Personal Assets Trust PLC

Interim Report for the Six Months ended 31 October 2012

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.
- Over the six months to 31 October 2012 PAT's net asset value per share ("NAV") rose by 2.7% to £344.67 compared to a rise of 1.3% in our comparator, the FTSE All-Share Index. PAT's share price rose by £9.30 to £350.00 over the same period, being a premium of 1.5% to the Company's NAV at that date.
- Over the three years to 31 October 2012 the NAV rose by 32.2% compared to the FTSE All-Share Index's rise of 17.0%. This outperformance of 13.0% is equivalent to 4.2% per annum over the three year period.
- We continue to believe that in present circumstances it is appropriate to maintain a substantial margin of liquidity. At 31 October 2012 PAT had effective liquidity of 36.9% of shareholders' funds (50.8% including the 13.9% in gold bullion, which the Board regards as being part of PAT's liquidity).
- Over the six months PAT's shares continued to trade close to NAV. We issued 180,327 Ordinary shares (adding £62.7 million of new capital) at a small premium to satisfy continuing demand for the Company's shares. During the period, the Company's shareholders' funds exceeded £500 million for the first time.
- Dividends are paid in July, October, January and April of each year. The first interim dividend of £1.40 per Ordinary share was paid to shareholders on 20 July 2012 and the second interim dividend of £1.40 was paid on 19 October 2012. A third interim dividend of £1.40 per Ordinary share and a fourth interim dividend of £1.40 per Ordinary share will be paid in January and April 2013 respectively, making a total for the year of £5.60 per Ordinary share. Thereafter, the Board will review the level of the dividend.

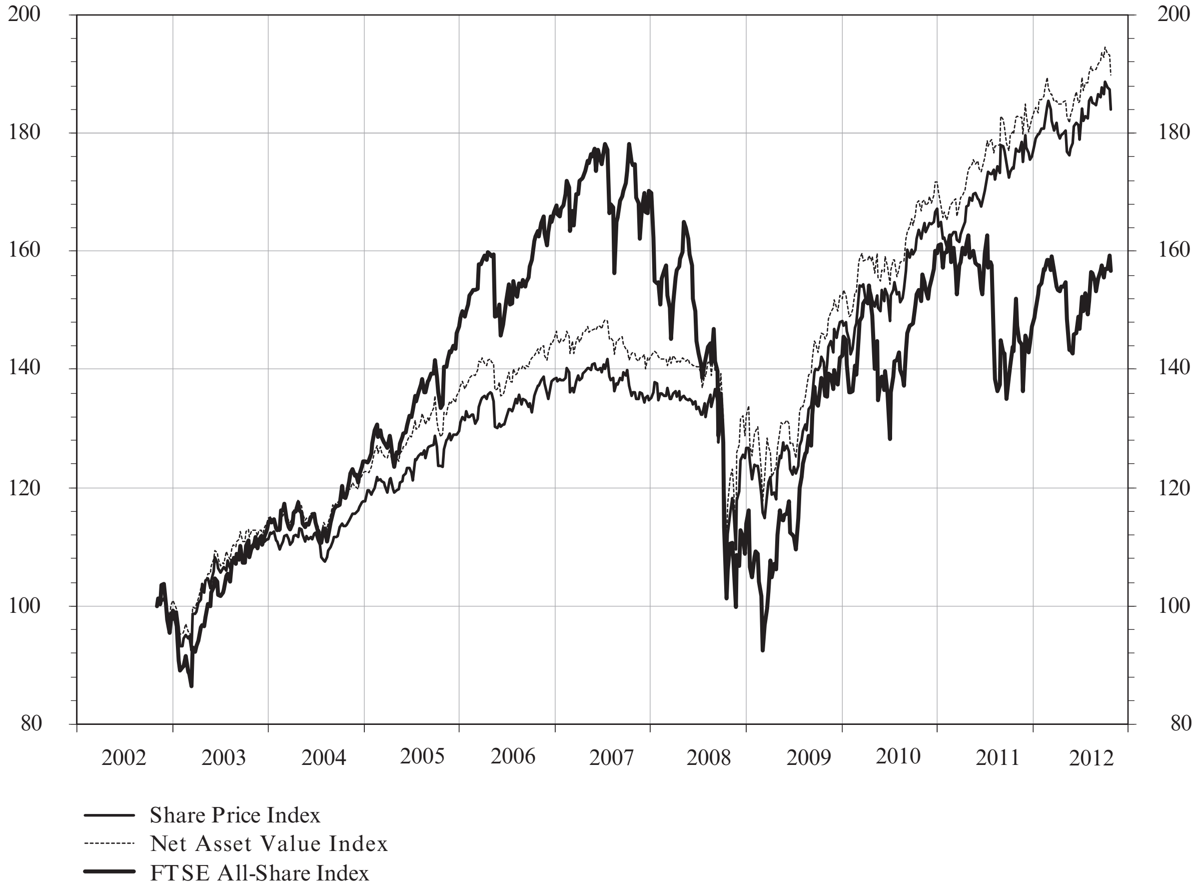
KEY FEATURES

	As at 31 October 2012	As at 31 October 2011	As at 30 April 2012
Market Capitalisation	**£546.3m**	£393.4m	£470.4m
Shareholders' Funds	**£538.0m**	£383.9m	£463.5m
Shares Outstanding	**1,560,986**	1,168,186	1,380,659
Effective Liquidity	**50.8%[(1)]**	50.4%[(2)]	50.0%[(3)]
Share Price	**£350.00**	£336.80	£340.70
NAV per Share	**£344.67**	£328.67	£335.69
FTSE All-Share Index	**3,024.40**	2,860.86	2,984.67
Premium to NAV	**1.5%**	2.5%	1.5%
Earnings per Share	**£2.00**	£2.22	£5.32
Dividend per Share	**£2.80**	£2.75	£5.55

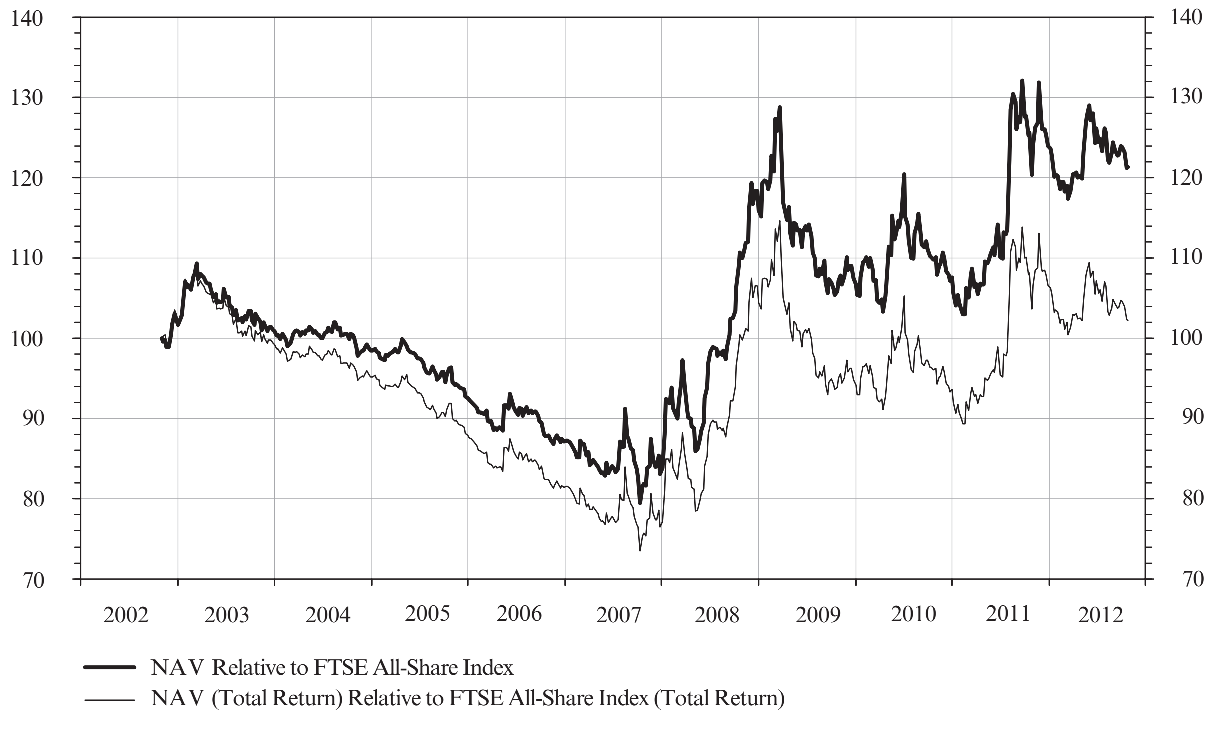
Effective liquidity includes holding in physical gold bullion of: [(1)] 13.9%; [(2)] 12.9%; and [(3)] 12.4%.

PERFORMANCE 2002 – 2012

Share Price and NAV in £ versus FTSE All-Share Index



Performance Relative to FTSE All-Share Index



PORTFOLIO AS AT 31 OCTOBER 2012

Holding	Country	Equity Sector	Valuation 31 October 2012 £'000	Shareholders' funds %
US TIPS	USA	–	110,729	20.6
Gold Bullion	–	–	74,867	13.9
Singapore Treasury Bills	Singapore	–	43,442	8.1
UK Treasury Bills	UK	–	23,988	4.5
Microsoft	USA	Software	22,572	4.2
British American Tobacco	UK	Tobacco	21,655	4.0
Nestlé	Switzerland	Food Producer	18,605	3.5
Newmont Mining	USA	Mining	16,912	3.1
Centrica	UK	Utility	16,762	3.1
Coca-Cola	USA	Beverages	14,850	2.8
UK Index-linked Gilt	UK	–	14,562	2.7
Becton Dickinson	USA	Health Care Supplies	14,310	2.7
Imperial Oil	Canada	Oil & Gas	14,277	2.6
Diageo	UK	Beverages	13,925	2.6
Philip Morris International	USA	Tobacco	13,354	2.5
Sage Group	UK	Software	13,045	2.4
GlaxoSmithKline	UK	Pharmaceuticals	10,464	1.9
Altria	USA	Tobacco	10,197	1.9
Johnson & Johnson	USA	Pharmaceuticals	9,815	1.8
Colgate Palmolive	USA	Personal Products	9,209	1.7
Unilever	UK	Personal Products	8,990	1.7
Newcrest Mining	Australia	Mining	8,903	1.7
Vodafone	UK	Telecommunications	8,390	1.6
Berkshire Hathaway	USA	Insurance	7,704	1.4
Agnico Eagle Mines	Canada	Mining	6,638	1.2
Greggs	UK	Food	4,211	0.8
Total investments			**532,376**	**99.0**
Net current assets			**5,641**	**1.0**
Shareholders' funds			**538,017**	**100.0**

GEOGRAPHIC ANALYSIS OF EQUITY INVESTMENTS AS AT 31 OCTOBER 2012

	Valuation 31 October 2012 £'000	Equity investments %
USA equities	118,923	44.9
UK equities	97,442	36.8
Canadian equities	20,915	7.9
Swiss equities	18,605	7.0
Australian equities	8,903	3.4
Total equity investments	**264,788**	**100.0**

INTERIM MANAGEMENT REPORT

Economic momentum has slowed throughout 2012. GDP forecasts have drifted downwards and the burden of lifting the Western world out of its financial morass has fallen on the US and Germany, despite their growing at well below their historic rates. Our caution on the UK has been justified and of the major developed nations only Italy and Spain are expected to fare worse in 2013. With falling GDP forecasts come reductions in earnings estimates, but stock markets have been driven up as income-starved investors have piled in, with the result that many of the defensive blue chips we favour are now looking fully priced or even expensive. While we are convinced that the most obvious bull market at the moment – the one in central bank balance sheets – must ultimately lead to inflation, a 'Little Ice Age' of deflation may still come first. Since timing asset allocation for these outcomes is impossible, we have tried to prepare for both by building the portfolio on four 'pillars': blue chip equities, index-linked bonds, gold bullion (including gold mining shares) and cash.

In September, the Federal Reserve announced a third round of quantitative easing (''QE'', or 'credit easing' as Dr Bernanke prefers to call it). The announcement was not a surprise, but the Fed's decision to go 'open-ended' very much was. It is a significant change in policy. Sadly, Dr Bernanke has abandoned the principles of former Fed Chairman (and Presbyterian), William McChesney Martin, who said the job of the Fed was to *'take away the punchbowl just as the party gets going'*. Today, Ben the Barman is not calling *'Time!'* but an extended Happy Hour.

The US, however, has merely followed where the UK has led. In the same month of September the Bank of England confirmed it would *'continue with its programme of asset purchases totalling £375 billion, financed by the issuance of central bank reserves'* and the Bank of Japan joined in the game of currency debasement leapfrog by announcing its own new round of QE. This, however, was modest by historical standards. Since 2008 (base of 100) the UK monetary base has grown to 399, the US stands at 310 while Japan is just 137 (Singapore has barely increased at all). No wonder the Yen has strengthened.

Does QE work? We very much doubt it. The UK has been suffering from a double dip recession and private demand for debt remains subdued. Should it increase, or concerns over the credibility of the currency rise, the Bank of England (or the Fed) will need to mop up excess liquidity quickly by putting QE into reverse, which would put upward pressure on yields just as the economy was recovering. Share prices may be buoyed up temporarily by liquidity, but ultimately they must be justified by earnings and dividends. Dr Bernanke undoubtedly wants to see stock market valuations re-rated upwards, but this will not happen unless investors see an improving economic picture. Given that the US stock market now trades above 100% of GDP for only the third time since 1970, we are not being paid to take risk.

During the six months under review we remained cautious. Our liquidity increased from 50% at our 30 April year end to 51% as we added to our existing holdings in gold bullion, Singapore Treasury Bills, and US Treasury Inflation Protected Securities (''TIPS'') and took a new holding in UK Index Linked. Within the equity portfolio we made no sales but added to holdings in selected areas: Altria and BAT (tobacco), Becton Dickinson (healthcare), Newcrest Mining and Newmont Mining (mining), Imperial Oil (our most favoured stock in the oil sector) and Microsoft and Sage (business software and services).

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 49% invested in equities it is at risk of loss from adverse movements in share prices. While the holding of US TIPS is fully hedged, the 22% of total assets in US equities is only partly hedged and the Company therefore has overall US Dollar exposure of 12% of total assets. In addition, the Company has exposure to the Australian Dollar, the Canadian Dollar, the Singapore Dollar and the Swiss Franc; adverse exchange rate movements may therefore affect us. A fall in the gold price (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. 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.

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 2012

		(Unaudited) Six months ended 31 October 2012	
	Revenue Return £'000	**Capital Return £'000**	**Total £'000**
Investment income	**4,212**	**–**	**4,212**
Other operating income	**179**	**–**	**179**
Gains on investments held at fair value through profit or loss	**–**	**14,888**	**14,888**
Foreign exchange losses	**–**	**(730)**	**(730)**
Total income	**4,391**	**14,158**	**18,549**
Expenses	**(1,236)**	**(1,162)**	**(2,398)**
Profit before taxation	**3,155**	**12,996**	**16,151**
Taxation	**(220)**	**–**	**(220)**
Profit for the period	**2,935**	**12,996**	**15,931**
Earnings per share	**£2.00**	**£8.84**	**£10.84**

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. 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 2012. 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 2012, which were prepared under full IFRS requirements, to the extent that they have been adopted by the European Union.

2. The return per Ordinary share figure is based on the net profit for the six months of £15,931,000 (six months ended 31 October 2011: net profit of £16,839,000; year ended 30 April 2012: net profit of £27,903,000) and on 1,469,780 (six months ended 31 October 2011: 1,051,450; year ended 30 April 2012: 1,171,099) Ordinary shares, being the weighted average number of Ordinary shares in issue during the respective periods.

(Unaudited) Six months ended 31 October 2011			(Audited) Year ended 30 April 2012		
Revenue Return £'000	Capital Return £'000	Total £'000	Revenue Return £'000	Capital Return £'000	Total £'000
3,264	–	3,264	8,448	–	8,448
97	–	97	247	–	247
–	18,334	18,334	–	24,980	24,980
–	(3,061)	(3,061)	–	(1,543)	(1,543)
3,361	15,273	18,634	8,695	23,437	32,132
(947)	(773)	(1,720)	(2,129)	(1,762)	(3,891)
2,414	14,500	16,914	6,566	21,675	28,241
(75)	–	(75)	(338)	–	(338)
2,339	14,500	16,839	6,228	21,675	27,903
£2.22	£13.79	£16.01	£5.32	£18.51	£23.83

3. In respect of the year ending 30 April 2013 the Board has declared a first interim dividend of £1.40 per Ordinary share, which was paid on 20 July 2012, and a second interim dividend of £1.40 per Ordinary share, which was paid on 19 October 2012. In respect of the year ended 30 April 2012 the Board declared an interim dividend of £1.35 per Ordinary share and three interim dividends of £1.40 per Ordinary share. This gave a total dividend for the year ended 30 April 2012 of £5.55 per Ordinary share.

4. At 31 October 2012 there were 1,560,986 Ordinary shares in issue (31 October 2011: 1,168,186; 30 April 2012: 1,380,659). During the six months ended 31 October 2012 the Company issued 180,327 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 2012, 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 2012 have been reported on by the Company's auditors or delivered to the Registrar of Companies.

Condensed Group Balance Sheet

As at 31 October 2012

	(Unaudited) 31 October 2012 £'000	(Unaudited) 31 October 2011 £'000	(Audited) 30 April 2012 £'000
Non current assets			
Investments held at fair value through profit or loss	**532,376**	374,675	451,826
Net current assets	**5,641**	9,273	11,647
Net assets	**538,017**	383,948	463,473
Total equity	**538,017**	383,948	463,473
Net asset value per Ordinary share	**£344.67**	£328.67	£335.69

Condensed Group Statement of Changes in Equity

For the six months ended 31 October 2012

	(Unaudited) Six months ended 31 October 2012 £'000	(Unaudited) Six months ended 31 October 2011 £'000	(Audited) Year ended 30 April 2012 £'000
Opening equity shareholders' funds	**463,473**	310,000	310,000
Profit for the period	**15,931**	16,839	27,903
Ordinary dividends paid	**(4,107)**	(2,903)	(6,470)
Issue of Ordinary shares	**62,720**	60,012	132,040
Closing equity shareholders' funds	**538,017**	383,948	463,473

CONDENSED GROUP CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 31 OCTOBER 2012

	(Unaudited) Six months ended 31 October 2012 £'000	(Unaudited) Six months ended 31 October 2011 £'000	(Audited) Year ended 30 April 2012 £'000
Net cash inflow from operating activities	**2,577**	2,179	4,000
Net cash outflow from investing activities	**(63,172)**	(64,429)	(134,671)
Net cash outflow before financing activities	**(60,595)**	(62,250)	(130,671)
Net cash inflow from financing activities	**58,473**	57,728	127,150
Net decrease in cash and cash equivalents	**(2,122)**	(4,522)	(3,521)
Cash and cash equivalents at the start of the period	**5,535**	11,399	11,399
Realised gains/(losses) on foreign currency	**3,923**	(1,474)	(2,343)
Cash and cash equivalents at the end of the period	**7,336**	5,403	5,535

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 2012.

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

28 November 2012

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

EXECUTIVE OFFICE

Robin Angus (Executive Director)
Steven Budge
Steven Cowie
Steven Davidson
Matthew Fleming

10 St Colme Street
Edinburgh EH3 6AA

Telephone: 0131 538 1400
www.patplc.co.uk

SHAREHOLDER INFORMATION

Telephone: 0131 538 6605

INVESTMENT ADVISER

Troy Asset Management Limited
Brookfield House
44 Davies Street
London W1K 5JA

www.taml.co.uk

CUSTODIAN BANK

JPMorgan Chase Bank
125 London Wall
London EC2Y 5AJ

SOLICITOR

Dickson Minto WS
16 Charlotte Square
Edinburgh EH2 4DF

COMPANY SECRETARY

Steven Davidson ACIS
Personal Assets Trust Administration Company Limited
10 St Colme Street
Edinburgh EH3 6AA

Telephone: 0131 538 1400

REGISTRAR

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

Telephone: 0871 384 2459

INVESTMENT PLAN ADMINISTRATION

Halifax Share Dealing Limited
Lovell Park Road
Leeds LS1 1NS

Telephone: 0845 850 0181

STOCKBROKER

JPMorgan Cazenove
10 Aldermanbury
London EC2V 7RF

AUDITOR

Ernst & Young LLP
Ten George Street
Edinburgh EH2 2DZ

REGISTERED OFFICE

10 St Colme Street
Edinburgh EH3 6AA

Telephone: 0131 538 1400

IDENTIFICATION CODES

SEDOL:	0682754
ISIN:	GB0006827546
Bloomberg:	PNL LN
EPIC:	PNL

Personal Assets Trust PLC, 10 St Colme Street, Edinburgh EH3 6AA.
Shareholder Information: 0131 538 6605. Website: www.patplc.co.uk

MLG Edinburgh 14914