



Pacific Assets Trust plc

Annual Report for the year ended 31 January 2012

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Financial Calendar

19 June 2012	Annual General Meeting
29 June 2012	Final Dividend on Ordinary Shares paid
September 2012	Announcement of Interim Results



A member of the Association of Investment Companies

The Company

The Company is an investment trust and its shares are listed on the Official List and traded on the main market of the London Stock Exchange. The Company is a member of the Association of Investment Companies.

Total assets less current liabilities as at 31 January 2012 were £153.9 million and the market capitalisation was £134.7 million.

Investment Objective

To achieve long term capital growth through investment in selected companies in the Asia Pacific region and the Indian sub-continent, but excluding Japan, Australia and New Zealand (the 'Asia Pacific Region'). Up to a maximum of 20% of the Company's total assets (at the time of investment) may be invested in companies incorporated and/or listed outside the Asia Pacific Region but whose economic activities are predominantly within the Asia Pacific Region.

Investment Policy

The Company's investment policy is contained within the Report of the Directors on pages 14 and 15.

Management

The company employs First State Investment Management (UK) Limited as Investment Manager and Frostrow Capital LLP to provide company management, company secretarial, administrative and marketing services. Further details of the terms of these appointments are provided in the Report of Directors on page 17.

Performance Assessment

The Company exists in a competitive environment and aims to be a leader in its peer group, defined by being consistently within the top third of that group measured by net asset value total return. The Company is committed to building a long-term investment record and will assess itself by reference to its peers on a rolling three year basis.

Performance is also measured against the MSCI All Country Asia ex Japan Index measured in sterling terms on a total return basis.

Capital Structure

The Company's capital structure is composed solely of Ordinary Shares. Details are given in note 11 to the accounts on page 38.

ISA Status

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

Website

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

Gearing

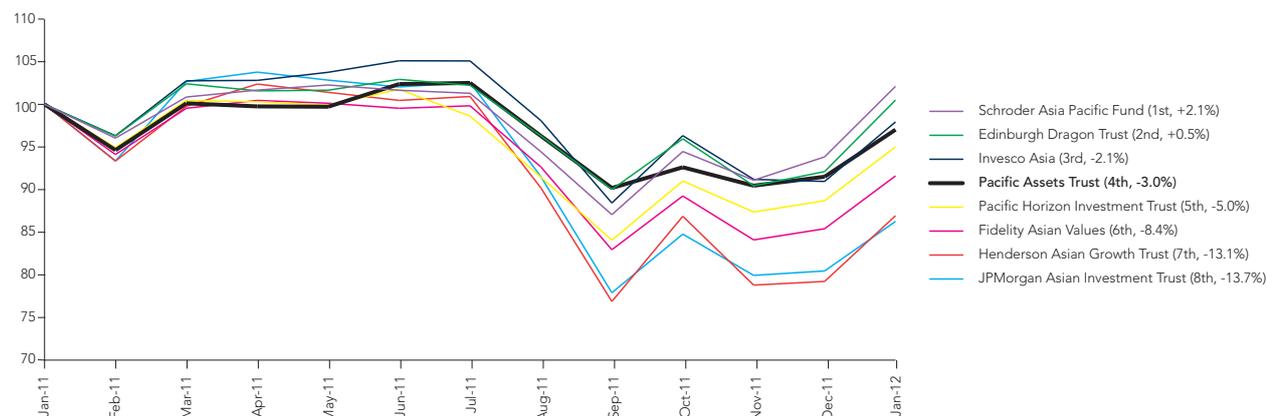
The Company is not currently geared.

Financial Highlights

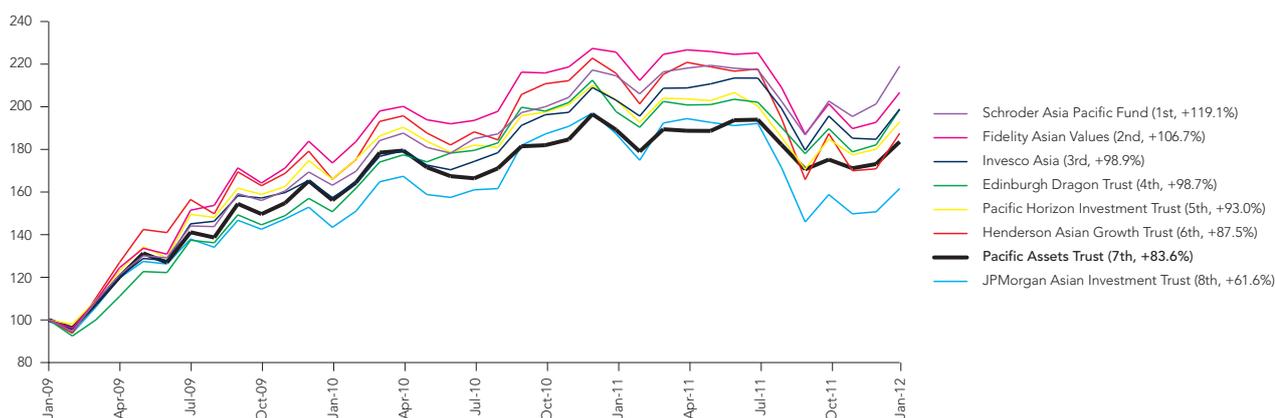
	31 Jan 2012	31 Jan 2011
Share price total return*	-11.5%	+27.6%
Net asset value per share total return*	-3.0%	+21.4%
MSCI All Country Asia ex Japan Index (total return, sterling adjusted)*	-5.9%	+26.4%
Dividend per share	2.60p	1.29p

* Source: Morningstar

One Year Net Asset Value Total Return Peer Group Performance



Three Year Net Asset Value Total Return Peer Group Performance



Chairman's Statement

"The Company's net asset value per share total return outperformed our benchmark"



Performance

The year under review was the first full financial year that First State Investment Management (UK) Limited have managed the portfolio. The team responsible for managing your portfolio has recently been branded First State Stewart ('First State'). As you will see from the Investment Manager's Review, First State is committed to selecting companies which, through their responsible attitude to sustainable development, are more likely to produce superior returns over the longer term. A year is a short period in this context.

The Company's net asset value per share total return was -3.0% during the year. Whilst it is disappointing to report a negative return, it outperformed our benchmark, the MSCI All Country Asia ex Japan Index measured in sterling terms on a total return basis, which fell by 5.9% over the same period. The outperformance over the benchmark during the year helped your Company to finish in the middle of its peer group (fourth out of eight), a significant improvement on previous years. During the year the discount of the Company's share price to the cum income net asset value per share widened from 4.0% to 12.5% as at 31 January 2012 and the Company's share price total return for the year was -11.5%, both broadly in line with our peer group. Since the year-end the discount has narrowed to approximately 10%.

Revenue and dividends

The investment strategy adopted by First State gives rise to an investment portfolio which generates a higher level of income when compared to that of our previous Investment Manager. In addition, following the change in the Company's management arrangements in 2010, your Company has benefitted from lower management fees and the elimination of substantial savings scheme related costs. As a consequence of these factors the Company has generated an increased level of net revenue for the year of £3.7m compared to £1.5m in the previous year. The Company's revenue earnings per share for the year were 3.2p, compared to 1.3p for the previous year.

The position was further improved as a result of continued progress in reclaiming the tax withheld on income arising from the Company's investments in Taiwan in the period 2005 to 2009 where £114,000 (net of costs) has been recognised during the year ended 31 January 2012. A total of £229,000 (net of costs) has been recovered to date and we continue to pursue the balance of the claim which is estimated to amount to £291,000 net of costs.

The Board is recommending a final dividend for the year of 2.60p per share, compared to last year's final dividend of 1.29p per share, an increase of 101.6%. The dividend will be paid on 29 June 2012 to those shareholders on the register on 1 June 2012. The associated ex-dividend date will be 30 May 2012.

The Board reminds shareholders that it remains the Company's policy to pursue capital growth for shareholders with income being a secondary consideration and the higher dividend level is being paid to maintain the Company's investment trust status.

Chairman's Statement

Continued

Share buy-back policy

The Company bought no shares back during the year and to the date of this report. The Board confirms its intention to use the Company's share buy-back authority where necessary in order to manage the discount between the Company's share price and the net asset value per share. Shareholder approval to renew the authority will be sought at the Annual General Meeting ('AGM').

Gearing and financial instruments

As reported at the interim stage, First State does not envisage the use of gearing other than in exceptional circumstances. The Company's loan facility was therefore cancelled by the Board during the year. The Board, in conjunction with First State, continue to keep the possibility of gearing under review.

First State has not employed derivatives during the year as it believes its management skills are better engaged elsewhere.

Annual General Meeting

The AGM will be held at 12 noon on Tuesday, 19 June 2012 at The City of London Club, 19 Old Broad Street, London EC2N 1DS. We look forward to seeing as many shareholders as possible. Shareholders who are unable to attend the meeting are encouraged to return their forms of proxy to ensure their votes are represented.

Outlook

A slowdown in economic growth across Asia and higher operational costs generally have started to impact corporate earnings. In addition, the European debt situation represents a significant threat to the region. China's increasing economic importance is reducing the Asia Pacific region's reliance on the developed markets of the U.S., the EU and Japan. Overall, growth in Asia is expected to be greater than that of the more developed markets during 2012 and your Board therefore believes that the Asia Pacific Region will remain an attractive place for investors and the patient long term investor will be well rewarded.

David Nichol
Chairman

27 March 2012

Investment Manager's Review

“At the heart of our approach to managing your Company's assets is a focus on sustainable investment”

Short-term outlook uncertain

We remain concerned about the global economy. It seems unlikely that we have seen the worst in terms of the political and economic fall-out from Western economies. We are particularly worried about rising inequality and what that means for social unrest in the face of slowing economic growth.

Meanwhile, economic growth has started to slow markedly across most of Asia. Taiwan's economy expanded at a rate of 10% in 2010. By the fourth quarter of 2011 economic growth had slowed to 2%. Singapore's economic slowdown has been even more dramatic, with the economy contracting by over 2% in the fourth quarter of 2011. This dramatic economic slowdown has started to shine a spotlight on the underlying frailties of some Asian economies. For example, India's persistent twin deficits have come under increasing scrutiny as a combination of slowing growth, high oil prices, ongoing corruption scandals and political paralysis have reminded investors that India's economic development will not occur in a straight line. The deceleration of growth rates has also started to impact corporate earnings. For example, our favourite Asian paint company (not currently held in your Company's portfolio due to its valuation) has seen year over year volume growth in India slow from 12% in the first quarter of 2011 to 11%, 8% and 5% over the subsequent quarters of 2011. Historically over the past 10 years its volume growth has been at around twice the underlying economic growth rate.

Long-term trends still positive

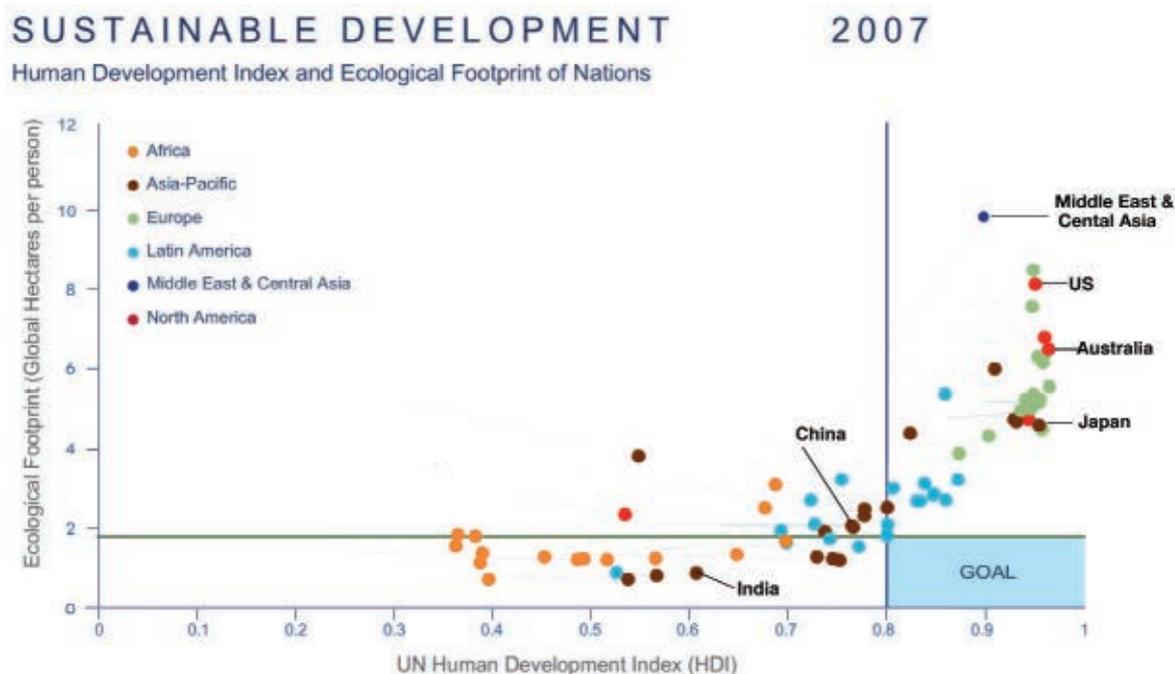
Despite these short-term concerns, the long-term outlook for Asia remains excellent. The political and economic backdrop continues to improve steadily over time for many, if not, most Asian countries. Large countries such as India, Indonesia and the Philippines are almost unrecognisable from the countries of twenty years ago. In 1992, India's economy was growing at less than 3% a year, a rate far below what was required to start lifting people out of poverty. At the same time, the risk of severe social disruption in India was a real possibility following the destruction of the Babri Masjid temple by Hindu fundamentalists. Indonesia in 1992 was 27 years into the authoritarian reign of President Suharto, while the Philippines was busy issuing Brady Bonds to try and address its own heavy foreign debt burden. Today, these countries are in relatively sound political and economic positions. The Philippines is now a net creditor to the IMF, Indonesia has a fully functioning democracy and India has successfully lifted its long-term growth rate to a rate where poverty rates have finally begun to fall significantly. It is easy to lose sight of these powerful long-term positive trends amidst the short-term noise of monthly industrial production figures and emergency European meetings.

Frontier Asia

Equally encouraging is the slow but steady progress made by so-called 'Frontier Asia' countries in recent years. From Myanmar and Cambodia to Bangladesh and Vietnam, countries are finally demonstrating a commitment to greater political freedoms and better long-term economic management. Progress will not be smooth, with many set-backs along the way. The Asian Development Bank has 48 regional members. Currently your portfolio is invested in only eleven of these countries. Over the medium term we are particularly excited about the potential for the Company to gain exposure to 'frontier' Asian markets by selectively investing in a small number of high quality companies. We already have investments in Sri Lanka, for example, and are actively exploring investment opportunities in Bangladesh, Pakistan and Vietnam. Many of these Frontier Asian companies are relatively illiquid. Fortunately, the closed ended nature of your Company enables us slowly to build up meaningful positions in companies in which we have sufficient conviction.

Investment Manager's Review

Continued



Source: Global Footprint Network

Sustainable investment

At the heart of our approach to managing your Company's assets is a focus on sustainable investment. By Sustainable Investment, we are not referring to 'green', 'clean tech' or 'ethical' investing. Our emphasis is on broad-based sustainable development. We are simply setting out to invest in those companies we believe are particularly well positioned to deliver long-term returns in the face of the huge development challenges facing all Asian countries today.

The root causes of these development challenges are numerous and complex. They include population pressure, land and water scarcity and degradation, resource constraints, income inequality, ethnic and gender inequalities and extreme levels of poverty. It is becoming increasingly clear that in order to tackle these development challenges, Asian countries will be required to reinvent their development trajectories and shift away from the current resource intensive, consumption intensive, overly debt-dependent development models towards a more genuinely sustainable path of economic development.

The diagram above is the clearest depiction we have seen so far showing the direction Asian countries need to head towards in order to follow a genuinely sustainable development path. The diagram shows the Human Development Index ("HDI") and ecological footprint of different countries. The horizontal-axis shows the HDI (a composite measure of average incomes, health and education standards by country). The higher the HDI, the more "developed" the country. A figure of 0.8 or higher is considered to be "high human development". While potentially a better measure than Gross Domestic Product ("GDP"), the HDI still has its limitations. Most notably it ignores environmental factors. This is reflected on the vertical axis which shows the average ecological footprint by country. An ecological footprint of 1.8 global hectares per person is defined as the current maximum sustainable level, above which a country's resource demands are too high to be provided for at a global average.

At current aggregate levels, humanity is using up natural resources at a 35% faster rate than nature can regenerate. The challenge for all countries is to shift their development paths towards the bottom right quadrant in the above diagram – i.e. high HDI, low ecological footprint. Currently no Asian country meets this definition.

For us, sustainable investment is about allocating capital to well-managed Asian companies which are positioned to benefit from, and contribute to, the movement of Asian countries towards this goal. It is these companies which, we believe, are particularly well placed to generate attractive, risk-adjusted returns for investors over the long-term.

Investment Manager's Review

Continued

Performance

Your portfolio is constructed from a bottom-up perspective. Although we pay attention to the political and economic backdrop in which Asian companies operate, we prefer to analyse performance very much at a stock level. The table below highlights the top ten positive contributors to performance over the past twelve months. They span seven countries and five sectors.

Top Ten Contributors

Stock Name	Total contribution to performance	Country	Sector
Manila Water	0.99%	Philippines	Utilities
Philippine Long Distance Telephone	0.79%	Philippines	Telecom Services
Hongkong & China Gas	0.64%	Hong Kong	Utilities
Kasikornbank	0.58%	Thailand	Financials
Singapore Telecommunications	0.53%	Singapore	Telecom Services
Taiwan Semiconductor Manufacturing Company	0.50%	Taiwan	Information Technology
Towngas China	0.47%	China	Utilities
Marico	0.37%	India	Consumer Staples
Siam Commercial Bank	0.31%	Thailand	Financials
Chunghwa Telecom	0.30%	Taiwan	Telecom Services
	<u>5.48%</u>		

Source: First State Investment Management (UK) Limited

The common links between these companies are the quality of the management teams, the long-term sustainability positioning of the business franchises and the strong financial foundations on which they are built. It is often easiest to judge the quality of a management team by what it chooses not to do. By this measure, many of these companies in this list have time and again shown an admirable ability to stick to their core businesses, resist the temptation to cut environmental, social or governance corners and avoid the distraction of short-term fashions and trends. Manila Water, for example, has spent many years looking to grow its water operations outside the Philippines. However, time and again the company has been unable to get comfortable with the regulatory risks or corporate governance performance of potential regional partners. Rather than take a misstep that may come back to haunt them, management have steadfastly focused on continuing to earn the company's social license to operate by delivering affordable, clean water to residents of Manila in the most efficient manner possible. We remain convinced that over time, the company's excellent performance in Manila and the reputation they have built as a result will eventually create the right growth opportunities abroad. Meanwhile, we are reassured by management's patience and focus on long-term returns.

The bottom ten detractors from performance are highlighted below.

Bottom Ten Detractors

Stock Name	Total detraction from performance	Country	Sector
Delta Electronics (Taiwan)	-1.05%	Taiwan	Information Technology
Transport International Holdings	-0.80%	Hong Kong	Industrials
Delta Electronics (Thailand)	-0.65%	Thailand	Information Technology
KT Corp ADR	-0.61%	South Korea	Telecom Services
Henderson Land Development	-0.46%	Hong Kong	Financials
Shinsegae	-0.43%	South Korea	Consumer Discretionary
Chroma ATE	-0.43%	Taiwan	Information Technology
E.Sun Financial Holdings	-0.43%	Taiwan	Financials
Motech Industries	-0.42%	Taiwan	Information Technology
Singapore Post	-0.34%	Singapore	Industrials
	<u>-5.62%</u>		

Source: First State Investment Management (UK) Limited

Investment Manager's Review

Continued

The list is similarly diverse with the exception of the four technology companies. As long-term investors, we continue to struggle to identify technology companies we are able to buy and hold for the long-term. Too often, technology companies are forced to reinvent their businesses for changing technologies and products. For example, Delta Electronics has a dominant global market share in electronic power components. As such it is well positioned to benefit from an increasing demand from consumers and regulators for greater energy efficiency. However, as electronic devices also become significantly smaller, the company is under pressure to adapt its business model to survive. While we have confidence that management will be able to make this transition, the short-term earnings of the company have come under pressure as a result. Elsewhere, with our investment in Henderson Land Development, we risk making the mistake of trying to be too clever. The company offers a particularly attractive way of gaining exposure to one of our favourite companies, Hongkong and China Gas. However, holding company discounts can and do persist in Asia for a very long time. In order to reduce this discount, Henderson Land Development must also deliver long-term performance from the company's property assets. Evidence on this remains mixed, although we remain inclined to give the company the benefit of the doubt for now. The poor performance of Transport International Holdings reflects the challenges facing public transport companies in balancing the interests of all stakeholders. The company is the largest operator of buses in Hong Kong. Despite strong operational performance, it has been unable to pass on rising fuel and wage costs, given the politically sensitive nature of its services. We continue to reflect on this challenge and have reduced your portfolio's exposure to public transport companies over the past twelve months as a result.

First State Stewart

The Asia-Pacific & Global Emerging Markets equity team, of which we are a part, is an integral part of First State's business and it is a team which employs a unique investment approach. In February we launched the First State Stewart "sub-brand" to allow the team to appropriately distinguish itself and its investment approach from other asset teams within the First State group.

David Gait

Senior Investment Manager

First State Investment Management (UK) Limited

27 March 2012

Performance Summary

	As at 31 January 2012	As at 31 January 2011	% Change
Share price	115.3p	131.5p	-12.3
Net asset value per share	131.7p	137.0p	-3.9
Discount of share price to net asset value per share	12.5%	4.0%	n/a
Shareholders' funds	£153.9m	£160.1m	-3.9
Market capitalisation	£134.7m	£153.7m	-12.4
	One year to 31 January 2012	One year to 31 January 2011	
Share price (total return)	-11.5%	+27.6%	n/a
Net asset value per share (total return)	-3.0%	+21.4%	n/a
MSCI All Country Asia ex Japan Index (total return, sterling adjusted)	-5.9%	+26.4%	n/a
Revenue and Dividends			
Revenue return per share	3.2p	1.3p	146.2
Dividend per share	2.60p	1.29p	101.6
Total Expense Ratio (excluding the costs attributable to the change in management arrangements)	1.3%	1.6%	n/a
	High	Low	
Net asset value per share	140.5p	116.6p	
Share price	130.0p	104.0p	
Discount of share price to net asset value per share‡	4.0%	13.9%	

‡Discount high – Narrowest discount in year

Discount low – Widest discount in year

Source: Morningstar

One Year Net Asset Value Total Return and Index Performance



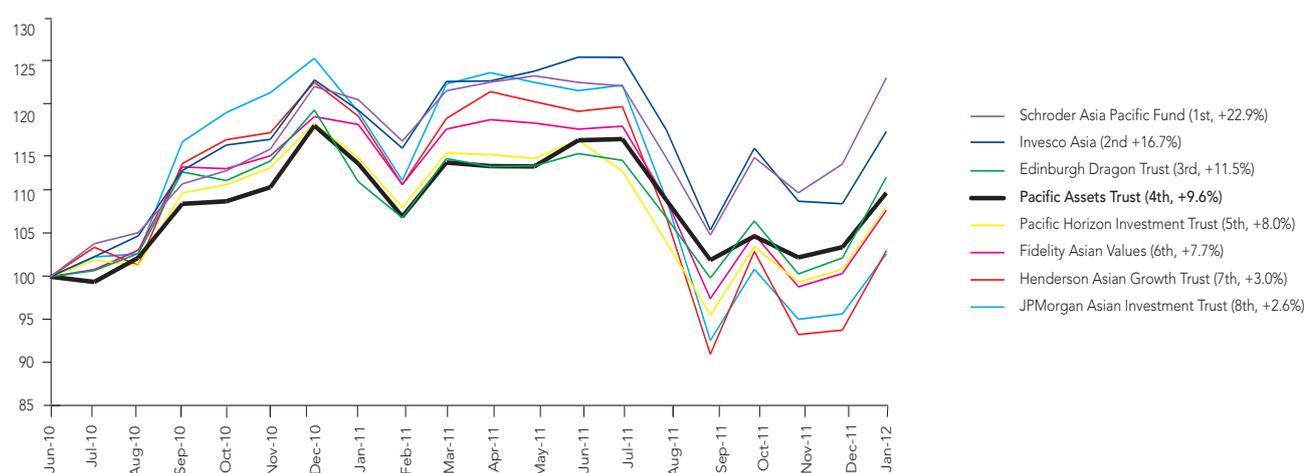
Source: Morningstar

Rebased to 100 as at 31 January 2011

Performance Summary

Continued

Net Asset Value Total Return Performance Since the Date of Appointment of First State Investment Management (UK) Limited as Investment Manager



Source: Morningstar
Rebased to 100 as at 30 June 2010

Ten Year Record

31 January	Shareholders' funds £'000	Net asset value per Ordinary Share	Ordinary Share price	Discount	Dividends per Ordinary Share	Total expense ratio
2002	79,838	64.7p	53.5p	17.3%	0.45p	1.6%
2003	56,761	46.4p	38.5p	16.9%	0.50p	2.1%
2004	83,939	68.5p	62.0p	9.5%	0.60p	1.8%
2005	87,402	71.4p	64.0p	10.3%	1.02p	1.6%
2006	113,049	92.3p	86.0p	6.8%	1.05p	1.5%
2007	123,616	104.0p	93.5p	10.1%	1.12p	1.4%
2008	152,105	128.5p	115.5p	10.1%	1.12p	1.5%
2009	87,760	74.2p	68.3p	8.0%	1.29p	1.6%
2010	135,254	114.3p	104.3p	8.8%	1.29p	1.6%
2011	160,086	137.0p	131.5p	4.0%	1.29p	1.6%*
2012	153,870	131.7p	115.3p	12.5%	2.60p	1.3%

*Excludes the costs attributable to the change in management arrangements amounting to £380,000.

Portfolio

as at 31 January 2012

Company	Sector*	Market valuation £'000	% of total assets less current liabilities	Country of incorporation
Taiwan Semiconductor Manufacturing Company TSMC is the world's leading manufacturer of outsourced semiconductor chips.	Information Technology	9,071	5.9	Taiwan
Manila Water Part of the well regarded Ayala Group, Manila Water has demonstrated the positive role a private company can play in providing clean water to low income households in developing countries.	Utilities	7,308	4.7	Philippines
Hongkong & China Gas Founded in 1862, Hongkong and China Gas was the territory's first utility. Today it distributes gas through a pipeline of over 3,400 km to over 1.5 million customers in Hong Kong.	Utilities	7,044	4.6	Hong Kong
DBS Group Headquartered in Singapore, DBS enjoys one of the best banking franchises in Asia.	Financials	7,038	4.6	Singapore
Singapore Telecommunications In addition to its strong local position, the company has proven a long term and successful investor in many regional telecom franchises, including the largest players in India, Indonesia and Thailand.	Telecom Services	6,291	4.1	Singapore
Towngas China Towngas China is a subsidiary of Hongkong and China Gas and the group's primary vehicle for investing in city gas distribution projects on the mainland. The company supplies gas in over 60 cities in China.	Utilities	5,671	3.7	Cayman Islands
DGB Financial DGB Financial Group is a South Korean banking holding company headquartered in Daegu. Its flagship company, Daegu Bank was founded in 1967 and was Korea's first regional bank and arguably its best managed bank today.	Financials	5,486	3.6	South Korea
Kasikornbank Kasikornbank is one of the best quality banks in Thailand. Formerly known as Thai Farmers' Bank, the Company's focus on conservative lending and sound risk management enabled it to survive the 1997 Asian crisis intact.	Financials	5,374	3.5	Thailand
Philippine Long Distance Telephone The Philippine Long Distance Telephone Company earns strong and stable cashflows by virtue of its leading position in the telecoms market. It has a good track record of returning these cashflows to shareholders as dividends.	Telecom Services	5,316	3.4	Philippines
Samsung Fire & Marine Insurance One of the leading Korean companies in terms of corporate governance, Samsung Fire and Marine is the country's leading non-life insurer in terms of both size and financial performance.	Financials	5,259	3.4	South Korea
Ten largest investments		63,858	41.5	

* MSCI sector classifications

Portfolio

as at 31 January 2012

Continued

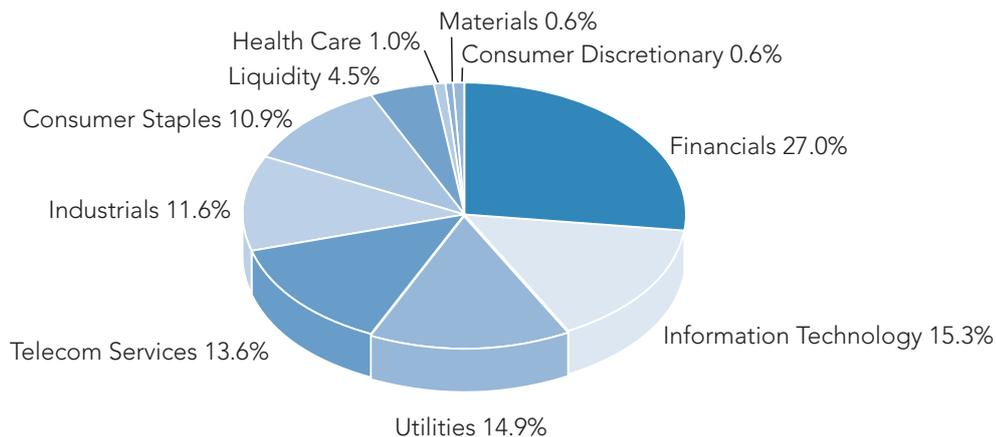
Company	Sector*	Market valuation £'000	% of total assets less current liabilities	Country of incorporation
Marico	Consumer Staples	4,577	3.0	India
SMRT	Industrials	4,526	2.9	Singapore
Axiata	Telecom Services	3,952	2.6	Malaysia
Delta Electronics (Thailand)	Information Technology	3,809	2.5	Thailand
Henderson Land Development	Financials	3,477	2.2	Hong Kong
SembCorp Industries	Industrials	3,185	2.1	Singapore
Tata Power	Utilities	2,930	1.9	India
Chroma ATE	Information Technology	2,895	1.9	Taiwan
E.Sun Financial Holdings	Financials	2,804	1.8	Taiwan
Swire Pacific	Financials	2,746	1.8	Hong Kong
Twenty largest investments		98,759	64.2	
Transport International Holdings	Industrials	2,723	1.8	Bermuda
Uni-President Enterprises	Consumer Staples	2,691	1.7	Taiwan
Dabur India	Consumer Staples	2,675	1.7	India
Wipro	Information Technology	2,492	1.6	India
Vitasoy International Holdings	Consumer Staples	2,290	1.5	Hong Kong
Singapore Post	Industrials	2,257	1.5	Singapore
E-Mart	Consumer Staples	2,247	1.5	South Korea
KT Corporation ADR	Telecom Services	2,218	1.4	South Korea
Ayala Land	Financials	2,118	1.4	Philippines
MTR Corporation	Industrials	2,055	1.3	Hong Kong
Thirty largest investments		122,525	79.6	
Satyam Computer Services	Information Technology	1,988	1.3	India
Hindustan Unilever	Consumer Staples	1,795	1.2	India
Chunghwa Telecom	Telecom Services	1,759	1.1	Taiwan
Sabana Shari'ah Compliant REIT	Financials	1,680	1.1	Singapore
Mindray Medical	Health Care	1,538	1.0	Cayman Islands
Delta Electronics (Taiwan)	Information Technology	1,499	1.0	Taiwan
Ayala Corporation	Financials	1,469	1.0	Philippines
Global Logistic Properties	Financials	1,363	0.9	Singapore
Public Bank	Financials	1,298	0.8	Malaysia
LG Corp	Industrials	1,296	0.8	South Korea
Forty largest investments		138,210	89.8	
Simplo Technology	Information Technology	1,119	0.7	Taiwan
EID Parry India	Materials	951	0.6	India
XL Axiata	Telecom Services	892	0.6	Indonesia
Shinsegae	Consumer Discretionary	870	0.6	South Korea
Kotak Mahindra Bank	Financials	856	0.6	India
ITEQ	Information Technology	619	0.4	Taiwan
Taiflex Scientific	Industrials	546	0.4	Taiwan
Container Corporation of India	Industrials	539	0.3	India
Hemas Holdings	Industrials	475	0.3	Sri Lanka
Sheng Siong	Consumer Staples	450	0.3	Singapore
Fifty largest investments		145,527	94.6	
Swire Properties	Financials	436	0.3	Hong Kong
Idea Cellular	Telecom Services	350	0.2	India
Tube Investments of India	Industrials	300	0.2	India
Dialog Axiata	Telecom Services	226	0.2	Sri Lanka
Akzo Nobel India	Materials	43	–	India
Total portfolio		146,882	95.5	
Net current assets		6,988	4.5	
Total assets less current liabilities		153,870	100.0	

* MSCI sector classifications

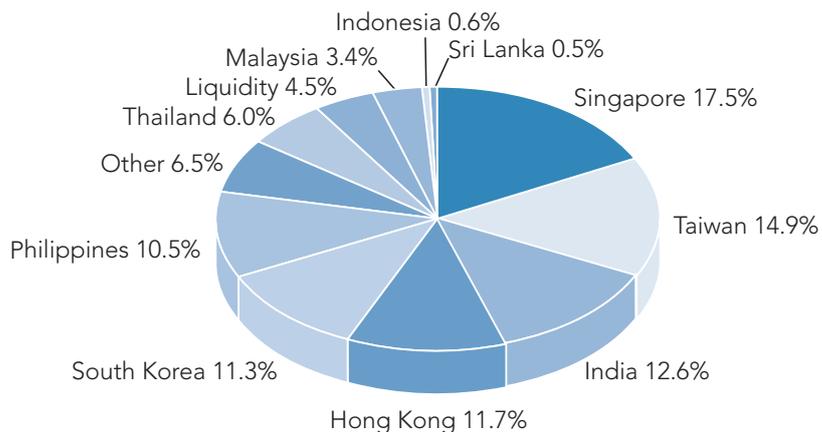
Portfolio Distribution

as at 31 January 2012

Sector Analysis



Geographical Analysis by Country of Incorporation



Board of Directors



David Nichol, FCA

Chairman

was appointed as a Director in 1985 and Chairman in 2004. He is a consultant to Rossie House Investment Management, a firm which manages portfolios for private clients.

Richard Horlick

was appointed as a Director in 2005. He is also a non-executive director of Tau Capital plc. He was, from 2002 until 2005, a director of Schroders plc, where he was Head of Investments and a member of the General Management Committee. Between 2001 and 2002 he was Chairman, Chief Executive Officer and President of Fidelity Management Trust Company, where he was responsible for institutional business in the U.S. Between 1994 and 2001 he was President, Institutional Business, of Fidelity International, where he was responsible for investments and the development of institutional assets.

Stuart Leckie, OBE

was appointed as a Director in 2001. He was Chairman of Watson Wyatt, Asia Pacific until 1995 then Chairman of Fidelity Investments, Asia Pacific until 1998. He has been President of the Actuarial Society of Hong Kong (1981 and 1999) and has advised the Chinese government on pension reform. He has served on various committees in Hong Kong's Securities and Futures Commission and was a director of Exchange Fund Investment Limited. He is a member of the CFA Institute Advisory Council.



Terence Mahony

was appointed as a Director in 2004. He is Managing Director of TFM Management Limited, a firm of investment consultants based in Hong Kong. He has over 35 years' investment experience, the last 25 of which have been gained in Asia. He is also non-executive Chairman of Vina Capital Group and a non-executive Director of Advance Developing Markets Fund Limited, Impax Asian Environmental Markets plc and Citic Capital Investment Management.

Nigel Rich, CBE, FCA

Senior Independent Director and Chairman of the Audit Committee was appointed as a Director in 1997. He is Chairman of Segro plc and a non-executive director of British Empire Securities and General Trust plc, Bank of the Philippine Islands (Europe) plc and Matheson & Co Limited. He is Co-Chairman to the Philippine British Business Council. From 1974-1994 he was a Director of the Jardine Matheson Group and was the Group Managing Director from 1989-1994 based in Hong Kong.



All Directors are members of the Audit, Engagement and Remuneration and Nomination Committees.

Report of the Directors

The Directors submit the Annual Report and Accounts of Pacific Assets Trust plc (the 'Company') for the year ended 31 January 2012.

The Report of the Directors includes the Business Review and Corporate Governance Statement. The Business Review contains a review of the Company's business, the principal risks and uncertainties it faces and an analysis of its performance during the financial year and the position at the year end. The Business Review, prepared in accordance with the requirements of Section 417 of the Companies Act 2006, should be read in conjunction with the Chairman's Statement on pages 2 and 3, the Investment Manager's Review on pages 4 and 7 and the analyses on pages 8 and 9.

Results and Dividends

The revenue return after tax for the year of £3.7m (2011: £1.5m) is shown in the attached accounts beginning on page 29.

The Board recommends a final dividend for the year of 2.60p per share (2011: final dividend of 1.29p) payable on 29 June 2012 to shareholders on the register at close of business on 1 June 2012. The associated ex-dividend date is 30 May 2012.

Principal Activity and Status

The Company is registered as a public limited company in Scotland (Registered Number SC091052) and is an investment company within the terms of Section 833 of the Companies Act 2006. Its shares are listed on the Official List of the UK Listing Authority and quoted on the main market of the London Stock Exchange.

The Company has received approval from HM Revenue & Customs as an authorised investment trust under Sections 1158 and 1159 of the Corporation Tax Act 2010 ("CTA 2010"), formerly under Section 842 of the Income and Corporation Taxes Act 1988, for the year ended 31 January 2011 and all previous periods. This approval is subject to there being no subsequent enquiry under corporation tax self-assessment. In the opinion of the Directors, the Company continues to direct its affairs so as to enable it to qualify for such approval.

The Company is required to comply with company law, the rules of the UK Listing Authority, UK Financial Reporting Standards, and its Articles of Association.

The Company is a member of the Association of Investment Companies ('AIC').

Capital Structure

As at 31 January 2012 there were 116,848,386 Ordinary Shares of 12.50p each in issue. All Ordinary Shares rank equally for dividends and distributions and carry one vote each. Details of the capital structure can be found in note 11 to the accounts on page 38. The revenue profits of the Company (including accumulated revenue reserves) are available for distribution by way of dividends to the holders of the Ordinary Shares. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to shareholders pro rata to their holdings of Ordinary Shares.

Business Review

The Board of Directors is responsible for the overall stewardship of the Company, including investment and dividend policies, corporate strategy, gearing, corporate governance and risk management. Biographical details of the Directors, all of whom are non-executive, can be found on page 13.

Objective

To achieve long term capital growth through investment in selected companies in the Asia Pacific region and the Indian sub-continent, but excluding Japan, Australia and New Zealand (the 'Asia Pacific Region'). Up to a maximum of 20% of the Company's total assets (at the time of investment) may be invested in companies incorporated and/or listed outside the Asia Pacific Region but whose economic activities are predominantly within the Asia Pacific Region.

Investment Policy

The portfolio is managed by the First State Stewart team within First State Investment Management (UK) Limited ("First State" or the "Investment Manager") which had approximately £14.5 billion in assets under management as at 31 January 2012. In addition, Frostrow Capital LLP ("Frostrow" or the "Manager"), acts as the Company's Manager, Company Secretary and

Report of the Directors

Continued

Administrator. Frostrow is an independent provider of services to the investment companies sector and currently has five other investment trust clients.

The Company invests in companies which First State believes will be able to generate long term growth for shareholders.

The Company invests principally in listed equities although its policy enables it to invest in other securities, including preference shares, debt instruments, convertible securities and warrants. In addition, the Company may invest in open and closed-ended investment funds and companies.

The Company is able to invest in unlisted securities and it is the Board's current intention that such investments are limited to those which are expected to be listed on a stock exchange or which cease to be listed and First State considers appropriate, or is required, to continue to hold.

Risk is diversified by investing in different countries, sectors and stocks within the Asia Pacific Region. Up to a maximum of 20% of the Company's total assets (at the time of investment) may be invested in companies incorporated and/or listed outside the Asia Pacific Region but whose economic activities are predominantly within the Asia Pacific Region. There are no defined limits on countries or sectors but no single investment may exceed 15% of the Company's total assets at the time of investment. However, the Board has set a current limit for single investment of 7.5% of total assets at the time of investment. This limit is reviewed from time to time by the Board and may be revised as appropriate.

No more than 10% of the Company's total assets may be invested in other listed closed-ended investment companies unless such investment companies themselves have published investment policies to invest no more than 15% of their total assets in other closed-ended investment companies, in which case the limit is 15%.

The Company's US\$20 million loan facility, provided by ING Bank, was cancelled by the Board in May 2011. The Board in conjunction with First State, continue to keep the possibility of gearing under review, however, First State do not envisage the use of gearing except in exceptional circumstances.

The use of derivatives is permitted with prior Board approval and within agreed limits. However, First State are unlikely to use derivatives.

Investment of Assets

At each Board meeting, the Board receives a presentation from the Investment Manager which includes a review of investment performance, recent portfolio activity and market outlooks. It also considers compliance with the investment policy and other investment restrictions during the reporting period. An analysis of the portfolio as at 31 January 2012 is contained in note 8 to the accounts on page 37 and in the Investment Manager's Review on pages 4 to 7, and the full portfolio listing is provided on pages 10 and 11. The Company had a cash balance representing 4.6% (2011: 6.4%) of net assets as at 31 January 2012.

Strategy

As part of its strategy, the Board has contractually delegated the management of the portfolio to the Investment Manager.

The Company's performance in meeting its objective is measured against key performance indicators as set out overleaf. A review of the Company's returns during the financial year, the position of the Company at the year end, and the outlook for the coming year is contained in the Chairman's Statement on pages 2 and 3 and in the Investment Manager's Review on pages 4 to 7, both of which form part of this Business Review.

Principal Risks and Risk Management

The Company's assets consist of listed securities and its main risks are therefore market related. The Company is also exposed to currency risk in respect of the markets in which it invests. More detailed explanations of these risks and the way which they are managed are contained in notes 16 to 21 to the accounts (beginning on page 39).

Other risks faced by the Company include the following:

- External – events beyond the control of the Board, the Investment Manager and the Manager, such as political change, natural disasters, terrorism, protectionism, inflation or deflation, economic recessions and movements in interest rates could affect share prices in particular markets.

Report of the Directors

Continued

- Investment and strategic – incorrect strategy, country and sector allocation and stock selection, could all lead to poor returns for shareholders.
- Regulatory – breach of regulatory rules could lead to suspension of the Company's listing, financial penalties or a qualified audit report. Breach of Sections 1158 and 1159 of the CTA 2010 could lead to the Company being subject to tax on capital gains.
- Operational – failure of the Manager's accounting systems or disruption to the Manager's business, or that of third party service providers, could lead to an inability to provide accurate reporting and monitoring, leading to a loss of shareholders' confidence.
- Financial – inadequate controls by the Manager or third party service providers could lead to misappropriation of assets. Inappropriate accounting policies or failure to comply with accounting standards could lead to misreporting or breaches of regulations. Breaching loan covenants could lead to a loss of shareholders' confidence and financial loss for shareholders.

The Board seeks to mitigate and manage these risks through continual review, policy setting and enforcement of contractual obligations. It also regularly monitors the investment environment and the management of the Company's portfolio. The Board applies the principles detailed in the internal control guidance issued by the Financial Reporting Council. Details of the Company's internal controls are described on pages 20 and 21.

Key Performance Indicators

The Board uses a number of performance measures to assess the Company's success in meeting its objectives. The key performance indicators are as follows:

- Net asset value total return against the peer group.
- Net asset value total return against the MSCI All Country Asia ex Japan Index (total return, sterling adjusted).
- Discount of share price to net asset value per share.
- Total expenses as a ratio of shareholders' funds.

A historical record of these indicators is contained in the Financial Highlights and Performance Summary on pages 1, 8 and 9.

Directors' Indemnities

As at the date of this report, a deed of indemnity has been entered into by the Company and each of its Directors under which the Company has agreed to indemnify each Director, to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out his role as a Director of the Company. Each Director is indemnified against the costs of defending any criminal or civil proceedings or any claim by the Company or a regulator as they are incurred provided that where the defence is unsuccessful the Director must repay those defence costs to the Company. The indemnities are qualifying third party indemnity provisions for the purposes of the Companies Act 2006.

A copy of each deed of indemnity is available for inspection at the offices of the Company's Manager during normal business hours and will be available for inspection at the Annual General Meeting.

Directors

The Directors who held office at the end of the year and their interests in the shares of the Company were:

		Number of Ordinary Shares held as at 31 January 2012	Number of Ordinary Shares held as at 31 January 2011
D B Nichol	Beneficial	40,000	40,000
	Trustee	100,000	100,000
R M A Horlick	Beneficial	Nil	Nil
S H Leckie	Beneficial	100,000	100,000
T F Mahony	Beneficial	Nil	Nil
N M S Rich	Beneficial	25,000	25,000
	Trustee	6,400	2,000

There have been no changes in the interests of the Directors in the shares of the Company between 31 January and 27 March 2012.

Report of the Directors

Continued

Conflicts of Interest

Each Director has a statutory duty to avoid a situation where he has, or could have, a direct or indirect interest which conflicts, or may conflict, with the interests of the Company. A Director will not be in breach of that duty if the relevant matter has been authorised in accordance with the Company's Articles of Association.

A register of conflicts is maintained by the Company Secretary and is reviewed at quarterly Board meetings, to ensure that any authorised conflicts remain appropriate. Directors are required to confirm at these meetings whether there has been any change to their position.

The Directors must also comply with the statutory rules requiring company directors to declare any interest in an actual or proposed transaction or arrangement with the Company.

Investment Management and Management Fees

First State have been employed for an initial three year term with six months' notice thereafter. A management fee of 0.75% per annum of net assets is payable. In addition there is a performance fee of 12.5% of returns in excess of the MSCI All Country Asia ex Japan Index plus a hurdle of 1.75% per annum, measured over a rolling three year period. The Board has capped the total of the management fees and the performance fee at 1.75% of net assets per annum.

Frostrow provides company management, company secretarial, administrative, and marketing services. A fee of 0.2% per annum (plus VAT) of market capitalisation is payable for these services. Frostrow's appointment can be terminated by either party by giving six months' notice.

Further details of the fees payable to First State and Frostrow are set out in note 3 to the accounts on page 34.

Investment Manager and Manager Evaluation and Re-Appointment

The review of the performance of First State as Investment Manager and Frostrow as Manager is a continuous process carried out by the Board with a formal evaluation being undertaken each year. As part of this process the Board monitors the services provided by the Investment Manager and the Manager and receives regular reports and views from them. The Board also receives comprehensive performance measurement reports to enable it to determine whether or not the performance objective set by the Board has been met.

The Board believes the continuing appointment of the Investment Manager and the Manager, under the terms described previously, is in the interests of shareholders as a whole. In coming to these decisions the Board also took into consideration the following additional reasons:

- the quality and depth of experience of the Investment Manager and the level of performance of the portfolio in absolute terms and also by reference to the MSCI All Country Asia ex Japan Index (total return, sterling adjusted) and the Company's peer group; and
- the quality and depth of experience of the management, administrative, company secretarial and marketing team that the Manager allocates to the management of the Company.

Substantial Interests in Share Capital

As at 27 March 2012 the Company was aware of the following substantial interests in the voting rights of the Company:

	Number of Ordinary Shares held	Percentage held
Lazard Asset Management LLC	18,211,882	15.6
Henderson Global Investors	14,157,513	12.1
Sarasin & Partners	11,272,000	9.7
City of London Investment Management	8,585,211	7.4
Brewin Dolphin	7,438,517	6.4
Thesis Asset Management	4,748,165	4.1
Legal & General Investment Management	4,267,229	3.7
Alliance Trust Savings Scheme	3,712,468	3.2

Report of the Directors

Continued

Corporate Governance

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for investment Companies ("AIC Guide"), both of which can be found on the AIC website www.theaic.co.uk. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code (the "UK Governance Code") as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Governance Code), provides better information to shareholders. A copy of the UK Governance Code can be found at www.frc.org.uk.

The Board considers that it has managed its affairs throughout the year ended 31 January 2012 in compliance with the recommendations of the AIC Code and the relevant provisions of the UK Governance Code, except as set out below:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC Guide, and in the preamble to the AIC Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment trust. The Company has therefore not reported further in respect of these provisions.

In view of its non-executive nature, the Board considers that it is not appropriate for the Directors to be appointed for a specified term as recommended by provision B.7.1 of the UK Corporate Governance Code and principle 3 of the AIC Code. The Directors have agreed to adopt the provision contained in both the UK Corporate Governance Code and the AIC Code that all Directors of the Company will stand for annual election.

The Board consists solely of non-executive Directors. The Directors' biographical details, set out on page 13, demonstrate a balance of skills, experience, length of service and knowledge of the Company. Mr D B Nichol is Chairman who is responsible for leadership of the Board and for ensuring its effectiveness on all aspects of its role. Mr N M S Rich is the Senior Independent Director who can act as a sounding board for the Chairman and also acts as an intermediary for the other Directors when necessary. All the Directors are considered by the Board to be independent of the Investment Manager. New Directors receive an induction on joining the Board and all Directors are made aware of appropriate industry and other seminars and training courses. The Chairman also regularly reviews the training and development needs of each Director.

The Chairman together with Mr S H Leckie and Mr N M S Rich have served on the Board for more than nine years. The Board subscribes to the view expressed within the AIC Code that long-serving Directors should not be prevented from forming part of an independent majority. It does not consider that a Director's tenure necessarily reduces his ability to act independently and, following formal performance evaluations, believes that each of those Directors is independent in character and judgment and that there are no relationships or circumstances which are likely to affect their judgment. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Company's Directors, including the Chairman, have been imposed.

No Director has a contract of service with the Company or any material interest in any contract to which the Company is a party. Each of the Directors has a letter of appointment with the Company.

The Company has no executive Directors or employees. An investment management agreement between the Company and First State, and a management, administrative and company secretarial services agreement between the Company and Frostrow set out the matters over which the Investment Manager and the Manager have authority and the limits beyond which Board approval must be sought. All other matters, including strategy, investment and dividend policies, gearing, corporate governance procedures and risk management, are reserved for the approval of the Board of Directors. The Board have reviewed and agreed the schedule of matters reserved for its decision. The Board currently meets at least four times a year and receives full information on the Company's investment performance, assets, liabilities and other relevant information in advance of Board meetings. Representatives of the Investment Manager and the Manager attend each Board meeting, enabling the Directors to seek clarification on specific issues or to probe further on matters of concern. The Investment Manager, in the absence of explicit

Report of the Directors

Continued

instructions from the Board, is empowered to exercise discretion in the use of the Company's voting rights. All shareholdings are voted at all meetings worldwide where practicable in accordance with the Investment Manager's own corporate governance policy, which is to seek to maximise shareholder value by constructive use of votes at company meetings and by endeavouring to use its influence as an investor with a principled approach to corporate governance.

Throughout the year a number of committees have been in operation, namely the Audit Committee, the Engagement and Remuneration Committee and the Nomination Committee. Each of these committees operates within clearly defined written terms of reference which are available upon request from the Company Secretary.

The Audit Committee

The Audit Committee is chaired by Mr N M S Rich and comprises the whole Board. The duties of the Audit Committee in discharging its responsibilities include: reviewing the annual and interim accounts; the system of internal controls employed by the Investment Manager and the Manager and the terms of appointment of the independent auditor together with their remuneration. It is also the forum through which the independent auditor reports to the Board of Directors and meets at least twice yearly. The objectivity of the independent auditor is reviewed by the Audit Committee which also reviews the terms under which the external auditor is appointed to perform non-audit services. The Audit Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the independent auditor, with particular regard to non-audit fees. Non-audit fees due to the Company's independent auditor, KPMG Audit Plc, for the year ended 31 January 2012 amounted to £36,000 (2011: £16,000) (see note 4 on page 34 for further details).

During the year the Company obtained non-audit advice from the independent auditor in connection with the reclamation of tax withheld on income arising from investments in Taiwan. The fees due in respect of this work have exceeded the statutory audit fee. The Audit Committee have considered whether this has had an effect on the independence and objectivity of the independent auditor and have concluded that it has not.

As the Company delegates to third parties its day-to-day operations and has no employees, the Board has determined that there are no requirements for an internal audit function. The Audit Committee reviews annually whether a function equivalent to an internal audit is needed and makes a recommendation to the Board. The Audit Committee will continue to monitor its systems of internal controls in order to provide assurance that they operate as intended.

The Engagement and Remuneration Committee

The Engagement and Remuneration Committee, chaired by Mr D B Nichol, comprises the full Board and reviews the appropriateness of the continuing appointment of the Investment Manager and the Manager together with the terms and conditions thereof on a regular basis.

The level of Directors' fees is also reviewed on a regular basis relative to other comparable investment companies and in the light of Directors' responsibilities.

The Directors Remuneration Report on pages 24 and 25 details the fees paid to the Company's Directors for the years to 31 January 2011 and 31 January 2012.

The Nomination Committee

The Nomination Committee, chaired by Mr D B Nichol, comprises the full Board and is convened for the purposes of reviewing the re-election of Directors and considering the appointment of additional Directors as and when considered appropriate. In considering appointments to the Board, the Nomination Committee takes into account the ongoing requirements of the Company and the need to have a balance of skills and experience within the Board.

During the year an external independent review of the Board, its Committees and individual Directors was carried out. The review concluded that the Board worked in a collegiate, efficient and effective manner. The Board is currently considering the recommendations made in the review and has agreed that such an external review should be conducted every three years.

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. The Company maintains appropriate Directors' and Officers' liability insurance.

Report of the Directors

Continued

The table below sets out the number of scheduled Board and committee meetings held during the year ended 31 January 2012 and the number of meetings attended by each Director.

	Board of Directors		Audit Committee		Engagement and Remuneration Committee		Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
D B Nichol	4	4	2	2	1	1	1	1
R M A Horlick	4	3	2	1	1	1	1	1
S H Leckie	4	4	2	2	1	1	1	1
T F Mahony	4	4	2	2	1	1	1	1
N M S Rich	4	4	2	2	1	1	1	1

The Bribery Act 2010

The Board has adopted a zero tolerance approach to instances of bribery and corruption. Accordingly it expressly prohibits any Director or associated persons when acting on behalf of the Company, from accepting, soliciting, paying, offering or promising to pay or authorise any payment, public or private in the UK or abroad to secure any improper benefit for themselves or for the Company.

The Board applies the same standards to its service providers in their activities for the Company.

A copy of the Company's Anti Bribery and Corruption Policy can be found on its website at www.pacific-assets.co.uk.

Gender Diversity

The Company welcomes the objectives of the Davies Report to improve the performance of corporate boards by encouraging the appointment of the best people from a range of differing perspectives and backgrounds. The Company recognises the benefits of diversity on the Board, including gender, and takes this into account in its Board appointments. The Company is committed to ensuring that any director search processes actively seeks persons with the right qualifications so that appointments can be made, on the basis of merit, against objective criteria from a diverse selection of candidates. To this end the Board will continue to dedicate time to consider diversity during any director search process.

UK Stewardship Code

While the Company's Investment Manager, First State, has not currently signed the UK Stewardship Code (the "Code") adopted by the Financial Reporting Council in July 2010, it has signed the United Nations Principles for Responsible Investment (UNPRI) and believes the Code reflects the procedures that it already has in place. First State is focused on working towards, or operating at, global best practice in this area. First State's Stewardship Statement can be found on its website: www.firststate.co.uk/PoliciesEnGB.aspx

Going Concern

After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Internal Controls

Risk assessment and the review of internal controls are undertaken by the Board in the context of the Company's overall investment objective. The review covers the key business, operational, compliance and financial risks facing the Company. In arriving at its judgment of what risks the Company faces, the Board has considered the Company's operations in the light of the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the threat of such risks becoming a reality; and

Report of the Directors

Continued

- the Company's ability to reduce the incidence and impact of risk on its performance.

Against this background, the Board has split the review of risk and associated controls into five sections reflecting the nature of the risks being addressed. These sections are as follows:

- corporate strategy;
- investment activity;
- published information, compliance with laws and regulations;
- service providers; and
- investment and business activities.

The Company has outsourced all of its activities to agents. The Company has obtained from its various service providers assurances and information relating to their internal systems and controls to enable the Board to make an appropriate risk and control assessment, including the following:

- details of the control environment in operation;
- identification and evaluation of risks and control objectives;
- review of communication methods and procedures; and
- assessment of the control procedures.

The key procedures which have been established to provide internal financial controls are as follows:

- investment management is provided by First State. The Board is responsible for setting the overall investment policy and monitors the actions of the Investment Manager at regular Board meetings;
- management, company secretarial, administration and marketing duties for the Company are performed by Frostrow;
- custody of assets is undertaken by JP Morgan Chase Bank. The duties of Investment Manager, Manager and the Custodian are segregated. The procedures of the individual parties are designed to complement one another;
- the Board clearly defines the duties and responsibilities of their agents and advisers. The appointment of agents and advisers to the Company is conducted by the Board after consideration of the quality of the parties involved; the Board monitors their ongoing performance and contractual arrangements;
- mandates for authorisation of investment transactions and expense payments are set by the Board; and
- the Board reviews financial information produced by the Investment Manager and the Manager in detail on a regular basis.

All of the Company's management functions are performed by third parties whose internal controls are reviewed by the Board or on its behalf by Frostrow.

In accordance with guidance issued to directors of listed companies, the Directors confirm that they have carried out a review of the effectiveness of the system of internal financial control during the year, as set out above.

Relations with Shareholders

The Board monitors the shareholder profile of the Company and aims to provide shareholders with a full understanding of the Company's activities and performance and reports formally to shareholders quarterly each year by way of the annual report and accounts, the half year report and two interim management statements. This is supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the Company's shares.

The Company places great importance on communication with shareholders and welcomes their views. The Chairman and other Directors are available to meet shareholders if required. The Company's Annual General Meeting provides a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors. Details of proxy votes received in respect of each resolution are made available to shareholders at the meeting, and are also published on the Company's website at www.pacific-assets.co.uk. The notice for the forthcoming Annual General Meeting, to be held on 19 June 2012, is set out on pages 45 to 48.

Report of the Directors

Continued

Details of the proxy voting on each resolution will be published on the Company's website shortly after the Annual General Meeting.

The Directors may be contacted through the Company Secretary at the address shown on the inside back cover.

Notice Period for General Meetings

At last year's Annual General Meeting, a special resolution was passed allowing general meetings to be called on a minimum notice period provided for in the Companies Act 2006. For meetings other than Annual General Meetings this is a period of 14 clear days.

The Board believes that it should continue to have the flexibility to convene general meetings of the Company (other than Annual General Meetings) on 14 clear days notice.

The Board is therefore proposing Resolution 14 as a Special Resolution to approve 14 clear days as the minimum period of notice for all general meetings of the Company other than Annual General Meetings. The notice period for Annual General Meetings will remain 21 clear days.

The authority, if given, will lapse at the next Annual General Meeting of the Company after the passing of this resolution.

Independent Auditors

KPMG Audit Plc have expressed their willingness to continue in office as independent auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

Individual Savings Accounts

The Company's shares are eligible to be held in the stocks and shares component of an ISA or Junior ISA, subject to applicable annual subscription limits (£11,280 for an ISA and £3,600 for a Junior ISA for the 2012/2013 tax year). Investments held in ISAs or Junior ISAs will be free of UK tax on both capital gains and income. The opportunity to invest in Ordinary Shares through an ISA is restricted to certain UK resident individuals aged 18 or over. Junior ISAs are available for UK resident children aged under 18 and born before 1 September 2002 or after 2 January 2011. Sums received by a shareholder on a disposal of Ordinary Shares held within an ISA or Junior ISA will not count towards the shareholder's annual limit. Individuals wishing to invest in Ordinary Shares through an ISA should contact their professional advisers regarding their eligibility as should individuals wishing to invest through a Junior ISA for children under 18 years old.

Creditor Payment Policy

The Company follows the Manager's payment policy which is to settle investment transactions in accordance with market practice and to ensure settlement of supplier invoices in accordance with stated terms. The Company did not have any trade creditors at the year end.

Social, Economic and Environmental Matters

The Board recognises that the Company's investment objective should be achieved in an environmentally responsible and ethical way. This is a view shared by the Company's Investment Manager. The Company encourages a positive approach to corporate governance and engagement with companies.

Financial Instruments

The Company's financial instruments comprise its portfolio, cash balances, debtors and creditors that arise directly from its operations, such as sales and purchases awaiting settlement and accrued income. The financial risk management and policies arising from its financial instruments are disclosed in notes 16 to 21 to the accounts.

Report of the Directors

Continued

Annual General Meeting

The formal notice of Annual General Meeting is set out on pages 45 to 48 of this Annual Report. Included amongst the resolutions to be proposed at the meeting are the following:

Directors' Authority to Allot Shares and Disapplication of Pre-Emption Rights

The Directors are seeking authority to allot shares at the forthcoming Annual General Meeting. Resolution 11 will, if passed, authorise the Directors to allot new shares up to an aggregate nominal amount of £1,460,605, being 10% of the total issued shares as at 27 March 2012. Resolution 12 will, if passed, authorise the Directors to allot new shares for cash on a non-pre-emptive basis (a) in connection with a rights issue, open offer or other pre-emptive offer; or (b) (otherwise than in connection with a rights issue) up to an aggregate nominal amount of £1,460,605, being 10% of the total issued shares as at 27 March 2012 being the nearest practicable date prior to the signing of this Report. These authorities will continue in effect until the conclusion of the Annual General Meeting to be held in 2013 or, after a period of 15 months from the date of passing of the resolution, whichever is the earlier. The Directors will only allot new shares pursuant to these authorities if they believe it is advantageous to the Company's shareholders to do so and in no circumstances that would result in a dilution of the net asset value per share.

Directors' Authority to Buy Back Shares

The current authority of the Company to make market purchases of up to 14.99% of the issued Ordinary Shares expires at the end of the Annual General Meeting and Resolution 13, as set out in the notice of the Annual General Meeting, seeks renewal of such authority until the conclusion of the Annual General Meeting in 2013 or after a period of 15 months from the date of passing of the resolution, whichever is the earlier. The renewed authority to make market purchases will be in respect of a maximum of 14.99% of the issued Ordinary Shares of the Company as at the date of the passing of the resolution (approximately 17.5 million Ordinary Shares). The price paid for shares will not be less than the nominal value of 12.50p per share (exclusive of expenses) nor more than the higher of (a) 105% of the average of the middle market values of those shares for the five business days immediately preceding the date the shares are purchased (exclusive of expenses); and (b) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange. This authority, if conferred, will only be exercised if, in the opinion of the Directors, a purchase will result in an increase in the net asset value per share for the remaining shareholders and be in the interests of the shareholders generally. Any shares purchased under this authority will be cancelled.

Notice Period for General Meetings

Special Resolution 14 seeks shareholder approval for the Company to hold general meetings (other than the Annual General Meeting) at 14 clear days' notice.

Recommendation

The Board considers that all of the resolutions to be considered at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole. The Directors will be voting in favour of them in respect of their entire beneficial holdings of Ordinary Shares and the Board recommends that all shareholders do so as well.

By order of the Board

Frostrow Capital LLP
Company Secretary

27 March 2012

Directors' Remuneration Report

The Board has prepared this report, in accordance with the requirements of Schedule 8 to The Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008. An Ordinary Resolution for the approval of this report will be put to shareholders at the Annual General Meeting.

The law requires the Company's auditors to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in their report on page 27.

The Board consists solely of non-executive Directors and considers annually the level of Directors' fees. The Company Secretary provides information on comparative levels of Directors' fees to the Board in advance of each review.

The Engagement and Remuneration Committee meets annually to review the Directors' remuneration and the terms of appointment of the Investment Manager and the Manager.

Policy on Directors' Fees

The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole, be fair and comparable to that of other relevant investment trusts that are similar in size and have similar investment objectives and structures. Furthermore, the level of remuneration should be sufficient to attract and retain the Directors needed to properly oversee the Company and to reflect the specific circumstances of the Company, the duties and responsibilities of the Directors and the value and amount of time committed to the Company's affairs. It is intended that this policy will continue for the year ending 31 January 2013 and subsequent years.

The remuneration for the non-executive Directors is determined within the limits set out in the Company's Articles of Association. The present limit is £200,000 in aggregate per annum. Non-executive Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits including performance related benefits.

The remuneration paid to the Directors was last increased with effect from 1 April 2009.

Directors' Service Contracts

It is the Board's policy that Directors do not have service contracts but do have letters of appointment.

The Directors are appointed on the basis that they should retire and be subject to election at each Annual General Meeting after their appointment. There is no notice period and no provision for compensation upon early termination of appointment.

The Company's policy when determining the duration of notice periods and termination periods under such letters of appointments is to follow prevailing best practice and be comparable to other relevant investment trusts that are similar in size and structure and have similar investment objectives.

Company Performance

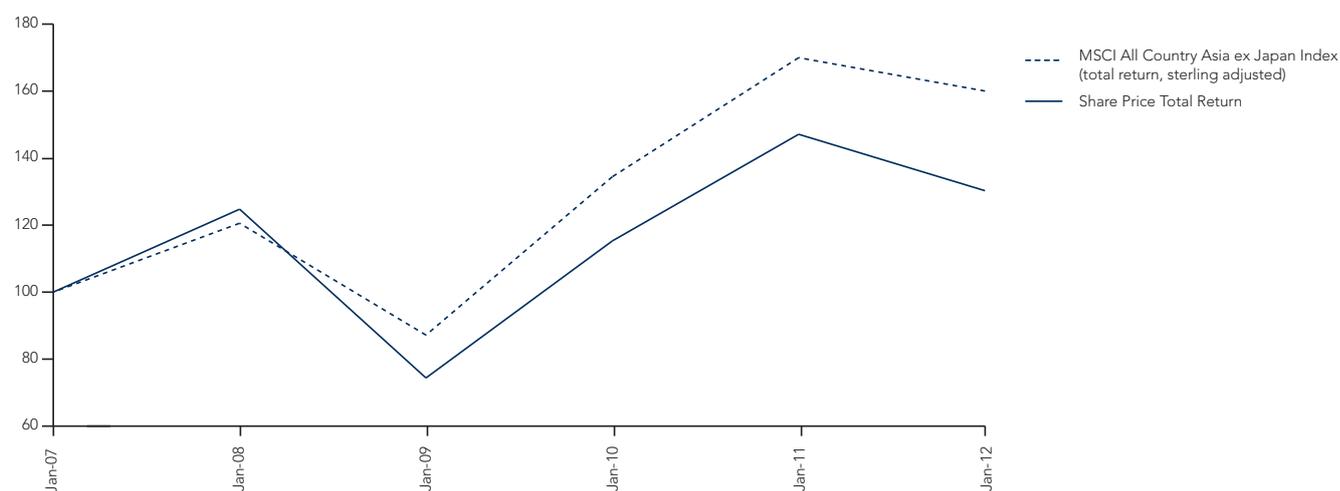
The Board is responsible for the Company's investment strategy and performance, although the management of the Company's portfolio is delegated to the Investment Manager pursuant to the investment management agreement, as referred to in the Report of the Directors on page 17. The graph overleaf compares, for the five financial years ended 31 January 2012, the total return (assuming all dividends are reinvested) to Ordinary shareholders in each period compared to the total return from the MSCI All Country Asia ex Japan Index measured in sterling terms. This index was chosen for comparison purposes as it represents a comparable broad equity market index. An explanation of the performance of the Company is given in the Chairman's Statement and the Investment Manager's Review. As explained in the Company Summary on the inside front cover the Board's formal assessment of the performance of the Company is by reference to its peers on a rolling three-year basis.

Director	Date of appointment	Due date for re-election
D B Nichol	4 January 1985	AGM 2012
R M A Horlick	1 December 2005	AGM 2012
S H Leckie	13 March 2001	AGM 2012
T F Mahony	1 February 2004	AGM 2012
N M S Rich	1 January 1997	AGM 2012

Directors' Remuneration Report

Continued

Total Shareholder Return for the Five Years to 31 January 2012



Rebased to 100 as at 31 January 2007

Source: Morningstar

Directors' Emoluments for the Year (audited)

The Directors who served during the year received the following emoluments in the form of fees:

Director	Year to 31 January	
	2012 £	2011 £
D B Nichol (Chairman)	24,000	24,000
R M A Horlick	18,000	18,000
S H Leckie	18,000	18,000
T F Mahony	18,000	18,000
N M S Rich (Chairman of the Audit Committee and Senior Independent Director)	20,000	20,000
Total	98,000	98,000

On behalf of the Board

David Nichol

Chairman

27 March 2012

Management Report and Statement of Directors' Responsibilities

Management Report

Listed companies are required by the FSA's Disclosure and Transparency Rules (the 'Rules') to include a management report in their annual financial statements. The information required to be in the management report for the purpose of the Rules is included in the Chairman's Statement (pages 2 to 3), the Investment Manager's Review (pages 4 to 7) and the Business Review contained in the Report of the Directors (pages 14 to 23). Therefore a separate management report has not been included.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK and Generally Accepted Accounting Practice).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Report of the Directors, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement under the Disclosure & Transparency Rules 4.1.12.

The Directors each confirm to the best of their knowledge that:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Report of the Directors includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board

David Nichol

Chairman

27 March 2012

Independent Auditor's Report

We have audited the financial statements of Pacific Assets Trust plc for the year ended 31 January 2012 as set out on pages 29 to 42. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 26, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 20 and 21 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Independent Auditor's Report

Continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 20, in relation to going concern;
- the part of the Corporate Governance Statement on pages 18 to 21 relating to the Company's compliance with the nine provisions of the June 2008 UK Corporate Governance Code specified for our review, and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Richard Hinton (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountant

London

27 March 2012

Income Statement

for the year ended 31 January

	Notes	Revenue £'000	Capital £'000	2012 Total £'000	Revenue £'000	Capital £'000	2011 Total £'000
(Losses)/gains on investments held at fair value through profit or loss	8	–	(7,333)	(7,333)	–	27,044	27,044
Losses on derivative arrangements		–	–	–	–	(28)	(28)
Exchange differences		–	(1)	(1)	–	635	635
Income	2	4,923	–	4,923	3,279	–	3,279
Investment management and management fees	3	(358)	(1,074)	(1,432)	(509)	(1,117)	(1,626)
Other expenses	4	(629)	(9)	(638)	(1,153)	(36)	(1,189)
Return/(loss) on ordinary activities before taxation		3,936	(8,417)	(4,481)	1,617	26,498	28,115
Taxation on ordinary activities	5	(256)	–	(256)	(106)	–	(106)
Return/(loss) after taxation attributable to equity shareholders		3,680	(8,417)	(4,737)	1,511	26,498	28,009
Return/(loss) per Ordinary Share (p)	7	3.2	(7.2)	(4.0)	1.3	22.5	23.8

The Total column of this statement represents the Company's Income Statement.

The Revenue and Capital columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies (AIC).

All revenue and capital items in the Income Statement derive from continuing operations.

The Company had no recognised gains or losses other than those declared in the Income Statement.

Reconciliation of Movements in Shareholders' Funds

for the year ended 31 January

	Notes	2012 £'000	2011 £'000
Opening shareholders' funds		160,086	135,254
(Loss)/return for the year		(4,737)	28,009
Repurchase of own shares for cancellation		–	(1,650)
Dividends paid	6	(1,507)	(1,527)
Return of unclaimed dividends		28	–
Closing shareholders' funds		153,870	160,086

The accompanying notes are an integral part of these statements.

Balance Sheet

as at 31 January

	Notes	2012 £'000	2011 £'000
Fixed assets			
Investments held at fair value through profit or loss	8	146,882	151,657
Current assets			
Debtors	9	359	5,276
Cash at bank		7,108	10,191
		7,467	15,467
Creditors (amounts falling due within one year)	10	(479)	(7,038)
Net current assets		6,988	8,429
Net assets		153,870	160,086
Capital and reserves			
Share capital	11	14,606	14,606
Share premium account	12	4	4
Capital redemption reserve	12	1,648	1,648
Special reserve	12	14,572	14,572
Capital reserve	12	116,691	125,108
Revenue reserve	12	6,349	4,148
Equity shareholders' funds	13	153,870	160,086
Net asset value per Ordinary Share (p)	13	131.7	137.0

The accounts on pages 29 to 42 were approved and authorised for issue by the Board of Directors on 27 March 2012 and signed on its behalf by:

David Nichol
Chairman

The accompanying notes are an integral part of this statement.

Cash Flow Statement

for the year ended 31 January

	Notes	2012 £'000	2011 £'000
Operating activities			
Investment income received		3,997	3,090
Other interest received		2	–
Investment management and management fees paid		(1,467)	(1,366)
Other cash payments		(633)	(1,180)
Net cash inflow from operating activities	14	1,899	544
Capital expenditure and financial investment			
Purchase of futures		–	(25)
Disposal of futures		–	(3)
Purchase of investments		(48,945)	(152,480)
Disposal of investments		45,443	163,878
Net cash (outflow)/inflow from investing activities		(3,502)	11,370
Equity dividends paid		(1,507)	(1,527)
Return of unclaimed dividends		28	–
Net cash (outflow)/inflow before financing		(3,082)	10,387
Financing			
Repurchase of own shares for cancellation		–	(1,650)
Net cash outflow from financing		–	(1,650)
(Decrease)/increase in cash	15	(3,082)	8,737
Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash in the year		(3,082)	8,737
Change in net funds resulting from cash flows		(3,082)	8,737
Currency (losses)/gains		(1)	635
Movement in net funds		(3,083)	9,372
Net funds at 1 February		10,191	819
Net funds at 31 January	15	7,108	10,191

The accompanying notes are an integral part of this statement.

Notes to the Accounts

1. Accounting Policies

A summary of the principal accounting policies adopted is set out below.

(a) Basis of accounting

These financial statements have been prepared under UK Generally Accepted Accounting Practice ('UK GAAP') and in accordance with guidelines set out in the Statement of Recommended Practice ('SORP'), dated January 2009, for investment trust companies and Venture Capital Trusts issued by the Association of Investment Companies ('AIC').

Presentation of the Income Statement

In order to reflect better the activities of an investment trust company and in accordance with the SORP, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The net revenue return is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Sections 1158 and 1159 of the Corporation Tax Act 2010.

(b) Valuation of investments

Investments are classified as fair value through profit or loss and are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the time frame established by the market concerned. Financial assets designated as fair value through profit or loss on initial recognition are measured initially and at subsequent reporting dates at fair value. For listed securities this is either bid price or last traded price, depending on the convention of the exchange on which the investment is listed. Changes in fair value are included in the Income Statement as a capital item.

(c) Income

Dividends receivable on equity shares are recognised on the ex-dividend date. Where no ex-dividend date is quoted, dividends are recognised when the Company's right to receive payment is established. Foreign dividends are grossed up at the appropriate rate of withholding tax.

Deposit interest is recognised on an accruals basis.

Special dividends of a revenue nature are recognised through the revenue column of the Income Statement. Special dividends of a capital nature are recognised through the capital column of the Income Statement.

Where the Company has elected to receive its dividends in the form of additional shares rather than cash the amount of the stock dividend is recognised as income.

(d) Expenses and interest

All expenses and interest are accounted for on an accruals basis. Expenses and interest are charged to the Income Statement as a revenue item except where incurred in connection with the maintenance or enhancement of the value of the Company's assets and taking account of the expected long-term returns, when they are split as follows:

- Investment Management and Management fees payable have been allocated 25% to revenue and 75% to capital.
- Transaction costs incurred on the purchase and sale of investments are taken to the Income Statement as a capital item.

(e) Taxation

The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue as set out in note 5 to the financial statements. The standard rate of corporation tax is applied to taxable net revenue. Any adjustment resulting from relief for overseas tax is allocated to the revenue reserve.

Notes to the Accounts

Continued

(f) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in future have occurred at the Balance Sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the accounts which are capable of reversal in one or more subsequent periods. Deferred tax is measured without discounting and based on enacted tax rates. Due to the Company's status as an investment trust, and the intention to meet the conditions required to obtain approval under Sections 1158 and 1159 of the Corporation Tax Act 2010 the Company has not provided for deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

(g) Foreign currencies

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates at the date of the transaction. Overseas assets and liabilities are translated at the rate ruling at the Balance Sheet date. Profits or losses on the retranslation of investments at the year end are included within unrealised appreciation/depreciation of investments and are taken to the capital reserve. Exchange gains and losses of a revenue nature are taken to the revenue account. The functional currency of the Company, being its statutory reporting currency, is sterling.

Rates of exchange at 31 January	2012	2011
Hong Kong Dollar	12.24	12.49
Indian Rupee	78.03	73.54
Indonesian Rupiah	14,187	14,493
Korean Won	1,773	1,796
Malaysian Ringgit	4.80	4.90
Philippine Peso	67.67	70.94
Singaporean Dollar	1.98	2.05
Sri Lankan Rupee	179.74	177.95
New Taiwanese Dollar	46.69	46.51
Thai Baht	48.80	49.49
U.S. Dollar	1.58	1.60

(h) Capital reserve

The following are accounted for in this reserve:

- gains and losses on the realisation of investments;
- increases and decreases in the valuation of investments held at year end;
- realised and unrealised exchange differences of a capital nature;
- expenses and finance costs, together with the related taxation effect, charged to this reserve in accordance with note (d) on the previous page;
- realised gains and losses on transactions undertaken to hedge an exposure of a capital nature; and
- other receipts and payments of a capital nature.

Notes to the Accounts

Continued

2. Income

	2012 £'000	2011 £'000
Dividend income from investments†		
Listed overseas	4,921	3,279
Other income‡		
Deposit interest	2	–
Total income	4,923	3,279

† All investments have been designated as fair value through profit or loss on initial recognition, therefore all investment income arises on investments at fair value through profit or loss.

‡ Other income on financial assets not designated as fair value through profit or loss.

3. Investment Management and Management Fees

	2012			2011		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee – F&C	–	–	–	281	845	1,126
Investment management fee – First State	288	864	1,152	181	217	398
Management fee – Frostrow	70	210	280	47	55	102
	358	1,074	1,432	509	1,117	1,626

First State Investment Management (UK) Limited are entitled to an investment management fee of 0.75% per annum of net assets. In addition there is a performance fee of 12.5% of returns in excess of the MSCI All Country Asia ex Japan Index plus a hurdle of 1.75% per annum, measured over a rolling three year period. The Board has capped the total of the investment management fee and the performance fee at 1.75% of net assets per annum.

Frostrow Capital LLP are entitled to a management fee of 0.2% per annum (plus VAT) of market capitalisation.

4. Other Expenses

	2012 £'000	2011 £'000
Directors' fees	98	98
Auditors' remuneration for:		
– annual audit	19	18
– other services supplied relating to taxation*	36	16
Savings scheme costs	4	239
Savings scheme-termination costs	–	198
Marketing costs	5	48
Custody fees	92	80
Bank charges including non-utilisation fees	104	138
Other expenses	271	318
Revenue expenses	629	1,153
Capital expenses	9	36
Total expenses	638	1,189

* includes £29,000 in relation to the recovery of Taiwanese withholding tax for the period 2005 to 2011.

Notes to the Accounts

Continued

5(a). Tax on Ordinary Activities

	Revenue £'000	Capital £'000	2012 Total £'000	Revenue £'000	Capital £'000	2011 Total £'000
UK corporation tax	–	–	–	–	–	–
Overseas taxation	470	–	470	286	–	286
Overseas tax recoverable	(214)	–	(214)	(180)	–	(180)
	256	–	256	106	–	106

As at 31 January 2012 the Company had unutilised management expenses and a non-trade loan relationship deficit for taxation purposes of £14,847,000 (2011: £12,791,000). It is not anticipated that these will have value in the foreseeable future. Overseas tax arose as a result of unrelieved withholding tax on foreign dividends.

(b) Reconciliation of tax charge

The revenue account tax charge of 26.35% (2011: 28%) for the year is lower than the standard rate of corporation tax in the UK for an investment company. The differences are explained below:

	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000
Total return/(loss) on ordinary activities before tax	3,936	(8,417)	(4,481)	1,617	26,498	28,115
Corporation tax charged at 26.35%* (2011: 28%)	1,037	(2,218)	(1,181)	453	7,419	7,872
Non-taxable losses/(gains) on investments held at fair value through profit or loss	–	1,932	1,932	–	(7,572)	(7,572)
Losses on derivative arrangements	–	–	–	–	8	8
Exchange differences	–	–	–	–	(178)	(178)
Unutilised investment management and management fee	94	283	377	143	313	456
Unutilised other expenses	166	3	169	322	–	322
Disallowed expenses	–	–	–	–	10	10
Income not subject to corporation tax	(1,297)	–	(1,297)	(918)	–	(918)
Overseas taxation	470	–	470	286	–	286
Tax effect of income assessed on receipts basis	–	–	–	–	–	–
Overseas tax recovered (Taiwan)	(129)	–	(129)	(127)	–	(127)
Overseas tax recoverable	(85)	–	(85)	(53)	–	(53)
	256	–	256	106	–	106

*An average rate of 26.35% is applicable for the year ended 31 January 2012 due to the corporation tax rate being reduced to 26% from 28% on 1 April 2011.

Notes to the Accounts

Continued

6. Dividends

Under UK GAAP, final dividends are not recognised and paid until they are approved by shareholders. Amounts recognised as distributable to ordinary shareholders for the year ended 31 January 2012, were as follows:

	2012 £'000	2011 £'000
– final dividend paid for the year ended 31 January 2011 of 1.29p per Ordinary share	1,507	
– final dividend paid for the year ended 31 January 2010 of 1.29p per Ordinary share		1,527

In respect of the year ended 31 January 2012, a dividend of 2.60p has been proposed, to be approved at the forthcoming Company's Annual General Meeting (AGM) which will take place on Tuesday, 19 June 2012.

In accordance with FRS 21 this dividend will be reflected in the interim accounts for the period ending 31 July 2012.

Total dividends in respect of the financial year, on which the requirements of Section 1158 CTA 2010 are considered:

	2012 £'000	2011 £'000
Revenue available for distribution by way of dividend for the year	3,680	1,511
Proposed dividend of 2.60p (to be approved at the AGM)	(3,038)	(1,507)
	642	4

7. Return/(loss) per Ordinary Share

The Return/(loss) per Ordinary Share is as follows:

	Revenue £'000	Capital £'000	2012 Total £'000	Revenue £'000	Capital £'000	2011 Total £'000
Basic	3.2p	(7.2)p	(4.0)p	1.3p	22.5p	23.8p

The total loss per Ordinary Share is based on the total loss attributable to shareholders of £4,737,000 (2011: return of £28,009,000).

The revenue return per Ordinary Share is based on the net revenue return attributable to shareholders of £3,680,000 (2011: £1,511,000).

The capital loss per Ordinary Share is based on the net capital loss attributable to shareholders of £8,417,000 (2011: return of £26,498,000).

The total loss, revenue return and the capital loss per share are based on the weighted average number of shares in issue during the year of 116,848,386 (2011: 117,514,139).

Notes to the Accounts

Continued

8. Investments

All investments are designated as fair value through profit or loss on initial recognition, therefore all gains and losses arise on investments designated as fair value through profit or loss.

	2012 £'000	2011 £'000
Investments held at fair value through profit of loss		
Investments listed on recognised investment exchanges	146,882	151,657
Valuation at 1 February	151,657	134,419
Less: valuation gains	(16,646)	(30,377)
Cost at 1 February	135,011	104,042
Purchases at cost	42,451	158,979
Stock dividends	510	136
Disposals proceeds	(40,403)	(168,921)
Realised gains on disposals	4,067	40,775
Cost at 31 January	141,636	135,011
Add valuation gains	5,246	16,646
Valuation at 31 January	146,882	151,657

* Level 1, refer to note 16, on page 40, for definitions of levels 1,2 and 3.

	2012 £'000	2011 £'000
Realised gains on sales	4,067	40,775
Of which previously recognised as fair value adjustment	(6,079)	(29,022)
Realised (losses)/gains for the year	(2,012)	11,753
Movement in fair value	(5,321)	15,291
(Losses)/gains on investments	(7,333)	27,044

During the year the Company incurred transaction costs on purchases of £112,151 (2011: £225,877) and transaction costs on sales of £133,682 (2011: £377,561).

9. Debtors

	2012 £'000	2011 £'000
Amounts due from brokers	3	5,043
Accrued income	173	40
Overseas tax recoverable	164	139
Other debtors	19	54
	359	5,276

10. Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Amounts due to brokers	5	6,499
Investment management fee	277	302
Management fee	67	77
Other creditors	130	160
	479	7,038

Notes to the Accounts

Continued

11. Share capital

	2012 £'000	2011 £'000
Allotted and fully paid:		
116,848,386 Ordinary Shares of 12.50p each (2011: 116,848,386)	14,606	14,606

The capital of the Company is managed in accordance with its investment policy, in pursuit of its investment objective, both of which are detailed in the Report of the Directors on pages 14 and 15.

The Company does not have any externally imposed capital requirements.

12. Reserves

	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve* £'000
At 31 January 2011	4	1,648	14,572	125,108	4,148
Net gain on realisation of investments	–	–	–	4,067	–
Decrease in fair value adjustment on investments	–	–	–	(11,400)	–
Exchange differences	–	–	–	(1)	–
Investment management and management fees charged to capital	–	–	–	(1,074)	–
Retained net revenue return for the year	–	–	–	–	3,680
Other expenses	–	–	–	(9)	–
Dividends paid	–	–	–	–	(1,507)
Return of unclaimed dividends	–	–	–	–	28
At 31 January 2012	4	1,648	14,572	116,691	6,349

* Distributable reserve for dividend purposes

As at 31 January 2012 capital reserves relating to the revaluation of investments held at the reporting date amounted to an unrealised gain of £5,246,000 (2011: unrealised gain of £16,646,000).

Notes to the Accounts

Continued

13. Net asset value per Ordinary Share

The net asset value per Ordinary Share and the net asset value attributable to the Ordinary Shares at the year end are calculated as follows:

	Net asset value per share attributable		Net asset values attributable	
	2012 pence	2011 pence	2012 £'000	2011 £'000
	131.7	137.0	153,870	160,086

The net asset value per Ordinary Share is calculated on net assets of £153,870,000 (2011: £160,086,000), divided by 116,848,386 (2011: 116,848,386) Ordinary Shares, being the number of Ordinary Shares in issue at the year end.

14. Reconciliation of net (loss)/return before finance costs and taxation to net cash inflow from operating activities

	2012 £'000	2011 £'000
Net (loss)/return before finance costs and taxation	(4,481)	28,115
Losses/(gains) on investments	7,333	(27,044)
Losses on derivative arrangements	–	28
Exchange differences	1	(635)
(Increase)/decrease in accrued income	(172)	228
Decrease/(increase) in prepayments and other debtors	35	(50)
(Decrease)/increase in other creditors	(65)	319
Irrecoverable withholding tax on investment income	(242)	(281)
Non cash movements – stock dividends	(510)	(136)
Net cash inflow from operating activities	1,899	544

15. Analysis of changes in net debt

	Cash at bank 2012 £'000	Cash at bank 2011 £'000
At 1 February	10,191	819
Cash flow	(3,082)	8,737
Currency movements	(1)	635
At 31 January	7,108	10,191

16. Financial instruments

The Company's financial instruments comprise its portfolio, cash balances and debtors and creditors that arise directly from its operations. As an investment trust the Company holds a portfolio of financial assets in pursuit of its investment objective.

Listed fixed asset investments held (see note 8) are valued at fair value. For listed securities this is either bid price or the last traded price depending on the convention of the exchange on which the investment is listed. Unlisted investments are valued by the Directors on the basis of all the information available to them at the time of valuation. The fair value of all other financial assets and liabilities is represented by their carrying value in the Balance Sheet shown on page 30.

The main risks that the Company faces arising from its financial instruments are:

- (i) market price risk, being the risk that the value of investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or currency rate movements;
- (ii) interest rate risk, being the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates;

Notes to the Accounts

Continued

16. Financial instruments *Continued*

- (iii) foreign currency risk, being the risk that the value of investment holdings, investment purchases, investment sales and income will fluctuate because of movements in currency rates;
- (iv) credit risk, being the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company; and
- (v) liquidity risk, being the risk that the Company may not be able to liquidate its investments quickly.

Investments are financial assets designated at fair value through profit or loss on initial recognition. In accordance with Financial Reporting Standard 29 'Financial Instruments : Disclosures', investments are classified based on the fair value hierarchy described below and which reflects the reliability and significance of the information used to measure their fair value. The levels are determined by the lowest (that is the least reliable or least independently observable) level of impact that is significant to the fair value measurement for the individual investment in its entirety as follows:

Level 1 reflects financial instruments quoted in an active market.

Level 2 reflects financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables includes only data from observable markets.

Level 3 reflects financial instruments whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument and not based on available observable market data.

As at 31 January 2012, all financial instruments are classified as level 1 (2011: level 1) and there are no level 2 or level 3 instruments.

17. Market price risk

The management of market price risk is part of the investment management process and is typical of equity investment. The portfolio is managed with an awareness of the effects of adverse price movements through detailed and continuing analysis with an objective of maximising overall returns to shareholders. Further information on the portfolio is set out on pages 10 and 11. Derivatives may be used from time to time to hedge specific market risk or gain exposure to a specific market although it is the Company's current policy not to use derivatives.

During the year ended 31 January 2012, there were no derivative contracts entered into.

If the portfolio valuation fell by 10% at 31 January 2012 (31 January 2011: 10%), the impact on the profit or loss and the net asset value would have been negative £14.7 million (2011: negative £15.2 million). If the portfolio valuation rose by 10% at 31 January 2012 (31 January 2011: 10%), the impact on the profit or loss and the net asset value would have been positive £14.7 million (2011: positive £15.2 million). The calculations are based on the portfolio valuation as at the respective Balance Sheet dates and are not representative of the year as a whole.

Notes to the Accounts

Continued

18. Interest rate risk

Floating rate

When the Company retains cash balances the majority of the cash is held in overnight deposit accounts. The benchmark rate which determines the interest payments received on cash balances is the bank base rate for the relevant currency for each deposit.

Fixed rate

The Company does not hold any fixed interest investments and accordingly no sensitivity analysis has been presented.

19. Foreign currency risk

The Company invests in overseas securities and holds foreign currency cash balances which give rise to currency risks. It is not the Company's policy to hedge this risk on a continuing basis but it may do so from time to time.

Foreign currency exposure:

	2012 Investments £'000	2012 Cash £'000	2012 Short- term Debtors £'000	2012 Short- term Creditors £'000	2011 Investments £'000	2011 Cash £'000	2011 Short- term Debtors £'000	2011 Short- term Creditors £'000
U.S. Dollar	8,033	51	120	(5)	6,528	9	–	(3,240)
Australian Dollar	–	–	–	–	1,571	–	693	–
Hong Kong Dollar	26,443	97	–	(4)	31,201	7	2,518	–
Indian Rupee	17,819	40	15	–	15,577	26	20	–
Indonesian Rupiah	893	–	–	–	–	–	6	–
Korean Won	15,158	–	7	–	17,347	–	821	–
Malaysian Ringgit	5,249	–	–	–	2,298	–	974	–
Philippine Peso	13,609	–	–	–	8,863	–	56	–
Singaporean Dollar	26,791	–	34	–	29,060	–	–	(3,244)
Sri Lankan Rupee	701	–	–	–	40	–	–	(30)
New Taiwanese Dollar	23,003	132	164	–	29,630	34	133	–
Thai Baht	9,183	–	–	–	9,542	–	–	–
Total	146,882	320	340	(9)	151,657	76	5,221	(6,514)

At 31 January 2012 the Company had £6,788,000 of sterling cash balances (2011: £10,115,000).

If the value of sterling had weakened against each of the currencies in the portfolio by 5%, the impact on the profit or loss and the net asset value would have been positive £7.4 million (2011: positive £7.5 million). If the value of sterling had strengthened against each of the currencies in the portfolio by 5%, the impact on the profit or loss and the net asset value would have been negative £7.4 million (2011: negative £7.5 million). The calculations are based on the portfolio valuation and cash balances as at the respective Balance Sheet dates and are not representative of the year as a whole.

Notes to the Accounts

Continued

20. Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The investment manager has in place a monitoring procedure in respect of counterparty risk which is reviewed on an ongoing basis. The carrying amounts of financial assets best represents the maximum credit risk exposure at the balance sheet date.

At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

	2012 £'000	2011 £'000
Cash and cash equivalents	7,108	10,191
Balances due from brokers	3	5,043
Interest, dividends and other receivables	356	233
	7,467	15,467

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered to be small due to the short settlement period involved and the high credit quality of the brokers used. The Investment Manager monitors the quality of service provided by the brokers used to further mitigate this risk.

All the assets of the Company which are traded on a recognised exchange are held by JPMorgan Chase Bank the Company's custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed or limited. The Board monitors the Company's risk by reviewing the custodian's internal control reports as described in the Report of the Directors on pages 20 and 21.

The credit risk on liquid funds and derivative financial instruments is controlled because the counterparties are banks with high credit ratings, rated AA or higher, assigned by international credit rating agencies. Bankruptcy or insolvency of such financial institutions may cause the Company's ability to access cash placed on deposit to be delayed, limited or lost.

No individual investment exceeded 5.9% of the total assets less current liabilities attributable to the Company's shareholders at 31 January 2012 (2011: 5.1%).

21. Liquidity risk

The Company's listed securities are considered to be readily realisable.

The Company's liquidity risk is managed on an ongoing basis by the Investment Manager. The Company's overall liquidity risks are monitored on a quarterly basis by the Board.

The Company maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses.

22. Related parties

The Company employs First State Investments (UK) Limited as its investment manager. During the year ended 31 January 2012, First State Investments (UK) Limited earned £1,152,000 in respect of Investment Management fees, of which £277,000 was outstanding at the year end. No performance fee was paid or was payable during the year (see note 3 on page 34).

23. Contingent assets

As mentioned at the July 2010 interim stage, the Company submitted a claim to the Taipei National Tax Administration in Taiwan for the recovery of tax withheld on income arising from the Company's investments in Taiwan. The claim covers the years 2005 to 2009 and, if successful, the Company expects to recover approximately £580,000. The Company has engaged KPMG to recover the tax withheld and in the event that the tax is recovered in full a fee of £60,000 (plus VAT) will become payable to KPMG. In the event that the amount recovered is lower than the fee payable to KPMG this will be reduced accordingly.

As at 31 January 2012 the Company has recovered £229,000 net of KPMG's pro rata fee in respect of tax withheld of which £114,000 of this amount has been recognised during the year ended 31 January 2012. However, as the likelihood, timing and quantum of the remaining recoverable amounts continues to remain uncertain, no further amounts receivable have been recorded in the Company's accounts, therefore leaving a contingent asset net of KPMG fees of £291,000 at 31 January 2012.

Shareholder Information

Annual General Meeting

The Annual General Meeting of Pacific Assets Trust plc will be held at City of London Club, 19 Old Broad Street, London EC2N 1DS on Tuesday, 19 June 2012 at 12 noon.

Dividends

A dividend is normally paid annually following approval at the Annual General Meeting. Shareholders who wish to have dividends paid directly into a bank account, rather than by cheque to their registered address, can complete a mandate form for the purpose. Mandates may be obtained from the Company's Registrars, Equiniti Limited, on request.

Share Prices

The Company's Ordinary Shares are listed on the London Stock Exchange under 'Investment Companies'. The price is given daily in the Financial Times and other newspapers.

Change of Address

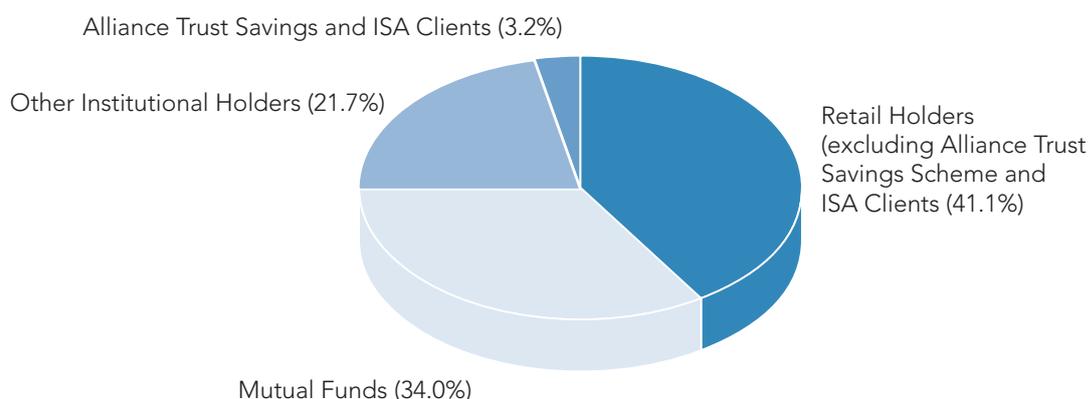
Communications with shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's Registrars, Equiniti Limited, under the signature of the registered holder.

Daily Net Asset Value

The daily net asset value of the Company's shares can be obtained on the Company's website at www.pacific-assets.co.uk and is published daily via the London Stock Exchange.

Profile of the Company's Ownership

% of Ordinary Shares held at 31 January 2012



How to Invest

Alliance Trust Savings Limited

The Company's shares are available through savings plans (including Investment Dealing Accounts, ISAs, Junior ISAs and SIPPs) operated by Alliance Trust Savings Limited, which facilitates both regular monthly investments and lump sum investments in the Company's shares. Shareholders who would like information on the savings plans should call Alliance Trust Savings Limited on 01382 573737 or log on to www.alliancetrustsavings.co.uk or email contact@alliancetrust.co.uk. Calls to this number may be recorded for monitoring purposes.

An Individual Savings Account ('ISA') and Junior ISA are tax efficient methods of investment for an individual which gives the opportunity to invest in the Company up to £11,280 in the tax year 2012/2013 for an ISA and £3,600 for a Junior ISA and in subsequent tax years when they subscribe to a Stocks and Shares ISA.

The preceding two paragraphs have been issued and approved by Alliance Trust Savings Limited. Alliance Trust Savings Limited of PO Box 164, 8 West Marketgait, Dundee DD1 9YP, is registered in Scotland with number SC98767. Alliance Trust Savings Limited provides investment products and services and is authorised and regulated by the Financial Services Authority. It does not provide investment advice.

Equiniti – Share Dealing Service

An internet and telephone dealing service is available through the Company's registrar, Equiniti. This provides a simple way for UK shareholders of Pacific Assets Trust plc to buy or sell the Company's shares. For full details and terms and conditions simply log onto www.shareview.co.uk/dealing or call 08456 037037 between 8.00am and 4.30pm Monday to Friday. This service is only available to shareholders of Pacific Assets Trust plc who hold shares in their own name, with a UK registered address and who are aged 18 and over.

Shareview Dealing is provided by Equiniti Financial Services Limited which has issued and approved the preceding paragraph. Equiniti Financial Services Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA is registered in England and Wales with number 6208699. Equiniti Financial Services Limited is authorised and regulated by the Financial Services Authority.

Risk warnings

Past performance is no guarantee of future performance. The value of your investment and any income from it may go down as well as up and you may not get back the amount invested. This is because the share price is determined by the changing conditions in the relevant stock markets in which the Company invests and by the supply and demand for the Company's shares. As the shares in an investment trust are traded on a stock market, the share price will fluctuate in accordance with the supply and demand and may not reflect the underlying net asset value of the shares; where the share price is less than the underlying value of the assets, the difference is known as the 'discount'. For these reasons investors may not get back the original amount invested. Although the Company's shares are denominated in sterling, it may invest in stocks and shares which are denominated in currencies other than sterling and to the extent they do so, they may be affected by movements in exchange rates. As a result the value of your investment may rise or fall with movements in exchange rates. Investors should note that tax rates and reliefs may change at any time in the future. The value of ISA tax advantages will depend on personal circumstances. The favourable tax treatments of ISAs may not be maintained.

Notice of the Annual General Meeting

Notice is hereby given that the twenty-seventh Annual General Meeting of Pacific Assets Trust Public Limited Company will be held at City of London Club, 19 Old Broad Street, London EC2N 1DS on Tuesday, 19 June 2012 at 12 noon for the following purposes:

Ordinary Business

To consider and, if thought fit, pass the following as Ordinary Resolutions:

1. That the Report of the Directors and Accounts for the financial year ended 31 January 2012 together with the Report of the Auditors thereon be received.
2. That the Directors' Remuneration Report for the financial year ended 31 January 2012 be approved.
3. That a final dividend for the financial year ended 31 January 2012 of 2.60p per Ordinary Share be declared.
4. That Mr R M A Horlick, be re-elected as a Director
5. That Mr S H Leckie, be re-elected as Director.
6. That Mr T F Mahony, be re-elected as a Director.
7. That Mr D B Nichol, be re-elected as a Director.
8. That Mr N M S Rich, be re-elected as a Director.
9. That KPMG Audit Plc be re-appointed as Auditors, to hold office from the conclusion of the meeting to the conclusion of the next Annual General Meeting at which accounts are laid.
10. That the Directors be authorised to determine KPMG Audit Plc's remuneration.
11. That, the Board of Directors of the Company (the 'Board') be and it is hereby generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £1,460,605 provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2013 or 15 months from the date of passing this resolution, whichever is the earlier, unless previously revoked, varied or renewed by the Company in general meeting and provided that the Company may before such expiry make an offer or enter into an agreement which would or might require shares to be allotted, or rights to subscribe for or to convert securities into shares to be granted, after such expiry and the Board may allot shares or grant such rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

To consider and, if thought fit, pass the following as Special Resolutions:

12. That, subject to the passing of resolution 11 proposed at the Annual General Meeting of the Company convened for 19 June 2012 ('Resolution 11'), the Board of Directors of the Company (the 'Board') be and it is hereby generally empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the 'Act') to allot equity securities (within the meaning of section 560 of the Act) (including the grant of rights to subscribe for, or to convert any securities into, ordinary shares of 12.5 pence each in the capital of the Company ('Ordinary Shares')) for cash either pursuant to the authority conferred on them by such Resolution 11 or by way of a sale of treasury shares (within the meaning of section 560(3) of the Act) as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:
 - (i) the allotment of equity securities for cash in connection with a rights issue, open offer or other pre-emptive offer in favour of the holders of Ordinary Shares who are on the register of members on a date fixed by the Board where the equity securities respectively attributable to the interests of all such holders of Ordinary Shares are proportionate (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them on that date (subject to such exclusions or other arrangements in connection with the rights issue, open offer or other pre-emptive offer as the Board deem necessary or expedient to deal with shares held in treasury, fractional entitlements to equity securities and to deal with any legal or practical problems or issues arising in any overseas territory or under the requirements of any regulatory body or stock exchange); and
 - (ii) the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal amount of £1,460,605,

Notice of the Annual General Meeting

Continued

and shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the Annual General Meeting of the Company to be held in 2013 or 15 months from the date of passing this resolution, whichever is the earlier, unless previously revoked, varied or renewed by the Company in general meeting and provided that the Company may before such expiry make an offer or enter into an agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

13. That, the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 (the 'Act') to make one or more market purchases (as defined in section 693(4) of the Act) of ordinary shares of 12.5 pence each in the capital of the Company ('Ordinary Shares') on such terms and in such manner as the board of directors may determine provided that:
- (i) the maximum aggregate number of Ordinary Shares which may be purchased is 14.99% of the number of Ordinary Shares in issue immediately prior to the passing of this resolution;
 - (ii) the minimum price which may be paid for an Ordinary Share is 12.5 pence (exclusive of associated expenses);
 - (iii) the maximum price which may be paid for an Ordinary Share (exclusive of associated expenses) shall not be more than the higher of: (a) an amount equal to 105% of the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five dealing days immediately preceding the day on which the Ordinary Share is purchased; and (b) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange for an Ordinary Share; and
 - (iv) unless previously renewed, varied or revoked, this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2013 or 15 months from the date of passing this resolution, whichever is the earlier, unless previously revoked, varied or renewed by the Company in general meeting and provided that the Company may before such expiry enter into a contract to purchase Ordinary Shares which will or may be completed wholly or partly after such expiry and a purchase of Ordinary Shares may be made pursuant to any such contract.

Special Business

To consider and, if thought fit, pass the following as a Special Resolution:

14. That as permitted by the EU Shareholders' Rights Directive (2007/36/EC) any General Meeting of the Company (other than the Annual General Meeting of the Company) shall be called by notice of at least 14 clear days in accordance with the provisions of the Articles of Association of the Company provided that the authority shall expire on the conclusion of the next Annual General Meeting of the Company, or, if earlier, on the expiry 15 months from the date of the passing of this resolution.

By order of the Board

Frostrow Capital LLP
Company Secretary
27 March 2012

Registered office
16 Charlotte Square
Edinburgh
EH2 4DF

Notice of the Annual General Meeting

Continued

Notes

1. If you wish to attend the Annual General Meeting in person, you should arrive at the venue for the Annual General Meeting in good time to allow your attendance to be registered. It is advisable to have some form of identification with you as you may be asked to provide evidence of your identity to the Company's registrar, Equiniti Limited (the 'Registrar'), prior to being admitted to the Annual General Meeting.
2. Members are entitled to appoint one or more proxies to exercise all or any of their rights to attend, speak and vote at the Annual General Meeting. A proxy need not be a member of the Company but must attend the Annual General Meeting to represent a member. To be validly appointed a proxy must be appointed using the procedures set out in these notes and in the notes to the accompanying proxy form.

If members wish their proxy to speak on their behalf at the meeting, members will need to appoint their own choice of proxy (not the chairman of the Annual General Meeting) and give their instructions directly to them.

Members can only appoint more than one proxy where each proxy is appointed to exercise rights attached to different shares. Members cannot appoint more than one proxy to exercise the rights attached to the same share(s). If a member wishes to appoint more than one proxy, they should contact the Registrar on 0871 384 2466. Calls to this number cost 8p per minute from a BT landline. Other service providers' costs may vary. Lines are open between 8.30 am and 5.30 pm, Monday to Friday, the Registrars' overseas helpline number is +44 121 415 7047.

A member may instruct their proxy to abstain from voting on any resolution to be considered at the meeting by marking the abstain option when appointing their proxy. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes "for" or "against" the resolution.

The appointment of a proxy will not prevent a member from attending the Annual General Meeting and voting in person if he or she wishes.

A person who is not a member of the Company but who has been nominated by a member to enjoy information rights does not have a right to appoint any proxies under the procedures set out in these notes and should read note 8 below.

3. A proxy form for use in connection with the Annual General Meeting is enclosed. To be valid any proxy form or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand by the Registrar at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA no later than 48 hours (excluding non-working days) before the time of the Annual General Meeting or any adjournment of that meeting.

If you do not have a proxy form and believe that you should have one, or you require additional proxy forms, please contact the Registrar on 0871 384 2466. Calls to this number cost 8p per minute from a BT landline. Other service providers' costs may vary. Lines are open between 8.30 am and 5.30 pm, Monday to Friday, The Registrars' overseas helpline number is +44 121 415 7047.

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the following website: www.euroclear.com/CREST. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must in order to be valid, be transmitted so as to be received by the Registrar (ID RA19) no later than 48 hours (excluding non-working days) before the time of the Annual General Meeting or any adjournment of that meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. In the case of joint holders, where more than one of the joint holders purports to appoint one or more proxies, only the purported appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

Notice of the Annual General Meeting

Continued

6. Any corporation which is a member can appoint one or more corporate representatives. Members can only appoint more than one corporate representative where each corporate representative is appointed to exercise rights attached to different shares. Members cannot appoint more than one corporate representative to exercise the rights attached to the same share(s).
7. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of determining the votes they may cast), members must be registered in the Company's register of members at 6.00 p.m. on 15 June 2012 (or, if the Annual General Meeting is adjourned, at 6.00 p.m. on the day two days prior to the adjourned meeting). Changes to the register of members after the relevant deadline will be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.
8. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the "2006 Act") to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.
9. Information regarding the Annual General Meeting, including information required by section 311A of the 2006 Act, and a copy of this notice of Annual General Meeting is available from www.pacific-assets.co.uk.
10. Members should note that it is possible that, pursuant to requests made by members of the Company under section 527 of the 2006 Act, the Company may be required to publish on a website a statement setting out any matter relating to: (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the 2006 Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the 2006 Act to publish on a website.
11. As at 27 March 2012 (being the latest practicable date prior to the publication of this notice) the Company's issued share capital consisted of 116,848,386 ordinary shares carrying one vote each. Accordingly, the total voting rights in the Company at 27 March 2012 were 116,848,386 votes.
12. Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the chairman of the Annual General Meeting as his proxy will need to ensure that both he, and his proxy, comply with their respective disclosure obligations under the UK Disclosure and Transparency Rules.
13. Under section 319A of the 2006 Act, the Company must cause to be answered any question relating to the business being dealt with at the Annual General Meeting put by a member attending the meeting unless answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, or the answer has already been given on a website in the form of an answer to a question, or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Members who have any queries about the Annual General Meeting should contact the Company Secretary at 25 Southampton Buildings, London WC2A 1AL.

Members may not use any electronic address provided in this notice or in any related documents (including the accompanying proxy form) to communicate with the Company for any purpose other than those expressly stated.
14. The following documents will be available for inspection at the offices of Frostrow Capital LLP, the Company's Company Secretary, 25 Southampton Buildings, London WC2A 1AL during normal business hours on any weekday (Saturdays, Sundays and English public holidays excepted) from the date of this notice until the conclusion of the Annual General Meeting:
 - 14.1 copies of the Directors' letters of appointment; and
 - 14.2 copies of the Directors' deeds of indemnity.
15. Under section 338 and section 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 8 May 2012, being the date six clear weeks before the meeting, and (in the case of a matter to be included on the business only) must be accompanied by a statement setting out the grounds for the request.

Company Information

Directors

D B Nichol, FCA (Chairman)*

R M A Horlick

S H Leckie, OBE

T F Mahony

N M S Rich, CBE, FCA†

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

† Chairman of the Audit Committee and Senior Independent Director.

Registered Office

16 Charlotte Square

Edinburgh EH2 4DF

Website: www.pacific-assets.co.uk

Company Registration Number

SC091052 (Registered in Scotland)

Investment Manager

First State Investment Management

(UK) Limited

Level 1, 23 St. Andrew Square

Edinburgh EH2 1BB

Telephone: 0131 473 2200

Website: www.firststate.co.uk

Authorised and regulated by the Financial Services Authority.

Manager, Company Secretary and Administrator

Frostrow Capital LLP

25 Southampton Buildings

London WC2A 1AL

Telephone: 0203 008 4910

Email: info@frostrow.com

Website: www.frostrow.com

Authorised and regulated by the Financial Services Authority.

If you have an enquiry about the Company or if you would like to receive a copy of the Company's monthly fact sheet by email, please contact Frostrow Capital using the above email address.



Custodian Bankers

JPMorgan Chase Bank

125 London Wall

London EC2Y 5AJ

Independent Auditor

KPMG Audit Plc

15 Canada Square

London

E14 5GL

United Kingdom

Registrars

Equiniti Limited

Aspect House

Spencer Road

Lancing

West Sussex

BN99 6DA

Shareholder Helpline: 0871 384 2466*

Broker Helpline: 0871 384 2779*

**Calls to these numbers are charged at 8p per minute from a BT landline. Other telephone providers' costs may vary. Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday.*

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrars quoting your shareholder reference number. Registered shareholders can obtain further details of their holdings on the internet by visiting www.shareview.co.uk

Brokers

Collins Stewart Europe Limited

88 Wood Street

London EC2V 7QR

Solicitors

Dickson Minto W.S.

16 Charlotte Square

Edinburgh EH2 4DF

Identification Codes

Shares:	SEDOL:	0667438
	ISIN:	GB0006674385
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