

BACIT LIMITED

**INTERIM REPORT AND UNAUDITED CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTHS TO 30 SEPTEMBER 2016**

BACIT LIMITED

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BACIT LIMITED

SUMMARY INFORMATION

Structure

BACIT Limited (the “Company”) is incorporated in Guernsey as a registered closed-ended investment company. The Company’s Ordinary Shares were listed on the premium segment of the London Stock Exchange (“LSE”) on 26 October 2012 when it commenced its business.

The Company makes its investments through BACIT Investments LP Incorporated (the “Partnership”), in which the Company is the sole limited partner. The general partner of the Partnership is BACIT GP Limited (the “General Partner”), a wholly-owned subsidiary of the Company. It also invests in BACIT Discovery Limited, a wholly-owned subsidiary of the Partnership. BACIT Limited and BACIT GP Limited are collectively referred to as the “Group”.

The Company has raised the following share capital:

	£
Capital raised at launch of the Company	206,734,775
Capital raised since launch of the Company to 30 September 2016*	206,177,252
Total Capital raised by the Company (excluding share issue costs)	<u>412,912,027</u>

Shares in issue at 30 September 2016

	Number of shares
Ordinary shares at launch of the Company	206,734,775
Ordinary shares since launch of the Company to 30 September 2016*	179,404,010
	<u>386,138,785</u>

*During October 2013, the Company raised £200 million gross from the issuance of C Shares. These shares were subsequently converted into the Company’s Ordinary Shares effective 31 December 2013. Ordinary Shares issued during the years 2014, 2015 and 2016 relate to the 2014, 2015 and 2016 scrip dividends, respectively.

Investment Objective and Policy

The Group’s investment objective is to deliver superior returns from investments in leading long-only and alternative investment funds across multiple asset classes and targets an annualised return per Share in the range of 10% to 15% per annum on the issue price of the Shares. Investments, except in CRT Pioneer Fund LP (the “Pioneer Fund”), will only be made in cases where the relevant investment manager provides investment capacity on a “gross return” basis, meaning that the Group does not bear the impact of management or performance fees on the relevant investment. This is achieved by the relevant manager or fund agreeing with the Group not to charge management or performance fees, by rebating or donating back to the Group any management or performance fees charged or otherwise arranging for the Group to be compensated so as effectively to increase its investment return on the relevant investment by the amount of any such fees.

BACIT LIMITED

SUMMARY INFORMATION (continued)

Investment Objective and Policy (continued)

The Group intends to achieve the investment objective primarily through investments in long-only funds, hedge funds, private equity funds and real estate funds. The Group is permitted to borrow and invest in long and short positions in quoted and unquoted equities, fixed income securities, options, warrants, futures, commodities, currency forwards, over the counter derivative instruments (such as swaps), securities that lack active public markets, private securities, repurchase agreements, preferred stocks, convertible bonds and other financial instruments or real estate as well as cash and cash equivalents. The Group may invest on a global basis.

The Group makes a Charitable Donation, in arrears, of one-twelfth of 1% of the total NAV of the Company as at each month-end during the year to charities. Half is donated to The Institute of Cancer Research (“the ICR”) and half donated to The BACIT Foundation for onward distribution among other charities in proportions which are determined each year by the Shareholders. Please refer to note 6 for details.

In addition to the Charitable Donation, the Group intends to invest up to 1% of NAV each year to acquire interests in drug development and medical innovation projects undertaken by the ICR or its subsidiaries which have the potential for ICR Projects. To the extent that less than 1% of NAV is allocated to ICR Projects in any given year, the amount available for investment in such projects as and when appropriate opportunities become available in subsequent years may be increased by such a proportion.

The Group has entered into a framework agreement with the ICR effective 1 October 2012, not to knowingly make any investment (directly or indirectly) which contravenes the tobacco restriction contained in the investment policy of the ICR and not to promote any relationship with any other cancer charity other than the ICR, except to the extent relevant to The BACIT Foundation.

The Group has invested in the Pioneer Fund as if it were an ICR Project, save that the Group can make up to a maximum capital commitment of £20 million, notwithstanding that the Group is required to bear management and performance fees, in the form of a general partner’s share and carried interest, in respect of its investment.

The amount that the Group may contribute to drawdowns of the Pioneer Fund in any one calendar year will not be subject to the one per cent. of net asset value cap otherwise applicable to investments in ICR Projects.

Investment Manager

The investment portfolio is managed by BACIT (UK) Limited (the “Investment Manager”), which is authorised by the Financial Conduct Authority.

Following the Extraordinary General Meeting (“EGM”) held on 11 December 2015, Shareholders approved a change in expense arrangements of the Group and with effect from 1 January 2016, the amended Expenses Deed Agreement (the “Deed”) entered into between the Company, the General Partner and Farla Limited, a company controlled by Thomas Henderson, was terminated.

BACIT LIMITED

SUMMARY INFORMATION (continued)

Investment Manager (continued)

Prior to 1 January 2016, Farla Limited provided office space and equipment for, and either paid directly or reimbursed the Group in respect of out-of-pocket expenses of, the team managing the investment portfolio.

With effect from 1 January 2016, the operating expenses of the Investment Manager, including those previously covered by the Deed, are covered by the Management Expense Contribution, payable by the Company to the Investment Manager equal to 0.19% of NAV per annum, payable in monthly instalments by reference to the most recent month-end NAV. The Group also directly bears certain other expenses of the Investment Manager up to an amount equal to two per cent. of the NAV of the prior year end.

Full details were set out in the Circular dated 24 November 2015 which is available on the Company's website.

Alternative Investment Fund Managers Directive ("AIFMD")

The Company has appointed as its Alternative Investment Fund Manager, BACIT (UK) Limited, which is authorised and regulated by the Financial Conduct Authority. This was a response to the fact that the structure within the BACIT Limited group of companies is likely to fall within the definition of an alternative investment fund as set out in the UK rules that give effect to the AIFMD.

Ongoing Charges

Ongoing Charges are calculated based on weighted average Net Asset Value ("NAV"). The Ongoing Charges ratio of BACIT Limited and BACIT GP Limited (together, the "Group" or "BACIT") and BACIT Investments LP Incorporated (the "Partnership") for the period ended 30 September 2016 was 0.21% (30 September 2015: 0.26%) excluding charitable donations and 0.72% (30 September 2015: 1.26%) including charitable donations. Ongoing charges include the fee paid to the Investment Manager but do not include any other net management fees and performance fees, as there are no such fees payable by the Group and the Partnership (other than those fees paid to CRT Pioneer Fund LP ("the Pioneer Fund")). Other operating costs are also charged by the underlying funds. However these are immaterial and are therefore also excluded in the calculation of Ongoing Charges.

Rebates and Donations

Substantially all investments made by the Partnership either (a) are not subject to any management or performance fees or (b) are made on the basis that the Group is effectively reimbursed the amount of any such fees by rebate, donation back to the Group or other arrangements. The Group has, however, made an investment in The Pioneer Fund, which is not made on a fee-free basis.

At the period end the uncrystallised performance fee rebates included as receivables within the Partnership's financial assets at fair value through profit or loss amounted to £28,000 (30 September 2015: £445,000).

During the period, rebates and donations earned by the Partnership amounted to £914,000 (30 September 2015: £993,000), of which £329,000 remained receivable at 30 September 2016. Of the 32 underlying funds in the Partnership's Portfolio Statement, 22 of these underlying funds are invested in a fee-free share class and the remaining 10 apply rebates or donations.

BACIT LIMITED

SUMMARY INFORMATION (continued)

Going Concern

The Company has been established with an indefinite life. However, the Company's Articles provide that Shareholders will be entitled to vote on the discontinuation of the Company every five years, starting with the Annual General Meeting in 2017. The vote will require more than 50% of the votes cast on the resolution to be in favour to require the Directors to formulate proposals, to be put to Shareholders within six months of such resolution being passed, for the reorganisation or reconstruction of the Company. These proposals may or may not involve winding up the Company or liquidating all or part of the Company's then existing portfolio and there can be no assurance that a discontinuation vote will necessarily result in the winding up of the Company or liquidation of all or some of its investments. A special resolution of the Shareholders with 75% or more of the votes cast being in favour of the resolution is required to wind up the Company.

As described in note 19, the Company is bringing forward the discontinuation vote that would otherwise have been proposed at its Annual General Meeting in 2017. In current circumstances the Directors do not expect that this vote will be carried, and therefore they have considered the ability of the Company to continue in operation past this period.

The Group's assets currently consist mainly of securities held through the Partnership amounting to £482,727,000 (31 March 2016: £460,418,000) of which 51% are readily realisable in three months and the Group has limited liabilities, amounting to £2,587,000 (31 March 2016: £4,885,000). Accordingly, the Group has adequate financial resources to continue in operational existence for 12 months following the approval of the financial statements. Hence the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Unaudited Condensed Consolidated Financial Statements.

Expansion of Investment Policy and Other Proposals

As described in note 19, the Company is publishing a shareholder circular and prospectus containing details of the proposed expansion of its investment policy, proposed acquisition of Syncona LLP ("Syncona"), founded by Wellcome Trust, which owns an existing portfolio of life science investments and either all or a majority of the interest in the CRT Pioneer Fund currently held by Cancer Research UK, revisions to the Company's investment management arrangements, changes to the Board and raising of capital. These proposals are all subject to shareholder approval.

BACIT LIMITED

CHAIRMAN'S STATEMENT

Dear Shareholder,

In the six months to 30 September 2016 BACIT's NAV total return was 4.82%. The NAV per share rose from 122.29 pence to 125.88 pence and a dividend of 2.2 pence per share was paid in August. The share price moved from 131.50 pence to 126.00 pence. Since inception in October 2012 the annualised NAV total return has been 8.13%.

The main market event during the period was the UK referendum, which led to a sharp fall in sterling although the long term implications are unclear. Within our portfolio most of our long equity and equity hedge holdings did well but several credit and macro funds had a more difficult time. Details of our performance and portfolio positioning are set out in the Investment Manager's report.

On 7 November we announced our plans to transform BACIT into a life sciences investment champion. If approved by shareholders on 15 December, the change in policy will be implemented gradually so the current funds' portfolio and any additions to it will be the main determinant of performance in the rest of this financial year and possibly for several years to come.

Jeremy Tighe

Chairman

21 November 2016

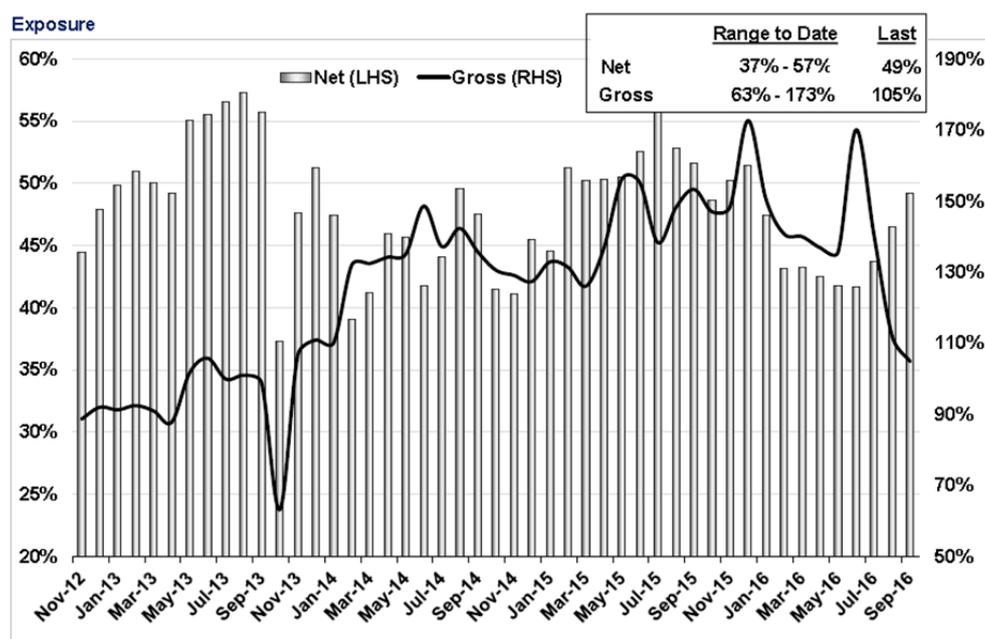
BACIT LIMITED

REPORT OF BACIT (UK) LIMITED

During the six months to 30 September 2016, the NAV total return of BACIT Limited (the “Company”) was 4.82%, including the 2.2p dividend paid out on 19 August 2016. The Net Asset Value (“NAV”) increased by 2.94% from 122.29p to 125.88p, while the FTSE All-Share (£) Total Return Index rose by 12.85%. Over the period, the Company’s share price fell from 131.50p to 126.00p.

The Company started the financial period 97.5% invested, and ended it with 99.3% deployed across 32 investments. Between the CRT Pioneer Fund through *BACIT Discovery Ltd*, *Chenavari European Deleveraging Opportunities*, *InfraCapital II* and *Permira V*, undrawn commitments now total 9.2% of NAV.

Since inception the Company has endeavoured to use modest leverage to achieve its aims, and ended the period with Gross exposure in Net Equity Equivalents estimated at 105% and Net exposure at 49%, in the middle of each range since launch (63-173% and 37-57%), as shown in the graph below.



Source: Backstop

The increase in the Company’s Net exposure during the period has occurred almost entirely as a result of underlying managers changing their portfolio holdings, rather than changes at the Company level.

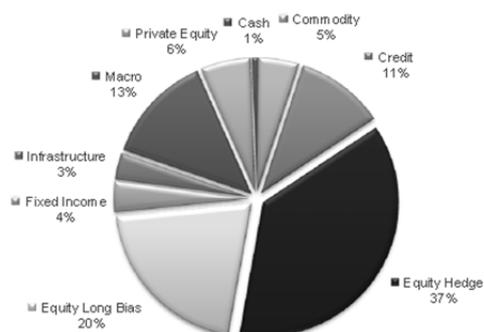
The Company’s aims are to capture 70% of the upswing the FTSE All Share TR (£) and not more than 40% of their downdrafts, with rather less volatility. During the Company’s first forty-seven months, we are pleased to report that it has captured 84% of the benchmark’s return, with a volatility of 5.7% versus the market’s 10.0%.

BACIT LIMITED

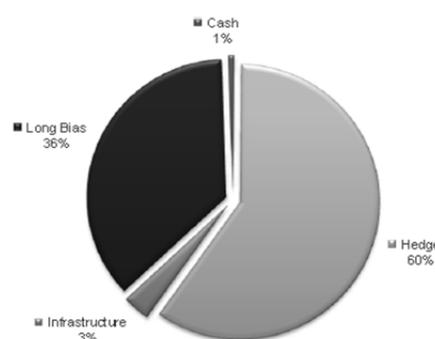
REPORT OF BACIT (UK) LIMITED (continued)

This skew is down to the portfolio owning assets that should, even in a crisis, ‘point different ways’: specifically, short as well as long, through derivatives and multiple asset classes, both private and listed. At 30 September the portfolio consisted of 60% hedge funds and 10% in unlisted assets. The full breakdown of the portfolio at 30 September 2016 is shown in the pie charts below:

ASSET ALLOCATION (% OF NAV)

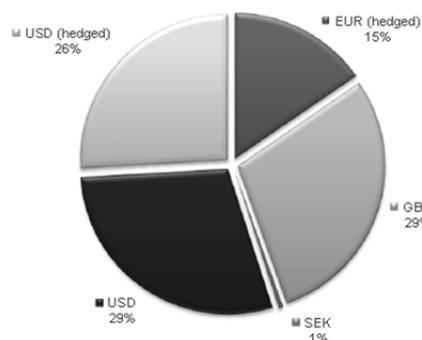


FUND STRATEGY ALLOCATION (% OF NAV)

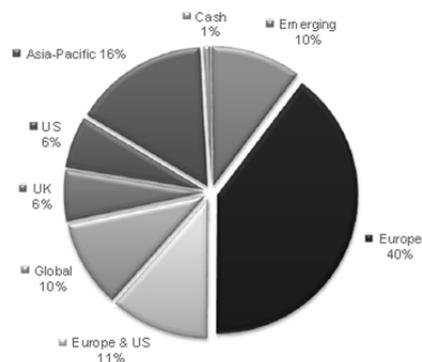


DENOMINATION OF INVESTMENTS (% OF NAV)

US\$ Partially Hedged into GBP, € Hedged into GBP, SEK Unhedged



STRATEGY GEOGRAPHICAL FOCUS (% OF NAV)



Source: Backstop

As we have described previously, the unlisted assets element of the portfolio is important as it disproportionately represents the disrupting, digitally-based incarnations of industries, which are growing and cannibalising the old. Their established and fundamentally analogue predecessors are being visibly disintermediated and so struggling to hold market share with all the negative operational gearing effects that that has. These companies dominate the listed exchanges, in the eighth year of a bull market, which are two more reasons for the portfolio to contain its long market exposure.

Finally, and importantly, we also use US Dollar exposure to mute portfolio volatility: as the world’s reserve currency it tends to be inversely correlated to risk assets in times of stress.

The period was dominated by market surprise at the UK’s vote for Brexit, and the consequent devaluation of Sterling, from almost \$1.50/£ to around \$1.30/£ during the period. This had the immediate effect of increasing the Sterling value of 33% of the portfolio which is held in unhedged US Dollar denominated share classes, and the US Treasury Inflation Protected (TIPs) portfolio which is sterling denominated, but unhedged.

BACIT LIMITED

REPORT OF BACIT (UK) LIMITED (continued)

The portfolio's Sterling gain was curtailed by a risk reduction exercise undertaken in late February 2016. At that time we hedged a little under half the portfolio's exposure to the US Dollar at 1.394: the Company's average 'in' cost was above \$1.60 and the 24 month trading range had been \$1.70-\$1.40. The goal was to mitigate the impact of any sharp exchange rate move back to, or beyond, fair value, at the time believed to be above \$1.50/£. The opportunity cost to the portfolio during the period was approximately 3% of NAV.

During the period we added one fund to the portfolio, the aforementioned *Chenavari European Deleveraging Opportunities* which exposes the Company to the credit of small and medium sized companies in Continental Europe. These are typically conservatively run but have nevertheless struggled to access the credit markets since the Financial Crisis. These risk-reward characteristics are attractive from a lender's perspective, but changes in regulations around bank capital risk weightings are forcing at least some of those historic lenders to pass on the contracts to unlevered parties, such as this fund.

Equity Funds (22.7% at 30 September 2016 vs. 22.7% at 31 March 2016)

The five funds in this group returned 12.3% during the period, with equities recovering on a 16% rise in the oil price which drove Russian equities higher, and the devaluation of Sterling against all major currencies, which boosted UK equities. Both Japanese managers outperformed their indices, one significantly.

Equity Hedge Funds (35.1% at 30 September 2016 vs. 32.9% at 31 March 2016)

The eleven funds in this group expose the Company to Europe, sub-Saharan Africa and the broader Emerging Markets, as well as to gold miners. Their NAVs collectively rose 9.9%, taking the 12 month contribution to 13.2%. Africa and Emerging Markets remained challenging, as did some European elements, but these were more than offset by contributions from elsewhere in Europe and the gold miners, the latter being noteworthy for the lack of volatility of returns.

Commodity Funds (4.9% at 30 September 2016 vs 5.7% at 31 March 2016)

These managers expose the Company to globally traded agricultural commodities; European and North American power, natural gas, coal and oil; and Australasian power. The asset prices in this subset are volatile and these funds' risk management is of critical importance. The managers' performances are uncorrelated to one another and to the wider market. This was a difficult period for the funds which gave up much of the gains of the last 12 months.

*Fixed Income and Credit Funds (14.4% at 30 September 2016 vs. 16.0% at 31 March 2016)
(Undrawn commitment: 3.0% of NAV)*

The seven funds in this group had diverging experiences. The US Treasury index-linkers benefited from rising inflation expectations, European small and mid-cap credit performed solidly, as did our convertible arbitrage manager. The credit positions relating to property, both securitised and private, had a tougher time, though the former recovered strongly in the second half, and the latter position is almost fully harvested.

Global Macro Funds (13.1% at 30 September 2016 vs. 12.4% at 31 March 2016)

This group includes three funds which pursue global macro opportunities, and whose trademarks include profiting from bursting bubbles. Themes they are expressing include the QE bubble through airline over-extension, China slowdown recommencing, and Central Banks' growing credibility challenge. One made a small profit and two a small loss during the period.

BACIT LIMITED

REPORT OF BACIT (UK) LIMITED (continued)

Other Strategies (9.2% at 30 September 2016 vs 7.8% at 31 March 2016) (Total undrawn commitments 6.2% of NAV)

This group includes commitments to four longer-life opportunities. Amongst these is BACIT's commitment to the CRT Pioneer Fund, the vehicle through which the Company is investing in early drug discovery and medtech candidates with a pipeline deal with Cancer Research UK, and listed in the table as "BACIT Discovery". Although just 29% drawn, CRT Pioneer has now made nine investments. As the fund announced during the period, they have commenced clinical trials with one drug, which has been optioned by a North American biotech company.

Since the Period End

Additional drawdowns took the private equity investments to just under half called in the case of *Infracapital II*, and 82% called by *Permira V*. There have been no divestments or new investments.

The geopolitical risks we described twelve months ago have grown, and with them the likely volatility of markets. It is too soon after both the UK Referendum and Donald Trump's election to be definitive as to the probable impact on asset prices, but the policies he has revealed thus far support an increase in our base case assumptions for inflation and interest rates.

The end of October marked BACIT's fourth anniversary. Against a rising VIX (up almost 30%), the underlying performance for the funds during the month was strong, with most funds outperforming their benchmarks. A further devaluation of Sterling from ~\$1.30/£ to below \$1.22/£ at the month end created a further currency translation benefit of around 1.5%.

Sincere Thanks

None of this could have been achieved without the unstinting support of the managers. We are immensely grateful for the trust placed in us by them and the Company's investors alike, and look forward to 2017.

BACIT (UK) Limited
21 November 2016

BACIT LIMITED

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's assets held through the Partnership comprise mainly investments in long-only funds, hedge funds, private equity funds and real estate funds. Its principal risks are therefore economic, performance-driven and financial in nature.

The principal risks can be divided into various areas as follows:

- Investment risks;
- Operational risks;
- Legal and regulatory risks; and
- Financial risks.

These risks, and the way in which they are managed, are described in more detail under the heading "Principal Risks and Uncertainties" within the Directors' report in the Group's Annual Report for the year ended 31 March 2016. The Group's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change materially for the remainder of the Group's financial year, except as a result of the proposals being put to shareholders, as set out in note 19.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

We confirm to the best of our knowledge:

- the Condensed set of Financial Statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union;
- the Chairman's Statement and the Report of BACIT (UK) Limited meet the requirement of an interim management report, and include a fair review of the information required by:
 - (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and
 - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Signed on behalf of the Board by:

Jeremy Tigue
Chairman

Nicholas Moss
Director

21 November 2016

BACIT LIMITED

BACIT INVESTMENTS LP INCORPORATED PORTFOLIO STATEMENT (UNAUDITED)

As at 30 September 2016

	Fair Value £'000	% of Total NAV of Partnership as at 30.09.16	% of Total NAV of Partnership as at 31.03.16
Equity Funds			
Majedie UK Equity <i>UK equities</i>	28,717	5.9	
Man GLG Pan-European Growth <i>European high growth equities (Long bias) (Long; mandate permits Short)</i>	9,784	2.0	
Polar Capital Japan Alpha <i>Japanese large and mid cap equities</i>	29,679	6.2	
Prosperity Russia Domestic <i>Russian equities with a domestic focus</i>	7,104	1.5	
Russian Prosperity <i>Russian equities</i>	13,184	2.7	
The SFP Value Realization <i>Small and mid-cap Japanese equities</i>	21,658	4.4	
	110,126	22.7	22.7
Equity Hedge Funds			
ARG Value (formerly Argenta Value) <i>European equities (Long/Short)</i>	8,379	1.7	
Maga Smaller Companies UCITS <i>European equities (Long/Short)</i>	24,538	5.1	
Polygon European Equity Opportunity <i>European event-driven equities (Long/Short)</i>	31,783	6.5	
Polygon Mining <i>Junior gold miners, hedged with commodities, indices and large caps</i>	21,717	4.5	
Portland Hill <i>Event-driven equity investments (Long/Short)</i>	20,898	4.3	
SW Mitchell Emerging European <i>Emerging European equities (Long; mandate permits Short)</i>	2,130	0.4	
SW Mitchell European <i>European equities (Long/Short)</i>	21,650	4.4	
Tower <i>South African listed equities (Long/Short)</i>	24,854	5.1	
Tower GEM UCITS <i>EM equities, primarily sub-Saharan Africa (Long/Short)</i>	3,453	0.8	
Zebedee Growth <i>European equities (Long/Short)</i>	11,297	2.3	
	170,699	35.1	32.9
Commodity Funds			
Cumulus <i>European, Australasian and US power; oil, natural gas, coal (Long/Short)</i>	14,046	2.9	
The AlphaGen Long Short Agriculture <i>Global exchange traded agricultural commodities (Long/Short)</i>	9,431	2.0	
	23,477	4.9	5.7

BACIT LIMITED

BACIT INVESTMENTS LP INCORPORATED PORTFOLIO STATEMENT

(UNAUDITED) (continued)

As at 30 September 2016

	Fair Value £'000	NAV of Partnership as at 30.09.16	NAV of Partnership as at 31.03.16
Fixed Income and Credit Funds			
CG Portfolio Dollar			
<i>US TIPs (inflation linked government bonds)</i>	18,106	3.7	
Chenavari European Deleveraging Opportunities			
<i>Synthetic and cash credit portfolios sold by UK and European banks</i>	2,464	0.5	
Chenavari EU Real Estate			
<i>European real estate debt, through private and public transactions</i>	596	0.1	
Chenavari EU Regulatory Capital			
<i>European corporate credit through private transactions</i>	8,960	1.9	
Polygon Convertible Opportunity			
<i>US and European convertible arbitrage</i>	12,876	2.7	
WyeTree European Recovery			
<i>European residential mortgage-backed securities</i>	15,754	3.2	
WyeTree RRETRO			
<i>US subprime mortgage-backed securities</i>	11,176	2.3	
	69,932	14.4	16.0
Global Macro Funds			
Parity Value			
<i>Discretionary global macro (Long/Short)</i>	23,937	4.9	
Seia Global Macro			
<i>Discretionary global macro (Long/Short)</i>	15,905	3.3	
Sinfonietta			
<i>Equities, rates, FX and commodities, with an Asian focus (Long/Short)</i>	23,970	4.9	
	63,812	13.1	12.4
Other Strategies			
BACIT Discovery			
<i>Oncology-related drug & medtech</i>	10,631	2.2	
Bridge 140 AB			
<i>Private equity, early growth investments in Northern Europe</i>	2,294	0.5	
Infracapital Partners II			
<i>Private investments in European infrastructure</i>	15,567	3.2	
Permira V			
<i>Private equity, mid to large cap European buyouts</i>	16,189	3.3	
	44,681	9.2	7.8
Total Investments	482,727	99.4	97.5
Cash and cash equivalents	16,567	3.4	
Trade and other receivables	329	0.1	
Unrealised losses on forward currency contracts	(11,296)	(2.4)	
Trade and other payables	(2,462)	(0.5)	
	3,138	0.6	2.5
Total Value of the Partnership	485,865	100.0	100.0

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF BACIT LIMITED

We have been engaged by the Company to review the condensed set of consolidated financial statements in the interim financial report for the six months ended 30 September 2016 which comprises the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Changes in Net Assets Attributable to Holders of Ordinary Shares, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statements of Cash Flows and related notes 1 to 19. We have read the other information contained in the interim financial 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 the 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 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 conclusions we have formed.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim 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 Group are prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. The condensed set of financial statements included in this interim 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 interim 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 inquiries, 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.

BACIT LIMITED

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF BACIT LIMITED (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 interim financial report for the six months ended 30 September 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP

Chartered Accountants and Statutory Auditor
St Peter Port
21 November 2016

BACIT LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months to 30 September 2016

				Unaudited 01.04.16 to 30.09.16 Total £'000
	Notes	Revenue £'000	Capital £'000	
Investment income				
Other income	4	10,183	-	10,183
Total investment income		<u>10,183</u>	<u>-</u>	<u>10,183</u>
Net gains on financial assets at fair value through profit or loss	5	-	13,571	13,571
Total gains		<u>-</u>	<u>13,571</u>	<u>13,571</u>
Expenses				
Charitable donation	6	2,381	-	2,381
Administration fee	7	83	-	83
Management expense contribution	13	449	-	449
Directors' fees	12	35	-	35
Other expenses	14	306	-	306
Total expenses		<u>3,254</u>	<u>-</u>	<u>3,254</u>
Profit for the period		<u>6,929</u>	<u>13,571</u>	<u>20,500</u>
Earnings per Ordinary Share	11	<u>1.80p</u>	<u>3.52p</u>	<u>5.32p</u>

The Total column of this statement represents the Group's Condensed Consolidated Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and interpretations adopted by the International Accounting Standards Board ("IASB"). Whilst the Company is not a member of the Association of Investment Companies, the supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

The Profit for the period is the "total comprehensive income" as defined by IAS 1. There is no other comprehensive income as defined by IFRS.

All the items in the above statement derive from continuing operations.

The notes on pages 20 to 36 form an integral part of these financial statements

BACIT LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

For the six months to 30 September 2015

	Notes	Revenue £'000	Capital £'000	Unaudited 01.04.15 to 30.09.15 Total £'000
Investment income				
Other income	4	8,809	-	8,809
Total investment income		<u>8,809</u>	<u>-</u>	<u>8,809</u>
Net losses on financial assets at fair value through profit or loss	5	-	(21,804)	(21,804)
Total losses		<u>-</u>	<u>(21,804)</u>	<u>(21,804)</u>
Expenses				
Charitable donation	6	2,383	-	2,383
Administration fee	7	83	-	83
Directors' fees	12	50	-	50
Other expenses	14	435	-	435
Total expenses		<u>2,951</u>	<u>-</u>	<u>2,951</u>
Profit/(loss) for the period		<u>5,858</u>	<u>(21,804)</u>	<u>(15,946)</u>
Earnings/(loss) per Ordinary Share	11	<u>1.53p</u>	<u>(5.69)p</u>	<u>(4.16)p</u>

The Total column of this statement represents the Group's Condensed Consolidated Statement of Comprehensive Income, prepared in accordance with IFRS as adopted by the EU and interpretations adopted by the International Accounting Standards Board ("IASB"). Whilst the Company is not a member of the Association of Investment Companies, the supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

The Profit/(loss) for the period is the "total comprehensive income" as defined by IAS 1. There is no other comprehensive income as defined by IFRS.

All the items in the above statement derive from continuing operations.

The notes on pages 20 to 36 form an integral part of these financial statements

BACIT LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF ORDINARY SHARES

For the six months to 30 September 2016

	Notes	Share Capital Account £'000	Capital Reserves £'000	Revenue Reserves £'000	Unaudited Total £'000
Balance at the beginning of the period		406,208	66,037	-	472,245
Total Comprehensive income for the period		-	13,571	6,929	20,500
Transactions with Shareholders:					
Distributions	3	-	(1,533)	(6,929)	(8,462)
Issuance of shares	11	1,800	-	-	1,800
Balance at the end of the period		<u>408,008</u>	<u>78,075</u>	<u>-</u>	<u>486,083</u>

For the six months to 30 September 2015

	Notes	Share Capital Account £'000	Capital Reserves £'000	Revenue Reserves £'000	Unaudited Total £'000
Balance at the beginning of the period		403,987	75,077	-	479,064
Total Comprehensive (loss)/income for the period		-	(21,804)	5,858	(15,946)
Transactions with Shareholders:					
Distributions	3	-	(2,182)	(5,858)	(8,040)
Issuance of shares	11	2,221	-	-	2,221
Balance at the end of the period		<u>406,208</u>	<u>51,091</u>	<u>-</u>	<u>457,299</u>

The notes on pages 20 to 36 form an integral part of these financial statements

BACIT LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

	Notes	Unaudited 30.09.16 £'000	Audited 31.03.16 £'000
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	8	485,865	472,294
Current assets			
Bank and cash deposits		320	41
Trade and other receivables	9	2,485	4,795
Total assets		<u>488,670</u>	<u>477,130</u>
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	10	<u>2,587</u>	<u>4,885</u>
Total liabilities		<u>2,587</u>	<u>4,885</u>
EQUITY			
Share capital account	11	408,008	406,208
Distributable Reserves		<u>78,075</u>	<u>66,037</u>
Total equity		<u>486,083</u>	<u>472,245</u>
Total liabilities and equity		<u>488,670</u>	<u>477,130</u>
Total net assets attributable to holders of Ordinary Shares		<u>486,083</u>	<u>472,245</u>
Number of Ordinary Shares in Issue	11	<u>386,138,785</u>	<u>384,665,158</u>
Net assets attributable to holders of Ordinary Shares (per share)		<u>£1.26</u>	<u>£1.23</u>

The Unaudited Condensed Consolidated Financial Statements on pages 15 to 36 were approved on 21 November 2016 and signed on behalf of the Board of Directors by:

Jeremy Tigue
Chairman

Nicholas Moss
Director

The notes on pages 20 to 36 form an integral part of these financial statements

BACIT LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months to 30 September 2016

	Note	Unaudited 01.04.16 to 30.09.16 £'000	Unaudited 01.04.15 to 30.09.15 £'000
Cash flows from operating activities			
Profit/(loss) for the period		20,500	(15,946)
Adjusted for:			
(Gains)/losses on financial assets at fair value through profit or loss		(13,571)	21,804
Operating cash flows before movements in working capital		6,929	5,858
Decrease in other receivables		2,310	2,018
Decrease in other payables		(2,298)	(2,046)
Net cash generated from operating activities		6,941	5,830
Cash flows from financing activities			
Distributions	3	(6,662)	(5,819)
Net cash used in financing activities		(6,662)	(5,819)
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of period		41	23
Cash and cash equivalents at end of period		320	34

The notes on pages 20 to 36 form an integral part of these financial statements

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months to 30 September 2016

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the Group's financial statements:

The Annual Report and Audited Financial Statements of the Company are prepared in accordance with IFRS as adopted by the EU. The Condensed Set of Financial Statements included in this Interim Financial Report have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting (“IAS 34”) as adopted in the European Union.

A copy of the statutory accounts for the year ended 31 March 2016 has been delivered to the Shareholders. The auditor's report on those accounts was unmodified.

The accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the Group's Unaudited Condensed Consolidated Financial Statements (the “Financial Statements”). The accounting policies applied by the Group in these Financial Statements are consistent with those applied by the Group in its financial statements for the year ended 31 March 2016.

The Company meets the definition of an investment entity under IFRS 10 ‘Consolidated Financial Statements’ and as such does not consolidate the Partnership. The Partnership is valued at fair value through profit or loss as described in note 1 of the annual financial statements for the year ended 31 March 2016. The General Partner continues to be consolidated as it does not meet the definition of an investment entity.

Going Concern

The Company has been established with an indefinite life. However, the Company's Articles provide that Shareholders will be entitled to vote on the discontinuation of the Company every five years, starting with the Annual General Meeting in 2017. The vote will require more than 50% of the votes cast on the resolution to be in favour to require the Directors to formulate proposals, to be put to Shareholders within six months of such resolution being passed, for the reorganisation or reconstruction of the Company. These proposals may or may not involve winding up the Company or liquidating all or part of the Company's then existing portfolio and there can be no assurance that a discontinuation vote will necessarily result in the winding up of the Company or liquidation of all or some of its investments. A special resolution of the Shareholders with 75% or more of the votes cast being in favour of the resolution is required to wind up the Company.

As described in note 19, the Company is bringing forward the discontinuation vote that would otherwise have been proposed at its Annual General Meeting in 2017. In current circumstances the Directors do not expect that this vote will be carried, and therefore they have considered the ability of the Company to continue in operation past this period

The Group's assets currently consist mainly of securities amounting to £482,727,000 (31 March 2016: £460,418,000) of which 51% are readily realisable in three months and the Group has limited liabilities, amounting to £2,587,000 (31 March 2016: £4,885,000). Accordingly, the Group has adequate financial resources to continue in operational existence for 12 months following the approval of the financial statements. Hence the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Unaudited Condensed Consolidated Financial Statements.

BACIT LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months to 30 September 2016

2. TAXATION

The Company is exempt from taxation in Guernsey under the provisions of The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and has paid an annual exemption fee of £1,200 (30 September 2015: £1,200).

The General Partner is incorporated and tax resident in Guernsey, its corporate affairs being managed solely in Guernsey. Having regard to the non-UK tax residence of the General Partner and the Company, and on the basis that the Partnership is treated as transparent for UK and Guernsey tax purposes and that the Partnership's business is an investment business and not a trade, no UK tax will be payable on either the General Partner's or the Company's shares of Partnership profit (save to the extent of any UK withholding tax on certain types of UK income such as interest).

3. DISTRIBUTION TO SHAREHOLDERS

The Company may pay a dividend at the discretion of the Board. Following the EGM in October 2013, each dividend paid by the Company will be in the form of scrip as a default, with a cash dividend alternative, under which Shareholders may elect to receive cash in place of new Shares. New Shares issued pursuant to a scrip dividend will be issued at the applicable NAV per Share. The scrip dividends are recognised as incurred where the dividend declaration allows for a cash alternative. Dividends declared in 2016, paid on 19 August 2016, amounted to 2.20 pence per share (2015: 2.10 pence per share).

During the period ended 30 September 2016, the Company declared a dividend of £8,462,000 (30 September 2015: £8,040,000) relating to the year ended 31 March 2016 (31 March 2015). The dividend was comprised of £6,662,000 cash (2015: £5,819,000) and a scrip dividend of £1,800,000 (2015: £2,221,000).

4. INCOME

Income consists of investment income received from the Partnership.

During the period, income received from the Partnership amounted to £10,183,000 (30 September 2015: £8,809,000) of which £2,428,000 (31 March 2016: £4,776,000) remained receivable at 30 September 2016.

BACIT LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months to 30 September 2016

5. NET GAINS/(LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The net gains/(losses) on financial assets at fair value through profit or loss arise from the Group's holding in the Partnership. The movement is driven by the following amounts within the financial statements of the Partnership.

	Unaudited 01.04.16 to 30.09.16 £'000	Unaudited 01.04.15 to 30.09.15 £'000
Investment income	498	683
Rebates and donations	914	993
Expenses	(165)	(95)
Distributions (note 4)	(10,183)	(8,809)
Realised gains on financial assets at fair value through profit or loss	3,019	3,934
Realised losses on financial assets at fair value through profit or loss	(2,024)	(1,814)
Movement in unrealised gains on financial assets at fair value through profit or loss	50,409	6,347
Movement in unrealised losses on financial assets at fair value through profit or loss	(10,870)	(22,461)
Losses on forward currency contracts	(18,477)	(861)
Gains on foreign currency	450	279
Net gains/(losses) on financial assets at fair value through profit or loss	<u>13,571</u>	<u>(21,804)</u>

6. CHARITABLE DONATION

In accordance with the Framework Agreement entered into between the Company and the ICR on 1 October 2012, the Group has an obligation to make a donation to charity, paid in arrears, of one-twelfth of 1% of the total NAV of the Company as at each month-end during the period, half of which is donated to the ICR and the other half to The BACIT Foundation. The BACIT Foundation grants those funds to charities named in a list proposed annually by The BACIT Foundation which includes the ICR, in proportions determined each year by Shareholders of the Company.

During the period, charitable donations accrued amounted to £2,381,000 (30 September 2015: £2,383,000) of which £2,381,000 (31 March 2016: £4,752,000) remained payable at 30 September 2016.

7. ADMINISTRATION FEE

During the period ended 30 September 2016, administration fees of £83,000 (30 September 2015: £83,000) were charged by Northern Trust International Fund Administration Services (Guernsey) Limited to the Group and £29,000 (31 March 2016: £28,000) remained payable at 30 September 2016.

BACIT LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months to 30 September 2016

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial assets at fair value through profit or loss represent the movement in the underlying investment in the Partnership during the period.

	Unaudited	Audited
	30.09.16	31.03.16
	£'000	£'000
Cost of the Partnership's investments at the start of the period/year	388,412	380,977
Purchases during the period/year	11,020	63,450
Sales during the period/year	(27,077)	(58,986)
Return of capital	(2,168)	(575)
Net realised gains on disposals during the period/year	995	3,546
Cost of the Partnership's investments at the end of the period/year	371,182	388,412
Net unrealised gains on investments at the end of the period/year	111,545	72,006
Other net current assets	3,138	11,876
Financial assets at fair value through profit or loss at the end of the period/year	<u>485,865</u>	<u>472,294</u>

9. TRADE AND OTHER RECEIVABLES

	Unaudited	Audited
	30.09.16	31.03.16
	£'000	£'000
Investment income receivable (note 4)	2,428	4,776
Prepayments	57	19
	<u>2,485</u>	<u>4,795</u>

10. TRADE AND OTHER PAYABLES

	Unaudited	Audited
	30.09.16	31.03.16
	£'000	£'000
Charitable donations payable (note 6)	2,381	4,752
Directors' fee payable (note 12)	14	19
Administration fee payable (note 7)	29	28
Auditor's remuneration payable	21	42
Management expense contribution payable	76	-
Other payables	66	44
	<u>2,587</u>	<u>4,885</u>

11. SHARE CAPITAL ACCOUNT

A. Authorised Share Capital

The Company is authorised to issue an unlimited number of shares, which may have a par value or no par value, as the Directors see fit. The shares can be issued as Ordinary Shares, C Shares or other such classes and in any currency at the discretion of the Board.

BACIT LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months to 30 September 2016

11. SHARE CAPITAL ACCOUNT (continued)

A. Authorised Share Capital (continued)

As the Company's Shares have no par value, the share price consists solely of share premium and the amounts received for issued shares are recorded in the Share Capital Account in accordance with The Companies (Guernsey) Law, 2008.

Ordinary Shares of each class carry the right to receive all income of the Group attributable to the Ordinary Shares of such class and to participate in any distribution of such income made by the Group, pro-rata to the relative calculated NAV of each of the classes of Ordinary Shares and within each such class income shall be divided pari passu among the holders of Ordinary Shares of that class in proportion to the number of Ordinary Shares of such class held by them.

The Founder Share issued at the date of incorporation was redesignated, by special resolution dated 28 September 2012, as a Deferred Share and transferred to The BACIT Foundation. This non-participating non-redeemable Deferred Share has no other rights to assets or dividends, except to payment of £1 on the liquidation of the Company and carries a right to vote only if there are no other classes of voting share of the Company in issue.

	Unaudited	Audited
	Ordinary Shares	Ordinary Shares
	01.04.16 to	01.04.15 to
	30.09.16	31.03.16
	£'000	£'000
Deferred Share (1 Share issued at £1)	-	-
Ordinary Share Capital		
Balance at the start of the period/year	406,208	403,987
Issued during the period/year	1,800	2,221
Balance at the end of the period/year	<u>408,008</u>	<u>406,208</u>
	Unaudited	Audited
	Ordinary Shares	Ordinary Shares
	01.04.16 to	01.04.15 to
	30.09.16	31.03.16
	Shares	Shares
Ordinary Share Capital		
Balance at the start of the period/year	384,665,158	382,867,127
Issued during the period/year	1,473,627	1,798,031
Balance at the end of the period/year	<u>386,138,785</u>	<u>384,665,158</u>

B. Capital Reserves

Gains and losses recorded on the realisation of investments, realised exchange differences, unrealised gains and losses recorded on the revaluation of investments held at the period end and unrealised exchange differences of a capital nature are transferred to Capital Reserves.

BACIT LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months to 30 September 2016

11. SHARE CAPITAL ACCOUNT (continued)

C. Basic and Diluted Earnings per Share

The calculations for the basic earnings per share attributable to the Ordinary Shares of the Group are based on the following data:

	Unaudited	Audited
	01.04.16 to	01.04.15 to
	30.09.16	31.03.16
Earnings for the purposes of earnings per share	20,499,938	(999,950)
Weighted average number of shares	385,011,420	383,977,387
Basic earnings/(loss) per share	5.32p	(0.26)p

There is no potential for dilution therefore no diluted earnings per share is calculated.

12. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Directors are responsible for the determination of the investment policy of the Group and have overall responsibility for the Group's activities. The Group's investment portfolio is managed by the Investment Manager, BACIT (UK) Limited.

The Company has five non-executive directors. The Directors of the Company with the exception of Ms Cecil also serve as Directors of the General Partner. Mr Henderson is also a director of BACIT (UK) Limited and BACIT Discovery Limited. Mr Henderson and Ms Cecil are trustees of the BACIT Foundation. In addition, the investee funds may hold shares in companies related to the Directors.

On 31 July 2016, Colin Maltby resigned as a director of the Company and of the General Partner.

For the year ended 31 March 2016, each Director was entitled to a fee of £20,000 per annum, except for the Chairman who was entitled to £30,000 per annum. With effect from 1 April 2016, the Chairman is entitled to a fee of £40,000 per annum, the Chairman of the Audit Committee is entitled to a fee of £30,000 per annum and the other Directors are each entitled to a fee of £25,000 per annum. Mr Tighe, Mr Henderson and Ms Cecil continue to waive their right to receive their fees.

During the period, Directors' fees paid amounted to £35,000 (30 September 2015: £50,000), of which £14,000 (31 March 2016: £19,000) remained payable at 30 September 2016.

BACIT LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months to 30 September 2016

12. RELATED PARTY TRANSACTIONS (continued)

Director and other interests

As at 30 September 2016, Directors of the Company held the following Ordinary Shares beneficially:

Director	Number of shares 30.09.16	Number of shares 31.03.16
Jeremy Tigue (Chairman)	355,153	348,871
Arabella Cecil*	394,255	387,282
Peter Hames	71,029	69,773
Thomas Henderson**	11,742,400	11,742,400
Nicholas Moss	15,270	15,000

*Some shares are held by Gravity Partners Limited, a company controlled by Arabella Cecil.

**Shares are held by Farla Limited, a company controlled by Thomas Henderson.

The Group may have underlying investments which, from time to time, include investments associated with members of the Board. In no case does the member have any direct ability to influence the investment policy of the Group's portfolio investments to make, hold or dispose of such investments.

In accordance with the Group's Articles of Incorporation, 50% of the Charitable Donations are made to The BACIT Foundation. The BACIT Foundation was incorporated in England and Wales on 17 May 2012 as a private company limited by guarantee, with exclusively charitable purposes and holds the Group's Deferred Share. The amount paid to The BACIT Foundation during the six months ended 30 September 2016, in respect of the year to 31 March 2016, was £2,376,000 (30 September 2015: in respect of the year to 31 March 2015, was £2,209,000).

The Company has appointed BACIT (UK) Limited as its Alternative Investment Fund Manager, which has taken over the investment management activities previously carried out by the General Partner. BACIT (UK) Limited is a wholly owned subsidiary of The BACIT Foundation.

Following the EGM held on 11 December 2015, Shareholders approved the change in expense arrangements of the Group and with effect from 1 January 2016 the amended Expenses Deed Agreement (the "Deed") entered into between the Company, General Partner and Farla Limited, a company controlled by Thomas Henderson was terminated.

Prior to 1 January 2016, Farla Limited provided office space and equipment for, and either paid directly or reimbursed the Group in respect of out-of-pocket expenses of the team managing the investment portfolio.

With effect from 1 January 2016, operating expenses of the Investment Manager, including those previously covered by the Deed, are covered by a Management Expense Contribution, payable by the Company to the Investment Manager equal to 0.19% of NAV per annum, payable in monthly instalments by reference to the most recent month-end NAV. The Group will still directly bear certain expenses ("Sundry Expense Contribution") of the Investment Manager up to an amount equal to two per cent. of the NAV of the prior year end.

BACIT LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months to 30 September 2016

12. RELATED PARTY TRANSACTIONS (continued)

Director and other interests (continued)

Gravity Partners, a company controlled by Ms Cecil, receives a fee from the Investment Manager equal to 0.09% of NAV per annum, payable in monthly instalments in arrears by reference to the most recent month-end NAV, under a consultancy agreement with the Investment Manager.

During the period, £41,000 (30 September 2015: £28,000) of Sundry Expense Contribution was borne by the Company on behalf of BACIT (UK) Limited and £1,000 (31 March 2016: £2,400) remained payable as at 30 September 2016. Also included in Other Expenses (see note 14) were Professional fees of £45,000 (30 September 2015: £95,000) paid to Martin Thomas, a director of the Investment Manager.

Significant agreements

Northern Trust International Fund Administration Services (Guernsey) Limited (the "Administrator") performs administrative duties to the Group. Please refer to note 7.

Northern Trust (Guernsey) Limited also serves as custodian to the Partnership. During the period ended 30 September 2016, custodian fees of £87,000 (30 September 2015: £89,000) were charged by Northern Trust (Guernsey) Limited to the Partnership and £30,000 (31 March 2016: £30,000) remained payable as at 30 September 2016.

The Group receives income from the Partnership. Please refer to note 4.

13. MANAGEMENT EXPENSE CONTRIBUTION

The Group's investment manager is BACIT (UK) Limited (the "Investment Manager"). Since 1 January 2016, the operating expenses of the Investment Manager have been covered by a Management Expense Contribution, payable by the Company to the Investment Manager equal to 0.19% of NAV per annum, payable in monthly instalments by reference to the most recent month-end NAV. The Group will still directly bear certain expenses ("Sundry Expense Contribution") of the Investment Manager up to an amount equal to two per cent. of the NAV of the prior year end.

During the period ended 30 September 2016, fees of £449,000 (30 September 2015: £Nil) were charged by the Investment Manager to the Group and £76,000 (31 March 2016: £Nil) remained payable at the period end.

BACIT LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months to 30 September 2016

14. OTHER EXPENSES

	Unaudited 01.04.16 to 30.09.16 £'000	Unaudited 01.04.15 to 30.09.15 £'000
Professional fees*	117	238
Legal fees	21	75
Group audit and tax fees	48	30
Investment Manager Sundry Expense Contribution (note 12)	41	28
Directors' insurance	13	13
General expenses	66	51
	<u>306</u>	<u>435</u>

* Included in professional fees above was a fee of £45,000 (30 September 2015: £95,000) paid to Martin Thomas, a director of the Investment Manager.

15. OPERATING SEGMENTS

The Board has considered the requirements of IFRS 8 'Operating Segments' and concluded that the Group and Partnership's activities form a single segment under the standard, being investments in a diversified portfolio of hedge, equity and long-term alternative investment funds across multiple asset classes. The Partnership's investments are managed on a global basis. The Board, as a whole, has been determined as constituting the chief decision maker of the Group. The key measure of performance used by the Board to assess the Group's performance and to allocate resources is the total return based on the NAV per share, as calculated under IFRS.

16. FINANCIAL INSTRUMENTS

The financial instruments held by the Group are comprised principally of the investment in the Partnership.

Details of the Group's significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of its financial assets and liabilities are disclosed in note 1 of the Annual Audited Consolidated Financial Statements.

BACIT LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months to 30 September 2016

16. FINANCIAL INSTRUMENTS (continued)

	Unaudited 30.09.16 Fair Value £'000	Audited 31.03.16 Fair Value £'000
Financial assets designated at fair value through profit or loss		
BACIT Investments LP Incorporated	485,865	472,294
Financial assets designated at amortised cost		
Other financial assets	2,805	4,836
Financial liabilities designated at amortised cost		
Other financial liabilities	(2,587)	(4,885)
Total net assets	486,083	472,245

The financial instruments held by the Partnership are comprised principally of long-only funds, hedge funds, private equity funds and real estate funds.

The table below analyses the carrying amounts of the Partnership's financial assets and liabilities held by the Partnership by category as defined in IAS 39 – "Financial Instruments: Recognition and Measurement".

	Unaudited 30.09.16 Fair Value £'000	Audited 31.03.16 Fair Value £'000
Financial assets designated at fair value through profit or loss		
Listed investments	105,256	109,310
Unlisted investments	377,471	351,108
Unrealised gains on open forward foreign currency contracts	-	4,049
Total financial assets designated at fair value through profit or loss	482,727	464,467
Financial assets designated at amortised cost		
Other financial assets	16,896	12,639
Financial liabilities designated at fair value through profit or loss		
Unrealised loss on open forward foreign currency contracts	(11,296)	-
Financial liabilities designated at amortised cost		
Other financial liabilities	(2,462)	(4,812)
Total net assets of the Partnership	485,865	472,294

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months to 30 September 2016

16. FINANCIAL INSTRUMENTS (continued)

Financial Risk Management

The Group's financial risk management objectives and policies are unchanged from those disclosed in the Annual Audited Consolidated Financial Statements as at and for the year ended 31 March 2016.

17. FAIR VALUE HIERARCHY

IFRS 13 – “Fair Value Measurements” (“IFRS 13”) requires the Group to establish a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under IFRS 13 are set as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices) or other market corroborated inputs; and

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes ‘observable’ requires significant judgment by the Group. The Group considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

BACIT LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months to 30 September 2016

17. FAIR VALUE HIERARCHY (continued)

The following table presents the Group's financial assets and liabilities by level within the fair value hierarchy as of 30 September 2016:

	Level 1	Level 2	Level 3	Unaudited 30.09.16 Total
Assets	£'000	£'000	£'000	£'000
Financial assets at fair value through profit or loss:				
BACIT Investments LP Incorporated	-	485,865	-	485,865
Total assets	-	485,865	-	485,865

	Level 1	Level 2	Level 3	Audited 31.03.16 Total
Assets	£'000	£'000	£'000	£'000
Financial assets at fair value through profit or loss:				
BACIT Investments LP Incorporated	-	472,294	-	472,294
Total assets	-	472,294	-	472,294

As noted below, 11.0% (31 March 2016: 8.0%) of the Partnership's fair value measurements consist of positions residing in Level 3 of the fair value hierarchy ("the Level 3 investments"). IFRS 13 requires the fair value measurement of the Partnership to be classified in the same level of the fair value hierarchy as the lowest level input that is significant to the overall valuation of the Partnership. Given their quantum, the Directors do not consider the Level 3 investments to be significant to the overall fair value of the investment. As such, and in accordance with IFRS 13, the Partnership investment has been disclosed within Level 2 in the fair value hierarchy. The Directors have provided additional information in respect of the assets and liabilities of the Partnership below.

The following table presents the Partnership's investments by level within the fair value hierarchy as of 30 September 2016:

	Level 1	Level 2	Level 3	Unaudited 30.09.16 Total
Investments	£'000	£'000	£'000	£'000
Financial assets at fair value through profit or loss:				
Listed investments	98,152	7,104	-	105,256
Unlisted investments	-	330,326	-	330,326
Private equity investments	-	-	36,514	36,514
Oncology related investments	-	-	10,631	10,631
Unrealised losses on open forward foreign currency contracts	-	(11,296)	-	(11,296)
Total investments	98,152	326,134	47,145	471,431

BACIT LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months to 30 September 2016

17. FAIR VALUE HIERARCHY (continued)

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Audited 31.03.16 Total £'000
Investments				
Financial assets at fair value through profit or loss:				
Listed investments	104,359	4,951	-	109,310
Unlisted investments	-	313,859	-	313,859
Private equity investments	-	-	27,643	27,643
Oncology related investments	-	-	9,606	9,606
Unrealised gains on open forward foreign currency contracts	-	4,049	-	4,049
Total investments	104,359	322,859	37,249	464,467

Assets classified as Level 2 investments are underlying funds fair-valued using the latest available NAV of each fund as reported by each fund's independent administrator, which are redeemable by the Group subject to necessary notice being given. Included within the Level 2 investments above are investments where the redemption notice period is greater than 90 days. Such investments have been classified as Level 2 because their value is based on observable inputs.

Assets classified as Level 3 investments are underlying Limited Partnerships which are not traded or available for redemption. The fair value of these assets is derived from quarterly statements provided by the respective Limited Partnership's independent administrators.

There were no transfers between levels during the period.

The following table presents the movements in Level 3 investments held by the Partnership for the period ended 30 September 2016:

	Oncology related investments £'000	Private equity investments £'000	Unaudited 30.09.16 Total £'000	Audited 31.03.16 Total £'000
Opening Balance	9,606	27,643	37,249	14,785
Purchases	1,025	8,804	9,829	14,163
Return of capital	-	(2,168)	(2,168)	(575)
Gain on financial assets at fair value through profit or loss	-	2,235	2,235	8,876
	10,631	36,514	47,145	37,249

The net gain for the period included in the Condensed Consolidated Statement of Comprehensive Income in respect of Level 3 investments held at the period end amounted to £2,235,000 (30 September 2015: £1,414,000 gain).

BACIT LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months to 30 September 2016

17. FAIR VALUE HIERARCHY (continued)

The following table summarises the valuation methodologies used for the Partnership's investments categorised in Level 3 as of 30 September 2016:

Security description	Fair Value £'000	Valuation methodology	Unobservable inputs	Ranges
Infracapital Partners (NT) II LP	15,567	NAV	Valuation of underlying investments*	N/A
Permira V LP2	16,189	NAV	Valuation of underlying investments*	N/A
BACIT Discovery Limited	10,631	NAV	Valuation of underlying investments*	N/A
Bridge 140 AB	2,294	Directors' valuation	Valuation of underlying investments*	N/A
Chenavari European Deleveraging Opportunities	2,464	NAV	Valuation of underlying investments*	N/A

*underlying investments held considered highly illiquid

The above value their investments in accordance with the International Private Equity and Venture Capital ("IPEVC") guidelines. In line with the investment methodology outlined in the IPEVC guidance, new investments are valued equivalent to the cost of the investments. The Group does not have transparency over the inputs of this valuation.

On 25 May 2016, the agreement which the Group had entered into with Bridge 140 AB, a limited liability company incorporated under the laws of Sweden, was terminated. The value of the investment is assessed by the Directors based on the amount of cash returned to the Group after the year end and underlying investments which are retained at cost.

18. COMMITMENTS

The Partnership had the following commitments as at 30 September 2016:

Security description	Currency	Total Commitment in 000's	Drawn Commitment in 000's	Unaudited 30.09.16 Undrawn Commitment in 000's
Infracapital Partners (NT) II LP*	Sterling	£25,000	£12,016	£12,984
Permira V LP 2	Euro	€20,000	£12,766	£3,071
BACIT Discovery Limited	Sterling	£20,000	£5,870	£14,130
Chenavari European Deleveraging Opportunities	United States Dollar	\$22,000	£2,195	£14,533

BACIT LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months to 30 September 2016

18. COMMITMENTS (continued)

Security description	Currency	Total Commitment in 000's	Drawn Commitment in 000's	Audited 31.03.16 Undrawn Commitment in 000's
Infracapital Partners (NT) II LP*	Sterling	£25,000	£8,343	£16,657
Permira V LP 2	Euro	€20,000	£10,161	£5,352
BACIT Discovery Limited	Sterling	£20,000	£4,845	£15,155
Bridge 140 AB**	Swedish Krona	SEK 130,000	£4,794	£5,849

* Due to accepting new investors, Infracapital Partners (NT) II LLP issued the Company with equalisation notices totalling £3,754,000 in 2014. The £12,016,000 (31 March 2016: £8,343,000) of drawn commitments includes amounts totalling £1,823,000 (31 March 2016: £1,449,000) of return of capital to the Company, which are not able to be redrawn as part of any future capital call. As such these have been included within the total balance for the Drawn Commitment.

** On 25 May 2016, the agreement which the Group had entered into with Bridge 140 AB, a limited liability company incorporated under the laws of Sweden, was terminated.

Prior to the change in investment policy on 15 December 2014, the Group invested in one ICR Project, being a project to finance a programme of research to develop a CHK1 inhibitor (the "CHK1 Project") through BACIT CHK1 Investment Limited. The Group's fellow investors in the CHK1 Project were Sareum Limited, a drug discovery company, and the Pioneer Fund.

Following the implementation of the revised investment policy, the Group became an investor in the Pioneer Fund and, in doing so, contributed its existing interest in the CHK1 Project to the Pioneer Fund. The investment in the Pioneer Fund has been made through BACIT Discovery Limited (formerly BACIT CHK1 Investment Limited).

The Partnership has committed up to £20,000,000 to the Pioneer Fund. The Pioneer Fund's investment policy is to invest in projects and intellectual property assets with a life science or medical technologies focus related to oncology, including therapeutics and diagnostics. This commitment will be called by the Pioneer Fund as and when required to fund investments. The Partnership will fund future calls in the Pioneer Fund through available cash and the realisation of investments as necessary. The Group does not have transparency over the inputs of this valuation.

There were no contingent liabilities as at the Unaudited Condensed Consolidated Statement of Financial Position date.

The Group intends to invest up to 1% of NAV each year to acquire interests in drug development and medical innovation projects undertaken by the ICR or its subsidiaries which have the potential for commercial development and application ("ICR Projects"). To the extent that less than 1% of NAV is allocated to ICR Projects in any given year, the amount available for investment in such projects as and when appropriate opportunities become available in subsequent years may be increased.

BACIT LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months to 30 September 2016

18. COMMITMENTS (continued)

The Group may invest in the Pioneer Fund as if it were an ICR Project, save that the Group may make up to a maximum capital commitment of £20 million (including the contribution of its investment in the CHK1 Project).

The amount that the Group may contribute to drawdowns of the Pioneer Fund in any one calendar year will not be subject to the one per cent. of net asset value cap otherwise applicable to investments in ICR Projects.

In the event that drawdowns by the Pioneer Fund were to exceed this cap in any one calendar year, the Group would not make any new commitments to or investments in any ICR Project unless and until the cumulative amount that has been invested by the Group in the Pioneer Fund and in other ICR Projects has not exceeded an amount equal to the aggregate of one per cent. of the Company's net asset value for each year of the Company's life. The Group currently has invested £5,870,000 (31 March 2016: £4,845,000) in BACIT Discovery Limited with a further £9,855,000 (31 March 2016: £8,499,000) available at 30 September 2016 to invest in ICR Projects.

19. SUBSEQUENT EVENTS

These Condensed Consolidated Financial Statements were approved for issuance by the Board on 21 November 2016. Subsequent events have been evaluated until this date.

On 7 November 2016 the Company announced a number of measures, including the expansion of its investment policy, to allow the Company to substantially to increase its life science investments in addition to its existing commitment to the CRT Pioneer Fund. These include the acquisition of Syncona LLP ("Syncona"), which owns an existing portfolio of life science investments and either all or a majority of Cancer Research UK's interest in the CRT Pioneer Fund, as well as the recruitment of the Syncona Investment Team.

The Company intends to hold and finance its life science investments until they reach commercialisation, and beyond, with a view to building standalone companies capable of achieving valuations in excess of £1 billion.

The Company will continue to make investments in alternative investment funds until such time as it requires financing for specific life science investments. The Company intends to evolve over a number of years to become predominantly a life science investment company. BACIT would reserve the right to make new alternative investments on a fee bearing basis.

Over the longer term, BACIT intends to target a shareholder return of 15 per cent. IRR net of fees and expenses. BACIT intends to continue to pursue its progressive dividend policy.

BACIT will continue to make an annual charitable donation, half donated to The Institute of Cancer Research and half donated to The BACIT Foundation for onward distribution among other charities. To take account of the increased size of the Company, the relevant percentage to be donated will be reset at 0.3 per cent. per annum of BACIT's net asset value.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months to 30 September 2016

19. SUBSEQUENT EVENTS (continued)

In addition, the Company proposes to raise new capital to finance its expansion. The Company will issue new ordinary shares at the Offer Price on a non-preemptive basis to the Wellcome Trust ("Wellcome") and Cancer Research UK through a Firm Placing and make a placing and open offer of ordinary shares to existing Shareholders and other new investors.

The Company will also offer a share sale facility to permit existing Shareholders who do not wish to remain invested in the Company following implementation of the Proposals to sell their shares at the Offer Price less dealing costs (the "Liquidity Facility").

Implementation of the Proposals will be subject to (a) Shareholders providing the requisite approvals in respect of the Proposals and (b) the number of ordinary shares sold in the Placing and Open Offer at least matching the number of ordinary shares offered for sale under the Liquidity Facility.

The Company will also bring forward the discontinuation resolution that would otherwise have been proposed at its annual general meeting in 2017 and implementation of the Proposals will be conditional on Shareholders voting against the discontinuation resolution and removing the requirement that it is proposed in the future. The Company will also propose to amend its articles of incorporation to provide that the Company may only make a material amendment to its investment policy by way of an extraordinary resolution of its shareholders (requiring three-quarters of the votes cast on the resolution to be in favour).

The Company expects to hold an EGM of Shareholders in respect of the Proposals in December and to dispatch the shareholder circular in respect of that meeting in late November.

Further information can be found on the Company's website www.bacitltd.com.