



British Assets Trust plc

Interim Report

For the six months ended

31 March 2010

Company Summary

Objective

To achieve a total return in excess of a composite index, weighted as to 75 per cent FTSE All-Share Index and 25 per cent FTSE World (ex UK) Index, by investing principally in a diversified international portfolio of equities and equity-related securities. Within this overall objective, the Company aims to maintain a progressive dividend policy which will be dependent upon, *inter alia*, the rate of revenue growth within the investment portfolio, and the level of dividend cover.

Investment Manager

F&C Investment Business Limited

Total Assets less Current Liabilities

£448.8 million at 31 March 2010

Equity Shareholders' Funds

£389.3 million at 31 March 2010

Annualised Expense Ratio

0.6 per cent of shareholders' funds

ISA Status

The Company's shares are eligible for Individual Savings Accounts ('ISAs')

Website

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



The Association of
Investment Companies

Performance Summary

	Six months to 31 March 2010	Year to 30 September 2009
Total Return (note 1)		
Net asset value (note 2)	13.1%	13.8%
Ordinary Share price	12.3%	15.8%
Composite index (note 3)	12.6%	11.1%
FTSE All-Share Index	12.2%	10.8%
FTSE World (ex UK) Index	13.8%	12.0%

	31 March 2010	30 September 2009
Capital Values		
Net asset value	133.7p	121.9p
Ordinary Share price	119.2p	109.2p
Dividend Yield	5.1%	5.6%
Discount – Basic	10.8%	10.4%
– Debt adjusted	7.9%	6.9%
Gearing – Net of cash (note 4)	19.3%	21.0%
– Equity gearing (note 5)	5.1%	5.5%

	Six months to 31 March 2010	Six months to 31 March 2009
Revenue and Dividends		
Earnings per Ordinary Share	2.4p	3.1p
Interim dividends per Ordinary Share	2.884p	2.884p

Notes

1. All total return calculations are based on net dividends reinvested.
2. Net asset value total return is calculated as the total return attributable to an Ordinary Share.
3. Composite index of 75 per cent FTSE All-Share Index and 25 per cent FTSE World (ex UK) Index.
4. Gearing net of cash: (Investments – Shareholders' Funds) ÷ Shareholders' Funds.
5. Equity gearing: (Equity Investments – Shareholders' Funds) ÷ Shareholders' Funds.

Chairman's Statement

In the six month period to 31 March 2010 stockmarkets around the world have posted healthy gains. The exceptional stimulus measures announced by governments and central banks in the first half of 2009 appear to have contributed to improved prospects for economic and profit growth.

Against this backdrop, the Company's net asset value total return was 13.1 per cent during the period. This compares to a total return of 12.6 per cent for the composite benchmark index of 75 per cent FTSE All-Share Index and 25 per cent FTSE World (ex UK) Index. The Company's share price total return was 12.3 per cent, reflecting a widening of the debt-adjusted discount, which was 7.9 per cent as at 31 March 2010 compared to 6.9 per cent as at 30 September 2009 (source: Fundamental Data).

The table below provides a breakdown of the estimated contributions to the net asset value total return for the period.

Attribution of return:	Percentage points
Market/benchmark return	12.6
Stock selection	
UK equities	-1.0
Overseas equities	0.1
Asset allocation	0.2
Corporate bonds	-0.9
Gearing	2.6
Expenses	-0.5
British Assets Trust net asset value total return	13.1

The emerging markets portfolio has continued to deliver positive performance during the period, in

terms of both stock selection and relative to developed markets. In the UK, investing for income remains difficult. The companies with more stable earnings and dividend prospects, which necessarily provide the bedrock of the Company's UK portfolio, delivered positive returns but continued to lag those companies with the greatest sensitivity to economic recovery. The corporate bond portfolio delivered positive returns but lagged the returns seen from equities. However, corporate bonds remain an important contributor to the Revenue Account, and to the Company's dividend. Gearing was a significant boost to returns in rising markets.

Earnings and Dividends

The Company's revenue earnings for the period were 2.4p per share (2009: 3.1p).

A first interim dividend of 1.442p per share was paid on 9 April 2010 and the Board has declared a second interim dividend of 1.442p per share which will be paid on 9 July 2010 to shareholders on the register on 11 June 2010.

These interim dividends have been maintained at the same level as the previous year.

The period of dividend cuts for many UK companies should be largely behind us and analysts now expect dividends in the UK to rise between 5 per cent and 10 per cent in 2010. However, it will take time for the Company's income levels to return to those of previous years. In addition, the Company continues to be affected by very low interest rates on its bank deposits. However, having reviewed the revenue forecast for the current year, it remains the Board's intention, as stated in the 2009 Annual

Report, that the three interim dividends for the year ended 30 September 2010 will each be maintained at 1.442p per share. The Board also continues to consider it likely that the level of the final dividend will be maintained but will keep the possibility of an increase under review as the year progresses.

Gearing

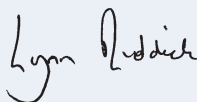
At the end of the period the Company's level of gearing, net of cash, was 19.3 per cent, represented by equity gearing of 5.1 per cent and 14.2 per cent in corporate bonds.

The Company's borrowings are represented by £60 million 6.25 per cent Bonds which are due for redemption in 2031 and a £60 million bank revolving credit facility which matures in March 2013, £27.4 million of which was drawn down at the end of the period.

Outlook

Emerging markets should continue to outperform developed markets as strengthening world trade growth and rising commodity prices favour the former, coupled with a strong investment case based on good long term growth prospects.

Many potential hurdles need to be negotiated in the UK this year, not least government measures to reduce borrowing and the timing of the withdrawal of the exceptional monetary stimulus provided in the credit crisis. For now, a slump back into recession is unlikely, inflation is likely to remain subdued and liquidity conditions remain favourable. Indeed recent economic and corporate profit announcements have been positive. Many of the best performing stocks in 2009 paid no dividends at all. However, income remains scarce and we would expect to see investors shift attention to dividend paying stocks as 2010 progresses, which should be of benefit to the Company's portfolio.



Lynn Ruddick

Chairman

19 May 2010

Unaudited Balance Sheet

	As at 31 March 2010 £'000	As at 30 September 2009* £'000	As at 31 March 2009 £'000
Non-current assets			
Investments at fair value through profit or loss	464,509	429,158	328,029
Current assets			
Debtors	3,345	3,053	7,092
Cash at bank and on deposit	11,355	13,663	18,066
	14,700	16,716	25,158
Creditors			
Amounts falling due within one year	(30,433)	(31,711)	(35,338)
Net current liabilities	(15,733)	(14,995)	(10,180)
Total assets less current liabilities	448,776	414,163	317,849
Creditors			
Amounts falling due after more than one year:			
6.25 per cent Bonds 2031	(59,434)	(59,421)	(59,408)
Net assets	389,342	354,742	258,441
Capital and reserves			
Called-up share capital	72,778	72,778	73,153
Capital redemption reserve	15,563	15,563	15,188
Capital reserve	268,064	230,992	134,473
Revenue reserve	32,937	35,409	35,627
Shareholders' funds	389,342	354,742	258,441
Net asset value per share	133.7p	121.9p	88.3p

*Audited

Unaudited Reconciliation of Movements in Shareholders' Funds

	Six months ended 31 March 2010 £'000	Six months ended 31 March 2009 £'000	Year ended 30 September 2009* £'000
Opening shareholders' funds	354,742	333,516	333,516
Ordinary Shares purchased for cancellation	-	-	(1,645)
Dividends paid	(9,410)	(9,154)	(17,593)
Return attributable to ordinary shareholders	44,010	(65,921)	40,464
Closing shareholders' funds	389,342	258,441	354,742
Geographic Distribution % of Shareholders' Funds	As at 31 March 2010	As at 31 March 2009	As at 30 September 2009
UK	72.3	74.5	70.8
Global Developed (ex UK)	20.0	19.9	19.6
Emerging Markets	12.8	16.7	15.1
Corporate Bonds	14.2	15.8	15.5
Cash	3.0	7.6	3.6
Borrowings	(22.3)	(34.5)	(24.6)
	100.0	100.0	100.0

*Audited

Unaudited Income Statement

	Six months ended 31 March 2010		
	Revenue	Capital	Total
	£'000	£'000	£'000
Gains/(losses) on investments	–	39,406	39,406
Exchange differences	–	22	22
Income	8,035	–	8,035
Management expenses*	(166)	(808)	(974)
Other expenses	(286)	–	(286)
Net return before finance costs and taxation	7,583	38,620	46,203
Finance costs:			
6.25 per cent Bonds 2031	(474)	(1,422)	(1,896)
Bank borrowings	(42)	(126)	(168)
Return on ordinary activities before tax	7,067	37,072	44,139
Tax on ordinary activities	(129)	–	(129)
Return attributable to shareholders	6,938	37,072	44,010
Return per share	2.4p	12.7p	15.1p

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

*Management Expenses

As a result of the European Court of Justice decision in 2007 that investment management fees payable by investment trusts are not, and never should have been, liable to value added tax ("VAT"), the Company recovered an amount of £1,565,000 during the year ended 30 September 2009 (31 March 2009 – £1,271,000). The amount recovered has been recognised in the Income Statement and, where applicable, allocated between revenue and capital in the same ratio as the VAT originally suffered. The Company also received interest of £923,000 during the year ended 30 September 2009 (31 March 2009: same) in respect of VAT recoveries.

	Six months ended 31 March 2010			Six months ended 31 March 2009			Year ended 30 September 2009		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Investment management fee:									
– basic fee	166	499	665	149	449	598	283	849	1,132
– performance fee	–	309	309	–	–	–	–	1,049	1,049
VAT related recoveries	–	–	–	(1,075)	(196)	(1,271)	(1,369)	(196)	(1,565)
	166	808	974	(926)	253	(673)	(1,086)	1,702	616

Six months ended 31 March 2009			Year ended 30 September 2009*		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
–	(70,092)	(70,092)	–	29,773	29,773
–	(2,665)	(2,665)	–	(1,344)	(1,344)
9,133	–	9,133	18,369	–	18,369
926	(253)	673	1,086	(1,702)	(616)
(347)	–	(347)	(879)	–	(879)
9,712	(73,010)	(63,298)	18,576	26,727	45,303
(474)	(1,422)	(1,896)	(944)	(2,832)	(3,776)
(139)	(415)	(554)	(192)	(578)	(770)
9,099	(74,847)	(65,748)	17,440	23,317	40,757
(173)	–	(173)	(293)	–	(293)
8,926	(74,847)	(65,921)	17,147	23,317	40,464
3.1p	(25.6)p	(22.5)p	5.8p	8.0p	13.8p

*Audited

Summarised Unaudited Statement of Cash Flows

	Six months ended 31 March 2010 £'000	Six months ended 31 March 2009 £'000	Year ended 30 September 2009* £'000
Net cash inflow from operating activities	4,937	10,272	18,667
Servicing of finance	(2,048)	(2,508)	(4,589)
Investments sold less investments purchased	4,625	4,299	4,324
Dividends paid	(9,410)	(9,154)	(17,593)
Net cash (outflow)/inflow before financing	(1,896)	2,909	809
Financing:			
Ordinary Shares purchased for cancellation	-	-	(1,637)
Revolving advance facility repaid	-	-	(3,781)
(Decrease)/increase in cash	(1,896)	2,909	(4,609)
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash	(1,896)	2,909	(4,609)
Revolving advance facility repaid	-	-	3,781
Exchange differences	(91)	(2,726)	(1,106)
Increase in 6.25 per cent Bonds 2031 liability†	(13)	(13)	(26)
Opening net debt	(73,459)	(71,499)	(71,499)
Closing net debt	(75,459)	(71,329)	(73,459)
Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities			
Net return before finance costs and taxation	46,203	(63,298)	45,303
(Gains)/losses on investments	(39,406)	70,092	(29,773)
Exchange differences	22	(393)	1,344
Tax on investment income	(129)	(153)	(293)
Changes in working capital and other non-cash items	(1,753)	4,024	2,086
Net cash inflow from operating activities	4,937	10,272	18,667

*Audited

† The Company's Bonds have been treated in accordance with FRS 4, which requires any discount and issue costs to be amortised over the life of the Bonds.

Notes to the Accounts

1. The unaudited interim results have been prepared on the basis of the accounting policies set out in the statutory accounts of the Company for the year ended 30 September 2009.
2. The results for the first six months should not be taken as a guide to the results for the full year.
3. The second interim dividend of 1.442p per Ordinary Share will be paid on 9 July 2010 to shareholders on the register on 11 June 2010. In accordance with accounting standards this dividend and the first interim dividend of 1.442p per Ordinary Share, paid on 9 April 2010, have not been accounted for in the results for the six months ended 31 March 2010.
4. Return per share is based on a weighted average of 291,112,282 Ordinary Shares in issue during the period (31 March 2009 – 292,612,282 and 30 September 2009 – 292,587,264).
5. There were 291,112,282 Ordinary Shares in issue at 31 March 2010 (31 March 2009 – 292,612,282 and 30 September 2009 – 291,112,282).
6. These accounts have not been audited or reviewed by the Company's auditors.
7. These are not statutory accounts in terms of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 September 2009, which received an unqualified audit report, have been lodged with the Registrar of Companies. No statutory accounts in respect of any period after 30 September 2009 have been reported on by the Company's auditors or delivered to the Registrar of Companies.

Investment Portfolio

Company	Nature of Business	Valuation £'000	% of Total Investments
BP	Oil & Gas	21,909	4.7
HSBC Holdings	Banking	21,826	4.7
Rio Tinto	Mining	20,387	4.4
GlaxoSmithkline	Pharmaceuticals	17,104	3.7
Vodafone	Telecommunications	16,416	3.5
Royal Dutch Shell	Oil & Gas	16,244	3.5
British American Tobacco	Tobacco	12,491	2.7
Tesco	Retailing	10,185	2.2
AstraZeneca	Pharmaceuticals	10,074	2.1
Scottish & Southern Energy	Electricity	8,690	1.9
Ten largest investments		155,326	33.4
BG Group	Oil & Gas	6,598	1.4
Inmarsat	Telecommunications	6,560	1.4
Imperial Tobacco Group	Tobacco	6,371	1.4
National Grid	Electricity	6,314	1.4
Unilever	Food Production & Processing	5,612	1.2
Barclays	Banking	4,773	1.0
Intermediate Capital	General Finance	4,582	1.0
Cable & Wireless Worldwide	Telecommunications	4,445	1.0
Aviva	Life Assurance	4,270	0.9
Prudential	Life Assurance	4,203	0.9
Twenty largest investments		209,054	45.0
Man Group	General Financial	4,122	0.9
United Utilities	Gas Water & Multiutilities	3,770	0.8
Centrica	Gas Water & Multiutilities	3,464	0.8
London & Stamford	Real Estate	2,969	0.6
Cairn Energy	Oil & Gas	2,919	0.6
Cable & Wireless Communications	Telecommunications	2,675	0.6
Talvivaara Mining 5.25% 20/05/13 Convertible Bond	Mining	2,661	0.6
Xstrata	Mining	2,634	0.6
Petrobras	Oil & Gas	2,590	0.6
Tullow Oil	Oil & Gas	2,528	0.5
Thirty largest investments		239,386	51.6
Other equity investments (168)		172,441	37.1
Other corporate bonds (277)		52,682	11.3
Total investments		464,509	100.0

Statement of Principal Risks and Uncertainties

The Company's assets consist mainly of listed securities and its principal risks are therefore market related. The Company is also exposed to currency risk in respect of overseas markets in which it invests. Other risks faced by the Company include external, investment and strategic, regulatory, operational, and financial risks. These risks, and the way in which they are managed, are described in more detail under the heading Principal Risks and Risk Management within the Business Review in the Company's Annual Report for the year ended 30 September 2009. The Company's principal risks and uncertainties have not changed since the date of that report.

Statement of Directors' Responsibilities in Respect of the Interim Report

We confirm that to the best of our knowledge:

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

On behalf of the Board

Lynn Ruddick

Director

19 May 2010

How to Invest

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

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

- **F&C Private Investor Plan**
A flexible, low cost way to invest with a lump sum from £500 or regular savings from £50 a month.
- **F&C Investment Trust ISA**
Invest up to £10,200 tax efficiently each year with a lump sum from £500 or regular savings from £50 a month. You can also transfer any existing ISAs.
- **F&C Child Trust Fund ('CTF')**
F&C is a leading provider of children's investment plans. Suitable for children born after 1 September 2002.
- **F&C Children's Investment Plan**
Suitable for older children ineligible for a CTF, or if you need access to the funds before the child is 18. This flexible plan can easily be written under trust to help reduce inheritance tax liability. Investments can be made from a £250 lump sum or £25 a month.

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

Low charges

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

The F&C Child Trust Fund has no initial charges, dealing charges or annual management fee.

How to invest

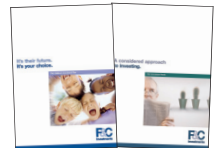
For more information on any of these products, please either:

Contact **F&C's Investor Services Team** by

Calling us on: 0800 136 420
Emailing us on: info@fandc.com
Investing online: www.fandc.com

Contact our **Existing plan holders' enquiry line** by

Calling us on: 0845 600 3030
Emailing us on: investor.enquiries@fandc.com
Write to us at:
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West Circular Road
Bangor BT19 1AR
Calls may be recorded.



The above has been approved by F&C Management Limited which is a member of the F&C Asset Management Group and is authorised and regulated by the Financial Services Authority ('FSA'). Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount originally invested.

Corporate Information

Directors

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

Company Secretary

Gordon R Hay Smith, CA

Investment Managers

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Auditors

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1 More London Place
London SE1 2AF

Brokers

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6.7.8 Tokenhouse Yard
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Solicitors

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Edinburgh EH2 4DF

Bankers

JPMorgan Chase Bank
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London EC2Y 5AJ

Company Number

SC3721

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

† Chairman of the Audit Committee

‡ Senior Independent Director

**Registered Office**

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Registrars and Transfer Office

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Registrars' Broker Helpline: 0871 384 2779†

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

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