PERSONAL ASSETS TRUST PLC

INTERIM REPORT
FOR THE SIX MONTHS ENDED
31 OCTOBER 2010

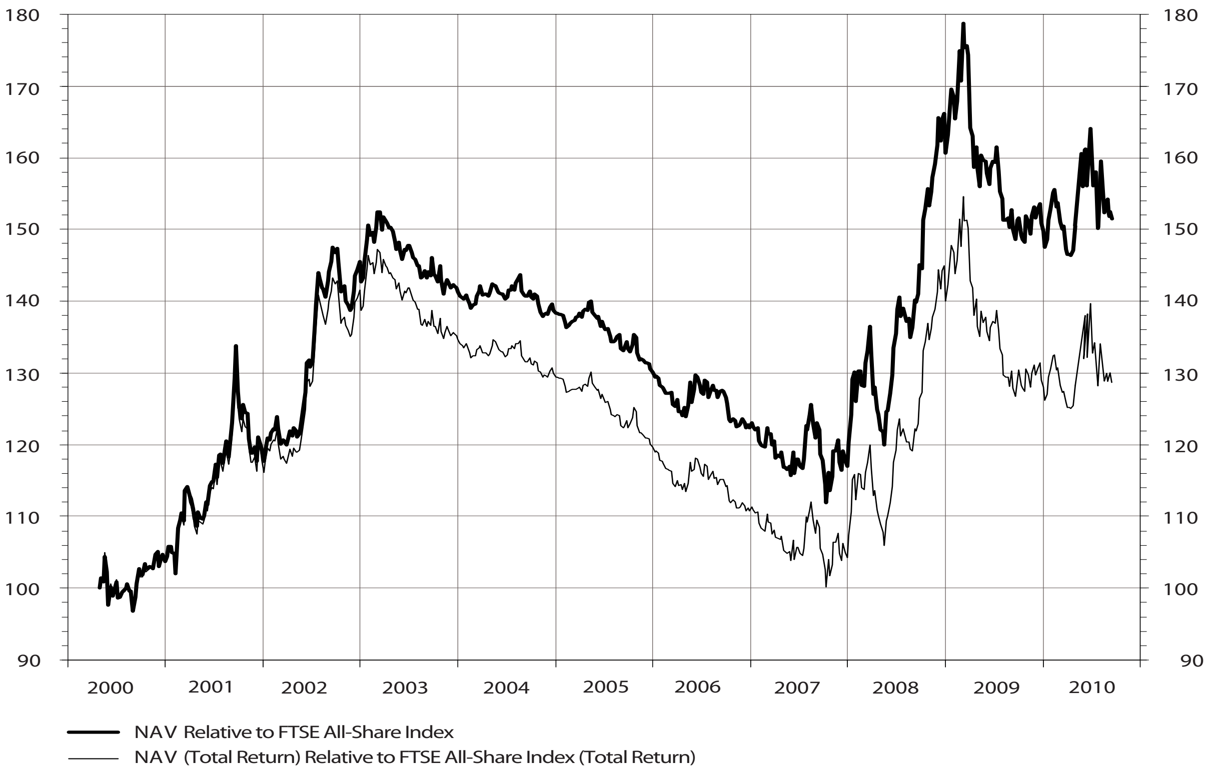
KEY FEATURES

	As at 31 October 2010	As at 31 October 2009	As at 30 April 2010
Market Capitalisation	**£266.7m**	£205.0m	£236.0m
Shareholders' Funds	**£263.3m**	£203.2m	£233.8m
Shares Outstanding	**869,322**	779,631	815,281
Effective Liquidity	**43.0%[1]**	26.2%[2]	34.5%[3]
Share Price	**£306.75**	£263.00	£289.50
NAV per Share	**£302.82**	£260.67	£286.75
FTSE All-Share Index	**2,936.15**	2,584.59	2,863.35
Premium to NAV	**1.3%**	0.9%	1.0%
Earnings per Share	**£2.50**	£2.25	£4.61
Dividend per Share	**£2.70**	£2.55	£5.20

(1) Includes holding in physical gold bullion of 12.2%.
(2) Includes holding in Gold Bullion Securities of 8.6%.
(3) Includes holding in Gold Bullion Securities of 9.7%.

PERFORMANCE 2000 – 2010

Performance Relative to FTSE All-Share Index



FINANCIAL SUMMARY

- Personal Assets Trust (“PAT”) is an independent investment trust run expressly for private investors.
- The Company’s investment policy is to protect and increase (*in that order*) the value of shareholders’ funds per share over the long term and to earn as high a total return as is compatible with a risk equivalent to that of the FTSE All-Share Index.
- Over the six months to 31 October 2010 PAT’s net asset value per share (“NAV”) rose by 5.6% to £302.82 compared to a rise of 2.5% in our comparator, the FTSE All-Share Index. PAT’s share price rose by £17.25 to £306.75 over the same period, being a premium of 1.3% to the Company’s NAV at that date.
- Over the three years to 31 October 2010 (this being the traditional timespan over which the Board has measured performance) the NAV rose by 17.1% compared to the FTSE All-Share Index’s decline of 15.0%. This outperformance of 37.8% reflects our very cautious attitude to equity valuations over the period, represented by the level of liquidity we held during it.
- We continue to believe that in present circumstances it is appropriate to maintain a margin of liquidity, although this may vary with market levels and the Board hopes that at some stage the time will be right to gear the portfolio. At 31 October 2010 PAT had effective liquidity of 30.8% of shareholders’ funds and a further 12.2% in gold.
- During the period the Company converted its holding in Gold Bullion Securities to physical gold bullion.
- Over the six months PAT’s shares continued to trade close to NAV. We issued 54,041 Ordinary shares (adding £16.1 million of new capital) at a small premium to satisfy continuing demand for the Company’s shares.
- With effect from 1 May 2010 the Investment Adviser’s fees have been allocated 35% to revenue and 65% to capital. Prior to this date these costs were allocated 100% to revenue. This is a reversion to the Company’s practice with regard to its investment management expenses between 1996 and 2006 and in the Board’s opinion better reflects expectations of future returns.
- Earnings for the period were £2.50 per share (2009: £2.25). Earnings for the first six months should not be taken as a guide for the full year.
- The first interim dividend of £2.70 per Ordinary share (2009: £2.55) was paid to shareholders on 21 October 2010. The Board’s policy is for the present dividend rate to grow over the long term in real terms relative to both the Retail Price Index and the Consumer Price Index and never to cut the dividend rate, so shareholders know that each half yearly payment will at least equal the previous one. Accordingly, the second interim dividend for the year ended 30 April 2011, expected to be paid in April 2011, will be at least £2.70 per share. The total dividend for the year will therefore be not less than £5.40, representing an increase of at least 3.8% compared to the previous year.

PORTFOLIO AS AT 31 OCTOBER 2010

Investment	**Country**	**Sector**	**Valuation £'000**	**Shareholders' funds %**
US TIPS 1.375% 15/07/18	USA	Government Bond	67,345	25.6
Gold	–	Gold	32,032	12.2
British American Tobacco	UK	Tobacco	14,812	5.6
Nestlé	Switz	Food & Beverages	12,957	4.9
Coca Cola	USA	Beverages	12,350	4.7
GlaxoSmithKline	UK	Pharmaceuticals	9,215	3.5
Diageo	UK	Beverages	9,053	3.4
Johnson & Johnson	USA	Pharmaceuticals	8,901	3.4
Philip Morris International	USA	Tobacco	8,497	3.2
Vodafone	UK	Telecommunications	8,470	3.2
Royal Dutch Shell	UK	Oil & Gas	7,594	2.9
Microsoft	USA	Software	7,548	2.9
Tesco	UK	Food & Drug Retailers	7,390	2.8
Berkshire Hathaway "A"	USA	Insurance	7,160	2.7
Sage	UK	Technology	6,226	2.4
Centrica	UK	Utilities	5,810	2.2
Newcrest Mining	Aus	Mining	5,731	2.2
US TIPS 0.5% 15/04/15	USA	Government Bond	5,505	2.1
Newmont Mining	USA	Mining	5,005	1.9
Colgate Palmolive	USA	Household Products	4,823	1.8
Greggs	UK	Food & Drug Retailers	3,431	1.3
Unilever	UK	Food Producers	2,591	1.0
Becton Dickinson	USA	Pharmaceuticals	2,503	1.0
Total investments			**254,949**	**96.9**
Net current assets			8,302	3.1
Shareholders' funds			**263,251**	**100.0**

GEOGRAPHIC ANALYSIS AS AT 31 OCTOBER 2010

	Valuation £'000	**Shareholders' funds %**
UK equities	74,592	28.3
US equities	56,787	21.6
Swiss equities	12,957	4.9
Australian equities	5,731	2.2
Gold	32,032	12.2
US Treasury Inflation Protected Securities ("TIPS")	72,850	27.7
Net current assets	8,302	3.1
Shareholders' funds	**263,251**	**100.0**

Interim Management Report

We are frequently asked what we expect from markets over the next six months. Our response is always the same: look at our portfolio. At 31 October 2010 we had 12.2% of shareholders' funds in directly-held gold bullion and a further 4.1% in gold mining shares, 27.7% in US Treasury Inflation Protected Securities ("TIPS"), 52.9% in mainly blue chip defensive equities and 3.1% in net current assets.

In the US and the UK it is clear that a policy shift has taken place from avoiding deflation to being prepared to accept higher levels of inflation. In the US, a second round of quantitative easing ("QE2") has begun. Up until mid 2011 the Federal Reserve intends to buy $600 billion of US treasury bonds in the open market. We are convinced that QE2 is on its way for the UK as well. But further money printing is unlikely to narrow the gap between the economy and financial markets – hence our holding of gold bullion, the only currency which cannot be printed. Our task today is to choose from among relatively unattractive asset classes. Zero interest rates have distorted the price of assets that would otherwise be valued at a lower level, whether they be prime real estate, bonds, equities or commodities. This is why we are happy that our largest holding, 27.7% of shareholders' funds, is in US TIPS.

The most frequently touted argument for buying equities at current valuations is their relative value compared to bonds. The combination of QE2, low returns on cash, risk aversion and the prospect of low economic growth has driven bond yields to historic lows, so that ten year yields offer an unappetising return of 2.5-3.5%. On this basis, we do not deny that equities look relatively more attractive than bonds. They offer not only a higher income but also possible protection from inflation. Nevertheless, we are comparing mouldy apples *(bonds)* with mouldy pears *(equities)*. Falling bond yields imply a decline in growth, while the actions of policy makers to depress bond yields further have distorted other asset prices. From a stock market which in the UK is no more than fair value on an earnings basis (12.9x) and poor value on a dividend yield basis (2.9%) we expect unspectacular returns over the next few years.

There are, however, exceptions to this. In ***absolute*** terms a number of 'Blue Chips' are attractively priced. Our bias is towards the compounding of returns through investing in those businesses that can sustain high unleveraged returns for years to come but have little need for ongoing capital investment – an impediment to compounding, particularly when it has to be done at low rates of return. Our core investments enjoy repeat revenues from goods or services that their customers buy again and again, out of necessity, unwavering loyalty, or sheer habit. Unsurprisingly, we favour those companies that produce life's necessities and little pleasures. These shares have historically been valued by investors at a premium. Fortunately for us, this is not the case at the moment and blue chip stocks like Microsoft and Coca-Cola that were valued at 60x to 70x earnings a decade ago are now on 10x to 16x. In the UK the likes of Diageo and British American Tobacco offer above average, sustainable and growing dividend yields. This is where we have been concentrating our portfolio. For those with patience, these solid global franchises that are not reliant on any recovery in economic activity should compound respectable returns in the years to come. Any deserved re-rating is a free and welcome gift.

Coca-Cola is a good example of a lightly-leveraged, high return, time-tested blue chip compounder. Since 2000 it has enjoyed a compounded annual growth rate in earnings of 14.4% and in shareholder equity of 12.4%, while the dividend has gone up at an annual rate of 10.3%. In contrast, the share price has inched up by just 0.4% per annum. Given how dependable Coca-Cola's operations are, if its business results in the next decade were to be identical to those of the last but its share price stood still, then in 2020 it would, on our calculations, be selling at just 1.6x book value compared to 5.1x book value today, and yielding nearly 8%.

In this report we are required to describe risks and uncertainties for the remaining six months of the year. To the extent that the Company is 57% invested in equities it is at risk of loss from adverse movements in share prices. The Company has exposure to the US Dollar (which is unhedged except for the holding of US TIPS), the Australian Dollar and the Swiss Franc; adverse exchange rate movements may therefore affect us. A fall in the price of gold (in Sterling terms) is a further risk. The Board considers that there is a negligible risk of default by its bankers. The Company's largest investment is in US TIPS, our US Dollar exposure to which is fully hedged. The Board considers there to be a negligible risk that the US government will default on its obligations and believes that the risk of a lack of liquidity in the market for US Treasury securities does not arise. *(More can always be printed . . .)*

Sebastian Lyon, Investment Adviser

On behalf of the Board, Robin J Angus, Executive Director

CONDENSED GROUP INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 OCTOBER 2010

	(Unaudited) Six months ended 31 October 2010		
	Revenue Return £'000	**Capital Return £'000**	**Total £'000**
Investment income	**2,877**	**–**	**2,877**
Other operating income	**52**	**–**	**52**
Gains on investments held at fair value through profit or loss	**–**	**10,939**	**10,939**
(Losses) / gains on derivatives held at fair value through profit or loss	**–**	**(1,673)**	**(1,673)**
Foreign exchange gains	**–**	**4,836**	**4,836**
Total income	**2,929**	**14,102**	**17,031**
Expenses	**(772)**	**(503)**	**(1,275)**
Profit before taxation	**2,157**	**13,599**	**15,756**
Taxation	**(71)**	**7**	**(64)**
Profit for the period	**2,086**	**13,606**	**15,692**
Earnings per share	**£2.50**	**£16.32**	**£18.82**

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.

The Group does not have any income or expense that is not included in the profit for the period, and therefore the 'profit for the period' is also the 'total comprehensive income for the period'.

1. ACCOUNTING POLICIES

The condensed financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and the accounting policies set out in the statutory accounts of the Group for the year ended 30 April 2010, apart from the allocation of expenses. During the period the Board reviewed the allocation of the Investment Adviser's fee, which was charged 100% to revenue. It was felt that this fee should now be charged 35% to revenue and 65% to capital to reflect the Board's expectations of future returns. The condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Group for the year ended 30 April 2010, which were prepared under full IFRS requirements, to the extent that they have been adopted by the European Union.

(Unaudited) Six months ended 31 October 2009 Revenue Return £'000	Capital Return £'000	Total £'000	(Audited) Year ended 30 April 2010 Revenue Return £'000	Capital Return £'000	Total £'000
2,708	–	2,708	6,181	–	6,181
52	–	52	73	–	73
–	8,196	8,196	–	31,279	31,279
–	7,567	7,567	–	10,946	10,946
–	7,908	7,908	–	2,342	2,342
2,760	23,671	26,431	6,254	44,567	50,821
(981)	–	(981)	(2,413)	–	(2,413)
1,779	23,671	25,450	3,841	44,567	48,408
(66)	–	(66)	(241)	–	(241)
1,713	23,671	25,384	3,600	44,567	48,167
£2.25	£31.14	£33.39	£4.61	£57.12	£61.73

2. The return per Ordinary share figure is based on the net profit for the six months of £15,692,000 (six months ended 31 October 2009: net profit of £25,384,000; year ended 30 April 2010: net profit of £48,167,000) and on 833,908 (six months ended 31 October 2009: 760,098; year ended 30 April 2010: 780,184) Ordinary shares, being the weighted average number of Ordinary shares in issue during the respective periods.

3. In respect of the year ending 30 April 2011 the Board has declared a first interim dividend of £2.70 per Ordinary share, which was paid on 21 October 2010. In respect of the year ended 30 April 2010 the Board declared a first interim dividend of £2.55 per Ordinary share and a second interim dividend of £2.65 per Ordinary share. This gave a total dividend for the year ended 30 April 2010 of £5.20 per Ordinary share.

4. At 31 October 2010 there were 869,322 Ordinary shares in issue (31 October 2009: 779,631; 30 April 2010: 815,281). During the six months ended 31 October 2010 the Company issued 54,041 Ordinary shares.

5. These are not full statutory accounts in terms of Section 434 of the Companies Act 2006 and are unaudited. Statutory accounts for the year ended 30 April 2010, which received an unqualified audit report and which did not contain a statement under Section 498 of the Companies Act 2006, have been lodged with the Registrar of Companies. No full statutory accounts in respect of any period after 30 April 2010 have been reported on by the Company's auditors or delivered to the Registrar of Companies.

CONDENSED GROUP BALANCE SHEET

FOR THE SIX MONTHS ENDED 31 OCTOBER 2010

	(Unaudited) 31 October 2010 £'000	(Unaudited) 31 October 2009 £'000	(Audited) 30 April 2010 £'000
Non current assets			
Investments held at fair value through profit or loss	**254,949**	198,687	225,773
Current assets	**8,302**	4,539	8,012
Net assets	**263,251**	203,226	233,785
Total equity	**263,251**	203,226	233,785
Net asset value per Ordinary share	**£302.82**	£260.67	£286.75

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 OCTOBER 2010

	(Unaudited) Six months ended 31 October 2010 £'000	(Unaudited) Six months ended 31 October 2009 £'000	(Audited) Year ended 30 April 2010 £'000
Opening equity shareholder's funds	**233,785**	171,132	171,132
Profit for the period	**15,692**	25,384	48,167
Ordinary dividends paid	**(2,296)**	(1,964)	(4,114)
Issue of Ordinary shares	**16,070**	8,674	18,600
Closing equity shareholders' funds	**263,251**	203,226	233,785

CONDENSED GROUP CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 31 OCTOBER 2010

	(Unaudited) Six months ended 31 October 2010 £'000	(Unaudited) Six months ended 31 October 2009 £'000	(Audited) Year ended 30 April 2010 £'000
Net cash inflow from operating activities	**1,824**	1,792	2,881
Net cash outflow from investing activities	**(14,356)**	(20,016)	(20,532)
Net cash outflow before financing activities	**(12,532)**	(18,224)	(17,651)
Net cash inflow from financing activities	**12,582**	6,710	14,486
Net increase/(decrease) in cash and cash equivalents	**50**	(11,514)	(3,165)
Cash and cash equivalents at the start of the period	**6,391**	8,202	8,202
Realised gains on foreign currency	**3,260**	6,841	1,354
Cash and cash equivalents at the end of the period	**9,701**	3,529	6,391

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

The Board believes that the principal risks to shareholders, which it seeks to mitigate through continual review of its investments and through shareholder communication, are events or developments which can affect the general level of share prices, including, for instance, inflation or deflation, economic recessions and movements in interest rates and currencies.

Other risks faced, 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 April 2010.

The Company's principal risks and uncertainties have not changed since the date of the Annual Report and are not expected to change for the remaining six months of the Company's financial year.

RELATED PARTY TRANSACTIONS

During the period the Company paid £15,000 for the rental of the Executive Office to Rushbrook & Co LLP, of which Frank Rushbrook is a partner. The notice period on the lease is six months.

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;
- the Interim Management Report includes 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 condensed set of financial statements;
- the Statement of Principal Risks and Uncertainties shown above is a fair review of the information required by DTR 4.2.7R; and
- the condensed 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 current 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.

On behalf of the Board,

Hamish N Buchan, Chairman
29 November 2010

Corporate Information

Board of Directors

Hamish Buchan (Chairman)
Robin Angus
Martin Hamilton-Sharp
Gordon Neilly
Stuart Paul
Frank Rushbrook

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Robin Angus (Executive Director)
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