share – diluted	**6**	**£0.20**	£0.23	£0.19

CONDENSED CASHFLOW STATEMENT
Six months ended 30 June 2021

	Unaudited 6 months to 30 June 2021	Unaudited 6 months to 30 June 2020	Audited Year ended 31 December 2020
	£'000	£'000	£'000
Cash flow from operating activities			
Profit before tax	**1,285**	1,371	1,037
Adjustment for:			
Gains on investments	**(377)**	(460)	(428)
Dividends in specie	**(78)**	-	-
Proceeds on disposal of investments at fair value through profit or loss	**1,089**	1,811	2,619
Purchases of investments at fair value through profit or loss	**(1,270)**	(2,226)	(2,415)
Interest	**21**	41	64
Operating cash flows before movements in working capital	**670**	537	877
Decrease/(increase) in receivables	**64**	(213)	34
Increase/(decrease) in payables	**95**	(361)	(192)
Net cash from operating activities before interest	**829**	(37)	719
Interest paid	**(3)**	(23)	(31)
Net cash flows from operating activities	**826**	(60)	688
Cash flows from financing activities			
Dividends paid on ordinary shares	**(675)**	(285)	(675)
Dividends paid on preference shares	**(175)**	(175)	(175)
Bank loan	**(50)**	208	(1,948)
Net cash used in financing activities	**(900)**	(252)	(2,798)
Net decrease in cash and cash equivalents	**(74)**	(312)	(2,110)
Cash and cash equivalents at beginning of period	**394**	2,504	2,504
Cash and cash equivalents at end of period	**320**	2,192	394

NOTES TO THE COMPANY'S CONDENSED FINANCIAL STATEMENT

1. Accounting policies

Basis of preparation and statement of compliance

This interim report is prepared in accordance with IAS 34 'Interim Financial Reporting' and on the basis of the accounting policies set out in the company's Annual Report and financial statements at 31 December 2020 with the exception of the application of new accounting standards.

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

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

The financial statements have been prepared on the historical cost basis except for the measurement at fair value of investments, derivative financial instruments, and subsidiaries. The same accounting policies as those published in the statutory accounts for 31 December 2020 have been applied.

Significant accounting policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

– expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated, and accordingly investment management and related costs have been allocated 50% (2020 – 50%) to revenue and 50% (2020 – 50%) to capital, in order to reflect the directors' long-term view of the nature of the expected investment returns of the company.

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

2. Segmental reporting

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

3. Income

	Unaudited 6 months to 30 June 2021 £'000	Unaudited 6 months to 30 June 2020 £'000	Audited Year ended 31 December 2020 £'000
Income from investments	**1,248**	1,226	1,287
Other income	**38**	43	85
	1,286	1,269	1,372

Of the £1,248,000 (30 June 2020 – £160,000, 31 December 2020 – £1,287,000) dividends received, £204,000 (30 June 2020 – £90,000, 31 December 2020 – £90,000) related to special and other dividends received from investee companies that were bought after the dividend announcement. There was a corresponding capital loss of £249,000 (30 June 2020 – £324,000, 31 December 2020 – £324,000) on these investments.

Under IFRS 10 the income analysis is for the parent company only rather than that of the consolidated group. Thus, film revenues of £57,000 (30 June 2020 – £29,000, 31 December 2020 – £84,000) received by the subsidiary British & American Films Limited and property unit trust income of £nil (30 June 2020 – £7,000, 31 December 2020 – £14,000) received by the subsidiary BritAm Investments Limited are shown separately in this paragraph for information purposes.

4. Dividends

	Unaudited 6 months to 30 June 2021 Interim		Unaudited 6 months to 30 June 2020 Interim		Audited Year ended 31 December 2020 Final	
	Pence per share	**£'000**	Pence per share	£'000	Pence per share	£'000
Ordinary shares - paid	**2.7**	**675**	-	-	2.7	675
Ordinary shares - proposed	**0.8**	**200**	2.7	675	-	-
Preference shares – paid	**1.75**	**175**	-	-	1.75	175
Preference shares – proposed	**1.75**	**175**	1.75	175	-	-
		1,225		850		850

The directors declared a first interim dividend of 2.7p (2020 – 2.7p) per ordinary share, paid on 24 June 2021 to shareholders registered on 11 June 2021.

The directors have declared a second interim dividend of 0.8 pence per ordinary share for the year to 31 December 2021 payable on 9 December 2021 to shareholders registered on 12 November 2021. The shares will be quoted ex-dividend on 11 November 2021.

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 were paid a dividend of £175,000 being 1.75p per share. The payment was made on the same date as the dividend to the ordinary shareholders. A further payment of 1.75p per share will be paid to preference shareholders on 9 December 2021.

The non-payment in December 2019 and in December 2020 of the dividend of 1.75 pence per share on the 3.5% cumulative convertible preference shares, consequent upon the non-payment of a final dividend on the Ordinary shares for the year ended 31 December 2019 and for the year ended 31 December 2020, has resulted in arrears of £350,000 on the 3.5% cumulative convertible preference shares. These arrears will become payable in the event that the ordinary shares receive, in any financial year, a dividend on par value in excess of 3.5%.

Amounts recognised as distributions to ordinary shareholders in the period:

	Unaudited 6 months to 30 June 2021		Unaudited 6 months to 30 June 2020		Audited Year ended 31 December 2020	
	Pence per share	**£'000**	Pence per share	£'000	Pence per share	£'000
Ordinary shares – Final	-	-	-	-	-	-
Ordinary shares – Interim	**2.7**	**675**	-	-	2.7	675
Preference shares – Fixed	**1.75**	**175**	-	-	1.75	175
		850		-		850

5. Earnings per ordinary share

	Unaudited 6 months to 30 June 2021 £'000	Unaudited 6 months to 30 June 2020 £'000	Audited Year ended 31 December 2020 £'000
Basic earnings per share			
Calculated on the basis of:			
Net revenue profit after preference dividends	**895**	827	558
Net capital gain	**229**	382	158
Net total earnings after preference dividends	**1,124**	1,209	716
	Number'000	Number'000	**Number'000**
Ordinary shares in issue	**25,000**	25,000	25,000
Diluted earnings per share			
Calculated on the basis of:			
Net revenue profit	**1,070**	1,002	908
Net capital gain	**229**	382	158
Profit after taxation	**1,299**	1,384	1,066
	Number'000	Number'000	**Number'000**
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).

6. Net asset value attributable to each share

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

	Unaudited 30 June 2021 £'000	Unaudited 30 June 2020 £'000	Audited 31 December 2020 £'000
Total net assets	**7,169**	7,888	6,720
Less convertible preference shares at fully diluted value	**(2,048)**	(2,254)	(1,920)
Net assets attributable to ordinary shareholders	**5,121**	5,634	4,800

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

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

7. Non – current liabilities

Guarantee of subsidiary liability	Unaudited 30 June 2021 £'000	Unaudited 30 June 2020 £'000	Audited 31 December 2020 £'000
Opening provision	**3,744**	3,375	3,375
Increase in period	**133**	167	347
Transfer to allowance for doubtful debt	**1**	(230)	22
Closing provision	**3,878**	3,312	3,744

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

During the year ended 31 December 2019 as part of a transaction to hedge the company against exchange effects of the foreign currency loan, an amount corresponding to the $USD value was loaned by British & American Investment Trust PLC to Second BritAm Investments Limited. As a result of this, and other related intercompany transactions, £2,860,000 of amounts previously guaranteed became an asset of the company and the provision brought forward against this has been transferred to become an allowance against doubtful debt. During the period to 30 June 2021, an allowance against doubtful debt has decreased by £1,000 (30 June 2020 - increased by £230,000 and 31 December 2020 - decreased by £22,000).

8. Related party transactions

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

The company rents its offices from Romulus Films Limited, and is also charged for its office overheads. During the period the company paid £15,000 (30 June 2020 – £15,000 and 31 December 2020 – £30,000) in respect of those services.

The salaries and pensions of the company's employees, except for the three non-executive directors and one employee, are paid by Remus Films Limited and Romulus Films Limited and are recharged to the company. Amounts charged by these companies in the period to 30 June 2021 were £188,000 (30 June 2020 – £186,000 and 31 December 2020 – £385,000) in respect of salary costs and £21,000 (30 June 2020 – £23,000 and 31 December 2020 – £43,000) in respect of pensions.

At the period end an amount of £482,000 (30 June 2020 – £804,000 and 31 December 2020 – £nil) was due to Romulus Films Limited and the amount of £nil was due from Romulus Films Limited (30 June 2020 – £nil and

31 December 2020 – £39,000) and £543,000 (30 June 2020 – £321,000 and 31 December 2020 – £276,000) was due to Remus Films Limited.

During the period subsidiary BritAm Investments Limited paid dividends of £907,000 (30 June 2020 – £1,066,000 and 31 December 2020 – £1,066,000) to the parent company, British & American Investment Trust PLC.

British & American Investment Trust PLC has guaranteed the liabilities of £3,878,000 (30 June 2020 – £3,312,000 and 31 December 2020 – £3,744,000) due from Second BritAm Investments Limited to its fellow subsidiaries if they should fall due.

During the period the company paid interest of £17,000 (30 June 2020 – £18,000 and 31 December 2020 – £34,000) on the loan due to BritAm Investments Limited.

During the period the company received interest of £10,000 (30 June 2020 – £13,000 and 31 December 2020 – £26,000) from British & American Films Limited, £28,000 (30 June 2020 – £30,000 and 31 December 2020 – £59,000) from Second BritAm Investments Limited.

During the period the company entered into investment transactions to sell stock for £532,000 to BritAm Investments Limited (30 June 2020 – £455,000 and 31 December 2020 – £455,000) and for £772,000 to British & American Films Limited (30 June 2020 – £nil and 31 December 2020 – £nil).

During the period the company entered into investment transaction to purchase stock for £1,243,000 from British & American Films Limited (30 June 2020 – £nil and 31 December 2020 – £nil).

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

9. Retained earnings

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

	Capital reserve £’000	Retained earnings £’000
1 January 2021	(28,448)	168
Allocation of profit for the period	229	1,070
Ordinary and preference dividends paid	-	(850)
At 30 June 2021	(28,219)	388

The capital reserve includes £3,137,000 of investment holding losses (30 June 2020 – £5,333,000 loss, 31 December 2020 – £5,422,000 loss).

10. Financial instruments

Financial instruments carried at fair value

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

Fair value hierarchy

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

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

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

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

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

Level 3: Unobservable inputs for the asset or liability.

Financial assets and financial liabilities at fair value through profit or loss at 30 June 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Investments:				
Investments held at fair value through profit or loss	7,067	-	1	7,068
Subsidiary held at fair value through profit or loss	-	-	5,794	5,794
Total financial assets and liabilities carried at fair value	**7,067**	-	**5,795**	**12,862**

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

Fair Value Assets in Level 3

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

	Level 3
	£'000
Opening fair value at 1 January 2021	5,720
Purchases	-
Sales proceeds	-
Gains on sales	-
Investment holding gains	75
Closing fair value at 30 June 2021	5,795

Subsidiaries

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

The fair value of the film rights have been determined by estimating the present value of the pre-tax film revenues in the next 10 years discounted at a discount rate of 4% (30 June 2020 – 5% and 31 December 2020 – 4%). The directors' valuation of British & American Films Limited has been based on pre-tax profits as sufficient group relief exists to mitigate the tax effect.

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

11. Financial information

The financial information contained in this report does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The financial information for the period ended 30 June 2021 and 30 June 2020 have not been audited by the Company's Auditor pursuant to the Auditing Practices Board guidance. The information for the year to 31 December 2020 has been extracted from the latest published Annual Report and Financial Statements, which have been lodged with the Registrar of Companies, contained an unqualified auditors' report and did not contain a statement required under Section 498(2) or (3) of the Companies Act 2006.

DIRECTORS' STATEMENT

Principal risks and uncertainties

The principal risks and uncertainties faced by the company continue to be as described in the previous annual accounts. Further information on each of these areas, together with the risks associated with the company's financial instruments are shown in the Directors' Report and notes to the financial statements within the Annual Report and Accounts for the year ended 31 December 2020.

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

Directors' Responsibilities Statement

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

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

The half-yearly report was approved by the Board on 29 September 2021 and the above responsibility statement was signed on its behalf by:

Jonathan C Woolf

Managing Director

Independent review report to the members of 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 of British & American Investment Trust PLC for the six months ended 30 June 2021 which comprises the Condensed Income Statement, the Condensed Statement of Changes in Equity, the Condensed Balance Sheet, the Condensed Cashflow Statement and related Notes to the Company results. We have read the other information contained in the half-yearly financial report being the Financial Highlights, the Chairman's Statement, the Managing Director's Report, the Investment Portfolio and the Directors' Statement, and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

As disclosed in note 1, the annual financial statements of the company are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility
Our responsibility is to express a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' 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 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.

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 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report
This report is made solely to the company, 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. Our review work has been undertaken so that we might state to the company those matters we are required to state to it 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 for our review work, for this report, or for the conclusion we have formed.

HAZLEWOODS LLP
AUDITOR

Cheltenham
29 September 2021