



British Assets Trust plc

Interim Report

For the six months ended

31 March 2012

Company Summary

Objective

To achieve a total return in excess of a composite index, weighted as to 80 per cent FTSE All-Share Index and 20 per cent FTSE World (ex UK) Index, by investing principally in a diversified international portfolio of equities and equity-related securities. Within this overall objective, the Company aims to maintain a progressive dividend policy which will be dependent upon, *inter alia*, the rate of revenue growth within the investment portfolio and the level of dividend cover.

Investment Manager

F&C Investment Business Limited

Total Assets less Current Liabilities

£445.9 million at 31 March 2012

Equity Shareholders' Funds

£386.4 million at 31 March 2012

Annualised Expense Ratio

Management and other expenses – 0.6 per cent of shareholders' funds

Website

The Company's internet address is www.british-assets.co.uk



Financial Highlights

- Net asset value total return of 15.9 per cent compared with a total return of 15.5 per cent from the benchmark index.
- Share price total return of 14.4 per cent.
- Dividend yield 4.8 per cent.
- Premium of net asset value to share price of 0.5 per cent* at period end.

* Net asset value (non-UK GAAP) adjusted to reflect market value of debt.

Performance Summary

	Six months to 31 March 2012	Year to 30 September 2011
Total Return		
Net asset value (note 1)	15.9%	-5.1%
Ordinary Share price	14.4%	-4.8%
Composite index (note 2)	15.5%	-4.3%
FTSE All-Share Index	15.0%	-4.4%
FTSE World (ex UK) Index	17.6%	-4.0%
	31 March 2012	30 September 2011
Capital Values		
Net asset value per Ordinary Share	132.7p	117.9p
Ordinary Share price	127.0p	114.0p
Dividend Yield		
	4.8%	5.4%
(Discount)/Premium – Basic (note 3)		
	(4.3)%	(3.3)%
– Debt adjusted (note 4)	(1.8)%	(0.7)%
– Debt adjusted (note 5)	0.5%	2.2%
Gearing – Net of cash (note 6)		
	16.4%	20.5%
– Equity gearing (note 7)	3.3%	4.9%
	Six months to 31 March 2012	Six months to 31 March 2011
Revenue and Dividends		
Earnings per Ordinary Share	3.0p	2.6p
Interim dividends per Ordinary Share	2.884p	2.884p

Notes

1. Net asset value total return is calculated as the total return attributable to an Ordinary Share. It assumes that dividends paid to shareholders are re-invested in the net asset value.
2. With effect from 1 October 2011 composite index of 80 per cent FTSE All-Share Index and 20 per cent FTSE World (ex UK) Index. For the year to 30 September 2011, 75 per cent FTSE All-Share Index and 25 per cent FTSE World (ex UK) Index.
3. Net asset value (UK GAAP) with debt at par.
4. Net asset value (UK GAAP) adjusted to reflect market value of debt.
5. Net asset value (non-UK GAAP) adjusted to reflect market value of debt.
6. Gearing net of cash: (Investments – Shareholders' Funds) ÷ Shareholders' Funds.
7. Equity gearing: (Equity Investments – Shareholders' Funds) ÷ Shareholders' Funds.

Sources: F&C Investment Business, AIC, Datastream and Fundamental Data

Chairman's Statement

The Company's net asset value total return for the six month period ended 31 March 2012 was 15.9 per cent. This compares with a total return of 15.5 per cent from the composite benchmark index of 80 per cent FTSE All-Share Index and 20 per cent FTSE World (ex UK) Index. The share price total return during the period was 14.4 per cent.

Global equity markets performed strongly during the period under review. The combination of the Long-Term Refinancing Operations implemented by the European Central Bank to tackle the debt crisis in the Eurozone, resilient economic data in the US, and evidence that the Chinese economy is not slowing any more than had been feared were all helpful.

In the UK, the Government remains committed to its austerity-led approach to reducing the structural deficit. There are signs of improving sentiment and confidence in certain parts of the economy, but the deteriorating position in Europe has placed further constraints on growth prospects in the shorter term.

The following table provides an estimate of the composition of the Company's performance during the period under review.

Attribution of return:	Percentage points
Market/benchmark return	15.5
Stock selection	-1.1
Asset allocation	0.0
Corporate bonds	-0.7
Gearing	2.4
Expenses	-0.2
British Assets Trust net asset value total return	15.9

Sub-portfolio performance did not fully capture the sharp rise in markets over the period. Most of the portfolios outperformed their regional benchmark indices but the notable exception to this was the Global High Yield portfolio. Given its more absolute return focus and emphasis on higher yield generation, performance lagged the index during this rally which saw higher yielding companies in general underperform.

Earnings and Dividends

The Company's revenue earnings for the period were 3.0p per share (2011: 2.6p). A first quarterly interim dividend of 1.442p per share was paid on 5 April 2012 and the Board has declared a second quarterly interim dividend of 1.442p per share which will be paid on 6 July 2012 to shareholders on the register on 8 June 2012. These dividends are unchanged from the previous year.

Gearing

As at 31 March 2012, the Company's level of gearing, net of cash, was 16.4 per cent. This was represented by 3.3 per cent of equity gearing and 13.1 per cent in corporate bonds.

The Company's borrowings comprise £60 million 6.25 per cent Bonds which are due for redemption in 2031, and a £60 million bank facility which matures in March 2013. £23.0 million of the bank facility was drawn down at the end of the period.

Outlook

Although the Managers are expecting a modest economic recovery in the UK during the remainder of 2012, for so long as the Government stays committed to its austerity package the economy is unlikely to improve materially. In the near term, economic growth is likely to be stronger in the US than elsewhere in the developed world. In emerging markets, and in China in particular, signs of monetary easing as inflation fears subside should enable a “soft landing”. The Managers therefore continue to favour overseas equity markets, where the portfolio remains overweight.

Dividend growth expectations in the UK for the remainder of 2012 remain for high single digit growth, and although earnings growth forecasts are somewhat lower than this, the strength of corporate balance sheets and low pay out ratios provide confidence that these expectations can be delivered.

Following strong stock market returns in the first six months of the financial year, we believe it is reasonable to expect a period of consolidation in the months ahead. Concerns over the implementation of austerity measures in Europe will restrain what would otherwise be reasonable prospects for equity markets. However, over the longer term we believe the outlook remains constructive and we would look for opportunities to increase equity gearing through any period of volatility.



Lynn Ruddick

Chairman

11 May 2012

Unaudited Income Statement

Six months ended 31 March 2012

	Notes	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments		–	45,786	45,786
Exchange differences		–	278	278
Income		9,928	–	9,928
Management expenses	6	(214)	(642)	(856)
Other expenses		(369)	–	(369)
Net return before finance costs and tax		9,345	45,422	54,767
Finance costs:				
6.25 per cent Bonds 2031		(474)	(1,422)	(1,896)
Bank borrowings		(45)	(136)	(181)
Return on ordinary activities before tax		8,826	43,864	52,690
Tax on ordinary activities		(147)	–	(147)
Return attributable to shareholders		8,679	43,864	52,543
Return per share	4	3.0p	15.0p	18.0p

The total column of this statement is the Profit and Loss Account of the Company. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

Six months ended 31 March 2011			Year ended 30 September 2011*		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
-	32,488	32,488	-	(29,080)	(29,080)
-	(142)	(142)	-	(152)	(152)
8,853	-	8,853	19,166	-	19,166
(178)	(1,259)	(1,437)	(362)	(1,085)	(1,447)
(403)	-	(403)	(862)	-	(862)
8,272	31,087	39,359	17,942	(30,317)	(12,375)
(474)	(1,422)	(1,896)	(944)	(2,832)	(3,776)
(44)	(132)	(176)	(87)	(260)	(347)
7,754	29,533	37,287	16,911	(33,409)	(16,498)
(96)	-	(96)	(235)	-	(235)
7,658	29,533	37,191	16,676	(33,409)	(16,733)
2.6p	10.2p	12.8p	5.7p	(11.5)p	(5.8)p

*Audited

Unaudited Balance Sheet

	As at 31 March 2012 £'000	As at 30 September 2011* £'000	As at 31 March 2011 £'000
Notes			
Non-current assets			
Investments at fair value through profit or loss	449,686	413,563	477,182
Current assets			
Debtors	12,930	2,945	6,669
Cash at bank and on deposit	11,635	10,671	14,918
	24,565	13,616	21,587
Creditors			
Amounts falling due within one year	(28,325)	(24,412)	(33,721)
Net current liabilities	(3,760)	(10,796)	(12,134)
Total assets less current liabilities	445,926	402,767	465,048
Creditors			
Amounts falling due after more than one year:			
6.25 per cent Bonds 2031	(59,487)	(59,474)	(59,461)
Net assets	386,439	343,293	405,587
Capital and reserves			
Called-up share capital	72,778	72,778	72,778
Capital redemption reserve	15,563	15,563	15,563
Capital reserve	267,699	223,835	286,777
Revenue reserve	30,399	31,117	30,469
Shareholders' funds	386,439	343,293	405,587
Net asset value per share	132.7p	117.9p	139.3p

*Audited

Unaudited Reconciliation of Movements in Shareholders' Funds

	Six months ended 31 March 2012 £'000	Six months ended 31 March 2011 £'000	Year ended 30 September 2011* £'000
Opening shareholders' funds	343,293	377,793	377,793
Dividends paid	(9,397)	(9,397)	(17,767)
Return attributable to ordinary shareholders	52,543	37,191	(16,733)
Closing shareholders' funds	386,439	405,587	343,293

Geographic Distribution % of Shareholders' Funds	As at 31 March 2012	As at 31 March 2011	As at 30 September 2011
UK	76.8	74.7	79.3
Global High Yield	19.4	18.0	17.8
Global Emerging	7.1	10.8	7.8
Corporate Bonds	13.1	14.2	15.6
Cash	4.9	3.8	3.6
Borrowings	(21.3)	(21.5)	(24.1)
	100.0	100.0	100.0

*Audited

Summarised Unaudited Statement of Cash Flows

	Six months ended 31 March 2012 £'000	Six months ended 31 March 2011 £'000	Year ended 30 September 2011* £'000
Net cash inflow from operating activities	7,814	6,600	16,108
Servicing of finance	(2,054)	(2,050)	(4,192)
Investments sold less investments purchased	4,582	12,517	14,104
Dividends paid	(9,397)	(9,397)	(17,767)
Net cash inflow before financing	945	7,670	8,253
Financing:			
Revolving advance facility drawdown/(repaid)	19	352	(4,312)
Increase in cash	964	8,022	3,941
Reconciliation of net cash flow to movement in net debt			
Increase in cash	964	8,022	3,941
Revolving advance facility (drawdown)/repaid	(19)	(352)	4,312
Exchange differences	220	(2)	(310)
Increase in 6.25 per cent Bonds 2031 liability	(13)	(13)	(26)
Opening net debt	(71,954)	(79,871)	(79,871)
Closing net debt	(70,802)	(72,216)	(71,954)
Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities			
Net return before finance costs and taxation	54,767	39,359	(12,375)
(Gains)/losses on investments	(45,786)	(32,488)	29,080
Exchange differences	(278)	142	152
Tax on investment income	(115)	(96)	(235)
Changes in working capital and other non-cash items	(774)	(317)	(514)
Net cash inflow from operating activities	7,814	6,600	16,108

*Audited

Notes to the Accounts

1. The unaudited interim results have been prepared on the basis of the accounting policies set out in the statutory accounts of the Company for the year ended 30 September 2011.
2. The results for the first six months should not be taken as a guide to the results for the full year.
3. The second interim dividend of 1.442p per Ordinary Share will be paid on 6 July 2012 to shareholders on the register on 8 June 2012.
4. Return per share is based on a weighted average of 291,112,282 Ordinary Shares in issue during the period (31 March 2011 and 30 September 2011 – same).
5. There were 291,112,282 Ordinary Shares in issue at 31 March 2012 (31 March 2011 and 30 September 2011 – same).
6. Management Expenses

	Six months ended 31 March 2012			Six months ended 31 March 2011			Year ended 30 September 2011		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee:									
– basic fee	214	642	856	178	534	712	362	1,085	1,447
– performance fee	–	–	–	–	725	725	–	–	–
	214	642	856	178	1,259	1,437	362	1,085	1,447

With effect from 1 October 2011, the basic management fee was increased from 0.3 per cent per annum of the Company's total assets less current liabilities to 0.4 per cent per annum of the Company's total assets less current liabilities. The performance fee arrangements were discontinued on the same date.

7. The results for the half-year ended 31 March 2012, which have not been audited or reviewed by auditors, constitute non-statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 September 2011, which received an unqualified audit report, have been lodged with the Registrar of Companies.

Investment Portfolio

Company	Sector	Valuation £'000	% of Total Investments
GlaxoSmithKline	Pharmaceuticals	20,075	4.5
BP	Oil & Gas	14,936	3.3
Vodafone	Telecommunications	13,848	3.1
Royal Dutch Shell	Oil & Gas	13,459	3.0
British American Tobacco	Tobacco	13,138	2.9
HSBC Holdings	Banking	11,762	2.6
Scottish & Southern Energy	Electricity	9,236	2.1
Standard Chartered	Banking	8,697	1.9
Rio Tinto	Mining	8,039	1.8
BG Group	Oil & Gas	6,870	1.5
Ten largest investments		120,060	26.7
Centrica	Gas, Water & Multiutilities	6,606	1.5
Compass Group	Hotels, Restaurants & Leisure	6,208	1.4
BAE Systems	Aerospace & Defence	6,101	1.3
BHP Billiton	Mining	5,807	1.3
Inmarsat	Telecommunications	5,743	1.3
Imperial Tobacco Group	Tobacco	5,349	1.2
Xstrata	Mining	5,335	1.2
AstraZeneca	Pharmaceuticals	4,849	1.1
Prudential	Life Assurance	4,329	0.9
Intermediate Capital	General Financial	4,240	0.9
Twenty largest investments		174,627	38.8
Carnival	Travel & Leisure	4,191	0.9
iEnergizer	Support Services	4,029	0.9
Informa	Media	4,005	0.9
Melrose	Industrial Engineering	3,975	0.9
Johnson Matthey	Chemicals	3,917	0.9
Tesco	Food & Staple Retail	3,816	0.9
Beazley	Non-Life Insurance	3,702	0.8
Legal & General	Life Assurance	3,586	0.8
London & Stamford	Real Estate	3,312	0.7
Resolution	Life Assurance	3,283	0.7
Thirty largest investments		212,443	47.2
Other equity investments (266)		186,672	41.5
Corporate bonds (263)		50,571	11.3
Total investments		449,686	100.0

Statement of Principal Risks and Uncertainties

The Company's assets consist mainly of listed securities and its principal risks are therefore market related. The Company is also exposed to currency risk in respect of overseas markets in which it invests. Other risks faced by the Company include external, investment and strategic, regulatory, operational, and financial risks. These risks, and the way in which they are managed, are described in more detail under the heading Principal Risks and Risk Management within the Business Review in the Company's Annual Report for the year ended 30 September 2011. The Company's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change materially for the remaining six months of the Company's financial year.

Statement of Directors' Responsibilities in Respect of the Interim Report

We confirm that to the best of our knowledge:

- the financial statements have been prepared in accordance with the Statement 'Half-Yearly Financial Reports' issued by the UK Accounting Standards Board and give a true and fair view of the assets, liabilities, financial position and return of the Company;
- the Chairman's Statement (constituting the Interim Management Report) together with the Statement of Principal Risks and Uncertainties above include a fair review of the information required by the Disclosure and Transparency Rules ('DTR') 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the financial statements; and
- the financial statements include a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or performance of the Company during the period, and any changes in the related party transactions described in the last Annual Report that could do so. The only such transaction which took place during the period was the payment of the investment management fee as disclosed in note 6.

On behalf of the Board

Lynn Ruddick

Director

11 May 2012

Shareholder Information

Dividends

Ordinary dividends are paid quarterly in April, July, October and January each year. Shareholders who wish to have dividends paid directly into a bank account rather than by cheque to their registered address can complete a mandate form for the purpose. Mandates may be obtained from Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA on request. The Company operates the BACS system for the payment of dividends. Where dividends are paid directly to shareholders' bank accounts, dividend tax vouchers are sent to shareholders' registered addresses.

Dividend Reinvestment Plan

Shareholders who wish to use their dividends to purchase further shares in the Company by participating in the Company's Dividend Reinvestment Plan can complete a mandate form which may be obtained from Equiniti Limited on request.

Share Prices

The Company's Ordinary Shares are listed on the London Stock Exchange under 'Investment Companies'. Prices are given daily in the *Financial Times*, *The Scotsman*, *The Times* and *The Daily Telegraph*.

Change of Address

Communications with shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be notified to Equiniti Limited under the signature of the registered holder.

Daily Net Asset Value

The net asset value of the Company's shares can be obtained on the Company's website at www.british-assets.co.uk or by contacting F&C Asset Management plc's Investor Services team on 0845 600 3030.

Warning to Shareholders – Boiler Room Scams

In recent years, many companies have become aware that their shareholders have been targeted by unauthorised overseas-based brokers selling what turn out to be non-existent or high risk shares, or expressing a wish to buy their shares. If you receive unsolicited investment advice or requests:

- Make sure you get the correct name of the person or organisation
- Check that they are properly authorised by the FSA before getting involved by visiting www.fsa.gov.uk/fsaregister
- Report the matter to the FSA by calling **0845 606 1234**
- If the calls persist, hang up.

How to Invest

As well as investing in British Assets Trust plc directly through a stockbroker, there are some additional benefits of investing through one of the savings plans run by F&C Management Limited ('F&C').

You can enjoy the convenience of making regular savings by Direct Debit, take advantage of our tax-efficient ISA wrapper, receive a simple statement every six months and let us automatically reinvest your dividends for you.

F&C Private Investor Plan

A flexible, low cost way to invest with a lump sum from £500 or regular savings from £50 a month. You can also make additional lump sum top-ups at anytime from £250.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and you may not receive back the full amount originally invested. Tax rates and reliefs depend on the circumstances of the individual.

F&C Investment Trust ISA

Use your ISA allowance to make an annual tax efficient investment (£11,280 for the 2012/13 tax year) with a lump sum from £500 or regular savings from £50 a month. You can also make additional lump sum top-ups at anytime from £250 and transfer any existing ISAs to us whilst maintaining all the tax benefits.

Low Charges

All the plans are low cost and flexible. When you buy or sell shares in these plans the dealing fee is only 0.2 per cent. Government stamp duty of 0.5 per cent also applies on purchases (where applicable). There are no initial or exit charges. The only annual management fee is on the ISA, which is £60 + VAT (no matter how many ISAs you take out annually with F&C, or how many ISAs you transfer). The CTF has no initial charges, dealing charges or annual management fee.

F&C Child Trust Fund ('CTF')

F&C is a leading provider of CTFs which can be opened for all children born between 1 September 2002 and 2 January 2011, using the government's CTF voucher. The maximum that can be invested annually is £3,600 and, depending on the type of CTF opened, investments can start from as little as £25 a month.

How to Invest

You can invest in all our savings plans online, except for the CTF. It's simple to register and invest using your debit card. Alternatively, please contact us for application forms.

New Customers:

Contact our Investor Services Team:

Call: **0800 136 420**

Email: **info@fandc.com**

Investing online: **www.fandc.com**

F&C Children's Investment Plan

Aimed at older children ineligible for a CTF, or if you need access to the funds before the child is 18. This flexible plan can easily be written under trust to help reduce inheritance tax liability. Investments can be made from a £250 lump sum or £25 a month. You can also make additional lump sum top-ups at anytime from £100.

Existing Plan Holders:

Contact our Investor Services Team:

Call: **0845 600 3030**

Email: **investor.enquiries@fandc.com**

By post: **F&C Plan Administration Centre
Block C, Western House
Lynch Wood Business Park
Peterborough, PE2 6BP**

Calls may be recorded.

If you have trouble reading small print, please let us know. We can provide literature in alternative formats, for example large print or on audiotape. Please call 0845 600 3030.

The above has been approved by F&C Management Limited which is a member of the F&C Asset Management Group and is authorised and regulated in the UK by the Financial Services Authority.

Corporate Information

Directors

Lynn C Ruddick, (Chairman)*
James M Long, TD
James S MacLeod †
Ian S M Russell
Jimmy G West ‡

Company Secretary

Gordon R Hay Smith, CA

Investment Managers

F&C Investment Business Limited
80 George Street
Edinburgh EH2 3BU

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Brokers

Cenkos Securities Limited
6.7.8 Tokenhouse Yard
London EC2R 7AS

Solicitors

Dickson Minto WS
16 Charlotte Square
Edinburgh EH2 4DF

Bankers

JPMorgan Chase Bank
125 London Wall
London EC2Y 5AJ

Company Number

SC 3721

* Chairman of the Management Engagement and Remuneration Committee and the Nomination Committee

† Chairman of the Audit Committee

‡ Senior Independent Director

**Registered Office**

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Tel: 0207 628 8000
Fax: 0131 225 2375

Registrars and Transfer Office

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Registrars' Shareholder Helpline: 0871 384 2462*

Registrars' Broker Helpline: 0906 559 6025†

*Calls to this number are charged at 8p per minute from a BT landline. Other telephone providers' costs may vary.

†Calls to this number are charged at £1 per minute from a BT landline. Other telephone providers' costs may vary.