Pacific Assets Trust plc

Half Year Report & Accounts for the six months ended 31 July 2016

Frostrow Capital

Stewart Investors

Contents

Management
Pacific Assets Trust plc (the "Company") employs Stewart Investors 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 2016 there were 119,448,386 ordinary shares in issue (31 January 2016: 119,448,386).

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.

Keep up to date with Pacific Assets Trust plc
For more information about Pacific Assets Trust plc visit the website at 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 2016 were £272.2 million and the market capitalisation was £274.7 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 (as defined above) but whose economic activities are predominantly within the Asia Pacific Region.

Investment Approach
Stewart Investors invests in companies which it believes will deliver long-term growth to shareholders.

In delivering this strategy, Stewart Investors uses a sustainable approach in its management of the Company's portfolio. Stewart Investors 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:

- Stewart Investors' 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.
- Stewart Investors 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.
- Stewart Investors 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 2016	As at 31 January 2016	% change
Share price	230.0p	189.0p	21.7
Net asset value per share	227.9p	191.2p	19.2
Premium/(discount) of share price to net asset value per share	0.9%	(1.1%)	–
Market capitalisation	£274.7m	£225.8m	21.7
Shareholders' funds	£272.2m	£228.3m	19.2

	Six months to 31 July 2016	One year to 31 January 2016
Share price (total return)*	23.1%	(2.5%)
Net asset value per share (total return)*	21.0%	(6.6%)
MSCI All Country Asia ex Japan Index (total return, sterling adjusted)*	23.9%	(13.1%)

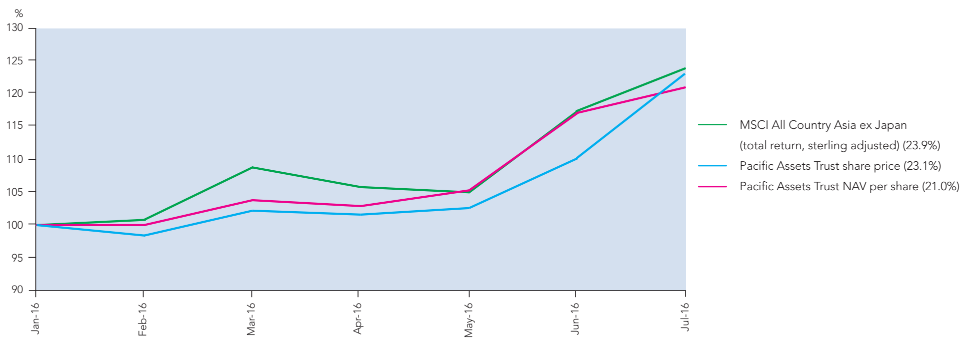
*Source: Morningstar

Dividends	Year ended 31 January 2016	Year ended 31 January 2015
Final dividend per share	2.2p	2.6p

Half Year's Highs/Lows	High	Low
Net asset value per share	233.5p	177.5p
Share price	231.1p	183.9p
Premium/(discount) of share price to net asset value per share†	1.4%	(11.5%)

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

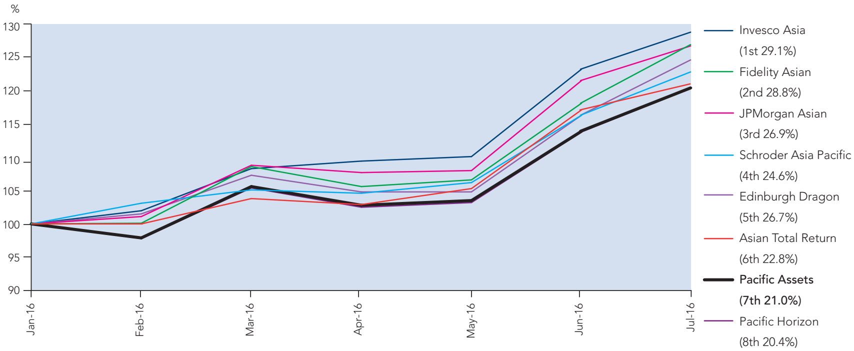
Total Return and Benchmark Performance for the Six Months to 31 July 2016



Source: Morningstar
Rebased to 100 as at 31 January 2016

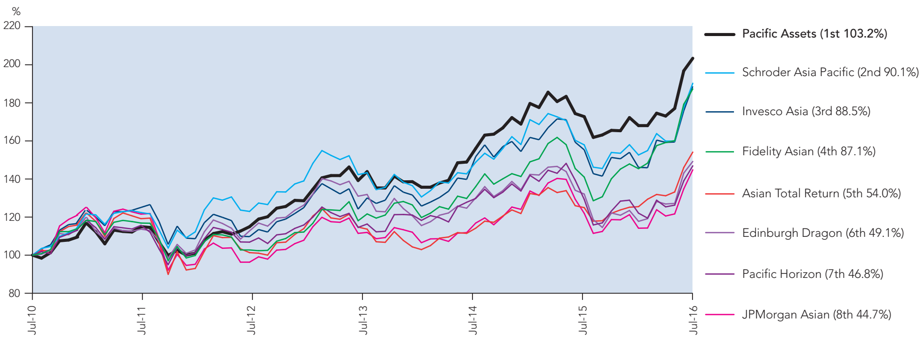
Peer Group Performance

Net Asset Value per Share Total Return Peer Group Performance for the Six Months to 31 July 2016



Source: Morningstar
Note: Total return for MSCI All Country Asia ex Japan Index for the six months to 3 July 2016, was +23.9%
Rebased to 100 as at5 31 January 2016

Net Asset Value per Share Total Return Peer Group Performance since Stewart Investors were appointed as Investment Manager to 31 July 2016



Source: Morningstar
Note: Total return MSCI All Country Asia ex Japan Index, since 1 July 2010, was +48.9%

Chairman's Statement

"Your Board remains optimistic that the diverse Asia Pacific Region will continue to provide quality investment opportunities, which will reward patient investors over the long term."

Performance

Asian markets have done well during the last six months, notwithstanding global volatility and uncertainty. The Company's net asset value per share total return was +21.0%. The Asia Pacific benchmark rose by 23.9%. The Company is invested with a low correlation to this benchmark. The Company's share price total return was 23.1% with the share price moving to a premium of 0.9% to the Company's net asset value per share at 31 July 2016, compared to a discount of 1.1% at the beginning of the period.

There was a strong movement in Asian stock markets as part of the global rally that followed the vote by the United Kingdom to leave the European Union. The last two months of the period up to 31 July saw the Company's net asset value rise by 20.4%, including a beneficial impact from the weakening of sterling (in which the Company's shares are denominated) against most of the Asian currencies into which investments are made.

Investment Portfolio

Several new positions were initiated by our Investment Manager during the half year. These are outlined in their report to shareholders beginning on page 4. Our Investment Manager continues to find new companies that meet their exacting standards of quality, but as they explain in their report the breadth of suitable opportunities is not markedly increasing. These purchases have reduced the proportion of the Company's assets held in cash to £19.8 million (6.9% of the investment portfolio) as at 28 September 2016.

Revenue Account

The net revenue of 1.6p per share generated during the period was in line with the same period last year. 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

Following the retirement of Nigel Rich from the Board in June, the Board has appointed Robert Talbut as a Director with effect from 23 September 2016. He is a Director of a number of public companies and was formerly a Director and Chief Investment Officer at Royal London Asset Management Limited. The Board is delighted to have attracted an individual of Robert's calibre and experience.

Outlook

Our financial world remains locked in the extraordinary situation where zero or negative yields account for around half of the sovereign bonds in issue. Cash remains plentiful but not always in the places where it is most needed to restore economic vitality. Markets have been rising but without conviction, as investors have been discouraged from placing funds elsewhere.

Your Board remains optimistic that the diverse Asia Pacific Region will continue to provide quality investment opportunities, which will reward patient investors over the long term. As has been demonstrated before, companies where managements take a sustainable approach to their business will be more likely to provide good returns. Our Investment Manager's approach is to continue to seek out these investments for the Company's investment portfolio.

Half Year Report & Accounts

In common with many other companies the Company is doing what it can to reduce its carbon foot print. As part of this strategy, and also to produce cost savings for the shareholders, the Company will after this year not be producing hard copies of its Half Year Report & Accounts. This document will, however, continue to be available on the Company's website at www.pacific-assets.co.uk. The Company's Annual Report & Accounts will also continue to be available in hard copy.

James Williams
Chairman
29 September 2016

Investment Manager's Review

" Our job is to allocate our clients' capital to good quality companies with sound growth prospects and strong management teams, ensuring we pay sensible prices for these investments."

Empowering the End-Investor

A recent article in a well-known financial newspaper highlighted that there is an emerging trend of short-term investment decisions from a younger generation of investor "Millennials" or "Generation Y", aged 18-35[1]. The article cites the fact that one US fund manager polled 5,000 wealthy investors across 19 countries and fewer than 20% of "Gen Y" respondents said they would only be prepared to hold onto an 'underperforming' fund for more than a year before selling it. In contrast, three times as many investors over the age of forty said they would stick with a similar fund.

It is hard to see this situation remedying itself without a better example being set from the industry itself; in fact the situation is likely to continue to deteriorate along with the industry. The world of investment research (or more loosely "advice") is an obvious target. To give some idea of what the end-investor might be reading on the Company itself, the last 18 months of research notes chosen from one broker, for consistency, provide worrying reading. Over that period, investors were advised to buy the Company in January 2015. The Company's shares were then downgraded just three months later with a recommendation to switch into other trusts with larger discounts to net asset value (NAV) per share. The reason given was that strong performance from investments in India had driven the NAV per share, and that the discount had also moved to a small premium.

Within 5 months, the Company's share price had declined and returned to a discount to the NAV per share and so the broker changed its recommendation again to a positive stance suggesting that investors should re-invest in shares of the Company because the end markets looked robust and the high cash balance would provide further investment opportunities. By early 2016, research highlighted that the Company's share price had "lagged" other investment trusts and despite conviction in the fund manager, the high cash weighting that was seen as a positive just six months earlier, was now a risk to the share price performance of the Company!

But what is changing on the ground in Asia that warrants such hyperactivity? Often nothing. It is telling that when the research view on the Company turns negative, the reasons are often tactical and yet when the view turns positive the reasons are always strategic and based around the long-term potential of the end-markets of the underlying holdings.

Furthermore, when the share price is at a discount to the Company's NAV per share, some see the high cash weighting as a positive and when the share price is at a premium, the high cash weighting is considered a negative. What is an end-investor to think? Imagine if some of the conglomerates in which the Company invests bought and sold assets based on a premium or discount to NAV per share or because they looked cheaper or more expensive than a similar asset in another industry or country; nothing would ever get done – there would never be any economic or social development, let alone investment returns.

Stewardship

As capital markets become increasingly dominated by lazy, passive structures like Exchange Traded Funds (ETFs) and closet-trackers, there ought to be a significant opportunity for actively managed investment trusts to shine. A strong and committed board will ensure that the end-investor's pound is protected for the long term irrespective of the fund manager. Secondly the closed-end structure provided by an investment trust allows shareholders to invest in less liquid assets and markets than are readily available to them. And thirdly, being shareholders grants them a say in the destiny of their own trust. These are all characteristics that are increasingly less common in today's financial markets. While these remain high-level discussion points based on ideas we have seen elsewhere in the corporate world, and implementation issues notwithstanding, we welcome any and all suggestions as to how we can achieve the goal of empowering the end-investor.

The vagaries of the market and of the broader industry do nothing but focus our minds on the core elements of our philosophy, on which we remain committed. At the heart of this is the concept of stewardship. We believe our job is to allocate our clients' capital to good quality companies with sound growth prospects and strong management teams, ensuring we pay sensible prices for these investments. Each investment is a decision to purchase, on behalf of our clients, not a piece of paper or an electronic ticker, but part of a real business with all the rights and responsibilities that go with this. We take these rights and responsibilities seriously. We also believe the way we behave as investment professionals and the role we play in the broader industry are important in this regard.

1 Financial Times – 'Flighty' millennials look to switch out of funds

Investment Manager's Review

Continued

Portfolio Commentary

During the period we initiated positions in Lupin, Sundaram Finance, Koh Young Technology, Unicharm, Cipla, Delta Brac Housing Finance Corporation, Mahanagar Gas and Oversea-Chinese Banking Corporation. It is worth covering a few of these in more detail.

Lupin is the third largest Indian pharmaceutical company with manufacturing facilities in both India and Japan. They are engaged in the production, development and marketing of branded and generic drugs, and active pharmaceutical ingredients (APIs), producing drugs for over 100 countries worldwide. While not perfect, they have executed exceptionally well over the past decade, both in the US and India, and have always delivered consistent growth. Management are professionals with good governance records, conservative capital allocation and discipline with acquisitions; we are backing them over the long term to build a solid pharmaceutical business.

Sundaram Finance is one of the oldest and largest non-banking financial Companies in India with an impressive track record that spans over 60 years. Expanding from its roots as a commercial vehicle lender in South India, it now has a pan-Indian presence with interests in auto financing, mortgages, general insurance and asset management. It is similar to Housing Development Finance in that it started as a specialised lender but has slowly evolved into a financial conglomerate. It maintains a long track record of profitable growth, funded by internal cash flows rather than frequent visits to the market like many of their peers. Borrowers have been rewarded with credit at affordable rates, depositors have never had to worry about the safety of their savings, shareholders have been rewarded by steady dividends and the company has shown it can survive a crisis (unaided) on multiple occasions.

Koh Young Technology is a Korean maker of 3D inspection systems. The founder and management are aligned and interested in technology, helping to establish an innovation-driven culture. It maintains a broad client base but remain ambitious and is venturing into the world of robotic surgery in a bid to diversify its product offering. It is likely to be a beneficiary of sustainability tailwinds in terms of minimising costs and waste on behalf of customers, adding efficiency to the production process and catering to the long-term structural demand for electronics.

Cipla is one of India's oldest family-owned pharmaceutical companies that has successfully proven its ability to sell in regulated markets through its manufacturing capabilities in generic drugs. Recent structural changes suggest the business is moving in the right direction and that there is capacity for interesting growth opportunities, particularly in the US where it has been slow to enter compared to its peer group.

We sold out of Swire Properties having lost conviction in the quality of the franchise given its extensive exposure to property in Hong Kong and China. We also sold out of Asustek Computer due to growing concerns over its supply chain and the general quality of franchise when up against low-cost Chinese manufacturers and high-end Korean or American brands. We sold Globe Telecom having been reducing our position for some time as valuations became too expensive. We became concerned about the franchise when the threat of a new entrant emerged. Whilst the threat has since disappeared, ongoing industry headwinds continue alongside a rapidly changing political backdrop.

We sold out of MTR Corp because the core business of operating the Hong Kong metro system is less relevant given its extensive Hong Kong property exposure and continued challenges with the greater China strategy and Singapore Post where the CEO we have been backing stepped down. This was combined with some material governance issues emerging towards the end of last year. We do not feel these have been addressed correctly.

Investment Manager's Review

Continued

Outlook: Quality must prevail

Only in very superficial terms can it be argued that Asian markets look reasonably valued. Many large capitalisation companies of questionable quality with justifiably lower valuations bring down aggregate multiples. But this doesn't help us very much, because those average valuations mask the fact that we remain in a similar position now to that of the past three years which is that quality remains very expensive.

We frequently debate our strategy of focusing on high quality with high valuations versus moving down the quality spectrum at more reasonable valuations and yet this is something that does not sit well with any of us. We do not believe that we should sacrifice the long-term quality of the portfolio for the short-term valuation of the portfolio and we do not believe that this would be a prudent strategy now or in a time of crisis. We will opportunistically add to positions in companies we like when valuations move into acceptable ranges and similarly we would look to reduce positions when valuations become unbearable. Outside of that, we try to minimise tinkering.

We must also continue to avoid listening to the increasing volume of noise being generated. Over the past 12 months we have seen a flurry of companies come to market, some good, most not. While we assess every opportunity on its absolute merits, we must remain committed to our strategy of quality first. The past 12 months has seen our investment process systematically reject several initially interesting ideas: A seemingly decent owner-manager pharmacy threw us a governance curveball which saw their valuation drop significantly within weeks. A medical device company that seemed to be on the cusp of a strategic and governance turnaround was aggressively acquired by its private equity owners. An Indian IPO (initial public offering of shares) with an interesting franchise had a director that shared a name with a local politician who at the age of nearly 70 had only 10 years of work experience none of which was explained in the prospectus or by the bankers. One Hong Kong/China IPO document even threw up the implication that they use child labour!

While all this happens, we watch with dismay across the world as some of our favourite companies are acquired for various reasons, both strategic and nefarious. Now sadly we live in a world where good listed companies are being removed and poor quality companies are coming to market to replace them; little wonder average valuations are lower. The challenge for us in the coming year will be to avoid the pitfalls which emerge as noise levels increase and focus solely on what we know and believe in, that quality and long-termism have to prevail.

Stewart Investors
29 September 2016

Contribution by Investment

Six months ended 31 July 2016

Top and bottom 10 contributors to absolute performance

Top 10 contributors to absolute performance

Company	Contribution Returns %
Marico	2.36
Taiwan Semiconductor Manufacturing	1.39
Chroma Ate	1.12
Ayala Corporation	1.11
Airtac International	0.83
Manila Water	0.78
E.Sun Financial Holdings	0.78
Kotak Mahindra Bank	0.65
Dabur India	0.58
Standard Foods	0.56

Bottom 10 contributors to absolute performance

Company	Contribution Returns %
MTR Corp*	-0.01
Bata Shoe	-0.01
Singapore Post*	0.00
Mahanagar Gas	0.00
Swire Properties*	0.01
CT Holdings	0.01
Globe Telecom*	0.02
Marico Bangladesh	0.02
Mahindra Lifespace Developers	0.03
IDFC Bank	0.04

* Stock not held at end of period

Portfolio

as at 31 July 2016

Company	MSCI sector	Market valuation £'000	% of total assets less current liabilities	Country
Vitasoy International Holdings	Consumer Staples	17,304	6.4	Hong Kong
Marico	Consumer Staples	16,820	6.2	India
Tech Mahindra	Information Technology	14,444	5.3	India
Standard Foods	Consumer Staples	10,565	3.9	Taiwan
Taiwan Semiconductor Manufacturing	Information Technology	10,256	3.8	Taiwan
Chroma Ate	Information Technology	8,733	3.2	Taiwan
Manila Water	Utilities	8,471	3.1	Philippines
Kotak Mahindra Bank	Financials	8,256	3.0	India
Ayala Corporation	Financials	8,208	3.0	Philippines
Dr. Reddy's Laboratories	Health Care	8,108	3.0	India
Ten largest investments		**111,165**	**40.9**	
E.Sun Financial Holdings	Financials	6,921	2.5	Taiwan
Infosys	Information Technology	6,450	2.4	India
Delta Electronics (Thailand)	Information Technology	6,237	2.3	Thailand
Housing Development Finance	Financials	5,766	2.1	India
Bank of the Philippine Islands	Financials	5,665	2.1	Philippines
Idea Cellular	Telecommunication Services	5,477	2.0	India
Dabur India	Consumer Staples	5,101	1.9	India
China Mengniu Dairy	Consumer Staples	5,016	1.8	China
PT XL Axiata Tbk	Telecommunication Services	4,733	1.7	Indonesia
Towngas China	Utilities	4,369	1.6	China
Twenty largest investments		**166,900**	**61.3**	
Public Bank	Financials	4,152	1.5	Malaysia
Airtac International	Industrials	4,125	1.5	Taiwan
DGB Financial Group	Financials	4,122	1.5	Korea
Tube Investments Of India	Consumer Discretionary	4,053	1.5	India
Sheng Siong Group	Consumer Staples	3,948	1.5	Singapore
Unicharm	Consumer Staples	3,784	1.4	Japan[1]
Linde India	Materials	3,363	1.2	India
Kasikornbank Public	Financials	3,266	1.2	Thailand
Giant Manufacturing	Consumer Discretionary	3,059	1.1	Taiwan
Marico Bangladesh	Consumer Staples	2,865	1.1	Bangladesh
Thirty largest investments		**203,637**	**74.8**	
Oversea-Chinese Banking Corporation	Financials	2,821	1.0	Singapore
Pchome Online	Information Technology	2,797	1.0	Taiwan
Delta Electronics (Taiwan)	Information Technology	2,691	1.0	Taiwan
Selamat Sempurna	Consumer Discretionary	2,634	1.0	Indonesia
Expeditors International of Washington	Industrials	2,634	1.0	United States[1]
Commercial Bank of Ceylon	Financials	2,593	1.0	Sri Lanka
Cipla	Health Care	2,515	0.9	India
Godrej Consumer Products	Consumer Staples	2,382	0.9	India
Lupin	Health Care	2,256	0.8	India
Delta Brac Housing Finance Corporation	Financials	2,129	0.8	Bangladesh
Forty largest investments		**229,089**	**84.2**	

[1] Economic activity takes place principally in Asia Pacific Region.

Portfolio

as at 31 July 2016

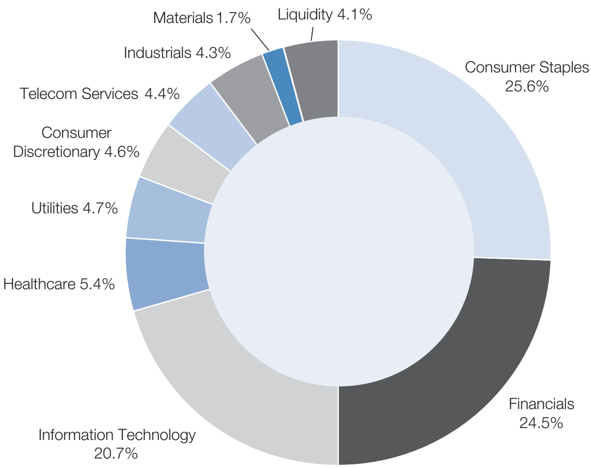
Continued

Company	MSCI sector	Market valuation £'000	% of total assets less current liabilities	Country
Brac Bank	Financials	2,077	0.8	Bangladesh
Cholamandalam Investment And Finance	Financials	2,054	0.8	India
Elgi Equipments	Industrials	2,037	0.7	India
Info Edge	Information Technology	1,981	0.7	India
SQUARE Pharmaceuticals	Health Care	1,926	0.7	Bangladesh
Hemas Holdings	Industrials	1,997	0.7	Sri Lanka
Dialog Axiata	Telecommunication Services	1,924	0.7	Sri Lanka
City Union Bank	Financials	1,730	0.6	India
IDFC Bank	Financials	1,587	0.6	India
Koh Young Technology	Information Technology	1,546	0.6	Korea
Fifty largest investments		**247,948**	**91.1**	
Sundaram Finance	Financials	1,534	0.6	India
Bank OCBC NISP	Financials	1,489	0.5	Indonesia
Bata Shoe	Consumer Discretionary	1,466	0.5	Bangladesh
Tata Chemicals	Materials	1,359	0.5	India
Weifu High-Technology Group	Consumer Discretionary	1,327	0.5	China
IDFC	Financials	1,299	0.5	India
CT Holdings	Consumer Staples	1,215	0.5	Sri Lanka
Mahindra Lifespace Developers	Financials	1,176	0.4	India
Container Corporation of India	Industrials	1,129	0.4	India
ASM Pacific Technology	Information Technology	1,130	0.4	Hong Kong
Sixty largest investments		**261,072**	**95.9**	
Mahanagar Gas	Utilities	13	0.0	India
Total Portfolio		**261,085**	**95.9**	
Cash		**10,737**	**4.0**	
Net current assets		**370**	**0.1**	
Total net assets		**272,192**	**100.0**	

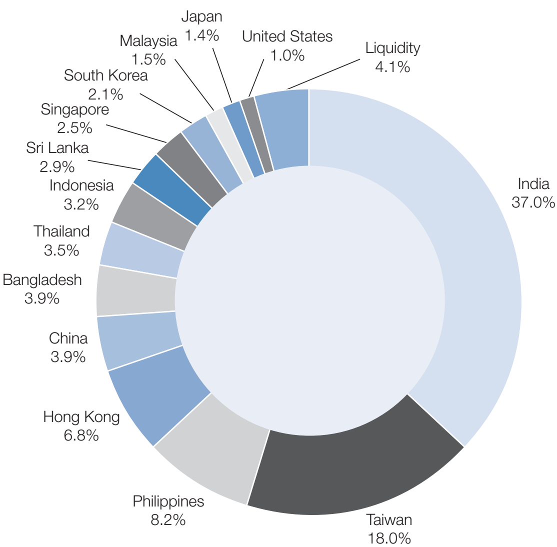
Portfolio Distribution

as at 31 July 2016

Sector Analysis



Geographical Analysis



Income Statement

for the six months ended 31 July 2016

	(Unaudited) Six months ended 31 July 2016			(Unaudited) Six months ended 31 July 2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss	–	45,066	45,066	–	(10,684)	(10,684)
Exchange differences on currency balances	–	450	450	–	(596)	(596)
Income (note 2)	2,753	–	2,753	2,656	–	2,656
Investment management and management fees (note 3)	(325)	(975)	(1,300)	(314)	(943)	(1,257)
Other expenses	(277)	–	(277)	(262)	–	(262)
Return/(loss) on ordinary activities before taxation	2,151	44,541	46,692	2,080	(12,223)	(10,143)
Taxation on ordinary activities	(198)	–	(198)	(187)	(3)	(190)
Return/(loss) after taxation attributable to equity shareholders	1,953	44,541	46,494	1,893	(12,226)	(10,333)
Return/(loss) per ordinary share (p) (note 4)	1.6	37.3	38.9	1.6	(10.4)	(8.8)

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 2016

	(Unaudited) Six months ended 31 July 2016 £'000	(Unaudited) Six months ended 31 July 2015 £'000
Opening shareholders' funds	228,326	242,063
Shares issued in period	–	2,939
Return/(loss) for the period	46,494	(10,333)
Dividends paid	(2,628)	(3,038)
Closing shareholders' funds	272,192	231,631

Statement of Financial Position

as at 31 July 2016

	(Unaudited) As at 31 July 2016 £'000	(Audited) As at 31 January 2016 £'000
Fixed assets		
Investments held at fair value through profit or loss	261,085	205,366
Current assets		
Debtors	2,167	84
Cash at bank	10,737	23,590
	12,904	23,674
Creditors (amounts falling due within one year)	(1,797)	(714)
Net current assets	11,107	22,960
Net assets	272,192	228,326
Capital and reserves		
Share capital	14,931	14,931
Share premium account	4,713	4,713
Capital redemption reserve	1,648	1,648
Special reserve	14,572	14,572
Capital reserve	231,853	187,312
Revenue reserve	4,475	5,150
Equity shareholders' funds	272,192	228,326
Net asset value per ordinary share (p) (note 5)	227.9	191.2

Notes to the Accounts

1. Basis of preparation

The condensed Financial Statements for the six months to 31 July 2016 comprise the statements set out on pages 11 to 14 including the related notes below. They have been prepared in accordance with FRS 104 'Interim Financial Reporting', the AIC's Statement of Recommended Practice issued in November 2014 ('New SORP'), 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 2016.

Fair value

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

Level 1 – Quoted market prices in active markets

Level 2 – Prices of a recent transaction for identical instruments

Level 3 – Valuation techniques that use:

(i) observable market data; or

(ii) non-observable data

All of the Company's investments fall into Level 1 for the periods reported.

2. Income

	(Unaudited) Six months ended 31 July 2016 £'000	(Unaudited) Six months ended 31 July 2015 £'000
Investment income	2,753	2,656
Total income	2,753	2,656

Notes to the Accounts

Continued

3. Investment Management and Management fees

	(Unaudited) Six months ended 31 July 2016			(Unaudited) Six months ended 31 July 2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee – Stewart Investors	277	832	1,109	270	810	1,080
Management fee – Frostrow	48	143	191	44	133	177
	325	975	1,300	314	943	1,257

4. Return/(loss) per ordinary share

The total return per ordinary share price is based on the return attributable to shareholders of £46,494,000 (six months ended 31 July 2015: loss of £10,333,000) and on 119,448,386 shares (six months ended 31 July 2015: 117,666,262), 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 £1,953,000 (six months ended 31 July 2015: £1,893,000) by the weighted average number of shares in issue as above.

The capital return/(loss) per ordinary share price is calculated by dividing the net capital loss attributable to shareholders of £44,541,000 (six months ended 31 July 2015: loss of £12,226,000) 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 £272,192,000 (31 January 2016: £228,326,000) and on 119,448,386 shares in issue (as at 31 January 2016: 119,448,386).

6. 2016 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 2016, 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 2016 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 strategy, including currency risk in respect of the markets in which it invests. Other risks faced by the Company include financial, shareholder relations and operational (including corporate governance, accounting, legal and regulatory). 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 2016. 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 Guidance 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
29 September 2016

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	www.youinvest.co.uk/
Alliance Trust Savings	www.alliancetrustsavings.co.uk/
Barclays Stockbrokers	www.barclaysstockbrokers.co.uk/Pages/index.aspx
Bestinvest	www.bestinvest.co.uk/
Charles Stanley Direct	www.charles-stanley-direct.co.uk/
Halifax Share Dealing	www.halifax.co.uk/Sharedealing/
Hargreave Hale	www.hargreave-hale.co.uk/
Hargreaves Lansdown	www.hl.co.uk/
iDealing	www.idealing.com/
Interactive Investor	www.iii.co.uk/
James Brearley	www.jbrearley.co.uk/Marketing/index.aspx
James Hay	www.jameshay.co.uk/
Selftrade	www.selftrade.co.uk/
Stocktrade	www.stocktrade.co.uk/
The Share Centre	www.share.com/
TD Direct Investing	www.tddirectinvesting.co.uk/

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 03456 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, FCA**
S E Hansen
T F Mahony
R E Talbut (appointed 23 September 2016)

*Chairman of the Engagement and Remuneration and Nomination Committees

**Chairman of the Audit Committee and 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

Investment Manager
Stewart Investors*
Level 1, 23 St. Andrew Square
Edinburgh EH2 1BB
Telephone: 0131 473 2200
Website: www.firststate.co.uk

**Trading name of First State Investment Management (UK) Limited. First State Investment Management (UK) Limited is 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
Website: 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: 0371 384 2466*
Broker Helpline: 0371 384 2779*
Website: www.equiniti.com

**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

Custodian
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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