Athelney
TRUST PLC

Half Yearly Financial Statements

for the six months ended 30 June 2009

Athelney Trust plc

CONTENTS

Athelney Trust plc

HALF YEARLY RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009
CHAIRMAN'S STATEMENT AND BUSINESS REVIEW

I enclose the unaudited results for the six months to 30 June 2009. The salient points are as follows:

- Unaudited Net Asset Value ("NAV") is 104.9p per share (31 December 2008: 95.2p, 30 June 2008: 145.4p), a increase of 10.2 per cent and a decrease of 27.9 per cent over the past year.
- Gross Revenue rose by 1.5 per cent to £63,061 compared with the half year ended 30 June 2008 of £62,140 and the full year to 31 December 2008 of £123,951.
- Revenue return per ordinary share was 2.8p, up 7.7 per cent from the previous half year (31 December 2008: 5.5p, 30 June 2008: 2.6p).
- A dividend of 4.7p was paid in May 2009 (2008: 3.5p) and, as is the Board's practice, no further dividend will be paid until the full year's results are known.

Review of 1 January to 30 June 2009

As 2009 reaches its halfway point, markets are back where they began in January. In the US, the S&P 500 is down 0.7 per cent since New Year's Eve and has recently drifted lower after a period of calm. Europe fits the same pattern, with the FTSE down 4.5 per cent while the FTSE Eurofirst 300 is up by 1.3 per cent. The Athelney Trust unaudited net asset value rose by 10.2 per cent. Only in Asia has there been a more emphatic shift to optimism with the Nikkei 225 up by 11.5 per cent and Shanghai a stunning 68 per cent. Panic has been replaced by relief and then by the nervous reassessment of the past two months. Seemingly, after the wild gyrations of the past two years, the equity market appears to be priced rationally.

For a good grasp of what has been going on, it is best to look at the past four quarters. Taken together, it was arguably the most astonishing year in financial history. The global performance of equities was startlingly uniform with large and small companies suffering similarly and in virtually every market in the world. Only five markets rose: Chile; Venezuela; Tunisia; India and China. Crude oil prices halved and then doubled after a trough in December. Commodity-backed currencies followed a similar path with Australia's dollar losing 45.2 per cent against the Japanese yen at one point and ending the year down 23.4 per cent. Emerging markets beat developed markets but failed to do so over the past two months while fixed interest beat equities only to see shares make a good recovery, which has now stalled in the past month. Almost all markets tell the same story - the immediate impact of the shock is over as are the silly, low prices that went with it. Now the market is stuck, awaiting evidence on just how strong any recovery will be.

The UK economy has been in such a weak state that it has required an extraordinary response from the authorities. There are three exceptional policies in place: record low interest rates, quantitative easing (QE – otherwise known as printing money at the stroke of a keyboard then buying gilts with it) and an extremely loose fiscal policy, i.e. the Government spends £4 for every £3 that it receives in taxes. Markets have already turned their attention to when official interest rates might rise from the current 0.5 per cent and it would seem that Bank Rate might rise to 2.5 per cent by the end of 2010 according, at least, to the consensus. On the face of it, there are good reasons for believing this prediction. Low interest rates were a leading cause of the asset bubble whose bursting got us into the present mess. During the period of low interest rates after the dotcom bust at the start of the decade, house prices rose by about 70 per cent. The Monetary Policy Committee has been criticised for cutting rates in August 2005 and thus reigniting the housing boom. So the Bank will be wary of keeping rates too low, too long.

However, it will be a long time before the large amount of spare capacity that is building up during this recession is used up and, until it is, the slack in the economy will keep price pressures well under control. Even if the economy recovers strongly, which I do not believe to be at all likely, it could take years for all the spare capacity to be eliminated. Barring shocks from energy or commodity prices, inflation is likely to be at a low level for the foreseeable future.

Changes are more likely to come on the fiscal side: the public finances are in an appalling state, with Government borrowing running at the highest ever peacetime level and, under current plans, it will not be until 2035 before we get back to where we were. The top priority of the Government should be to tighten fiscal policy: why has it been necessary to hire 750,000 public servants since Labour came to power? Does it really take 100,000 civil servants in the Ministry of Defence to serve our Army of roughly the same size? Should not public sector pensions be brought more into line with those of the private sector and the retirement age pushed up to 70?

So we go back to the subject of keeping interest rates low. If we are facing a whole parliament of tightening fiscal policy, then I think that it would be wise to contemplate a similar period of near-zero rates. The last time we found ourselves in a similar position, interest rates were kept at the then record low of 2 per cent from 1932 to 1951, with a blip only in 1939 for fairly obvious reasons. At this point, I will bring in Socrates who, at his trial accused of claiming to be the wisest man in the world said, 'I admit to that only because I know how little I know.' I believe that five years at between 0.5 per cent and 2 per cent will be needed.

So much for the general introduction: we must now look in greater detail at the extraordinary events of early 2009.

Green shoots are bursting out all over we are told but, before concluding that the recession will soon be over, we must ask what history is telling us. Unfortunately, the bad news is that this recession fully matches the early part of the Great Depression. The good news is that the worst can still be averted. First, global industrial output has tracked the decline during the Great Depression with horrific precision. In Europe, the decline in France and Italy has been worse than at the equivalent point in the 1930s, U.K. and Germany much the same, US and Canada pretty close but Japan's industrial collapse has been far worse. Second, the collapse in world trade has been far worse than during the first year of the Great Depression because of the steep fall in demand for manufactured goods. Third, the decline in world stock markets has been far bigger. Yet what gave the Great Depression its name was the brutal decline over three whole years.

This time, the world is applying the lessons from John Maynard Keynes and Milton Freidman, the two most influential economists of the twentieth century. The policy response suggests that the disaster will not be repeated. During the Great Depression, Bank Rate never fell below 3 per cent in the seven largest economies – today it is close to zero. Eighty years ago, money supply (I would define broad money as cash and deposits held by households and non-financial companies) collapsed but this time it has started to rise. Fiscal policy is much more aggressive this time: in the U.S., the government deficit is 14 per cent of GDP compared with the average of 4 per cent last time. The great likelihood is that the world economy will need aggressive monetary and fiscal policies for far longer than many believe. Last year, the world economy tipped over into a slump. The policy response has been rightly massive but those sure that we are at the beginning of a robust recovery, as evidenced by green shoots everywhere, are almost certainly deluded. The road to full recovery will be long and hard.

In early March, when the Bank of England lowered the base rate to 0.5 per cent, it reached the limit of its usual way of reviving an ailing economy. It promptly moved into the unknown, switching to quantitative easing (QE) - the injection of newly created money into the economy by buying assets. The decision was controversial at the time because it sounded like the sort of thing that is allowed to go on in inflation-riddled banana republics. But QE is supposed to help the economy in three ways. First, by buying gilts, the central bank pushes up their price and thus drives down their yield. This in turn should raise the price of other assets such as corporate bonds and so bring down private sector borrowing costs. Second, the policy should boost money supply which, in turn, will support spending in the economy. Third, it can affect expectations by staving off fears of deflation and boosting confidence.

In January and February 2009, the mood in the City of London and the country at large was one of intense despondency. (I remember one columnist in the *New Statesman* writing, 'The political and business elites are flying blind. This crisis has barely started and remains completely out of control.') Most fund managers were holding high levels of cash in their investment portfolios. But now the prospect was for £150bn of new cash being added to total money holdings with much of it initially passing through insurance companies and pension funds as they sold gilts to the Bank. The investment outlook was suddenly transformed. Fund managers tried to commit funds to bonds, equities and commercial property but, to an extent, they were buying and selling from each other at rising prices. Within a few weeks, prices had shot up whilst property showed the first signs of stabilizing.

So far, so good but I now worry about QE being halted too soon – again, history is eloquent. By 1936, the U.S. economy had recovered from the ravages of the Great Depression. Unemployment had halved and shares had risen threefold from their 1932 low. However, wage rates were climbing rapidly so the Fed decided to head off inflation by doubling banks' minimum reserve requirements. Banks responded by reducing lending and holding fewer bonds. The outcome was that unemployment went back up to 20 per cent, manufacturing collapsed, deflation reappeared and shares halved in value. The Bank of Japan introduced QE in 2001 and continued the policy for five years during which time reserves in the local banking system shot up nicely. When the time came to halt QE, the BofJ worried that long-term interest rates would rise sharply, thus making it much more difficult and expensive for the government to raise money in the market. The decision was made to cut government spending very hard which meant that businesses and households were reluctant to spend. In short, all the good work had been undone by poor decision-making.

Jean-Baptiste Colbert, Louis XIV's finance minister, famously said that the art of taxation was like plucking a goose: the aim was to get the most feathers with the least hissing. But tax policy should also seek to raise the most money with the least distortion to economic activity. By this measure, Messrs. Brown and Darling's attempts to fill the fiscal hole are a dismal failure. Take marginal income tax rates, changes to which were announced in the Budget of 22 April. Once National Insurance is added in, effective marginal rates will climb from 41 per cent through to 61.5 per cent for those earning over £100,000 thanks to the withdrawal of the personal allowance. The bizarre incentives of income tax are only the start. High earners also face the withdrawal of tax relief on their own pension contributions and a tax charge on the benefit-in-kind provided by employers' payments into their schemes.

What a mess! Gordon Brown is too clever by half. He introduced a sliding scale that made Capital Gains Tax fearsomely complicated then reversed himself by introducing a single rate of 18 per cent. The effect was to raise the tax rates for sellers of small businesses and to introduce a vast discrepancy between rates of tax for capital and income. An attempt to introduce a levy on foreign workers was botched and may yet drive many high earners out of the U.K. These changes were designed with left-wing politics in mind - all those nasty high-earners deserved a beating. By putting left-wing politics first and economics second, Mr Brown has made it harder to balance the books. The new taxes will do little to reduce the budget deficit (£220bn?). If the wealthy do not change their behaviour, then this assault will raise £7bn: with avoidance, much less. The need is for decisive action, not incompetent fiddling.

And precisely how are we going to balance the books: the Budget forecast for this year is £175bn (I think maybe £220bn) and £173bn for next year (£230bn?). Well, it would certainly be possible to bring in some emergency spending cuts and increasing VAT to 20 per cent would raise a useful £10bn but we need to think in much more dramatic terms. It is clear that there will have to be a sustained freeze on the pay bill plus a substantial cut in the number of civil servants, decentralized pay bargaining, employee contributions to public pensions and a pruning of benefits. It is obvious that this will mean a massive and painful conflict between the incoming Conservative Government and the public workers' unions. So far, the vastly increased level of Government borrowing has concealed the true extent of the crisis but this deficit will have to be eliminated. In doing so, the next prime minister will become even more unpopular than Margaret Thatcher but, as she was fond of saying, 'there is no alternative.'

It has been pointed out to me that, in the past, I have been particularly rude about the man the satirical magazine *Private Eye* likes to call Supreme Leader, also known as Mr. G. Brown. Rather than apologize, I turn my rather jaundiced eye upon Ed Balls, schools minister and favourite to become Britain's next Chancellor of the Exchequer. It has been reported that Mr. Balls is widely respected in the City – not by anyone that I have ever met. Whilst his grip of post-neoclassical endogenous growth theory has passed into ribald history, his score on banking regulation and pensions, where he was heavily involved at one time, is an unequivocal E. As Mr. Brown's Assistant on Stealth Taxes, Mr. Balls was responsible for the raid on private pensions that turned a system that delivered decent pensions into one with huge deficits leading to many closures. Our pension provisions have lost £100bn in twelve years and final salary schemes are now rarer than hens' teeth.

Equally damaging was his botched reform of banking regulation involving the Tripartite Memorandum of Understanding which freed the Bank of England to set interest rates but took away its historic task as guardian of the City, a role which it had played with considerable distinction for 140 years. When the crunch came with the unravelling of Northern Rock, the new regulatory framework did not just fail, it simply fell to bits. As schools minister, he has presided over the Sats fiasco, shifting blame to the American company that handled the tests and the Qualifications and Curriculum Authority, which oversaw the contract. Is this the man that we want in charge of the nation's finances? No thank you very much.

Finally, under this sub-heading, I have a few thoughts on the property market: whereas I believe that commercial property is close to the bottom, there are further falls in store for houses and especially flats. Not that everyone agrees with this view. Try this from the *Rightmove* property website, 'With growing confidence that we've passed the bottom, buyers are more active, although they may discover that many of the best buys are gone.' Or this gem from the *Bristol Evening Post*, 'The steals have been stolen. The snips have been snapped up. Property going for a song has sung. The tide has turned.' Yes, the average asking price rose by 0.6 per cent in the month to 12 July, a few days after the end of Athelney's accounting period. That makes the fifth monthly rise this year with asking prices are now up by 7 per cent in 2009 so far. Here are four quick reasons to doubt the durability of this seeming recovery: first, house prices are still above trend; second, unemployment is headed for 3 million and more; third, lenders do not want to lend without a large deposit; fourth, the last bear market in residential property, a fairly tame affair in comparison, lasted six years whereas this time prices hit their high in only 2007.

There is no rational reason why property should always be a good investment and, as with shares, what matters most is one's entry point. The reason that shares have been a disappointment over the past decade is that they started out very expensive (Now he tells me, I hear you cry). It has taken 10 years of profits and dividend growth plus price falls to make them rather cheap. The end of the buy-to-let game will see a steady drip of unwanted property investments, mainly flats, into the market so, to my mind, it is still too early to talk about tides having turned and songs been sung.

Results

Gross revenue rose by 1.5 per cent compared with the six months to 30 June 2008.

	Number
Companies paying dividends	56
Companies purchased (therefore no true comparison)	7
Increased total dividends in the half year	25
Reduced total dividends in the half year	9
No change in dividend	10
Dividends accrued (therefore no true comparison)	5

Portfolio Review

Holdings of *Cineworld* and *McKay Securities* were both purchased for the first time. *Avesco, Creston, Dawson Holdings, Finsbury Food, Galliford Try, Genus, Gooch & Housego, Mallett, OPD Group, Prime People, Shepherd Neame, Vantis, Victoria* and *Waterman Group* were all sold.

Dividend

As is the Board's practice, consideration of a dividend will be left until the final results are known.

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Update

The unaudited NAV at 31 July 2009 was 107.9p whereas the share price on the same day stood at 110p. Further updates can be found on www.athelneytrust.co.uk

Risks

There has been no change in this respect since the Annual Accounts where this was covered in the Report of the Directors on page 15 and in Note 16 (pages 34 and 35).

Outlook

How do we construct a sensible investment strategy for the coming years when so many worry about deflation or hyper-inflation? No, we are not Zimbabwe, so forget about the latter. So, choose between deflation or inflation? Well, no not necessarily – I think that there is a good chance that both scenarios are wrong. QE does not cause inflation by itself: on the other hand, falling short-term interest rates have provided much-needed relief for personal and business borrowers and huge government spending is filling the hole in demand caused by the slump just as Keynes said that it would (but see above for a plea to cut spending from next year). So, no deflation either. However, bank lending is likely to be constrained for the foreseeable future and this, coupled with tight government spending, will lead to a rather feeble recovery. We should therefore be prepared for a prolonged period of low and very low interest rates. That means that yield is the asset class to go after. Thus corporate bonds (which are outside Athelney's remit) and equities with decent balance sheets and yields (which certainly are not) would appear to be a sensible combination of assets for an investor in such an environment. Put the boom or gloom alternatives in the bin where they belong and buy assets that will perform well on the slow road to economic normality**. I reiterate my forecast of a 12-17 per cent rise in equity markets for 2009**

H.B. Deschampsneufs

Athelney Trust plc

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE HALF-YEARLY FINANCIAL REPORT

We confirm to the best of our knowledge:

1. The condensed set of Financial Statements has been prepared in accordance with the Accounting Standards Board's statement "Half-Yearly Financial Reports."
2. The Chairman's Statement includes a fair review of the information required by Disclosure and Transparency Rules 4.2.7R (indication of important events during the first six months and their impact on the Financial Statements and a description of principal risks and uncertainties for the remaining six months of the year).
3. The Half-Yearly Financial Report includes a fair review of the information required by Disclosure and Transparency Rules 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

H.B. Deschampsneufs
Director and Non-executive Chairman

Athelney Trust plc

INVESTMENT AND PORTFOLIO ANALYSIS AT 30 JUNE 2009

	Stock	Holding	Value (£)	SECTOR £	%
Aerospace and defence	Aero Inventory	14,000	31,080		
	Umeco	13,750	28,394	**59,474**	**3.29%**
Chemicals	Treatt	10,500	22,050	**22,050**	**1.22%**
Construction and materials	Clarke (T)	26,700	31,239		
	Renew Holdings	55,000	16,500	**47,739**	**2.64%**
Electronic and electrical equipment	XP Power Ltd	27,500	55,688	**55,688**	**3.08%**
Food and beverages	Nichols	13,050	32,625		
	Wynnstay Group	25,000	48,750	**81,375**	**4.50%**
General financial	Albemarle & Bond	15,000	33,450		
	Arbuthnot Banking Group	10,000	30,000		
	Camellia	1,200	79,200		
	Charles Taylor Consulting	8,000	14,840		
	Jarvis Securities	25,000	45,000		
	Park Group	200,000	40,000		
	S & U	8,000	30,400		
	Tenon Group	62,000	23,714	**296,604**	**16.39%**
Healthcare equipment and services	Tristel	75,000	31,500	**31,500**	**1.74%**
House, leisure and personal goods	Havelock Europe	24,000	9,600		
	Smallbone	36,500	-	**9,600**	**0.53%**
Industrial engineering	Goodwin	7,000	74,550		
	Hill & Smith	20,000	46,000		
	Severfield-Rowen	20,000	38,650		
	Slingsby (H.C)	4,000	22,000		
	Vitec	16,000	42,400	**223,600**	**12.36%**
Industrial transportation	Braemar Shipping Services	18,000	57,420		
	Clarkson	9,000	55,890		
	Fisher (James)	5,500	22,605	**135,915**	**7.51%**
Insurance	Personal Group Holdings	17,500	48,475	**48,475**	**2.68%**
Media	Chime Communications	39,000	47,385		
	Huntsworth	89,000	48,950		
	M&C Saatchi Plc	26,000	15,600		
	Quarto Group Inc Com	40,500	32,805	**144,740**	**8.00%**

Athelney Trust plc

INVESTMENT AND PORTFOLIO ANALYSIS AT 30 JUNE 2009 (CONTINUED)

	Stock	Holding	Value (£)	SECTOR £	%
Real estate	McKay Securities	9,000	10,350		
	Mountview Estates	1,750	49,000		
	Smart (J) & Co.	4,000	11,600	**70,950**	**3.92%**
Retailers	H & T Group	17,000	37,145		
	Stanley Gibbons	55,000	64,900	**102,045**	**5.64%**
Support services	Interior Services Group	30,000	39,600		
	Latham (James)	14,000	18,900		
	Macfarlane Group	155,000	23,250		
	N.W.F Group	40,000	33,200		
	Nationwide Accident Repair	30,000	23,400		
	RWS Holdings	12,000	33,600		
	VP	25,000	37,000		
	WSP Group	16,000	35,200	**244,150**	**13.49%**
Technology software and services	FDM Group	27,500	32,450		
	Group NBT	15,000	31,650		
	Pennant International	116,000	6,960		
	Phoenix IT	18,500	38,758	**109,818**	**6.07%**
Travel and leisure	Air Partner	7,000	34,650		
	Cineworld	30,000	42,825		
	Gaming VC	30,000	48,000	**125,475**	**6.94%**

Portfolio Value		**£ 1,809,198**	**100.00%**
Net Current Assets		**£ 82,490**	
TOTAL VALUE		**£ 1,891,688**	
Shares in issue		**1,802,802**	
Unaudited NAV	**104.9p**		

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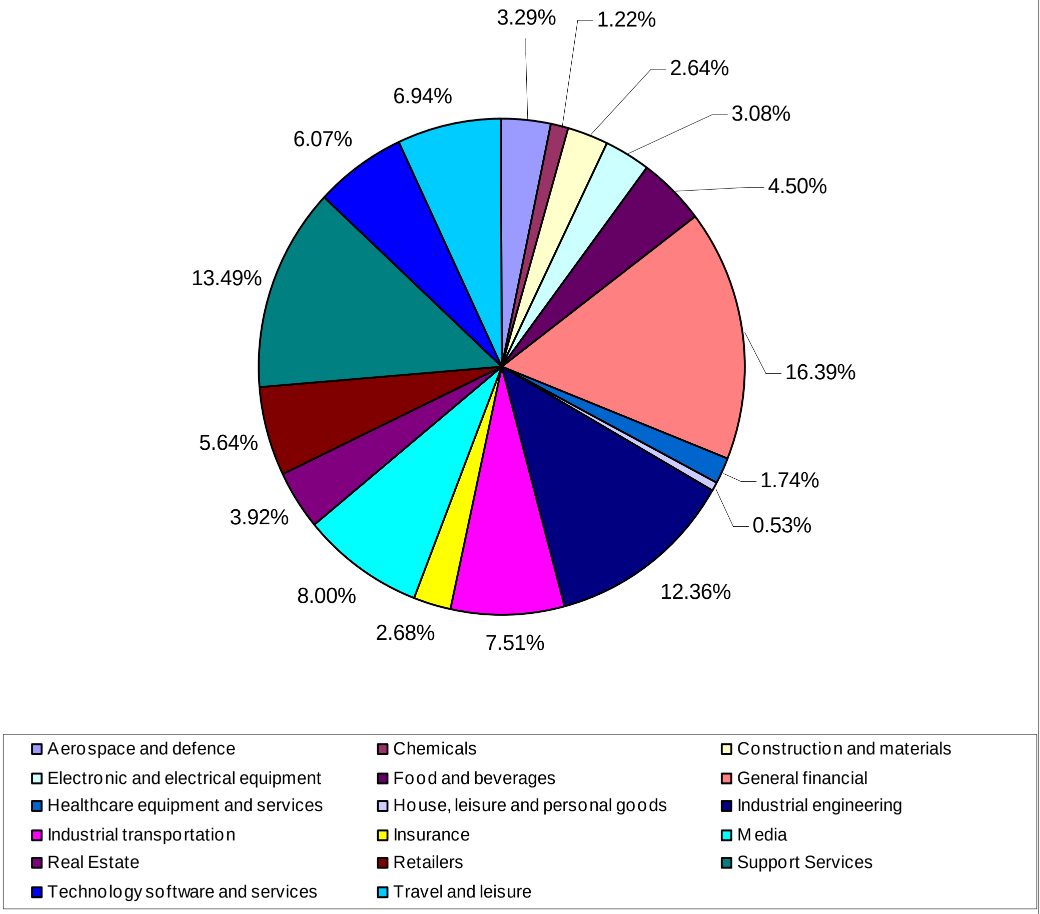
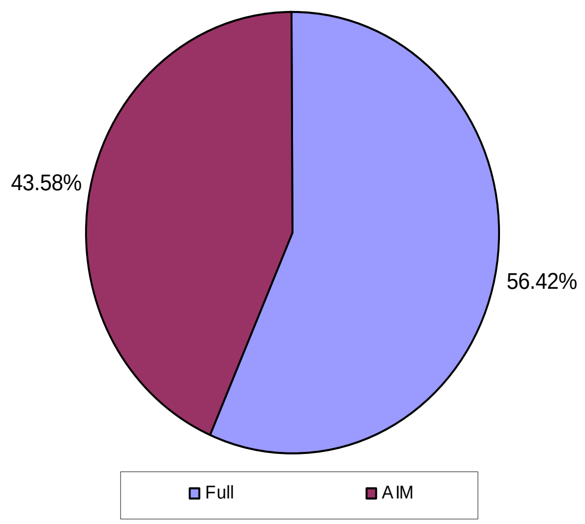
INVESTMENT AND PORTFOLIO ANALYSIS AT 30 JUNE 2009 (CONTINUED)

Portfolio by listing



Portfolio by sector



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HALF YEARLY INCOME STATEMENT
(INCORPORATING THE REVENUE ACCOUNT)

	Unaudited			**Unaudited**			***Year ended 31 December***
	6 months ended 30 June 2009			**6 months ended 30 June 2008**			***2008***
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**	***Total***
	£	**£**	**£**	**£**	**£**	**£**	**£**
Profits (losses) on investments	-	250,508	250,508	-	(540,095)	(540,095)	*(1,482,105)*
Income	63,061	-	63,061	62,140	-	62,140	*123,951*
Investment Management expenses	(2,172)	(19,975)	(22,147)	(1,872)	(17,767)	(19,639)	*(46,166)*
Other expenses	(10,131)	(20,848)	(30,979)	(13,899)	(21,621)	(35,520)	*(64,829)*
Exceptional items	-	-	-	-	-	-	*(128,782)*
Return on ordinary activities before taxation	50,758	209,685	260,443	46,369	(579,483)	(533,114)	*(1,597,931)*
Taxation	-	-	-	-	97,444	97,444	*256,283*
Return on ordinary activities after taxation	50,758	209,685	260,443	46,369	(482,039)	(435,670)	*(1,341,648)*
Dividends Paid:							
Dividend	(84,732)	-	(84,732)	(63,098)	-	(63,098)	*(63,098)*
	(33,974)	209,685	175,711	(16,729)	(482,039)	(498,768)	*(1,404,746)*
Return per ordinary share	2.8p	11.6p	14.4p	2.6p	(26.7)p	(24.2)p	*(74.4)p*

The total column of this statement is the profit and loss account for the Company.
All revenue and capital items in the above statement derive from continuing operations.
No operations were acquired or discontinued during the above financial years.
A statement of movements of reserves is given on page 12.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses of the Company have been reflected in the above Statement

Athelney Trust plc

HALF-YEARLY RECONCILIATION OF SHAREHOLDERS' FUNDS

For the Six Months Ended 30 June 2009

	Called-up Share Capital £	Share Premium £	Capital reserve realised £	Capital reserve unrealised £	Revenue reserve £	Total Shareholders' Funds £
Balance at 1 January 2009	450,700	405,605	589,079	101,646	168,946	1,715,976
Net losses on realisation of investments	-	-	(41,957)	-	-	(41,957)
Decrease in unrealised appreciation	-	-	-	292,466	-	292,466
Expenses allocated to capital	-	-	(40,823)		-	(40,823)
Taxation	-	-	-	-	-	-
Profit for the year	-	-	-	-	50,758	50,758
Dividend paid in year	-	-	-	-	(84,732)	(84,732)
Shareholders' Funds at 30 June 2009	450,700	405,605	506,299	394,112	134,972	1,891,688

For the Six Months Ended 30 June 2008

	Called-up Share Capital £	Share Premium £	Capital reserve realised £	Capital reserve unrealised £	Revenue reserve £	Total Shareholders' Funds £
Balance at 1 January 2008	450,700	405,605	892,893	1,239,083	132,441	3,120,722
Net losses on realisation of investments	-	-	(29,133)	-	-	(29,133)
Decrease in unrealised appreciation	-	-	-	(510,962)	-	(510,962)
Expenses allocated to capital	-	-	(39,388)		-	(39,388)
Taxation	-	-	712	96,732	-	97,444
Profit for the year	-	-	-	-	46,369	46,369
Dividend paid in year	-	-	-	-	(63,098)	(63,098)
Shareholders' Funds at 30 June 2008	450,700	405,605	825,084	824,853	115,712	2,621,954

For the Year Ended 31 December 2008

	Called-up Share Capital £	Share Premium £	Capital reserve realised £	Capital reserve unrealised £	Revenue reserve £	Total Shareholders' Funds £
Balance at 1 January 2008	450,700	405,605	892,893	1,239,083	132,441	3,120,722
Net losses on realisation of investments	-	-	(88,385)	-	-	(88,385)
Decrease in unrealised appreciation	-	-	-	(1,393,720)	-	(1,393,720)
Expenses allocated to capital	-	-	(215,429)		-	(215,429)
Taxation	-	-	-	256,283	-	256,283
Profit for the year	-	-	-	-	99,603	99,603
Dividend paid in year	-	-	-	-	(63,098)	(63,098)
Shareholders' Funds at 31 December 2008	450,700	405,605	589,079	101,646	168,946	1,715,976

Athelney Trust plc

HALF YEARLY BALANCE SHEET AS AT 30 JUNE 2009

	Unaudited 30 June 2009	Unaudited 30 June 2008	*31 December 2008*
	£	**£**	**£**
Fixed assets			
Investments	1,809,198	2,517,964	*1,657,321*
Current assets			
Debtors	77,972	257,700	*65,090*
Cash at bank and in hand	24,701	42,636	*26,038*
	102,673	300,336	*91,128*
Creditors: amounts falling due within one year	(20,183)	(36,795)	*(32,473)*
Net current assets	82,490	263,541	*58,655*
Total assets less current liabilities	1,891,688	2,781,505	*1,715,976*
Provisions for liabilities and charges	-	(159,551)	-
Net assets	1,891,688	2,621,954	*1,715,976*
Capital and reserves			
Called up share capital	450,700	450,700	*450,700*
Share premium account	405,605	405,605	*405,605*
Other reserves (non distributable)			
Capital reserve - realised	506,299	825,084	*589,079*
Capital reserve - unrealised	394,112	824,853	*101,646*
Revenue reserve	134,972	115,712	*168,946*
Shareholders' funds - all equity	1,891,688	2,621,954	*1,715,976*
Net Asset Value per share	104.9p	145.4p	*95.2p*

Athelney Trust plc

HALF YEARLY CASHFLOW STATEMENT FOR THE SIX MONTHS ENDING 30 JUNE 2009

	Unaudited 6 months ended 30 June 2009		Unaudited 6 months ended 30 June 2008		*Year ended 31 December 2008*
	£	£	£	£	£
Net cash (outflow) / inflow from operating activities		(15,237)		(49,360)	*39,973*
Taxation					
Corporation tax paid		-		-	*(24,564)*
Financial Investment					
Purchases of investments	(139,446)		(638,352)		*(975,591)*
Sales of investments	238,078		748,111		*1,003,983*
Net cash inflow from Financial Investment		98,632		109,759	*28,392*
Dividends paid		(84,732)		(63,098)	*(63,098)*
(Decrease) in cash in the year		(1,337)		(2,699)	*(19,297)*

Reconciliation of operating net revenue to net cash (outflow) / inflow from operating activities	£	£	£
Revenue return on ordinary activities before taxation	50,758	46,369	*99,603*
(Increase)/ decrease in debtors	(12,882)	(51,927)	*140,683*
(Decrease)/ increase in creditors	(12,290)	(4,414)	*15,116*
Investment management expenses charged to capital	(19,975)	(17,767)	*(41,700)*
Other expenses charged to capital	(20,848)	(21,621)	*(44,947)*
Exceptional items charged to capital	-	-	*(128,782)*
	(15,237)	(49,360)	*39,973*

Athelney Trust plc

NOTES TO THE HALF YEARLY FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

1. The financial information contained in these Half Yearly Financial Statements comprises non-statutory accounts as defined in Sections 434 to 436 of the Companies Act 2006. The financial information for the year ended 31 December 2008 has been extracted from the statutory accounts which have been filed with the Registrar of Companies and contain an unqualified Auditors Report and do not contain a statement under Sections 237(2) or (3) of the Companies Act 1985.

2. The unaudited results for the period ended 30 June 2009 have been prepared on the basis of the accounting policies adopted in the Annual Report for the year ended 31 December 2008 and in accordance with the ASB's Statement "Half Yearly Financial Reports".

3. To the best of our knowledge and belief there are no related party transactions within the meaning required by the Disclosure and Transparency Rules 4.2.8R (disclosure of related party transactions and changes therein).

4. The calculation of earnings per share for the six months ended 30 June 2009 is based on the attributable return on ordinary activities after taxation and on the average weighted number of shares in issue during the period.

	6 months ended 30 June 2009			**6 months ended 30 June 2008**		
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
	£	**£**	**£**	**£**	**£**	**£**
Attributable return on ordinary activities after taxation	50,758	209,685	260,443	46,369	(482,039)	(435,670)
Number of shares		1,802,802			1,802,802	
Return per ordinary share	2.8p	11.6p	14.4p	2.6p	(26.7)p	(24.2)p

	12 months ended 31 December 2008		
	Revenue	**Capital**	**Total**
	£	**£**	**£**
Attributable return on ordinary activities after taxation	99,603	(1,441,251)	(1,341,648)
Number of shares		1,802,802	
Return per ordinary share	5.5p	(79.9)p	(74.4)p

4. Copies of the Half Yearly Financial Statements for the six months ended 30 June 2009 will be available on the Company's website www.athelneytrust.co.uk as soon as practicable.

Athelney Trust plc

OFFICERS AND FINANCIAL ADVISERS

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