

**PERSONAL
ASSETS
TRUST PLC**

**INTERIM REPORT
FOR THE SIX MONTHS ENDED
31 OCTOBER 2007**

FINANCIAL SUMMARY

- Personal Assets Trust plc (“PAT”) is an independent investment trust run expressly for private investors.
- Over the six months to 31 October 2007 PAT’s net asset value per share (“NAV”) fell by 2.3% to £258.70 compared to a rise of 2.9% in our benchmark, the FTSE All-Share Index. PAT’s share price fell by £7 to £259 over the same period, being a premium of 0.1% to the Company’s NAV at that date.
- The Board measures PAT’s performance over rolling three-year periods. Over the three years to 31 October 2007 the NAV rose by 21.2% compared to the FTSE All-Share Index’s rise of 50.3%. This underperformance of 19.4% reflects our very cautious attitude to equity valuations, represented by the level of liquidity we have held over the period.
- We continue to believe that in present circumstances it is appropriate to maintain a substantial level of liquidity. At 31 October 2007 PAT had effective liquidity of 100% of shareholders’ funds (30 April 2007: 51%).
- Over the six months PAT’s shares continued to trade close to NAV. We issued 3,573 ordinary shares from Treasury at a small premium (adding just over £0.9 million of new capital) to satisfy continuing demand for the Company’s shares, principally through its zero-charge Investment Plans. At 31 October 2007, 42.9% of the Company’s share capital was held in these plans. The Company also bought back 6,984 ordinary shares to be held in Treasury during the period at a cost of £1.8 million including stamp duty.
- Earnings for the period were £2.17 per share (2006: £2.18). Earnings for the first six months should not be taken as a guide for the full year.
- The first interim dividend of £2.25 per ordinary share (2006: £2.00) was paid to shareholders on 26 October 2007. The Board’s stated policy is never to cut the dividend rate. Therefore, the second interim dividend for the year ended 30 April 2008, expected to be paid in April 2008, will be at least £2.25 per share. The total dividend for the year will be not less than £4.50, representing an increase of at least 9.8% compared to the previous year.

PORTFOLIO VALUATION

Company	31 October 2007 £'000	Purchases/ (Sales) £'000	30 April 2007 £'000
Royal Dutch Shell	16,333	–	13,837
BP	14,988	–	13,572
HBOS	9,603	–	11,902
BT Group	8,463	–	8,223
GlaxoSmithKline	8,041	–	9,412
Royal Bank of Scotland	7,843	(4,109)	13,896
Scottish & Newcastle	6,412	–	5,055
Alliance Trust	4,830	–	4,830
Barclays	4,798	(2,974)	8,724
Rentokil Initial	1,718	–	1,738
Other Holdings (13)	12,912	–	12,480
Total Equity Holdings	95,941	(7,083)	103,669
FTSE 100 Future Liability	(96,299)	–	(8,731)
Effective Equity Exposure	(358)	(7,083)	94,938
US Treasury Strip 0% 15/11/07	60,088		
Standard Life Sterling Fund	5,764		
FTSE 100 Future Asset	92,571		
Net Current Assets	29,108		
Liquidity	187,531		97,478
Shareholders' Funds	187,173		192,416

INTERIM MANAGEMENT REPORT

We have grown increasingly bearish of the UK and US equity markets since the publication of the Annual Report and Accounts for the year ended 30 April 2007 and as a result of this we progressed in four stages from being 51% liquid at the beginning of the period to being 100% liquid at its end.

On 3 July, following a Board 'AwayDay', we sold 283 FTSE 100 contracts to give us a short position of 418 contracts, thereby increasing our liquidity from 51% to 60% of shareholders' funds. We decided also to reduce our holdings in Banks because of growing concerns about bad debts, selling 405,000 shares in Barclays and 640,000 shares in Royal Bank of Scotland on 16 July for a total of £7.1 million at prices respectively 33% and 38% higher than those now prevailing (21 November). In consequence of this, and also on 16 July, we bought back 95 of our 418 short position in FTSE 100 contracts in order to maintain our overall liquidity at 60%. When the US Federal Reserve reduced its 'discount window' rate by 0.5% on 17 August in response to a deterioration in the commercial credit market, we saw this as confirmation of our belief that there was a systemic threat to the financial system. We therefore on 17 August sold a further 230 FTSE 100 contracts, increasing our effective liquidity to 70% of shareholders' funds.

On 4 September, as the prospects for the credit market in our opinion continued to worsen, we sold an additional 312 FTSE 100 contracts, increasing our liquidity to 80%. Then on 18 September, following an interview in which Alan Greenspan stated that US house price percentage declines could be in double digits (almost guaranteeing a US recession), and in the conviction that sooner or later de-leverage around the world will have to occur (through sales of assets and repayment of debt), we sold a further 605 FTSE 100 contracts, increasing our liquidity to 100%.

In this Report we are required also to describe the principal risks and uncertainties for the remaining six months of the year. Because the Company is 100% liquid it is not at risk of loss from adverse movements in share prices except in the event that any shares we still held and to which we had a percentage exposure higher than that of the FTSE 100 were significantly to underperform the FTSE 100. At present we have no such holdings. Because the Company's currency exposure is fully hedged it is not at risk from adverse currency movements. The Board considers that there is negligible risk of default by its bankers or of liquidity problems arising in the FTSE Futures market. The Company's largest investment is in a US Treasury Strip 0% and the Board considers there to be negligible risk that the US Government will default on its obligations. Given that we hold very short-dated securities (a maximum of three months to maturity), the risk of a lack of liquidity in the market for US Treasury securities does not arise.

No material related party transactions have taken place during the first six months of the current financial period and there were no material related party transactions during the year ended 30 April 2007.

CONDENSED GROUP INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 OCTOBER 2007

	(Unaudited)		
	Six months ended		
	31 October 2007		
	Revenue return £'000	Capital return £'000	Total £'000
Investment income	2,237	-	2,237
Other operating income	399	-	399
Losses on investments held at fair value	-	(6,602)	(6,602)
Foreign exchange differences	-	2,318	2,318
Total income	2,636	(4,284)	(1,648)
Expenses	(1,059)	-	(1,059)
Profit/(loss) before tax	1,577	(4,284)	(2,707)
Taxation	(9)	-	(9)
Profit/(loss) for the period	1,568	(4,284)	(2,716)
Return per ordinary share	£2.17	(£5.92)	(£3.75)

The return per ordinary share figure is based on the net loss for the six months of £2,716,000 (six months ended 31 October 2006: net gain of £3,223,000; year ended 30 April 2007: net gain of £9,292,000) and on 723,990 (six months ended 31 October 2006: 740,561; year ended 30 April 2007: 737,371) ordinary shares, being the weighted average number of ordinary shares in issue during the period.

In respect of the year ending 30 April 2008 the Board has declared a first interim dividend of £2.25 per ordinary share, which was paid on 26 October 2007. In respect of the year ended 30 April 2007 the Board declared a first interim dividend of £2.00 per ordinary share and a second interim dividend of £2.10 per ordinary share. This gave a total dividend for the year ended 30 April 2007 of £4.10 per ordinary share.

The column of this statement headed Total represents the Group's Income Statement, prepared in accordance with International Financial Reporting Standards. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations.

(Unaudited) Six months ended 31 October 2006			(Audited) Year ended 30 April 2007		
Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
2,060	-	2,060	4,919	-	4,919
616	-	616	983	-	983
-	(1,277)	(1,277)	-	(305)	(305)
-	2,886	2,886	-	5,849	5,849
<hr/> 2,676	<hr/> 1,609	<hr/> 4,285	<hr/> 5,902	<hr/> 5,544	<hr/> 11,446
(987)	-	(987)	(2,136)	-	(2,136)
<hr/> 1,689	<hr/> 1,609	<hr/> 3,298	<hr/> 3,766	<hr/> 5,544	<hr/> 9,310
(75)	-	(75)	(18)	-	(18)
<hr/> 1,614	<hr/> 1,609	<hr/> 3,223	<hr/> 3,748	<hr/> 5,544	<hr/> 9,292
<hr/> £2.18	<hr/> £2.17	<hr/> £4.35	<hr/> £5.08	<hr/> £7.52	<hr/> £12.60

At 31 October 2007 there were 723,510 ordinary shares in issue (31 October 2006: 737,902; 30 April 2007: 726,921). During the six months ended 31 October 2007 the Company issued 3,573 ordinary shares from Treasury and bought 6,984 ordinary shares to be held in Treasury. At 31 October 2007, there were 27,366 ordinary shares held in Treasury (31 October 2006: 12,537; 30 April 2007: 23,955). The cost of the share buy-backs, including stamp duty, amounted to £1,839,000.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the annual report and financial statements for the year ended 30 April 2007.

These are not statutory accounts in terms of section 240 of the Companies Act 1985 and are unaudited. The information for the year ended 30 April 2007 has been extracted from the latest published financial statements, which received an unqualified audit report and have been filed with the Registrar of Companies. No statutory accounts in respect of any period after 30 April 2007 have been reported on by the Company's auditors or delivered to the Registrar of Companies.

CONDENSED GROUP BALANCE SHEET

AS AT 31 OCTOBER 2007

	(Unaudited) 31 October 2007 £'000	(Unaudited) 31 October 2006 £'000	(Audited) 30 April 2007 £'000
Non current assets:			
Investments held at fair value	161,793	169,851	189,645
Current assets	25,380	20,903	2,771
Net assets	187,173	190,754	192,416
Equity shareholders' funds	187,173	190,754	192,416
Net asset value per ordinary share	£258.70	£258.51	£264.70

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE INTERIM REPORT

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU; and
- the Interim Management Report includes 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 a description of the principal risks and uncertainties for the remaining six months of the year; 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 Company during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

By Order of the Board,
Steven K Davidson, Secretary

CONDENSED GROUP CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 31 OCTOBER 2007

	(Unaudited) Six months ended 31 October 2007 £'000	(Unaudited) Six months ended 31 October 2006 £'000	(Audited) Year ended 30 April 2007 £'000
Net cash inflow from operating activities	2,330	2,489	3,572
Net cash inflow/(outflow) from investing activities	25,006	(510)	(19,442)
Net cash inflow/(outflow) before financing	27,336	1,979	(15,870)
Net cash outflow from financing activities	(2,527)	(1,819)	(6,227)
Net increase/(decrease) in cash and equivalents	24,809	160	(22,097)
Cash and cash equivalents at the start of the period	304	15,391	15,391
Realised gains on foreign currency	871	5,045	7,010
Cash and cash equivalents at period	25,984	20,596	304

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 OCTOBER 2007

	(Unaudited) Six months ended 31 October 2007 £'000	(Unaudited) Six months ended 31 October 2006 £'000	(Audited) Year ended 30 April 2007 £'000
Opening equity shareholders' funds	192,416	189,351	189,351
(Loss)/profit for the period	(2,716)	3,223	9,292
Ordinary dividends paid	(1,626)	(1,482)	(3,019)
Issue of ordinary shares	938	1,180	1,311
Buy-backs of ordinary shares	(1,839)	(1,518)	(4,519)
Closing equity shareholders' funds	187,173	190,754	192,416