

# Pacific Assets Trust plc

Half Year Report & Accounts for the six months ended 31 July 2015



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## Management

Pacific Assets Trust plc (the "Company") employs First State Investment Management (UK) Limited ('First State') as Investment Manager and Frostrow Capital LLP to provide company management, company secretarial and administrative services.

## Capital Structure

The Company's capital structure is composed solely of ordinary shares. At 31 July 2015 there were 118,323,386 ordinary shares in issue (31 January 2015: 116,848,386).

## Gearing

The Company has been entered by the FCA on the register of small registered UK AIFMs. For so long as the Company remains on the register it is precluded from incurring borrowings.



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Pacific Assets Trust plc

visit the website at

[www.pacific-assets.co.uk](http://www.pacific-assets.co.uk)

## The Company

The Company is an investment trust and its shares are listed on the premium segment of the Official List and traded on the main market of the London Stock Exchange.

Total assets less current liabilities as at 31 July 2015 were £231.6 million and the market capitalisation was £234.3 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, including Japan, Australia and New Zealand, but whose economic activities are predominantly within the Asia Pacific Region.

## Investment Approach

First State invests in companies which it believes will deliver long-term growth to shareholders.

In delivering this strategy, First State uses a sustainable approach in its management of the Company's portfolio. First State seeks to generate attractive long-term, risk-adjusted returns by investing in the shares of those companies which are particularly well-positioned to benefit from, and contribute to, the sustainable development of the countries in which they operate.

This investment approach can be summarised as follows:

- First State's investment approach focuses on companies that they believe are particularly well-positioned to deliver long-term returns in the face of the huge development challenges facing all countries today.
- First State believes that in order to tackle these development challenges, both developed and developing countries will need to shift away from the current debt dependent, resource and consumption intensive models, towards a more genuinely sustainable path of economic development.
- First State invests their clients' capital in good quality companies with strong management teams and sound long-term growth prospects, and which are well-positioned to benefit from, and contribute to, the sustainable development of the countries in which they operate.

# Company Summary

## Key Statistics

	As at 31 July 2015	As at 31 January 2015	% change
Share price	198.0p	196.3p	+0.9
Net asset value per share	195.8p	207.2p	-5.5
Premium/(discount) of share price to net asset value per share	1.1%	(5.3%)	–
Shareholders' funds	£231.6m	£242.1m	-4.3
Market capitalisation	£234.3m	£229.3m	+2.2
	Six months to 31 July 2015	One year to 31 January 2015	
Share price (total return)*	+2.2%	+37.0%	
Net asset value per share (total return)*	-3.9%	+32.6%	
MSCI All Country Asia ex Japan Index (total return, sterling adjusted)*	-7.1%	+24.1%	

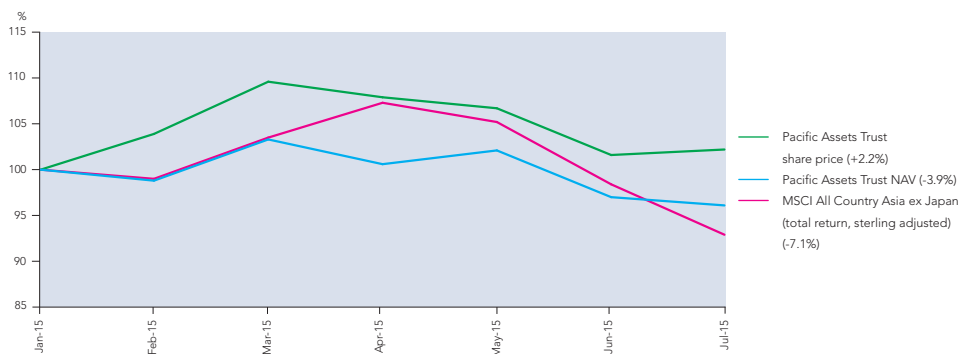
\*Source: Morningstar

	Year ended 31 January 2015	Year ended 31 January 2014
Dividends		
Final dividend per share	2.6p	2.6p

Half Year's Highs/Lows	High	Low
Net asset value per share	222.9p	193.5p
Share price	226.0p	193.5p
Premium/(discount) of share price to net asset value per share†	6.7%	(5.3%)

†Premium high – Widest premium in period  
(Discount) low – Widest (discount) in period

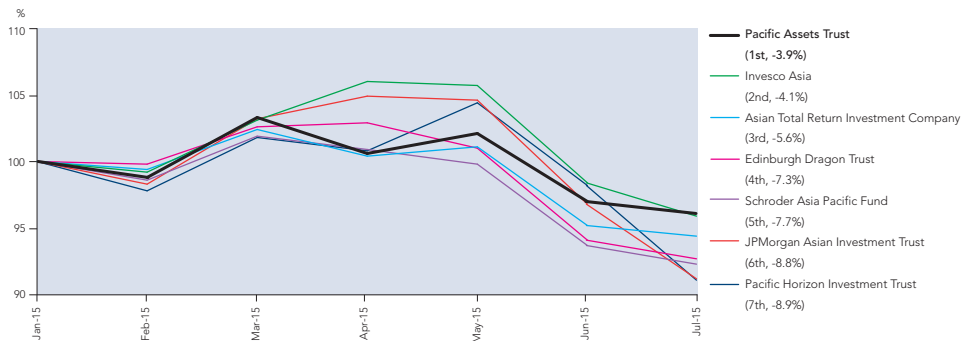
## Total Return and Benchmark Performance for the Six Months to 31 July 2015



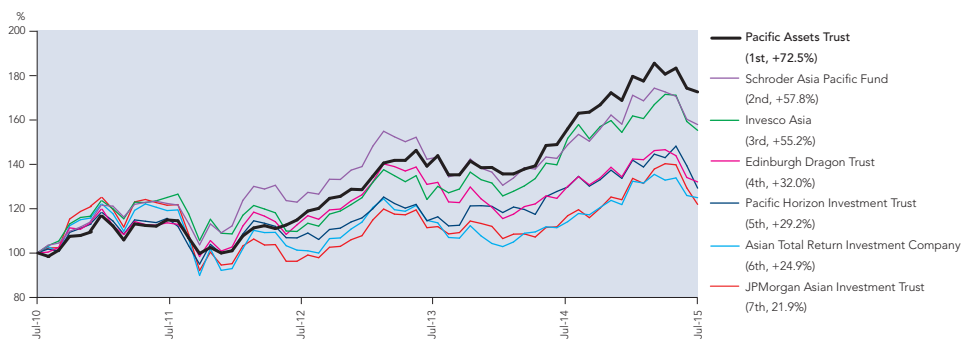
Source: Morningstar  
Rebased to 100 as at 31 January 2015

# Peer Group Performance

## Net Asset Value Total Return Peer Group Performance for the Six Months to 31 July 2015



## Net Asset Value Total Return Peer Group Performance since First State Investment Management (UK) were appointed as Investment Manager



# Chairman's Statement



"It is pleasing to note that the Company was again the best performing member of its peer group during the period under review."

## Performance

I am pleased to present my first statement to you as Chairman of this Company. The first six months of the financial year have been volatile for world stock markets with negative sentiment surrounding China being the principal cause. There is also uncertainty about the end of quantitative easing in some countries and a change in direction of monetary policy. During this period the Company's net asset value per share total return was -3.9%. This compares to a total return from the sterling adjusted MSCI All Country Asia ex Japan Index of -7.1%. The Company's share price total return was positive, +2.2%, as the share price moved to a premium of 1.1% to the Company's net asset value per share at 31 July 2015, compared to a discount of 5.3% at the beginning of the period. It is pleasing to note that the Company was again the best performing member of its peer group during the period under review. Further information on investment performance and the outlook for the Company is given in the Investment Manager's Review beginning on page 5.

## Revenue Account and Dividend

The net revenue generated during the period was broadly in line with the same period last year. The Company's earnings per share for the period were 1.6p compared to 1.5p in the previous comparable period. It is important to repeat the warning from the Chairman's statement in the Annual Report, that if the Company's cash (amounting to 11% of net assets as at 31 July 2015) remains uninvested and the yield from the investment portfolio remains similar during the second half of the year, income will again be insufficient to cover the Company's dividend. In this event the Directors will give serious consideration to reducing the 2016 dividend. The Board reminds shareholders that it remains the Company's policy to pursue capital growth for shareholders with income being a secondary consideration.

## The Board

As mentioned at the year end, David Nichol retired from the Board in June. David had been a Director since 1985 and Chairman since 2004. His extensive experience and wise counsel were an important part of the Board's deliberations over this time with his leadership at the time of the change in management arrangements in 2010 being of particular note. On behalf of the Board and all shareholders I thank him and wish him well for the future.

I am pleased to confirm that Sian Hansen was appointed to the Board with effect from 3 August 2015. Sian is currently the Executive Director of the Legatum Institute, a global public policy think tank and educational charity, and also of a number of other public companies. Her knowledge and experience of Asian markets will be of great benefit to the Board.

Charlotta Ginman has assumed the Chairmanship of the Audit Committee from Nigel Rich. Nigel continues to act as the Senior Independent Director. I also thank Nigel for his significant input as Audit Committee Chairman, his listed company experience and corporate governance knowledge have been of particular benefit in an ever changing accounting and regulatory environment.

# Chairman's Statement

Continued

## Capital

The Company's excellent performance record under First State's management has made it attractive to potential investors and I am pleased to report that a total of 1,925,000 new shares have been issued during the period and to 23 September 2015, the latest practicable date prior to publishing this report, at an average premium of 1.8% to the prevailing cum income net asset value per share. This represents 1.6% of the Company's issued capital. The Company made a successful application for a block listing in August which has enabled share issuances to be effected more efficiently.

## Outlook

Our Investment Manager remains cautious on the short term prospects in Asia and this is reflected in the continuing maintenance of a precautionary cash balance of 11% of net assets. They are, however, optimistic that the diverse Asia Pacific Region will in the longer term provide investment opportunities of quality, and they will look to make investments as suitable opportunities arise. Your Board continues to believe that your Investment Manager's approach in its efforts to identify well-managed companies which embrace a sustainable approach to their business will provide superior returns over the longer term.

**James Williams**

Chairman

24 September 2015

# Investment Manager's Review

"We at First State spend our lives looking for companies that we consider to be good."

## Do bad companies know they are bad?

Two seemingly unrelated events took place recently that raised similar questions about the power of context and the dangers of relative comparisons. The first was a visit we made to a listed stock exchange and the second was the killing of a lion in Zimbabwe. In very general terms, the parallels here are that taken within the context of legal frameworks, both the stock exchange and the hunter seem to be perfectly comfortable and capable in justifying their actions. Taken in isolation, however, there are serious questions to be answered about what we should do when legality and morality find themselves in conflict.

We at First State spend our lives looking for companies that we consider to be good, but what do we mean by good? Ostensibly these are companies that pass our strict (albeit loosely defined) criteria of good quality of financials, good quality of management and good quality of franchise: a company matching those requirements ought to be a good company. In addition to these criteria, there must be an understanding that a good company also has to be doing some good too (of course, this should be implicit if it has met our initial requirements) and to a large extent, intention is just as important as outcome here.

It can take us months or even years to agree with each other that a company is "good enough" to enter a portfolio. In fact the ratio of companies that we have owned over the past 30 years compared to companies we have met or considered over the period is small enough that you could be forgiven for losing faith in the broader corporate world. So why is it then that we tend to reach a consensus much faster when we consider a company to be "bad"? Well, the obvious answer is that our quality standards are hard to satisfy and in a world of around 50,000 listed companies we feel that we need not compromise on quality. So whereas a company has to do many things well to pass muster, a few slip-ups here or there will often preclude a company from portfolio selection.

However, most of the time corporate shortcomings aren't just slip-ups, often they are conscious management decisions to take the "wrong" path and this is a much more sinister issue altogether. Establishing the difference between a strategic mistake and an ethical breach is hugely important in understanding corporate quality: one is an error of judgment and the other is reflective of an unsavory culture. Generally speaking, the companies we encounter fall into four broad categories: good companies that don't realise they are good (we tend to like these). Good companies that know they are good (often there are angles to be understood here). Bad companies that know they are bad and possibly the most insidious of all: bad companies that don't know they are bad. It is worth focusing on this last category, as this is often where the context of today's financial and corporate markets takes precedent over common sense, where legality trumps morality and this is where our stock exchange visit brought to mind the killer of "Cecil the lion".

*"I hired several professional guides and they secured all proper permits. To my knowledge, everything about this trip was legal and properly handled and conducted. I had no idea he (Cecil) was a local favourite. I deeply regret that my pursuit of an activity I love and practice responsibly and legally, resulted in the taking of this lion".*

In the context of shooting lions, the hunter may have a point. As soon as we accept that we are killing lions, then we start to argue over whether or not this instance was legally conducted. But why are we shooting lions in the first place? Why is the moral issue different to the legal one? And so it was with our stock exchange meeting: every answer was designed to defend and justify its own existence. But the one question that wasn't addressed was the most fundamental of all: how have we reached a point where this discussion is even taking place? Outside of the current context, all answers entirely miss the important point.

*"Co-location can't really lead to HFT front running here because there is only one exchange per market in this part of the world, versus 60 in the US. So really these guys paying for co-location are acting as market makers and "adding liquidity" which we monitor. If they aren't, then they don't get rebates from us."*

*"We would be happy to pass our regulatory function and responsibilities back to the central bank – it might smooth the relationship."*

*"We are trying to add single-stock options and futures to allow investors to short more easily and stock index ETFs will help all investors hedge out risk."*

# Investment Manager's Review

Continued

The representative from the exchange actually handled the meeting quite well, and defended their position as reasonably as possible. In fact there were points where you could be forgiven for seeing the exchange as the good guys and appreciate the lines about trust generation being the only way for an exchange to stay in business, but this is only in the context of comparing against other, even less well intentioned market participants. After all, why is the exchange even in business? And this is why it's important not to confine ourselves to the current context when debating and considering companies; sure they can get a licence to shoot a lion, but why are they shooting lions? Often with companies who know they are flouting either legality or morality, there is a "fair cop gov" moment where they acknowledge the grey area. But when companies hide exclusively behind legality, debate on morality is nearly always shut down, as it was in this case.

In terms of the exchange meeting, it is worth noting that their representative had initially worked for an investment bank before the Global Financial Crisis catalysed their move into the exchange. This is where the analogy is complete: as is often the case, the gamekeeper wanted to be a poacher!

## Performance – Six months ended 31 July 2015

### What helped – contribution returns (top ten)

Company	Contribution Returns %
Standard Foods	1.21
Marico	0.68
Dr. Reddy's Laboratories	0.60
Globe Telecom	0.52
Sheng Siong	0.22
Marico Bangladesh	0.21
E.Sun Financial Holdings	0.16
Dabur India	0.13
Cholamandalam Investment & Finance	0.11
Idea Cellular	0.10

### What hurt – contribution returns (bottom ten)

Company	Contribution Returns %
Tech Mahindra	-2.08
XL Axiata	-1.28
Manila Water	-1.01
AirTac International	-0.60
Chroma ATE	-0.48
Kasikornbank	-0.44
Linde India	-0.40
Axiata Group	-0.32
Shinhan Financial*	-0.30
Bank of the Philippine Islands	-0.25

\* Stock not held at the half year-end  
Source: First State



# Investment Manager's Review

Continued

## Significant Portfolio Changes

### New positions:

- Infrastructure Development Finance: Secured a banking licence earlier this year and has a historic opportunity to build a bank from the ground up based on the principles of trust and integrity; the opportunity for which is huge in India.
- City Union Bank: c.110 year old, family-owned deposit-funded lender in southern India.
- Tata Chemicals: transforming itself from highly regulated and unpredictable businesses and moving towards a more sustainable asset-light consumer focus.
- ASM Pacific Technology: Acceptable valuations for a high quality technology company.
- BRAC Bank: Unique culture focusing on inclusive banking in Bangladesh.

### Additions:

- Vitasoy International Holdings: Good opportunity to buy more of one of our favourite companies at a reasonable valuation.
- Infosys: Change in management bolsters conviction in a high quality, cash generative, net cash business.
- XL Axiata & Dialog Axiata: Long-term prospects remain intact despite near-term industry concerns.
- AirTac International: Bought too early, got it wrong. Conviction on quality remains strong, so adding on the way down.
- Manila Water & Bank of the Philippine Islands: two high-quality companies under the Ayala umbrella.

### Disposals:

- Shinhan Financial: Somewhat accident-prone. It is increasingly moving away from plain vanilla banking.
- Uni-President Enterprises: Sustainability headwinds are emerging.
- Singapore Telecommunications: Disappointing outlook, better opportunities to own individual companies in specific markets.
- SembCorp Industries: Better opportunities exist elsewhere in the market.

### Reductions:

- Globe Telecom: Valuations became too expensive pushing us to reduce.
- Kotak Mahindra Bank: Valuation forcing us to reduce.
- Delta Electronics (Thailand): Fully valued.
- Marico: Fully valued.
- Weifu High-Technology Group: Fully valued.
- Taiwan Semiconductor Manufacturing: Fully valued.

# Investment Manager's Review

Continued

## Outlook

Your Company remains defensively positioned for potential further market corrections in Asia. The reverberations of a more slowly growing Chinese economy and a cheaper Chinese renminbi have not finished making their way around the region.

Largely as a result of our bottom-up stock-picking process and focus on quality, your Company has had little direct exposure to China. We have historically struggled to identify companies with aligned managers, adequate standards of corporate governance, conservative financials, and franchises that are positioned to contribute to and benefit from sustainable development in China. Where we have had exposure, this has largely, though not exclusively, been through well-managed private consumer staples companies, including some headquartered and listed in Hong Kong and Taiwan.

Whilst valuations have come off across the region, many of our favourite companies are still not reasonably valued. We will continue to opportunistically make purchases of shares in companies the valuations of which have become compelling. However, we intend to retain a high cash position as the implications of recent volatility continue to make themselves known. Things could get worse before they get better.

We remain very cautious on short-term prospects in Asia but very optimistic about the long-term opportunities available to the patient investor.

## Stewart Investors

Stewart Investors formerly operated as First State Stewart. On 1 July 2015, the First State Stewart team split to form two new teams, one primarily based in Edinburgh (Stewart Investors) and the other based in Hong Kong (First State Stewart Asia). The management of the Company's portfolio is now part of the Stewart Investors business. Branding will change subject to regulatory approval. There is no change to the investment philosophy or primary fund management of your Company's portfolio.

First State Investment Management (UK) Limited  
24 September 2015

# Portfolio

as at 31 July 2015

Company	MSCI sector	Market valuation £'000	% of total assets less current liabilities	Country of incorporation
Vitasoy International Holdings	Consumer Staples	12,997	5.6	Hong Kong
Tech Mahindra	Information Technology	12,663	5.5	India
Marico	Consumer Staples	12,454	5.4	India
Standard Foods	Consumer Staples	9,909	4.3	Taiwan
Delta Electronics (Thailand)	Information Technology	8,426	3.6	Thailand
Dr. Reddy's Laboratories	Health Care	7,887	3.4	India
Idea Cellular	Telecommunication Services	7,741	3.3	India
E.Sun Financial Holdings	Financials	7,740	3.3	Taiwan
Manila Water	Utilities	7,130	3.1	Philippines
Taiwan Semiconductor Manufacturing	Information Technology	7,110	3.1	Taiwan
<b>Ten largest investments</b>		<b>94,057</b>	<b>40.6</b>	
Kotak Mahindra Bank	Financials	6,684	2.9	India
Ayala Corporation	Financials	6,424	2.8	Philippines
Infosys	Information Technology	5,750	2.5	India
Towngas China	Utilities	5,446	2.3	Cayman Islands <sup>1</sup>
Housing Development Finance	Financials	4,998	2.2	India
Bank of the Philippine Islands	Financials	4,908	2.1	Philippines
Chroma ATE	Information Technology	4,717	2.0	Taiwan
Dabur India	Consumer Staples	4,381	1.9	India
XL Axiata	Telecommunication Services	4,229	1.8	Indonesia
Public Bank	Financials	3,663	1.6	Malaysia
<b>Twenty largest investments</b>		<b>145,257</b>	<b>62.7</b>	
Singapore Post	Industrials	3,649	1.6	Singapore
Linde India	Materials	3,280	1.4	India
Axiata Group	Telecommunication Services	3,113	1.3	Malaysia
Sheng Siong	Consumer Staples	2,996	1.3	Singapore
MTR	Industrials	2,859	1.2	Hong Kong
China Mengniu Dairy	Consumer Staples	2,834	1.2	Cayman Islands <sup>1</sup>
DGB Financial Group	Financials	2,759	1.2	South Korea
Globe Telecom	Telecommunication Services	2,751	1.2	Philippines
Marico Bangladesh	Consumer Staples	2,535	1.1	Bangladesh
Kasikornbank	Financials	2,457	1.1	Thailand
<b>Thirty largest investments</b>		<b>174,490</b>	<b>75.3</b>	
Tube Investments of India	Consumer Discretionary	2,061	0.9	India
Weifu High-Technology Group	Consumer Discretionary	2,037	0.9	China
Delta Electronics (Taiwan)	Information Technology	2,036	0.9	Taiwan
Giant Manufacturing	Consumer Discretionary	2,008	0.9	Taiwan
Asustek Computers	Information Technology	2,007	0.9	Taiwan
AirTac International	Industrials	1,990	0.8	Cayman Islands <sup>2</sup>
Hemas Holdings	Industrials	1,833	0.8	Sri Lanka
Infrastructure Development Finance	Financials	1,760	0.8	India
Selamat Sempurna	Consumer Discretionary	1,661	0.7	Indonesia
Cholamandalam Investment & Finance	Financials	1,451	0.6	India
<b>Forty largest investments</b>		<b>193,334</b>	<b>83.5</b>	

<sup>1</sup> Economic activity takes place principally in China

<sup>2</sup> Economic activity takes place principally in Taiwan

# Portfolio

as at 31 July 2015

Continued

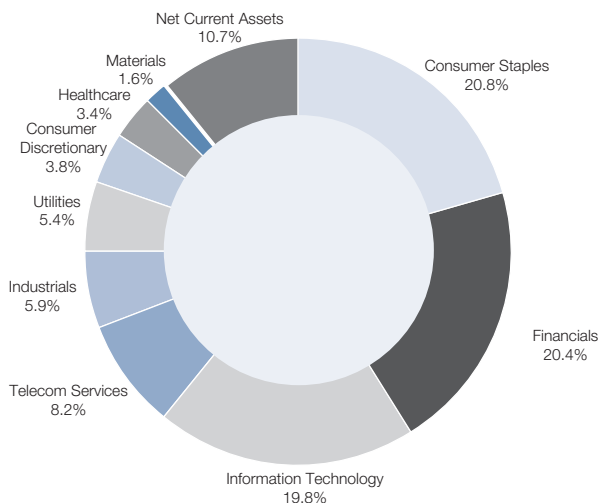
Company	MSCI sector	Market valuation £'000	% of total assets less current liabilities	Country of incorporation
Dialog Axiata	Telecommunication Services	1,441	0.6	Sri Lanka
Info Edge	Information Technology	1,262	0.6	India
Expeditors International of Washington	Industrials	1,255	0.5	United States <sup>3</sup>
City Union Bank	Financials	1,197	0.5	India
Commercial Bank of Ceylon	Financials	1,125	0.5	Sri Lanka
Elgi Equipments	Industrials	1,105	0.5	India
Container Corp of India	Industrials	1,098	0.5	India
PChome Online	Information Technology	1,076	0.5	Taiwan
Bata Shoe	Consumer Discretionary	976	0.4	Bangladesh
Bank OCBC NISP	Financials	688	0.3	Indonesia
<b>Fifty largest investments</b>		<b>204,557</b>	<b>88.4</b>	
Mahindra Lifespace Developers	Financials	685	0.2	India
Swire Properties	Financials	563	0.2	Hong Kong
Tata Chemicals	Materials	506	0.2	India
ASM Pacific Technology	Information Technology	403	0.2	Hong Kong
BRAC Bank	Financials	233	0.1	Bangladesh
<b>Total Portfolio</b>		<b>206,947</b>	<b>89.3</b>	
<b>Cash</b>		<b>25,763</b>	<b>11.1</b>	
<b>Net current liabilities</b>		<b>(1,079)</b>	<b>(0.4)</b>	
<b>Total assets less current liabilities</b>		<b>231,631</b>	<b>100.0</b>	

<sup>3</sup> Economic activity takes place principally in the Asia Pacific Region

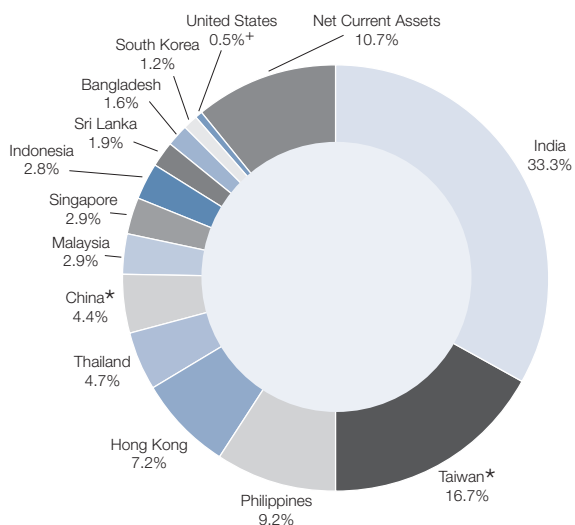
# Portfolio Distribution

as at 31 July 2015

## Sector Analysis



## Geographical Analysis by Country of Incorporation



\*Within the Chinese and Taiwanese exposure, 3.5% and 0.8% respectively is represented by companies incorporated in the Cayman Islands but whose economic activity takes place principally in those countries.

+Economic activity principally within the Asia Pacific Region.

# Income Statement

for the six months ended 31 July 2015

	(Unaudited) Six months ended 31 July 2015			(Unaudited) Six months ended 31 July 2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments held at fair value through profit or loss	–	(10,684)	(10,684)	–	26,434	26,434
Exchange differences on currency balances	–	(596)	(596)	–	(125)	(125)
Income (note 2)	2,656	–	2,656	2,416	–	2,416
Investment management, management and performance fees (note 3)	(314)	(943)	(1,257)	(233)	(1,941)	(2,174)
Other expenses	(262)	–	(262)	(233)	–	(233)
<b>Return/(loss) on ordinary activities before taxation</b>	<b>2,080</b>	<b>(12,223)</b>	<b>(10,143)</b>	<b>1,950</b>	<b>24,368</b>	<b>26,318</b>
Taxation on ordinary activities	(187)	(3)	(190)	(164)	–	(164)
<b>Return/(loss) after taxation attributable to equity shareholders</b>	<b>1,893</b>	<b>(12,226)</b>	<b>(10,333)</b>	<b>1,786</b>	<b>24,368</b>	<b>26,154</b>
<b>Return/(loss) per ordinary share (p) (note 4)</b>	<b>1.6</b>	<b>(10.4)</b>	<b>(8.8)</b>	<b>1.5</b>	<b>20.9</b>	<b>22.4</b>

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

The Revenue and Capital columns are supplementary to this and are both 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.

All of the profit/(loss) and total comprehensive income for the period is attributable to the owners of the Company.

## Statement of Changes in Equity

for the six months ended 31 July 2015

	(Unaudited) Six months ended 31 July 2015 £'000	(Unaudited) Six months ended 31 July 2014 £'000
Opening shareholders' funds	242,063	186,287
Shares issued in period	2,939	–
(Loss)/return for the period	(10,333)	26,154
Dividends paid	(3,038)	(3,038)
<b>Closing shareholders' funds</b>	<b>231,631</b>	<b>209,403</b>

# Statement of Financial Position

as at 31 July 2015

	(Unaudited) As at 31 July 2015 £'000	(Audited) As at 31 January 2015 £'000
<b>Fixed assets</b>		
Investments held at fair value through profit or loss	206,947	221,094
<b>Current assets</b>		
Debtors	1,155	977
Cash at bank	25,763	26,494
	26,918	27,471
<b>Creditors</b> (amounts falling due within one year)	(2,234)	(6,502)
<b>Net current assets</b>	24,684	20,969
<b>Net assets</b>	231,631	242,063
<b>Capital and reserves</b>		
Share capital	14,790	14,606
Share premium account	2,759	4
Capital redemption reserve	1,648	1,648
Special reserve	14,572	14,572
Capital reserve	193,397	205,623
Revenue reserve	4,465	5,610
<b>Equity shareholders' funds</b>	231,631	242,063
<b>Net asset value per ordinary share (p)</b> (note 5)	195.8	207.2

# Notes to the Accounts

## 1. Basis of preparation

The condensed Financial Statements for the six months to 31 July 2015 comprise the statements set out on pages 12 and 13 together with the related notes below. They have been prepared in accordance with FRS 104 'Interim Financial Reporting' and the AIC's Statement of Recommended Practice issued in November 2014 ('New SORP').

The Company has adopted FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' for its financial year ending 31 January 2016. Following the adoption of FRS 102 and the New SORP, there have been no changes to the Company's accounting policies and no restatement of the Company's Income Statement, the Statement of Changes in Equity (previously called the Reconciliation of Movements in Shareholders' Funds) or the Statement of Financial Position (previously called the Balance Sheet) for periods previously reported. The Company has taken advantage of the exemption from preparing a Cash Flow Statement under FRS 102.

The condensed Financial Statements for the six months to 31 July 2015 have been prepared under UK Generally Accepted Accounting Principles ('UK GAAP') and using the same accounting policies as set out in the Company's Annual Report and Financial Statements at 31 January 2015.

### Fair value

Under FRS 102 and FRS 104 investments have been classified using the following fair value hierarchy:

Level A – Quoted market prices in active markets

Level B – Prices of a recent transaction for identical instruments

Level C – Valuation techniques that use:

(i) observable market data; or

(ii) non-observable data

All of the Company's investments fall into Level A for the periods reported.

## 2. Income

	(Unaudited) Six months ended 31 July 2015 £'000	(Unaudited) Six months ended 31 July 2014 £'000
Investment income	2,656	2,416
<b>Total income</b>	<b>2,656</b>	<b>2,416</b>



# Notes to the Accounts

Continued

## 3. Investment Management, Management and Performance fees

	(Unaudited) Six months ended 31 July 2015			(Unaudited) Six months ended 31 July 2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee – First State	270	810	1,080	185	555	740
Investment management performance fee accrual* – First State	–	–	–	–	1,243	1,243
Management fee – Frostrow	44	133	177	48	143	191
	314	943	1,257	233	1,941	2,174

\*The performance fee was deleted with effect from 1 February 2015. Details of the performance fee basis, and changes made to fee arrangements that became effective from 1 February 2015, can be found in the Report of the Directors on page 48 of the Company's Annual Report for the year ended 31 January 2015.

## 4. Return/(loss) per ordinary share

The total loss per ordinary share price is based on the loss attributable to shareholders of £10,333,000 (six months ended 31 July 2014: return of £26,154,000) and on 117,666,262 shares (six months ended 31 July 2014: 116,848,386), being the weighted average number of shares in issue.

The revenue return per ordinary share price is calculated by dividing the net revenue return attributable to shareholders of £1,893,000 (six months ended 31 July 2014: £1,786,000) by the weighted average number of shares in issue as above.

The capital (loss)/return per ordinary share price is calculated by dividing the net capital loss attributable to shareholders of £12,226,000 (six months ended 31 July 2014: gain of £24,368,000) by the weighted average number of shares in issue as above.

## 5. Net asset value per ordinary share

The net asset value per ordinary share is based on the net assets attributable to shareholders of £231,631,000 (31 January 2015: £242,063,000) and on 118,323,386 shares in issue (as at 31 January 2015: 116,848,386).

## 6. 2015 accounts

These are not statutory accounts in terms of Section 434 of the Companies Act 2006 and are unaudited. Statutory accounts for the year to 31 January 2015, which received an unqualified audit report, have been lodged with the Registrar of Companies. No statutory accounts in respect of any period after 31 January 2015 have been reported on by the Company's auditor or delivered to the Registrar of Companies.

Earnings for the first six months should not be taken as a guide to the results for the full year.

# Interim Management Report

## Principal Risks and Uncertainties

The Company's principal area of risk relates to its investment activity and also its strategy. The Company is also exposed to currency risk in respect of the markets in which it invests. Other risks faced by the Company include financial, operational, accounting, legal and regulatory and also risks related to shareholder relations and corporate governance. These risks, and the way in which they are managed, are described in more detail under the heading Risk Management within the Strategic Report in the Company's Annual Report for the year ended 31 January 2015. The Company's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change materially for the remaining six months of the Company's financial year.

## Related Party Transactions

During the first six months of the current financial year no material transactions with related parties have taken place which have affected the financial position or the performance of the Company during the period.

## Going Concern

The Directors believe, having considered the Company's investment objectives, risk management policies, capital management policies and procedures, and the nature of the portfolio and its expenditure projections, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, they consider there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

## Directors' Responsibilities

The Board of Directors confirms that, to the best of its knowledge:

- (i) the condensed set of financial statements contained within the Half Year Report has been prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting); and
- (ii) the interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the UK Listing Authority Disclosure and Transparency Rules.

In order to provide these confirmations, and in preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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;

and the Directors confirm that they have done so.

The Half Year Report has not been reviewed or audited by the Company's auditor.

**James Williams**  
Chairman  
24 September 2015

# How to Invest

## Investment Platforms

The Company's shares are traded openly on the London Stock Exchange and can be purchased through a stock broker or other financial intermediary. The shares are available through savings plans (including Investment Dealing Accounts, ISAs, Junior ISAs and SIPPs) which facilitate both regular monthly investments and lump sum investments in the Company's shares. There are a number of investment platforms that offer these facilities. A list of some of them, that is not comprehensive nor constitutes any form of recommendation, can be found below:

AJ Bell Youinvest	<a href="http://www.youinvest.co.uk/">http://www.youinvest.co.uk/</a>
Alliance Trust Savings	<a href="http://www.alliancetrustsavings.co.uk/">http://www.alliancetrustsavings.co.uk/</a>
Barclays Stockbrokers	<a href="https://www.barclaysstockbrokers.co.uk/Pages/index.aspx">https://www.barclaysstockbrokers.co.uk/Pages/index.aspx</a>
Charles Stanley Direct	<a href="https://www.charles-stanley-direct.co.uk/">https://www.charles-stanley-direct.co.uk/</a>
Club Finance	<a href="http://www.clubfinance.co.uk/">http://www.clubfinance.co.uk/</a>
Fast Trade	<a href="http://www.fastrade.co.uk/wps/portal">http://www.fastrade.co.uk/wps/portal</a>
FundsDirect	<a href="http://www.fundsdirect.co.uk/Default.asp?">http://www.fundsdirect.co.uk/Default.asp?</a>
Halifax Share Dealing	<a href="http://www.halifax.co.uk/Sharedealing/">http://www.halifax.co.uk/Sharedealing/</a>
Hargreaves Lansdown	<a href="http://www.hl.co.uk/">http://www.hl.co.uk/</a>
HSBC	<a href="https://investments.hsbc.co.uk/">https://investments.hsbc.co.uk/</a>
iDealing	<a href="http://www.idealing.com/">http://www.idealing.com/</a>
IG Index	<a href="http://www.igindex.co.uk/">http://www.igindex.co.uk/</a>
Interactive Investor	<a href="http://www.iii.co.uk/">http://www.iii.co.uk/</a>
IWEB	<a href="http://www.iweb-sharedealing.co.uk/share-dealing-home.asp">http://www.iweb-sharedealing.co.uk/share-dealing-home.asp</a>
James Brearley	<a href="http://www.jbrearley.co.uk/Marketing/index.aspx">http://www.jbrearley.co.uk/Marketing/index.aspx</a>
Natwest Stockbrokers	<a href="http://www.natweststockbrokers.com/nw/products-and-services/share-dealing.ashx">http://www.natweststockbrokers.com/nw/products-and-services/share-dealing.ashx</a>
Saga Share Direct	<a href="https://www.sagasharedirect.co.uk/">https://www.sagasharedirect.co.uk/</a>
Selftrade	<a href="http://www.selftrade.co.uk/">http://www.selftrade.co.uk/</a>
The Share Centre	<a href="https://www.share.com/">https://www.share.com/</a>
Saxo Capital Markets	<a href="http://uk.saxomarkets.com/">http://uk.saxomarkets.com/</a>
TD Direct Investing	<a href="http://www.tddirectinvesting.co.uk/">http://www.tddirectinvesting.co.uk/</a>

## 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](http://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 Conduct 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.*

# Information about the Company

## Directors

J P Williams (Chairman)\*  
 M C Ginman, ACA†  
 N M S Rich, CBE, FCA<sup>Δ</sup>  
 T F Mahony  
 S E Hansen (appointed 3 August 2015)

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

†Chairman of the Audit Committee

<sup>Δ</sup>Senior Independent Director

## Registered Office

16 Charlotte Square  
 Edinburgh EH2 4DF

## Company Registration Number

SC091052 (Registered in Scotland)

The Company is an investment company as defined under Section 833 of the Companies Act 2006

## Website

[www.pacific-assets.co.uk](http://www.pacific-assets.co.uk)

## 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](http://www.firststate.co.uk)

*Authorised and regulated by the Financial Conduct Authority*

## Manager, Company Secretary and Administrator

Frostrow Capital LLP  
 25 Southampton Buildings  
 London WC2A 1AL  
 Telephone: 0203 008 4910  
 Email: [info@frostrow.com](mailto:info@frostrow.com)  
 Website: [www.frostrow.com](http://www.frostrow.com)

*Authorised and regulated by the Financial Conduct 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.

## Brokers

Canaccord Genuity Limited  
 88 Wood Street  
 London EC2V 7QR

## Registrars

Equiniti Limited  
 Aspect House  
 Spencer Road  
 Lancing  
 West Sussex  
 BN99 6DA  
 Shareholder Helpline: 0871 384 2466\*  
 Broker Helpline: 0871 384 2779\*  
 Website: [www.equiniti.com](http://www.equiniti.com)

*\*Calls to these numbers cost 10 pence per minute plus your phone company's access charge. Lines are 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](http://www.shareview.co.uk)

## Custodian Bankers

JPMorgan Chase Bank  
 125 London Wall  
 London EC2Y 5AJ

## Independent Auditor

KPMG LLP  
 15 Canada Square  
 Canary Wharf  
 London E14 5GL

## Solicitors

Dickson Minto WS  
 16 Charlotte Square  
 Edinburgh EH2 4DF

## Identification Codes

SEDOL: 0667438  
 ISIN: GB0006674385  
 Bloomberg: PAC LN  
 EPIC: PAC

## Foreign Account Tax Compliance Act ("FATCA")

IRS Registration Number (GIIN):  
 MAEPFZ.99999.SL.826



## Financial Calendar

Financial Year End	31 January
Final Results Announced	March
Half Year End	31 July
Half Year Results Announced	September
Dividend Payable	June
Annual General Meeting	June



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