Pacific Assets Trust plc

Annual Report for the year ended 31 January 2015

Pacific Assets Trust plc

The Company aims 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.

Company Summary

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 2015 were £242.1 million and the market capitalisation was £229.3 million.

Management

The Company employs First State Investment Management (UK) Limited ('First State') as Investment Manager. First State adopts a sustainable investment strategy in selecting the investments that make up the Company's investment portfolio. Further information on this approach can be found on pages 7 and 15. Frostrow Capital LLP ('Frostrow') is employed to provide company management, company secretarial and administrative services. Further details of the terms of these appointments are provided on page 48.

Capital Structure

The Company's capital structure is composed solely of Ordinary Shares. Details are given on page 48 and in note 11 to the accounts on page 42.

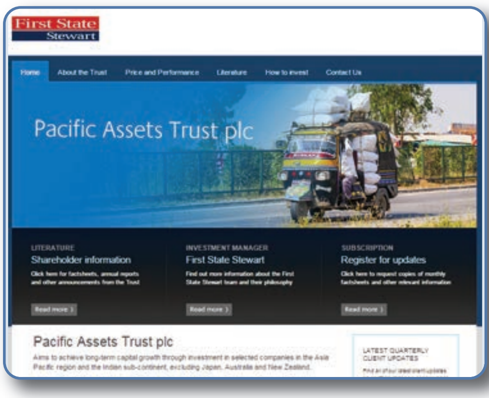
ISA Status

The Company's shares are eligible for Stocks & Shares ISAs.

Retail Investors advised by IFAs

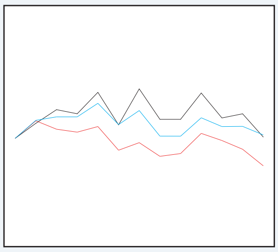
The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers (IFAs) in the UK to ordinary retail investors in accordance with the Financial Conduct Authority (FCA) rules in relation to non-mainstream investment products and intends to continue to do so. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

The Company is a small registered UK Alternative Investment Fund Manager (AIFM) under the European Union's Alternative Investments Fund Managers Directive (AIFMD).



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



● **Pages 2-4**
Company Performance, Financial Highlights

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Chairman's Statement Strategy and Outlook

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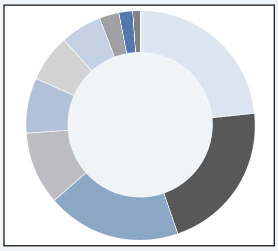
Investment Portfolio



● **Pages 16-20**
Investment Manager's Review

Winner

Investment Week, Investment Company of the Year Awards 2013 and 2014
Category: Asia

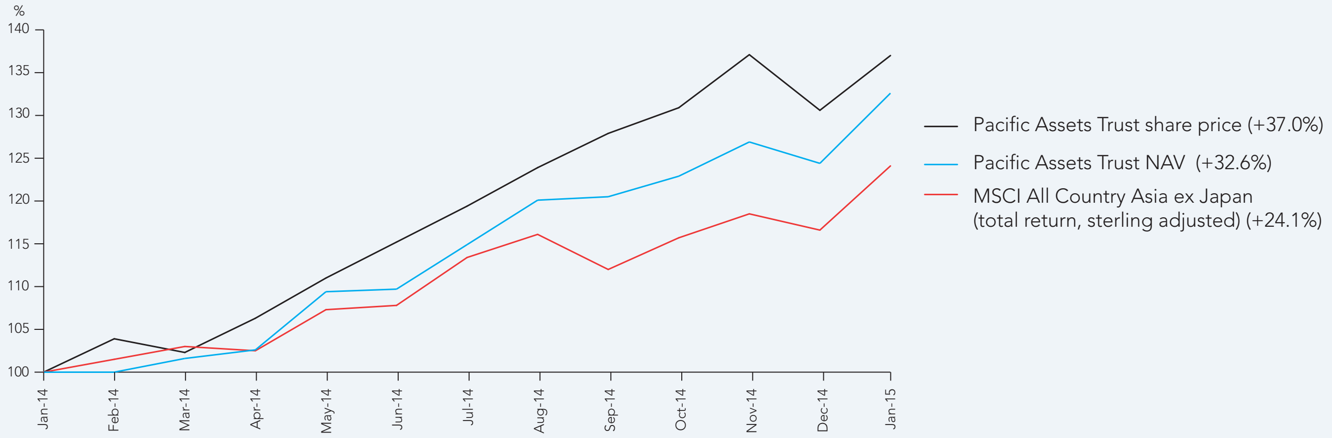
Strategic Report / Company Performance

Financial Highlights

	31 Jan 2015	31 Jan 2014
Share price total return*	+37.0%	+0.3%
Net asset value per share total return*	+32.6%	+0.9%
MSCI All Country Asia ex Japan Index (total return, sterling adjusted)* – benchmark index	+24.1%	-6.8%
Dividend per share	2.6p	2.6p
Discount of share price to net asset value per share	5.3%	8.7%

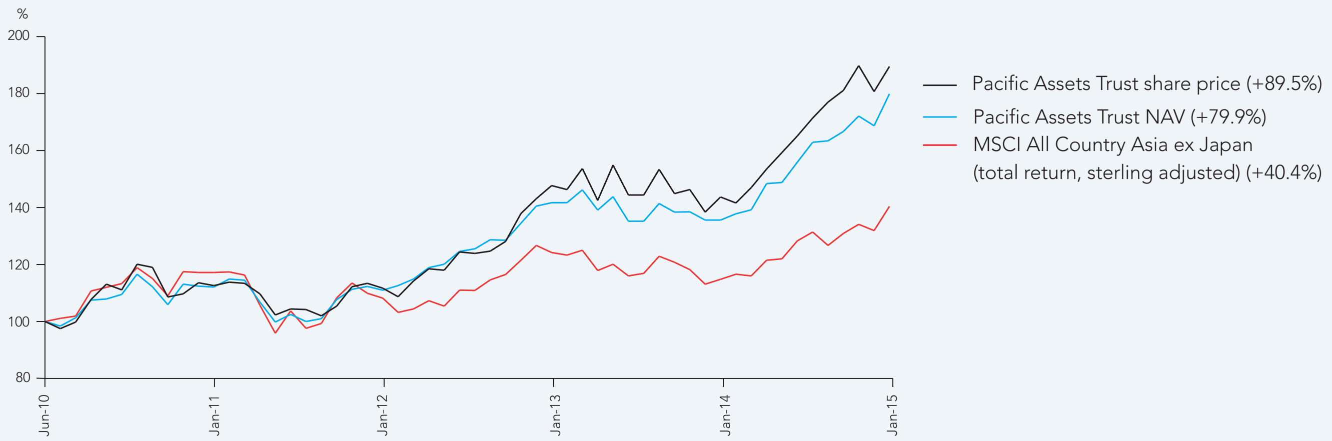
*Source: Morningstar

Total Return Performance for the year to 31 January 2015



Source: Morningstar
Rebased to 100 as at 31 January 2014

Total Return Performance since the Date of Appointment of First State as Investment Manager



Source: Morningstar
Rebased to 100 as at 30 June 2010

Strategic Report / Company Performance

Performance Summary

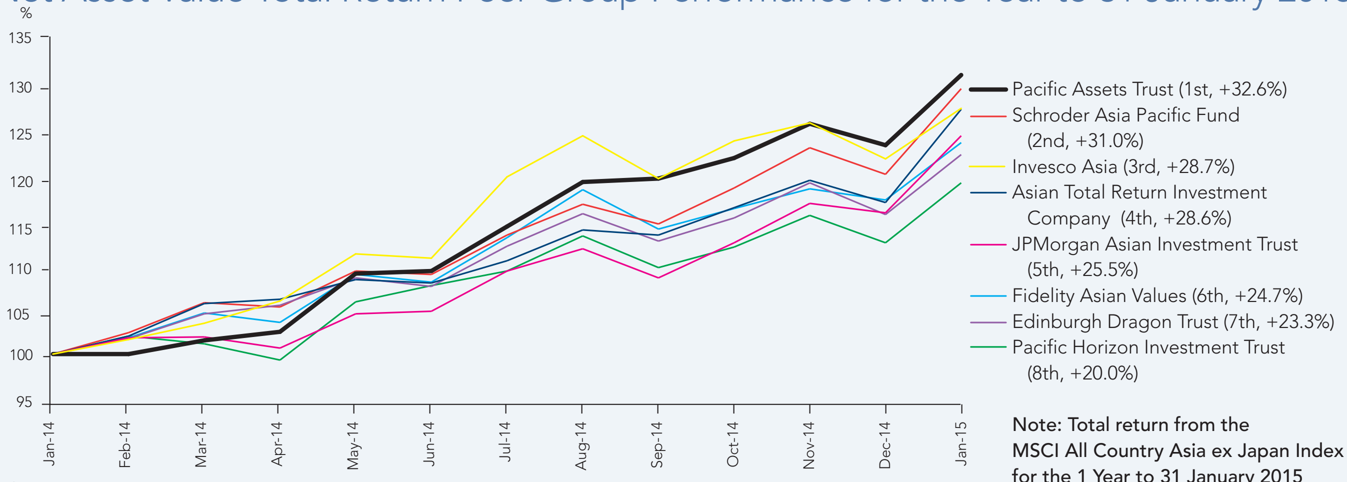
	As at 31 January 2015	As at 31 January 2014	% Change
Shareholders' funds	£242.1m	£186.3m	+30.0
Market capitalisation	£229.3m	£170.1m	+34.8
Discount of share price to net asset value per share	5.3%	8.7%	–
Total Return	One year to 31 January 2015	One year to 31 January 2014	
Share price (total return)	+37.0%	+0.3%	n/a
Net asset value per share (total return)	+32.6%	+0.9%	n/a
MSCI All Country Asia ex Japan Index (total return, sterling adjusted)	+24.1%	–6.8%	n/a
Revenue and Dividend			
Revenue return per share	2.1p	2.5p	–16.0
Dividend per share	2.6p	2.6p	–
Ongoing Charges Ratio			
Ongoing charges ratio (excluding performance fee)*†	1.3%	1.3%	n/a
Performance fee	0.8%	0.7%	n/a
Ongoing charges ratio (including performance fee)	2.1%	2.0%	n/a
Peer group average ongoing charges ratio (excluding performance fee)*	1.1%	1.1%	n/a

*Source: Morningstar † See glossary on page 60

Year's Highs/Lows	High	Low
Net asset value per share	206.96p	155.52p
Share price	197.75p	145.63p
Premium/(discount) of share price to net asset value per share‡	1.03%	(7.49)%

‡Discount high – narrowest discount/highest premium in year; discount low – widest discount in year (on an ex income basis)
Source: Morningstar

Net Asset Value Total Return Peer Group Performance for the Year to 31 January 2015



Source: Morningstar
Rebased to 100 as at 31 January 2014

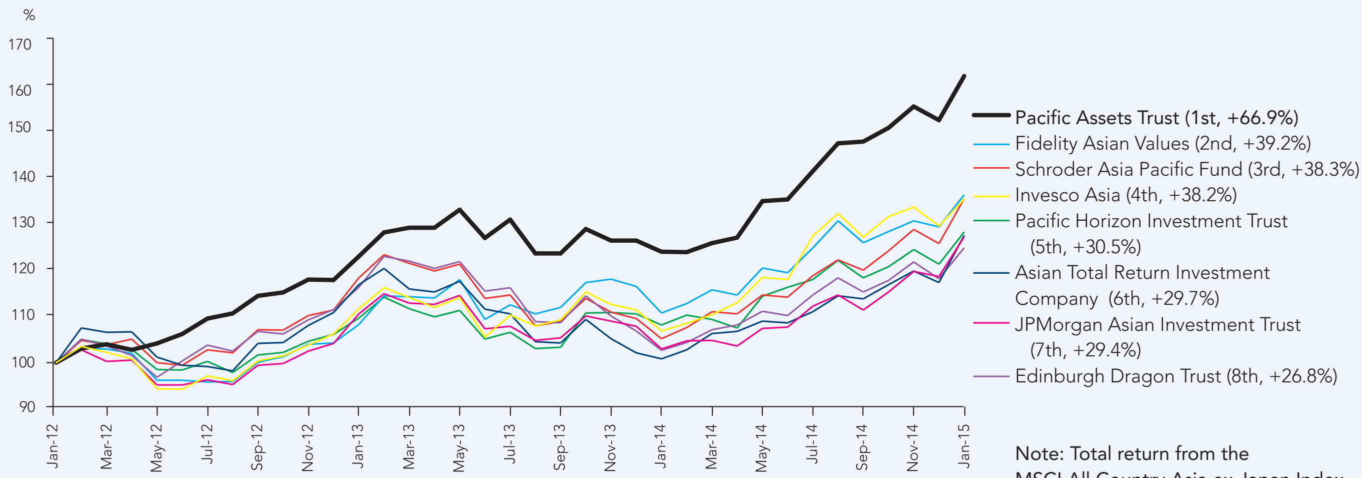
Note: Total return from the MSCI All Country Asia ex Japan Index for the 1 Year to 31 January 2015 was +24.1%

Strategic Report / Company Performance

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.

Three Year Net Asset Value Total Return Peer Group Performance



Source: Morningstar
Rebased to 100 as at 31 January 2012

Note: Total return from the MSCI All Country Asia ex Japan Index for the 3 Years to 31 January 2015 was +29.6%

Ten Year Record

31 January	Shareholders' funds £'000	Net asset value per share	Share price	Discount of share price to net asset value per share	Dividend per share	Ongoing charges
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	1.4%
2013	187,602	160.6p	147.5p	8.2%	2.60p	1.3%†
2014	186,287	159.4p	145.6p	8.7%	2.60p	1.3%†
2015	**242,063**	**207.2p**	**196.3p**	**5.3%**	**2.60p**	**1.3%†**

*Excludes the costs attributable to the change in management arrangements amounting to £380,000.
†Excludes performance fee payable of £1,798,000 (2014: £1,358,000) (2013: £627,000).

Strategic Report / Chairman's Statement

"The Company's share price total return of +37.0% and the net asset value total return of +32.6% both significantly outperformed the benchmark index. This places the Company first in its peer group over one, three and five years."

Performance

Asian markets performed strongly during the year ended 31 January 2015 as demonstrated by the Company's benchmark index which posted a return of +24.1%. The Company's share price total return of +37.0% and the net asset value total return of +32.6% both significantly outperformed the benchmark index over this period. It is also particularly pleasing that this places the Company first in its peer group over one, three and five years to 31 January 2015 in terms of its net asset value total return performance.

This continued outperformance has fulfilled the criteria for the payment of a performance fee, which is measured over a rolling three year period, of £1,798,000 and amounts to 0.7% of net assets. This has been charged to the Company's capital account.

The share price discount to net asset value per share as at 31 January 2015 was 5.3% which compares to 8.7% as at 31 January 2014.

Revenue and Dividend

The Company generated earnings per share of 2.1p during the year which compares to 2.5p for the previous year. The Board is recommending an unchanged dividend payment of 2.6p per share, utilising £511,000 of the brought forward accumulated revenue reserves. This dividend will be paid on 29 June 2015 to shareholders on the register at 29 May 2015. The associated ex-dividend date will be 28 May 2015.

At the end of Janaury 2015 the Company held cash amounting to 11% of net assets. If the cash were to remain uninvested and the yield from the investment portfolio remains similar for much of the year to 31 January 2016, the income would again be insufficient to cover the dividend. In this event the Directors would 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 announced this time last year, Richard Horlick retired from the Board at the 2014 Annual General Meeting. The Board subsequently appointed Charlotta Ginman as a Director with effect from 9 October 2014. The Board is delighted to have attracted an individual of Charlotta's calibre and experience, and she will take over from Nigel Rich as Chairman of the Company's Audit Committee with effect from the conclusion of the Company's Annual General Meeting to be held on Wednesday, 24 June 2015. Nigel will continue to act as the Company's Senior Independent Director.

I will be retiring from the Board at the conclusion of this year's Annual General Meeting. I have been on the Board since 1985 and Chairman since 2004. I have thoroughly enjoyed my time on the Board and am grateful to my fellow Directors and our advisers for their support over the years. I am delighted that James Williams is to succeed me as Chairman. His extensive experience in the investment community both here and in Asia will undoubtedly serve shareholders well in the future.

A search for a new Director is underway and an announcement will be made in due course.

Alternative Investment Fund Managers Directive ('AIFMD')

With effect from 30 April 2014 the Company has been registered as a small UK Alternative Investment Fund Manager ('AIFM') in accordance with the requirements of the European Union's Alternative Investment Fund Managers Directive which came into effect in July 2014.

As previously announced, a consequence of such a registration is that your Company will not be able to utilise gearing at any time. The Board continues to believe that this will not have a material impact on your

Strategic Report / Chairman's Statement

Company's investment strategy in view of the fact that gearing is not a part of First State's approach. However, should First State wish to reinstate gearing the Board would then reconsider the Company's position with respect to AIFMD.

In adopting this approach, the Board has retained responsibility for risk management and First State continues to be responsible for managing your Company's investment portfolio.

Management Arrangements

The Board reviewed its management arrangements during the year. Under a new Investment Management Agreement with First State, effective from 1 February 2015, the management fee payable was changed from 0.75% per annum of the Company's net assets to 0.90% per annum of net assets. At the same time the arrangements under which First State could earn a performance fee were removed.

In addition, under a new Management, Administrative and Secretarial Services Agreement with Frostrow, also effective from 1 February 2015, the fee payable was reduced to 0.15% per annum (plus VAT) of the Company's net assets lower than or equal to £275 million, and 0.10% per annum of the amount of the Company's net assets in excess of £275 million. The fee payable was previously 0.20% per annum (plus VAT) of market capitalisation.

As part of the new fee arrangements with First State and Frostrow, responsibility for the Company's marketing activities has been transferred from Frostrow to First State. The Board has been fully satisfied with the marketing services provided by Frostrow in the past and supports First State's wish to assume responsibility for this area in the future.

It is nearly five years since First State and Frostrow were first appointed during which time the fortunes of the Company have been transformed. Tribute should be paid to both organisations for their contributions over this period.

First State's sustainable investment approach has set your Company apart from its peer group in terms of investment philosophy. Whilst the Board is convinced these investment disciplines will continue to provide good long-term returns, we are also aware that returns relative to our benchmark index are likely to be volatile. Since July 2010, when First State was first appointed, returns relative to the benchmark index have been favourable. However, we realise that a portfolio constructed without reference to the benchmark index will face periods when such comparisons will be negative.

Frostrow has steered the Board through ever increasing regulation and legislation from within the United Kingdom and the EU. Their wise counsel and guidance has made our job considerably easier and enabled us to assume the role as AIFM with confidence.

Against this background, it is a credit to First State that they proposed a cancellation of the performance fee and to Frostrow that they were willing to reduce their fee whilst facilitating these changes with their usual efficiency.

The Board believes that this simplification of the fee arrangements, and the removal of the volatility created by the performance fee payable to First State, is in the interests of shareholders.

Annual General Meeting

The Annual General Meeting will be held at Skinners' Hall, 8 Dowgate Hill, London EC4R 2SP on Wednesday, 24 June 2015 at 10.00 a.m. The Board is keen to encourage an informal and useful dialogue between shareholders, the Directors and the Investment Manager at this meeting and looks forward to seeing as many shareholders as possible.

Shareholders who are unable to attend are encouraged to return their forms of proxy to ensure their votes are represented.

Outlook

After a year of particularly strong performance, it is worth reflecting that a number of political uncertainties and economic imbalances still exist which could affect global growth. There are also concerns about the high valuations attached to quality companies in the Asia Pacific region. Longer term, however, your Board believes the sustainable approach adopted by your Investment Manager will continue to provide good returns for the patient investor.

David Nichol
Chairman

27 March 2015

Strategic Report / Overview of Strategy

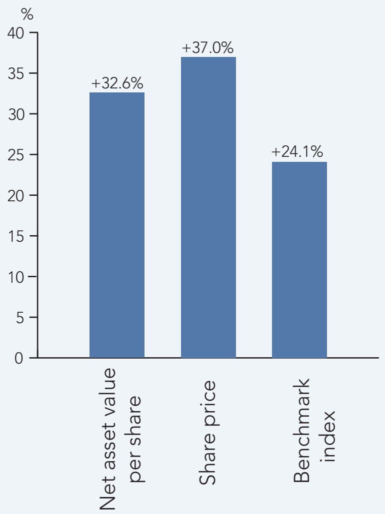
Investment Objective

Aim

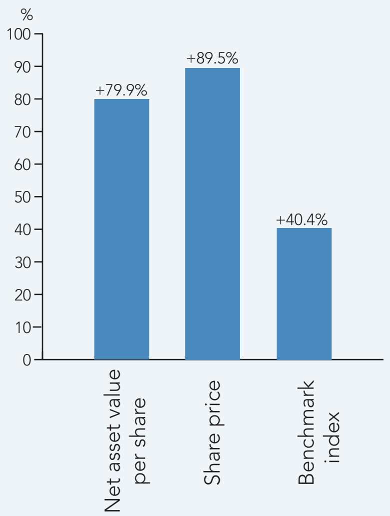
To achieve long-term capital growth through investment in selected companies in the Asia Pacific region and the Indian sub-continent, but excluding Japan, Australia and New Zealand (the 'Asia Pacific Region'). Up to a maximum of 20% of the Company's total assets (at the time of investment) may be invested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

Total Return Performance

Year to 31 January 2015



Since Appointment of First State (1 July 2010)



Source: Morningstar

Investment Approach

The Company's assets are managed by First State.

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 investment 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.

Strategic Report / Overview of Strategy

Investment Strategy and Business Model

Key Performance Indicators

The Company's Board of Directors meets at least four times a year and at each meeting reviews performance against a number of key measures, as follows:

- Net asset value total return against the MSCI All Country Asia ex Japan Index (total return, sterling adjusted).
- Net asset value total return against the peer group.
- Discount of share price to net asset value per share.
- Ongoing charges ratio.

Net asset value total return – benchmark

The Directors regard the Company's net asset value total return as being the overall measure of value delivered to shareholders over the long-term. Total return reflects both net asset value growth of the Company and also the dividend paid to shareholders. First State's investment style is such that performance is likely to deviate materially from that of the benchmark index. The Board considers the most important comparator to be the MSCI All Country Asia ex Japan Index.

During the year under review the net asset value per share showed a total return of +32.6% outperforming the benchmark by 8.5%.

A full description of performance during the year under review and the investment portfolio is contained in the Investment Manager's Review commencing on page 16 of this annual report.

Net asset value total return – peer group

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.

For the three years ended 31 January 2015 the Company ranked first out of its peer group of the Company and seven other investment trusts with a similar investment objective as that of the Company.

Discount of share price to net asset value per share

The Board believes that an important driver of an investment trust's discount or premium over the long-term is investment performance together with a proactive marketing strategy. However, there can be volatility in the discount or premium during the year. Therefore, the Board takes powers each year to buy back and issue shares with a view to limiting the volatility of the share price discount or premium.

During the year under review no shares were issued or bought back by the Company and the Company's share price discount to net asset value per share was consistently narrower than the peer group average. As at 31 January 2015 the discount of the Company's share price to the net asset value per share was 5.3%.

Discount

31 January 2015	31 January 2014
5.3%	8.7%
(Peer group average 9.1%)	(Peer group average 9.5%)

Ongoing charges ratio

The Board continues to be conscious of expenses and works hard to maintain a sensible balance between strong service and costs.

The Board has agreed amended terms with First State, the Company's Investment Manager, and Frostrow, the Company's Manager, Company Secretary and Administrator which became effective on 1 February 2015. Further details can be found in the Report of the Directors on page 48. The principal change to the Investment Manager's terms is the removal of the performance fee.

As at 31 January 2015, the ongoing charges ratio including the performance fee payable of £1,798,000 was 2.1% (2014: £1,358,000, 2.0%). The ongoing charges ratio (excluding the performance fee) was 1.3% which was unchanged from the percentage for the previous year. This ongoing charges ratio compares to the average of the Company's peer group for the year of 1.1%.

Ongoing charges ratio

31 January 2015	31 January 2014
2.1% (inc. perf. fee)	2.0% (inc. perf. fee)
1.3% (ex. perf. fee)	1.3% (ex. perf. fee)

Peer group average excluding performance fees: 1.1% (2014: 1.1%)

Strategic Report / Overview of Strategy

Risk Management

The Board is responsible for the management of the risks faced by the Company and the Board regularly reviews these risks and how risk is mitigated. The Board has categorised the risks faced by the Company under five headings as follows:

- Investment activity and strategy
- Financial
- Shareholder relations and corporate governance
- Operational
- Accounting, legal and regulatory.

A summary of these risks and their mitigation is described below:

Principal Risks and Uncertainties	Mitigation
Investment Activity and Strategy An unsuccessful investment strategy, including asset allocation may lead to underperformance against the Company's benchmark index and peer group companies, and may result in a widening of the Company's share price discount to net asset value per share.	The Board regularly reviews the Company's investment mandate and its long-term investment strategy in relation to market and economic conditions, and the operation of the Company's peers, thereby monitoring whether the Company should continue in its present form. First State provides an explanation of stock selection decisions and an overall rationale for the make-up of the investment portfolio. First State discusses current and potential investment holdings with the Board on a regular basis in addition to new initiatives, which may enhance shareholder returns. The Board sets appropriate investment restrictions and guidelines which are monitored and reported on by Frostrow. Each month the Board receives a monthly compliance review report which monitors the Company's investment performance (both on an absolute basis and against the benchmark and peer group) and its compliance with the investment guidelines. Additional reports and presentations are made regularly to investors by First State and also by Canaccord Genuity Limited, the Company's Corporate Stockbroker. In consultation with its advisers, including the Company's Corporate Stockbroker, the Board also undertakes a regular review of the level of discount/premium and consideration is given to ways in which share price performance may be enhanced, including the effectiveness of marketing, share issuance and share buy-backs, where appropriate.

Strategic Report / Overview of Strategy

Principal Risks and Uncertainties	Mitigation
Financial The financial risks associated with the Company comprise market risk (including counter party risk), interest rate risk, liquidity risk, foreign exchange risk and credit risk.	First State is responsible for undertaking reviews of the creditworthiness of the counterparties that it uses. The Board regularly reviews First State's approved list of counterparties. The Board also reviews the relevant systems and controls at JPMorgan Chase Bank, the Company's Custodian. The Company does not hold any fixed interest investments. Cash balances are held in overnight call accounts where relevant interest rates are linked to bank base rates. The Board keeps the level of cash held under regular review. The Company's assets mainly comprise readily realisable liquid securities, which can be sold to meet funding requirements if necessary. The Company's assets are invested in securities denominated in foreign currencies. As the Company's shares are denominated and traded in sterling, the return to shareholders will be affected by changes in the value of sterling relative to those foreign currencies. The Company does not at present hedge against currency exposure. The Board keeps this position under review. Further information on financial instruments and risk, as required by FRS 29, can be found in note 16 to the financial statements beginning on page 43.
Shareholder Relations and Corporate Governance Shareholder concern could arise if there is poor adherence to best practice in corporate governance resulting in reputational damage to the Company.	The Board receives regular reports on shareholder activity and is kept informed of shareholder sentiment. Regular contact is maintained with major shareholders. Details of the Company's compliance with corporate governance best practice, including information on relations with shareholders, are set out in the Corporate Governance Statement beginning on page 25.
Operational Disruption to, or failure of, accounting, dealing or payments systems in place at the Company's service providers, including custodian and appointed sub-custodians could prevent accurate reporting and monitoring of the Company's financial position.	The Board reviews both the internal control and the disaster recovery procedures put in place by its principal service providers on a regular basis.
Accounting, Legal and Regulatory Failure to comply with appropriate law and regulations could expose the Company to serious financial loss and reputational damage.	The Board relies on the services of Frostrow and also its external advisers to assist it in the compliance with applicable law and regulations including the Companies Act, the Corporation Tax Act, the UKLA Listing Rules and the Alternative Investment Fund Managers Directive. Frostrow provides a monthly compliance report to the Board.

Strategic Report / Overview of Strategy

Director, Social, Economic and Environmental Matters and Looking to the Future

Directors

The Directors of the Company, who served during the year, are shown below. Further information on the Directors can be found on pages 23 and 24.

David Nichol (Chairman)
Charlotta Ginman (appointed 9 October 2014)
Richard Horlick (retired on 24 June 2014)
Terence Mahony
Nigel Rich
James Williams

Board Diversity

The Board is supportive of the recommendations of Lord Davies' report that the performance of corporate boards can be improved 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 process 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.

Social, Economic and Environmental Matters

The Directors, through the Company's Investment Manager, encourage companies in which investments are made to adhere to best practice with regard to Corporate Governance. The Company recognises that social and environmental issues can have an effect on some of its investee companies and this is reflected by the sustainable approach taken by First State.

The Company is an investment trust and so its own direct environmental impact is minimal.

Looking to the Future

The Board concentrates its attention on the Company's investment performance and First State's investment approach and on factors that may have an affect on this approach.

The Board monitors the performance of the Company's portfolio compared to its benchmark and also its peer group. In addition, it invests time in meeting investee companies to ascertain if they meet the sustainable criteria set by First State.

The Board is regularly updated by Frostrow on wider investment trust industry issues and discussions are held at each Board meeting concerning the Company's future development and strategy.

The Company's overall strategy remains unchanged.

Strategic Report / Investment Portfolio

as at 31 January 2015

Company	MSCI sector	Market valuation £'000	% of total assets less current liabilities	Country of incorporation
Tech Mahindra	Information Technology	14,842	6.1	India
Marico	Consumer Staples	11,146	4.6	India
Taiwan Semiconductor Manufacturing	Information Technology	9,965	4.1	Taiwan
Delta Electronics (Thailand)	Information Technology	9,180	3.8	Thailand
Vitasoy International Holdings	Consumer Staples	9,054	3.8	Hong Kong
Manila Water	Utilities	8,399	3.5	Philippines
Kotak Mahindra Bank	Financials	7,824	3.2	India
E.Sun Financial Holdings	Financials	7,529	3.1	Taiwan
Idea Cellular	Telecommunication Services	7,438	3.1	India
Standard Foods	Consumer Staples	7,343	3.0	Taiwan
Ten largest investments		**92,720**	**38.3**	
Dr. Reddy's Laboratories	Health Care	6,730	2.8	India
Ayala Corporation	Financials	6,474	2.6	Philippines
SembCorp Industries	Industrials	5,809	2.4	Singapore
XL Axiata	Telecommunication Services	5,596	2.3	Indonesia
Chroma ATE	Information Technology	5,441	2.3	Taiwan
Towngas China	Utilities	5,441	2.3	Cayman Islands[1]
Housing Development Finance	Financials	5,063	2.1	India
Infosys	Information Technology	4,919	2.0	India
Bank of the Philippine Islands	Financials	4,861	2.0	Philippines
Singapore Post	Industrials	4,207	1.7	Singapore
Twenty largest investments		**147,261**	**60.8**	
Linde India	Materials	4,189	1.7	India
Dabur India	Consumer Staples	4,117	1.7	India
Public Bank	Financials	3,831	1.6	Malaysia
Axiata Group	Telecommunication Services	3,791	1.6	Malaysia
China Mengniu Dairy	Consumer Staples	3,778	1.6	Cayman Islands[1]
Shinhan Financial	Financials	3,661	1.5	South Korea
Weifu High-Technology Group	Consumer Discretionary	3,579	1.5	China
Globe Telecom	Telecommunication Services	3,446	1.4	Philippines
Kasikornbank	Financials	3,434	1.4	Thailand
Singapore Telecommunications	Telecommunication Services	3,076	1.3	Singapore
Thirty largest investments		**184,163**	**76.1**	
MTR	Industrials	2,953	1.2	Hong Kong
DGB Financial Group	Financials	2,916	1.2	South Korea
Uni-President Enterprises	Consumer Staples	2,695	1.1	Taiwan
Sheng Siong	Consumer Staples	2,550	1.1	Singapore
Pidilite Industries	Materials	2,521	1.0	India
Giant Manufacturing	Consumer Discretionary	2,191	0.9	Taiwan
Tube Investments of India	Consumer Discretionary	2,064	0.9	India
AirTac International	Industrials	2,053	0.8	Cayman Islands[2]
Marico Bangladesh	Consumer Staples	1,959	0.8	Bangladesh
Asustek Computers	Information Technology	1,831	0.8	Taiwan
Forty largest investments		**207,896**	**85.9**	

1. Economic activity takes place principally in China
2. Economic activity takes place principally in Taiwan

Strategic Report / Investment Portfolio

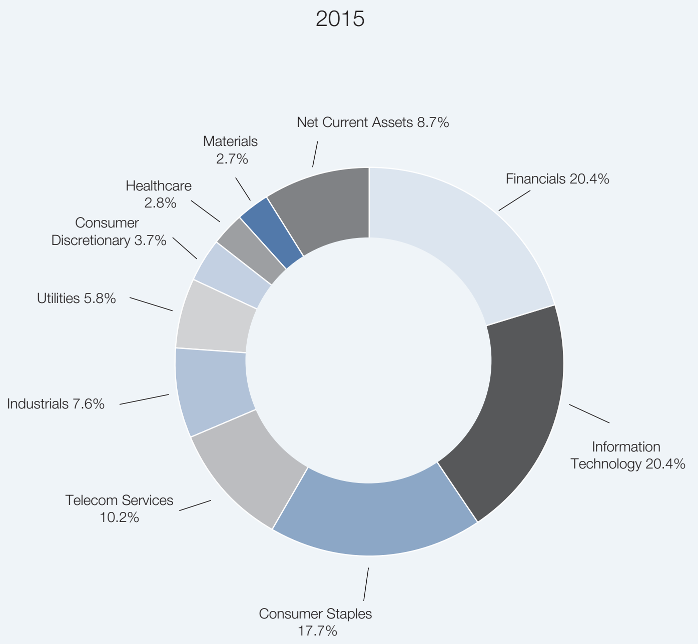
Company	MSCI sector	Market valuation £'000	% of total assets less current liabilities	Country of incorporation
Info Edge	Information Technology	1,385	0.6	India
Hemas Holdings	Industrials	1,254	0.5	Sri Lanka
Cholamandalam Investment & Finance	Financials	1,228	0.5	India
Expeditors International of Washington	Industrials	1,214	0.5	United States[3]
Delta Electronics (Taiwan)	Information Technology	1,185	0.5	Taiwan
Commercial Bank of Ceylon	Financials	1,147	0.5	Sri Lanka
Dialog Axiata	Telecommunication Services	1,069	0.5	Sri Lanka
Container Corp of India	Industrials	1,006	0.4	India
Mahindra Lifespace Developers	Financials	825	0.3	India
Selamat Sempurna	Consumer Discretionary	808	0.3	Indonesia
Fifty largest investments		**219,017**	**90.5**	
Swire Properties	Financials	584	0.2	Hong Kong
PChome Online	Information Technology	553	0.2	Taiwan
Bank OCBC NISP	Financials	452	0.2	Indonesia
Bata Shoe	Consumer Discretionary	355	0.1	Bangladesh
Elgi Equipments	Industrials	133	0.1	India
Total portfolio		**221,094**	**91.3**	
Cash		**26,494**	**11.0**	
Net current liabilities		**(5,525)**	**(2.3)**	
Total assets less current liabilities		**242,063**	**100.0**	

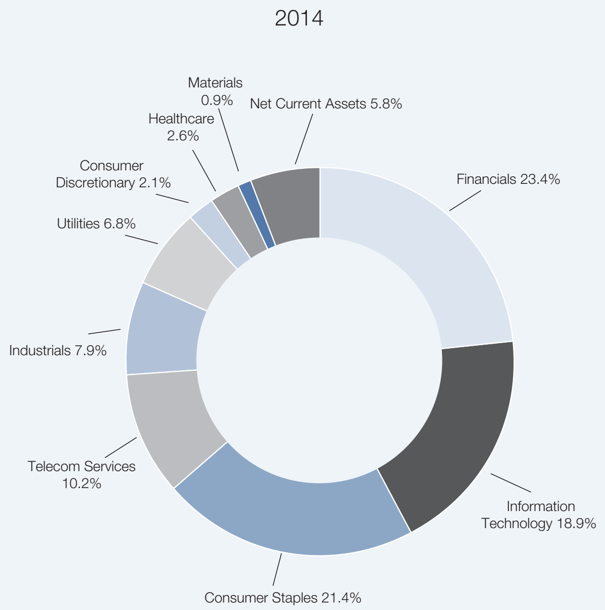
3. Economic activity takes place principally in the Asia Pacific Region

Strategic Report / Investment Portfolio

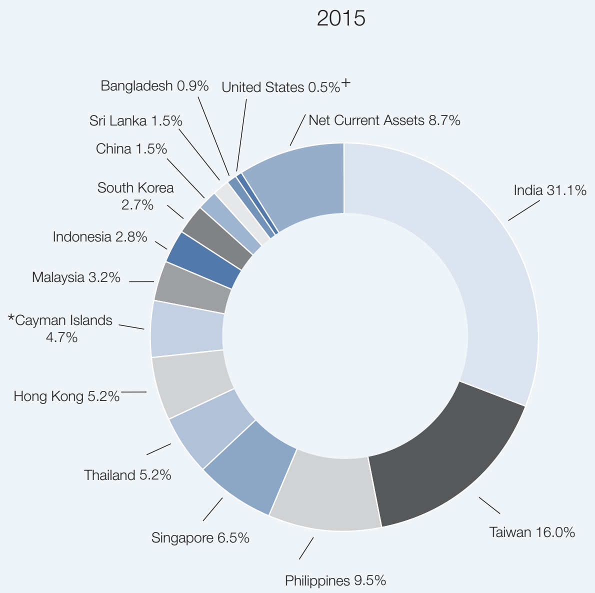
Portfolio Distribution

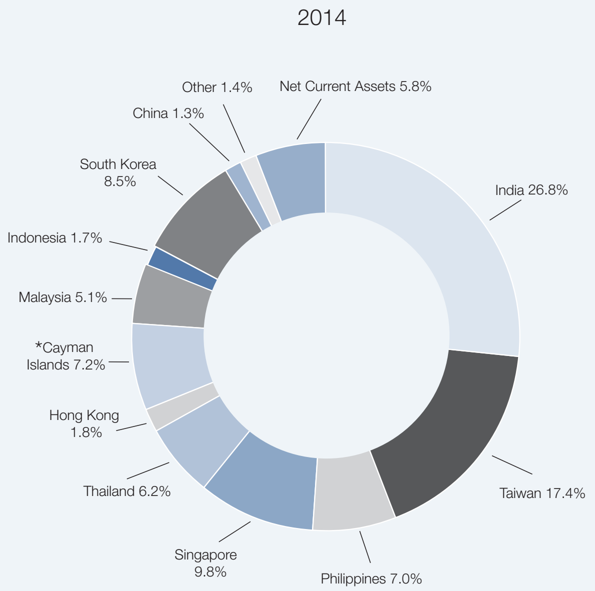
Sector Analysis





Geographical Analysis by Country of Incorporation





*3.9% of assets with economic activity principally in China, 0.8% of assets with economic activity principally in Taiwan (2014: 6.6% of assets with economic activity principally in China, 0.6% of assets with economic activity principally in Taiwan)

+Economic activity principally within the Asia Pacific Region

Strategic Report / Investment Philosophy

Overview of First State's Investment philosophy

First State, which has been the Company's Investment Manager since 1 July 2010, adopts a sustainable investment strategy in selecting the investments that make up the Company's investment portfolio.

Definition of Sustainable Investment

By sustainable investment, First State is not referring to 'green', 'clean tech' or 'ethical' investing. Their emphasis is on sustainable development. They are simply setting out to invest in those companies they believe are particularly well-positioned to deliver long-term returns in the face of the huge development challenges facing all 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, both developed and developing 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.

Sustainable investment has always been an integral part of the First State team's investment philosophy and stock-picking process. At the heart of this philosophy is the principle of stewardship.

They believe their job is to invest their clients' capital in good quality companies with strong management teams and sound long-term growth prospects.

Each investment is a decision to purchase, not a piece of paper or an electronic Bloomberg ticker, but part of a real business with all the rights and responsibilities that go with this 'share' of the ownership of the company. They take these rights and responsibilities seriously. They also believe the way they behave as investment professionals and the role they play in the broader industry are important for their own sustainability.

All the First State investment strategies strive to integrate environmental, social and governance (ESG) considerations into every investment decision. Their sustainability strategies take this one step further by focusing on long-term sustainability themes as a key driver of the investment process.

Sustainable Investment Aim

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.

Investment Philosophy

First State seeks to invest only in good quality companies. Quality is measured through the lenses of management's financial and franchise quality. By analysing the sustainability performance and positioning of companies they can better measure less-tangible elements of quality and identify hidden risks.

First State are long-term investors. They strive to make investment decisions with a five-year time horizon.

They have an absolute return mindset. That is, they define risk as losing money for their clients, rather than in terms of deviation from any benchmark index. They focus as much on the potential downside of their investment decisions as on the anticipated upside. The identification of long-term sustainability risks thus becomes an extremely important way of managing risk. In addition, their willingness to differ substantially from index weightings, both country and company, means they are not obliged to be invested anywhere where they have particular sustainability concerns.

They also recognise there is no such thing as a perfect company. They are active owners and stewards of the companies they own. A summary of First State's investment approach can be found on page 7.

Strategic Report / Investment Manager's Review

"We seek management teams and businesses which are able to contribute positively towards social outcomes, whilst making profits for shareholders."

Sustainable Investment in Asia

We sit in the office of the Chief Executive of one of South East Asia's leading business families, high above the bustling streets below. The group's interests range from property development to a leading airline. But the jewel in the crown is an emerging, pan-regional snacks business. We are invited to try some samples and spend the next five minutes examining the various cake bars, potato chips and cookies on offer. None look especially appetising or healthy. As we turn over the packets in our hands, doing our best to discern ingredients we recognise and find some nutritional information, we can't help but notice that several 'chocolate' products do not appear to contain any cocoa. Slightly bemused, we raise this point with our host. He explains to us that the company finds it cheaper and easier to use vegetable fats as a substitute, and add more sugar to preserve a taste of sweetness.

As the disposable incomes of tens of millions of Asians rises, so does the demand for more variety and convenience in food. The sales of domestic companies serving local tastes as well as those of multinationals producing western fares have grown very quickly over the last twenty years. One consequence has been the creation of a large universe of listed Asian consumer staples companies available for the Company to invest in.

However, it is clear that rising per capita income does not necessarily imply better nutrition. Much of Asia seems mid-way through a period of rapid growth in consumption of highly processed ingredients with dangerous levels of salt, sugar and fat. Globalisation has ensured that the speed with which nutritionally poor quality food has become both available and affordable to large swathes of the urban population in emerging Asia has completely outstripped any education around sensible consumption.

The result is that large portions of the population in Asia are beginning to experience the types of non-communicable lifestyle diseases that are more often associated with older, richer and more developed western societies. The prevalence of diabetes is now higher in Vietnam than in Japan and higher in Indonesia than Italy. Malaysia's incidence of the disease ranks amongst the highest globally. Startlingly, rates in China and India are twice as high as in Australia, the UK or France. In countries with such large, in some cases ageing, populations and so sorely inadequate public health systems, it is no exaggeration to say that poor nutrition and the associated illnesses represents a potential health time bomb for the continent in the 21st century.

It is a tragic dichotomy that in the same Asia-Pacific region, far away from the bright lights of Hong Kong and Singapore, live two-thirds of the world's population of 800 million people who do not have enough food to live healthily. Malnutrition and stunting remains - despite the rapid economic progress of Asia over the last two decades - the norm for hundreds of millions of people in the region, primarily in rural areas in northern India, southwest China and the more remote parts of the Indonesian archipelago.

It is within this extremely challenging and bewildering context that First State attempts to identify potential investee companies for the Company's shareholders. We set out to invest in those Asian companies which are best positioned to contribute to and benefit from sustainable human development in the Asia Pacific Region over the next ten years.

In the area of food and beverages, that means trying to find companies that we think can continue to increase sales in a profitable way over the next ten years, governed by sensible management teams who will deliver reliable and steadily growing cash flows to shareholders. Often, this means seeking out those companies focused on increasing rural, bottom of the pyramid consumption and those products which are truly needed by the end-user.

Strategic Report / Investment Manager's Review

We are trying to find companies whose products, by their nature, are well-positioned for future health and wellness trends. In countries around the world, the manufacturers of excessively unhealthy products are facing headwinds to earnings growth. This is coming on one hand from changing consumer preferences, reflecting a growing underlying awareness of health issues around sugar and salt consumption. At the same time, governments are throwing up barriers in the form of heavier regulation and special taxes in the knowledge that such products can create significant costs for society which will be borne through the public purse via future health spending.

These headwinds are extremely relevant long-term investment issues in Asia, not twenty or thirty years from now, but today. Just as Asia has experienced an increase in these problems earlier and faster than the West did, it may also be the case that the region's populations begin to address them at a pace that few currently expect.

The concept of 'social license to operate' is pertinent: whether they realise it or not, all companies depend upon an implicit acquiescence of society that they may undertake their operations. Those companies which pollute the environment, mistreat labour, avoid tax, bribe politicians or produce products which slowly poison their consumers risk endangering their license to operate. We seek management teams which understand these points and businesses which are able to continuously replenish their implicit licences by contributing positively towards social outcomes, whilst making profits for shareholders.

For these reasons, we consider a rupee or baht of earnings from selling milk or oatmeal to be far lower risk than earnings from selling snacks made from vegetable fats and sugar. Currently, around 15% of the Company's portfolio is invested in companies which are to varying degrees involved in the provision of healthier food and beverages in Asia. **China Mengniu Dairy** is a Beijing based milk and dairy company. Following the melamine milk scandal in 2008, the company came under the control of a reputable Chinese state-owned group and the European dairy companies Danone and Arla – firms with decades of experience in dairy health and safety. The company is today the largest dairy company in China and is playing a major role in providing a daily staple in a safe, reliable and increasingly profitable way. Meanwhile, **Sheng Siong** in Singapore is a family-owned and operated retail operation with a very conservative management team and balance sheet to match. The company has a particular focus on affordable, fresh food and primarily serves the lower income areas of the city, offering lower prices than either wet markets or their retail peers. In Taiwan, **Standard Foods** is a family-run health foods business with dominant market shares in several niche categories, including breakfast porridge and ginseng drinks, which result in high levels of profitability in its domestic market. The company is slowly growing into the mainland Chinese market from its base in Shanghai. A similar tale applies to Hong Kong-based **Vitasoy International Holdings**. This company supplies healthier alternatives in numerous categories, producing soya milk, tea and tofu. Having successfully gone overseas into more developed parts of the region, over time sales into China have grown such that today the contribution from the mainland is approaching 50%. In India, Bangladesh, Vietnam and Malaysia, **Marico** provides, amongst other products, Saffola wholegrain oats and Parachute coconut cooking oil – healthier substitutes to the fried breakfast foods and fattier cooking oils commonly found across South and South East Asia. The Company owns shares in both the Indian parent and in the listed subsidiary **Marico Bangladesh**.

We are well aware, however, that there are no perfect companies. For each of the top holdings, we have compiled a number of priority engagement topics – risk areas for which we want to understand company strategy better, or topics on which we feel the company

Strategic Report / Investment Manager's Review

could be working better. In the case of food and beverage companies, common concerns focus on sourcing of palm oil and other high-risk sectors of the supply chain, sustainable packaging design, and product formulation. We are well aware that there are products sold in Sheng Siong supermarkets which are poorly positioned for sustainability headwinds, and there are some China Mengniu brands which contain far too much sugar. As ever, finding the best positioned companies entails dealing in shades of grey rather than black and white!

Investing is a process rather than an event; hopefully one which takes place over many years. We continue to engage regularly with underlying portfolio holdings in a respectful and non-confrontational way, through face to face meetings and more formally in a written format. The goal is to understand better and, if we can, to improve the sustainability positioning of the companies involved. This is part of the investment process because in our view this can help reduce the risks to the investment case and ensure the preservation of the company's social licence to operate. We believe that in the long-term, making positive changes to company behaviour will not only be good for society but will help contribute to the success of these businesses in Asia in the coming decades.

Performance Review

The table overleaf shows the primary contributors to, and detractors from, the Company's performance in the twelve months under review. As always the detractors are of more interest as it is here we are able to learn from our mistakes! The worst investment of the year was our investment in **DGB Financial**, a South Korean bank headquartered in Daegu. We have a strong preference for investing in small, regional, 'old-fashioned banking' banks rather than the huge, casino banks that increasingly straddle the Asia Pacific Region. DGB fits very much into the former category, and has worked hard to earn the trust of savers in the greater Daegu region over the past half century. While the long-term outlook remains solid, the last twelve months have been difficult for the Bank as a combination of senior management transition, local market saturation and deteriorating asset quality have led to short-term uncertainty. In hindsight, we should have anticipated the deteriorating lending environment and trimmed our position earlier. Elsewhere, **SembCorp Industries** has struggled following a downturn in the marine and offshore division while both **Towngas China** and **Standard Foods** have seen their earnings slow as a result of the significant economic slowdown underway in mainland China.

In terms of the drivers of performance, five of the top ten contributors are Indian companies. At first glance this may appear to have been a successful call on the Indian stock market for 2014. In reality it was anything but. Each of the sixteen Indian companies within the portfolio are held for company-specific reasons, many of which have little if anything to do with the Indian economy. For example, **Tech Mahindra's** sales are almost exclusively outside India and its strong share price is simply a result of the successful reincarnation of the company under new owners. While the landslide victory of Prime Minister Modi has led to a re-rating of many Indian companies during 2014, Tech Mahindra included, it is just as likely that a de-rating will follow at some point, once the political honeymoon period comes to an end. As a result, there is every chance that the Company's Indian holdings will pepper the top ten detractors list next year! Should this be the case, we will hopefully take the opportunity to increase the Company's holdings in some of our favourite Indian companies which we have been forced, as a result of extended valuations, to trim during 2014.

We consider currency risks at a company level and avoid currency mis-matches between revenues and costs, and look favourably upon natural currency hedges in a business. At an investment portfolio level we have no expertise in managing for expectations of currency

Strategic Report / Investment Manager's Review

changes and deliberately do not hedge for currency changes. During the past year sterling depreciated versus all Asian currencies held in the investment portfolio by between 3% and 11%.

What helped – contribution returns (top ten)

Company	Contribution returns %
Tech Mahindra	4.50
Marico	4.49
Delta Electronics (Thailand)	2.12
Kotak Mahindra Bank	2.04
Amorepacific Group*	1.92
Taiwan Semiconductor Manufacturing	1.86
Dabur India	1.84
Manila Water	1.60
Kasikornbank	1.30
Tube Investment of India	1.21

What hurt – contribution returns (bottom ten)

Company	Contribution returns %
DGB Financial	-0.57
SembCorp Industries	-0.41
Towngas China	-0.40
Standard Foods	-0.36
Uni President China*	-0.09
Commercial Bank of Ceylon	-0.03
Sabana REIT*	-0.03
Nations Trust Bank*	-0.02
Dialog Axiata	-0.02
Selamat Sempurna	-0.01

* Stock not held at the year-end

Source: First State

Outlook

Taking a top-down view, Asia-Pacific markets currently can be argued to look cheap, at least on a relative basis. In early 2015, Asia ex Japan is trading at a forward looking P/E (price-to-earnings ratio) of below 12x. This is a little lower than the region's historic average. For comparison, the US trades currently on over 16x, Japan on 14x and even Europe, in the economic doldrums and struggling with looming deflation, on almost 13x. Investors in the Company might be forgiven, therefore, for thinking that the Company's Investment Manager is currently having a comfortable time in picking out high quality companies at very attractive valuations.

The reality could scarcely be further from the truth. Whenever we travel in the region or conduct fair market valuation exercises on our favourite companies, we find that many of them trade on very stretched valuations.

At least part of the answer to this paradox lies in the relative popularity of different parts of Asia and the weightings of those markets in the composite figure. That China and Korea, Asia's two largest markets by representation in the index, are both unpopular at present contributes a lot to the overall figure. Primarily for reasons around corporate governance, we have struggled to find many high quality companies in these markets in which to invest our clients' funds.

Market	YE15 P/E*	YE15 P/B**	% of Index	% of Portfolio
Philippines	18.9	2.8	1.2	9.6
India	16.5	2.6	9.3	30.5
Indonesia	14.5	2.8	3.5	3.0
Malaysia	14.7	1.8	4.7	3.2
Taiwan	13.0	1.7	15.1	16.7
Hong Kong	14.5	1.2	12.8	7.5
Singapore	13.3	1.3	5.8	6.3
Thailand	12.9	1.9	3.5	5.0
Korea	9.6	0.9	17.4	2.7
China	9.5	1.3	26.7	3.1

* Price-to-earnings ratio

** Price-to-book ratio

% of Index calculated by pro rata from MSCI World Index. % of the portfolio does not round to 100% due to exposure to markets not listed here and cash.

Source: MSCI and First State

We have built up a large cash position within the portfolio. This is less a call on overall markets – we have no crystal ball – and more a reflection of our stock-by-stock approach. Many of our favourite Asian companies have reached valuations we struggle to live with. As a result, we have been forced to trim and in some cases dispose altogether of the Company's investments in these companies. Meanwhile, we continue to be very cautious about reinvesting the proceeds from these

Strategic Report / Investment Manager's Review

sales. While we have placed a number of new purchase orders, they have all been accompanied by tight limits above which we are not prepared to go. Better to sit and be patient than to chase share prices up, particularly given the state of markets currently.

In attempting to value companies, we believe that methodologically, quite often less is more. We do not build complex financial models which attempt to estimate future earnings growth over the short-term of one or two years. It seems to us that most of the time such attempts would unnecessarily overcomplicate matters and serve only to hide what are usually only a few key investment points.

We have no black box for valuing companies and attempt to keep the methods used as simple as possible and to deliberately rotate evaluating the fair market values of companies around the team to ensure a fresh evaluation is made. The specific methods used will vary; anything from valuing a company at the replacement value of its tangible assets to making an international comparison of the market capitalisation per capita of similar businesses are all legitimate tools.

Two obvious potential mistakes, however, deserve mention as points we take care to avoid. One is relative valuation arguments: "a 20x PE ratio isn't so expensive, this similar company in this market trades at 25x". We are strongly considering instituting a team-wide relative valuation argument swear jar. The second is ensuring that short-term valuation metrics like one year forward price-to-earnings (PE) ratios do not become the sole consideration.

History is instructive. In 2002, **Dabur India**, one of the Company's holdings, was a small ayurvedic company focused on shampoo, toothpaste, skincare and chyawanprash, an ancient Indian fruit pulp with herbs and plant extracts. If you had wanted to buy shares in the company at that stage, you would have been asked to pay a rather full looking 22x earnings. One could easily have considered this too expensive. The subsequent 13 years has illustrated aptly the folly of focusing excessively on the near-term in valuing companies. Since then, Dabur has returned approximately 36% per year to shareholders in the form of share price appreciation and a growing dividend.

In order to combat the tendency to focus on next year's PE ratio, we ask ourselves whether we believe the quality of management, franchise and financials of a given company is high enough that we would feel comfortable buying and holding for ten years, and making claims stretching this far into the future. Hopefully, for all of our investee companies, this is the case. We then try to evaluate likely growth in earnings over that period. Lastly, we ask whether the business will be mature or still growing ten years from now, and what an appropriate multiple on earnings ten years from now might be.

As our favourite companies get expensive, the temptation is to chase more reasonable valuations and compromise on quality. We are resolute that this would not be the best choice for our clients. As valuations become stretched, it becomes only more important in order to preserve clients' capital to focus on quality companies – those with blemish-free corporate governance, reputable management teams with track record, conservative financials and franchises which stand to benefit from sustainability tailwinds – and ensure our valuation mindsets take into account the next decade rather than the next four quarters.

First State Investment Management (UK) Limited
27 March 2015

Strategic Report / Investment Manager's Review

Portfolio Focus – These are examples of companies that we are focusing on.

MARICO

Shareholders since: July 2010

Sustainability classification: Sustainable goods and services

Company description: Marico is a leading Indian consumer products company. The Company's flagship product is Parachute, an edible grade coconut oil, designed for hair care but also used in cooking! Using cashflows from Parachute, Marico have successfully built up a strong suite of trusted brands in personal care and healthy foods.

Investment rationale: Marico has a successful long-term track record, quality management, a risk aware culture, an independent board, and a portfolio of strong brands in under penetrated categories. Marico is now steadily building a business in other emerging markets such as Bangladesh, South East Asia, Africa and the Middle East where consumer behaviour is similar to India. We believe Marico can continue to deliver sustainable growth over the next decade as it is well positioned in fast growing markets and categories with strong sustainability tailwinds.

marico

GIANT MANUFACTURING

Shareholders since: February 2012

Sustainability classification: Required infrastructure

Company description: Established in 1972, Giant is one of the world's largest bike manufacturers in terms of revenue. They have the number one position in China and are one of the top three brands in Europe and the US. Giant operates manufacturing bases in Taiwan, China and the Netherlands. They manufacture under the Giant brand but also for Trek and Specialized.

Investment rationale: Excellent track record of execution both in OEM business and development of its own brand, there is a good history of paying dividends and they have the long-term backing of the Liu family. We also see long-term opportunities for bikes as people opt for healthier life styles and commuting (Giant is also leading in the development of electric bikes).

PIDILITE

Shareholders since: December 2013

Sustainability classification: Sustainable goods and services

Company description: Founded in 1959, Pidilite is one of India's leading adhesives and construction chemicals companies, majority owned and managed by the Parekh family.

Investment rationale: Pidilite has a sound long-term track record, majority owned by a quality family, has a strong balance sheet and should benefit from rising spending on housing and infrastructure in India.

The company has been going through a well planned transformation since 2009 to increasingly professionalise senior management. This transformation was not borne out of a crisis but simply an understanding of the needs of a business their size and the growth opportunities over the next decade.

CHINA MENGNIU DAIRY

Shareholders since: 2012

Sustainability classification: Sustainable goods and services

Company description: China Mengniu is the country's largest dairy company, producing branded liquid milk, yogurt, ice cream and milk formula products.

Investment rationale: Following the melamine scandal in 2008, a respected state-owned consumer group, COFCO, stepped in. Since then, the management team has been changed, there has been a concerted effort to improve health and safety standards and milk inspection procedures to global best practice. Europeans with decades of expertise in food safety and branding in the dairy industry, including Danone and Arla, have been integrated closely as equity investors. The company has been consolidating and integrating its supply chain in order to guarantee the quality of its liquid milk supplies. A cash generative franchise with significant room for margin expansion, Mengniu is focusing on strengthening its branding, cost control, and on promoting value added dairy products like yogurt. We as minorities are aligned with the state and other equity holders in improving safety standards in the Chinese dairy industry, and hope to benefit from long-term increases in Chinese dairy consumption.

Governance / Board of Directors

David Nichol, FCA
Chairman

David was appointed as a Director in January 1985 and Chairman in May 2004. He is Chairman of the Nomination and Engagement & Remuneration Committees. He is a former partner of Rossie House Investment Management, a firm which he founded in 1993. Prior to that he was with Ivory & Sime for 20 years and was Managing Director of Ivory & Sime Asia Ltd. in Hong Kong from 1989 to 1991.

Charlotta Ginman, ACA
Charlotta was appointed as a Director on 9 October 2014. She is a non-executive Director of Kromek Group plc, where she chairs the company's Audit Committee, and also of Polar Capital Technology Trust plc and Consort Medical plc. Charlotta was formerly a non-executive Director of Wolfson Microelectronics plc. Prior to going plural, Charlotta held senior positions in the investment banking and telecom sectors.

A Chartered Accountant, Charlotta also holds an MSc in Economics from the Swedish School of Economics and Business Administration in Helsinki.

Terence Mahony
Terence was appointed as a Director in February 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 Vice Chairman of Vina Capital Group and a non-executive Director of Tau Capital plc and Advance Developing Markets Fund Limited.

The table below sets out the number of scheduled Board and Committee meetings held during the year ended 31 January 2015 and the number of meetings attended by each Director.

	Board of Directors	Audit Committee	Engagement & Remuneration Committee	Nomination Committee
Number of meetings	5	2	1	3
D B Nichol	5	2	1	3
M C Ginman*	2	–	–	2
R M A Horlick**	2	1	1	1
T F Mahony	5	2	1	3
N M S Rich	5	2	1	3
J P Williams	5	2	1	3

* Appointed on 9 October 2014
** Retired on 24 June 2014

Other ad hoc meetings of the Board and Committees are held in connection with specific events as and when necessary. All the serving Directors attended the Annual General Meeting held on 24 June 2014.

Governance / Board of Directors

Nigel Rich, CBE, FCA

A Chartered Accountant, Nigel is the Senior Independent Director and Chairman of the Audit Committee and was appointed as a Director in January 1997. He is Chairman of SEGRO plc and a non-executive Director of British Empire Securities and General Trust plc and Matheson & Co Limited. He is also Co-Chairman of the Philippine British Business Council. From 1974-1994 he was with Jardine Matheson Group and was the Group Managing Director from 1989-1994 based in Hong Kong.

James Williams

James was appointed as a Director in October 2013. He is currently also a non-executive Director of Investors Capital Trust plc. He was formerly the Chief Investment Officer of Baring Asset Management, and prior to that a founder of Henderson Baring in Asia. He has worked in investment management for over 40 years.

Directors' (and other Senior Individuals') Interests

The interests in the Company of the Directors who held office at the end of the year and also of senior individuals at First State with responsibility for managing the Company's portfolio were as set out below:

		Number of shares held as at 31 January 2015	Number of shares held as at 31 January 2014
David Nichol*	Beneficial	75,000	75,000
	Trustee	–	100,000
Charlotta Ginman**	Beneficial	Nil	Nil
Terence Mahony	Beneficial	Nil	Nil
Nigel Rich†	Beneficial	45,000	45,000
	Trustee	10,550	9,650
James Williams	Beneficial	20,000	20,000
		150,550	249,650
Senior Individuals at First State		953,040	1,017,290
Total		**1,103,590**	**1,266,940**

*Includes 35,000 ordinary shares held by Mrs Judith Nichol
**Appointed 9 October 2014
†Includes 20,000 ordinary shares held by Mrs Cynthia Rich

There have been no changes in the interests of the Directors in the shares of the Company between 31 January and 27 March 2015.

During 2013, the Board introduced a policy to encourage Directors to own shares in the Company to the value of at least 1.5 times their annual fee, this to be achieved over the following three years for existing Directors and within three years of appointment for new Directors.

Governance / Corporate Governance

Committees of the Board

Throughout the year a number of Committees have been in operation, namely the Audit Committee, the Engagement & 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 is chaired by Nigel Rich. The Directors believe that Nigel Rich, a Chartered Accountant, has relevant financial knowledge and experience to enable him to chair this Committee effectively. Charlotta Ginman, a Chartered Accountant, will take over as Chairman of the Audit Committee with effect from the conclusion of the Company's Annual General Meeting. Both the Engagement & Remuneration and Nomination Committees are chaired by David Nichol. All Directors of the Company, including the Chairman, are members of all three committees to enable them to be kept fully informed of any issues that may arise.

The Audit Committee

The Company's Audit Committee met on two occasions during the year. The duties of the Audit Committee in discharging its responsibilities include: reviewing the annual and half-year accounts; the system of internal controls employed by First State and Frostrow and the terms of appointment of the external Auditor together with its remuneration. It is also the forum through which the external Auditor reports to the Board of Directors. The objectivity of the external Auditor is reviewed by the Audit Committee which also reviews the terms under which it 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 external Auditor, with particular regard to non-audit fees. See page 50 for further details.

The Engagement and Remuneration Committee

The Company's Engagement & Remuneration Committee met on one occasion during the year and its purpose is to review 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 54 and 55 details the fees paid to the Company's Directors for the years to 31 January 2014 and 31 January 2015.

The Nomination Committee

The Nomination Committee met on three occasions during the year and is convened for the purposes of reviewing the election and 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.

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.

Risk Management

The Company is a small registered UK Alternative Investment Fund Manager under the Alternative Investment Fund Managers Directive. As part of the Board's role, it has added a specific risk management item to the agenda for each quarterly Board meeting. In addition, an extra risk focused Board meeting has been added to its calendar of meetings. Additional Board meetings will also be convened as required to consider any issues that may arise.

Proxy Voting and Stewardship

The Board has instructed First State to take into account the published corporate governance policy and the environmental practices and policies of the companies in which they invest on behalf of the Company. The Company has delegated responsibility for voting to First State.

The Board has considered First State's Stewardship Code and Proxy Voting Policy and it reports to the Board, on the application of the Stewardship Code and Voting Policy. First State's Stewardship Code and Voting Policy can be found on its website in the Policies section.

Nominee Share Code

Where shares are held in a nominee company name, where the beneficial owner of the shares is unable to vote in person, the Company nevertheless undertakes:

– to provide the nominee company with multiple copies of shareholder communications, so long as an indication of quantities has been provided in advance; and

– to allow investors holding shares through a nominee company to attend general meetings, provided the correct authority from the nominee company is available.

Governance / Corporate Governance

Corporate Governance

The Listing Rules and the Disclosure and Transparency Rules ('Disclosure Rules') of the UK Listing Authority require listed companies to disclose how they have applied the principles and complied with the provisions of the corporate governance code to which the issuer is subject. The provisions of the UK Corporate Governance Code ('UK Code') issued by the Financial Reporting Council ('FRC') in September 2012 are applicable for the year under review. The related Code of Corporate Governance ('AIC Code') issued by the Association of Investment Companies ('AIC') in February 2013 provides specific corporate governance guidelines to investment trusts. The Board has considered the principles and recommendations of the AIC Code by reference to the AIC Corporate Governance Guide for Investment Companies ('AIC Guide'). The FRC has confirmed that AIC member companies who report against the AIC Code and who follow the AIC Guide will meet the obligations in relation to the UK Code and associated disclosure requirements of the Disclosure Rules.

The AIC Code can be viewed at http://www.theaic.co.uk/sites/default/files/AICCodeofCorporateGovernanceFeb2013.pdf

The UK Code can be viewed at http://www.frc.org.uk/our-work/Publications/Corporate-Governance/UK-Corporate-Governance-Code-September-2012.pdf.

The Board considers that reporting against the principles and recommendations of the AIC Code and the AIC Guide (which incorporates the UK Code) provides shareholders with full details of the Company's Corporate Governance compliance.

The UK Code includes provisions relating to the role of the chief executive Directors' remuneration. However, as all of the Directors are non-executive, these provisions are not applicable. The UK Code also sets out the case for establishing an internal audit function. For the reasons set out in the AIC Guide, the Board considers that an internal audit function is not relevant to the Company, being an externally managed investment company.

Throughout the year ended 31 January 2015 the Company complied with the provisions of the AIC Code and AIC Guide.

Nominee companies are encouraged to provide the necessary authority to underlying shareholders to attend the Company's general meetings.

The Principles of the AIC Code

The AIC Code is made up of twenty-one principles split into three sections covering:
- The Board
- Board Meetings and relations with First State and Frostrow
- Shareholder Communications

The Board

AIC Code Principle	Compliance Statement
1. The Chairman should be independent.	The Chairman, David Nichol, continues to be independent of First State. There is a clear division of responsibility between the Chairman, the Directors, First State, Frostrow and the Company's other third party service providers. The Chairman is responsible for the leadership of the Board and for ensuring its effectiveness in all aspects of its role.
2. A majority of the Board should be independent of the manager.	The Board consists of five non-executive Directors, each of whom is independent of First State. No member of the Board is a Director of another investment company managed by First State, nor has any Board member been an employee of the Company, First State or any of its service providers.
3. Directors should be submitted for re-election at regular intervals. Nomination for re-election should not be assumed but be based on disclosed procedures and continued satisfactory performance.	All Directors will submit themselves for annual re-election by shareholders. The individual performance of each Director standing for re-election is evaluated annually by the remaining members of the Board and, if considered appropriate, a recommendation is made that shareholders vote in favour of their re-election at the Annual General Meeting.

Governance / Corporate Governance

The Board continued

AIC Code Principle	Compliance Statement
4. The Board should have a policy on tenure, which is disclosed in the annual report.	The Board, meeting as the Nomination Committee, considers the structure of the Board and recognises the need for progressive refreshing of the Board. 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 or her ability to act independently and, following formal performance evaluations, believes that each of the 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, has been imposed. 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, although new Directors are appointed with the expectation that they will serve for a minimum period of three years subject to shareholder approval. The terms and conditions of the Directors' appointments are set out in letters of engagement which are available for inspection on request at the office of Frostrow and at the Annual General Meeting.
5. There should be full disclosure of information about the Board.	The Directors' biographical details, set out on pages 23 and 24 of this Report, demonstrate the wide range of skills and experience that they bring to the Board. Details of the Board's Committees and their composition are set out on page 25 of this Report. The Audit Committee membership comprises all of the Directors, all of whom are considered independent. The Chairman of the Company is a member of the Audit Committee, but does not chair it. His membership of the Audit Committee is considered appropriate given the Chairman's extensive knowledge of the financial services industry. The Engagement & Remuneration Committee is comprised of the whole Board, all Directors are considered independent. The Chairman of the Company acts as Chairman of this Committee in light of the remit of the Committee.
6. The Board should aim to have a balance of skills, experience, length of service and knowledge of the company.	The Nomination Committee considers annually the skills possessed by the Board and identifies any skill shortages to be filled by new Directors. When considering new appointments, the Board reviews the skills of the Directors and seeks to add persons with complementary skills or who possess the skills and experience which fill any gaps in the Board's knowledge or experience and who can devote sufficient time to the Company to carry out their duties effectively. The experience of the current Directors is detailed in their biographies set out on pages 23 and 24 of this Report. The Company is committed to ensuring that any vacancies arising are filled by the most qualified candidates and recognises the value of diversity in the composition of the Board. When Board positions become available as a result of retirement or resignation, the Company will ensure that a diverse group of candidates is considered.

Governance / Corporate Governance

The Board continued

AIC Code Principle	Compliance Statement
7. The Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors.	During the year an external independent review of the Board, its committees and individual Directors (including each Director's independence) was carried out by Stephenson & Co. 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. The Board has agreed that a further independent review will be commissioned in 2017. The Board is satisfied that the structure, mix of skills and operation of the Board continue to be effective and relevant for the Company.
8. Director remuneration should reflect their duties, responsibilities and the value of their time spent.	The Engagement & Remuneration Committee periodically reviews the fees paid to the Directors and compares these with the fees paid by the Company's peer group and the investment trust industry generally, taking into account the level of commitment and responsibility of each Board member. Details on the remuneration arrangements for the Directors of the Company can be found in the Directors' Remuneration Policy Report and Directors' Remuneration Report on pages 54 to 55 and in note 4 to the Accounts. As all of the Directors are non-executive, the Board considers that it is acceptable for the Chairman of the Company to chair meetings when discussing Directors' fees. The Chairman takes no part in discussions regarding his own remuneration. The Board periodically takes advice from external independent advisers on Directors' remuneration.
9. The Independent Directors should take the lead in the appointment of new Directors and the process should be disclosed in the annual report.	The Nomination Committee is comprised of the whole Board, all Directors being independent. Subject to there being no conflicts of interest, all members of the Committee are entitled to vote on candidates for the appointment of new Directors and on recommending for shareholders' approval the Directors seeking election and re-election at the Annual General Meeting.
10. Directors should be offered relevant training and induction.	New appointees to the Board are provided with a full induction programme. The programme covers the Company's investment strategy, policies and practices. The Directors are also given key information on the Company's regulatory and statutory requirements as they arise including information on the role of the Board, matters reserved for its decision, the terms of reference for the Board Committees, the Company's corporate governance practices and procedures and the latest financial information. It is the Chairman's responsibility to ensure that the Directors have sufficient knowledge to fulfil their role and Directors are encouraged to participate in training courses where appropriate. The Directors have access to the advice and services of a Company Secretary through its appointed representative which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible for ensuring good information flows between all parties.
11. The Chairman (and the Board) should be brought into the process of structuring a new launch at an early stage.	Principle 11 applies to the launch of new investment companies and is therefore not applicable to the Company.

Board Meetings and relations with First State and Frostrow

AIC Code Principle	Compliance Statement
12. Boards and managers should operate in a supportive, co-operative and open environment.	The Board meets regularly throughout the year and a representative of First State and Frostrow is in attendance at each meeting and Committee meetings. The Chairman encourages open debate to foster a supportive and co-operative approach for all participants.
13. The primary focus at regular Board meetings should be a review of investment performance and associated matters, such as gearing, asset allocation, marketing/investor relations, peer group information and industry issues.	The Board has agreed a schedule of matters specifically reserved for decision by the Board. This includes establishing the investment objectives, strategy and benchmarks, the permitted types or categories of investments, the markets in which transactions may be undertaken, the amount or proportion of the assets that may be invested in any category of investment or in any one investment, and the Company's share issuance and share buy-back policies. The Board, at its regular meetings, undertakes reviews of key investment and financial data, revenue projections and expenses, analyses of asset allocation, transactions and performance comparisons, share price and net asset value performance, marketing and shareholder communication strategies, the risks associated with pursuing the investment strategy, peer group information and industry issues. The Audit and Engagement & Remuneration Committees respectively, review the Company's risk matrix and the performance and cost of the Company's third party service providers.
14. Boards should give sufficient attention to overall strategy.	The Board is responsible for strategy and has established an annual programme of agenda items under which it reviews the objectives and strategy for the Company at each meeting.
15. The Board should regularly review both the performance of, and contractual arrangements with, the investment manager and the manager (or executives of a self-managed company).	The Engagement & Remuneration Committee meets at least once a year. It reviews annually the performance of First State and Frostrow. The Committee considers the quality, cost and remuneration method (including the performance fee) of the service provided by First State and Frostrow against their contractual obligations and the Board receives regular reports on compliance with the investment restrictions which it has set. It also considers the performance analysis provided by First State and Frostrow. During the year, a review of the Company's management arrangements was undertaken. Details of the new fee arrangements agreed with First State and Frostrow can be found in the Report of the Directors on page 48. The Audit Committee reviews the compliance and control systems of both First State and Frostrow in operation insofar as they relate to the affairs of the Company and the Board undertakes periodic reviews of the arrangements with and the services provided by the Custodian, to ensure that the safeguarding of the Company's assets and security of the shareholders' investment is being maintained.
16. The Board should agree policies with the investment manager and the manager covering key operational issues.	The Investment Management Agreement between the Company and First State sets out the limits of First State's authority, beyond which Board approval is required. The Board has also agreed detailed investment guidelines with First State, which are considered at each Board meeting.

Governance / Corporate Governance

Board Meetings and relations with First State and Frostrow continued

AIC Code Principle	Compliance Statement
	A representative of First State and Frostrow attends each meeting of the Board to address questions on specific matters and to seek approval for specific transactions which First State is required to refer to the Board. The Board has delegated discretion to First State to exercise voting powers on its behalf, other than for contentious or sensitive matters which are to be referred to the Board for consideration. The Board has reviewed First State's Stewardship Policy, which includes its Corporate Governance and Voting Guidelines, and which is published on First State's website: www.firststate.co.uk Reports on commissions paid by First State are submitted to the Board regularly.
17. Boards should monitor the level of the share price discount or premium (if any) and, if desirable, take action to reduce it.	The Board considers any imbalances in the supply of and the demand for the Company's shares in the market and takes appropriate action when considered necessary. The Board considers the discount or premium to net asset value of the Company's share price at each Board meeting and reviews the changes in the level of discount or premium and in the share price since the previous Board meeting and over the previous twelve months. At each meeting the Board reviews reports from First State on marketing and shareholder communication strategies. It also considers its effectiveness as well as measures of investor sentiment and any recommendations on share buy-backs and issuance.
18. The Board should monitor and evaluate other service providers.	The Engagement & Remuneration Committee reviews, at least annually, the performance of all the Company's third party service providers, including the level and structure of fees payable and the length of the notice period, to ensure that they remain competitive and in the best interests of shareholders. The Audit Committee reviews reports from the principal service providers on compliance and the internal and financial control systems in operation and relevant independent audit reports thereon, as well as reviewing service providers' anti-bribery and corruption policies to address the provisions of the Bribery Act 2010.

Shareholder Communications

19. The Board should regularly monitor the shareholder profile of the company and put in place a system for canvassing shareholder views and for communicating the Board's views to shareholders.	A detailed analysis of the substantial shareholders of the Company is provided to the Directors at each Board meeting. Representatives of First State regularly meet with institutional shareholders and private client asset managers to discuss strategy and to understand their issues and concerns and, if applicable, to discuss corporate governance issues. The results of such meetings are reported at the following Board meeting. Regular reports from the Company's corporate stockbroker are submitted to the Board on investor sentiment and industry issues. Shareholders wishing to communicate with the Chairman, or any other member of the Board, may do so by writing to the Company, for the attention of the Company Secretary at the offices of Frostrow. All shareholders are encouraged to attend the Annual General Meeting, where they are given the opportunity to question the Chairman, the Board and representatives of First State. First State will make a presentation to shareholders covering the investment performance and strategy of the Company at the forthcoming Annual General Meeting. The Directors welcome the views of all shareholders and place considerable importance on communications with them.

Shareholder Communications continued

AIC Code Principle	Compliance Statement
20. The Board should normally take responsibility for, and have a direct involvement in, the content of communications regarding major corporate issues even if the manager is asked to act as spokesman.	All substantive communications regarding any major corporate issues are discussed by the Board taking into account representations from First State, Frostrow, the Auditor, legal advisers and corporate stockbroker.
21. The Board should ensure that shareholders are provided with sufficient information for them to understand the risk/reward balance to which they are exposed by holding the shares.	The Company places great importance on communication with shareholders and aims to provide them with a full understanding of the Company's investment objective, policy and activities, its performance and the principal investment risks by means of informative Annual and Half Year Reports. This is supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the Company's shares. The Annual Report provides information on First State's investment performance, portfolio risk and operational and compliance issues. Further details on the risk/reward balance are set out in the Strategic Report under Investment Risk on pages 9 and 10 and in note 16 to the Accounts. The investment portfolio is listed on pages 12 and 13. The Company's website, www.pacific-assets.co.uk, is regularly updated with monthly factsheets and provides useful information about the Company including the Company's financial reports and announcements.

By order of the Board

Frostrow Capital LLP
Company Secretary

27 March 2015

Financial Statements / Income Statement

for the year ended 31 January 2015

	Notes	Revenue £'000	Capital £'000	2015 Total £'000	Revenue £'000	Capital £'000	2014 Total £'000
Gains on investments held at fair value through profit or loss	8	–	58,855	58,855	–	1,792	1,792
Exchange differences		–	785	785	–	(204)	(204)
Income	2	3,631	–	3,631	4,195	–	4,195
Investment management, management and performance fees	3	(504)	(3,310)	(3,814)	(455)	(2,711)	(3,166)
Other expenses	4	(568)	(43)	(611)	(567)	(29)	(596)
Return on ordinary activities before taxation		2,559	56,287	58,846	3,173	(1,152)	2,021
Taxation on ordinary activities	5	(32)	–	(32)	(298)	–	(298)
Return/(loss) after taxation attributable to equity shareholders		2,527	56,287	58,814	2,875	(1,152)	1,723
Return/(loss) per share (p)	7	2.1	48.2	50.3	2.5	(1.0)	1.5

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 2015

	Notes	2015 £'000	2014 £'000
Opening shareholders' funds		186,287	187,602
Return for the year		58,814	1,723
Dividend paid	6	(3,038)	(3,038)
Closing shareholders' funds		242,063	186,287

The accompanying notes are an integral part of these statements.

Financial Statements / Balance Sheet

as at 31 January 2015

	Notes	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Fixed assets					
Investments held at fair value through profit or loss	8		221,094		175,532
Current assets					
Debtors	9	977		561	
Cash at bank		26,494		13,052	
		27,471		13,613	
Creditors (amounts falling due within one year)	10	(6,502)		(2,858)	
Net current assets			20,969		10,755
Net assets			**242,063**		**186,287**
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		205,623		149,336
Revenue reserve	12		5,610		6,121
Equity shareholders' funds	13		242,063		186,287
Net asset value per share (p)	13		207.2		159.4

The financial statements on pages 32 to 46 were approved and authorised for issue by the Board of Directors on 27 March 2015 and signed on its behalf by:

David Nichol
Chairman

The accompanying notes are an integral part of this statement.

Financial Statements / Cash Flow Statement

for the year ended 31 January 2015

	Notes	£'000	2015 £'000	£'000	2014 £'000
Operating activities					
Investment income received		3,684		3,921	
Investment management and management fees paid		(3,260)		(2,422)	
Other cash payments		(311)		(910)	
Net cash inflow from operating activities	14		113		589
Capital expenditure and financial investment					
Purchase of investments		(47,984)		(47,009)	
Disposal of investments		63,566		47,590	
Net cash inflow from investing activities			15,582		581
Equity dividends paid			(3,038)		(3,038)
Net cash Inflow/(outflow) before financing			12,657		(1,868)
Increase/(decrease) in cash	15		12,657		(1,868)
Reconciliation of net cash flow to movement in net funds					
Increase/(decrease) in cash in the year		12,657		(1,868)	
Change in net funds resulting from cash flows			12,657		(1,868)
Currency gains/(losses)			785		(204)
Movement in net funds			13,442		(2,072)
Net funds at 1 February			13,052		15,124
Net funds at 31 January	15		26,494		13,052

The accompanying notes are an integral part of this statement.

Financial Statements / Notes to the Financial Statements

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.
- Performance fees are charged 100% to capital.
- Transaction costs incurred on the purchase and sale of investments are taken to the Income Statement as a capital item.

Financial Statements / Notes to the Financial Statements

(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.

(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	2015	2014
Bangladesh taka	116.29	127.66
Hong Kong dollar	11.64	12.76
Indian rupee	93.02	102.97
Indonesian rupiah	19,025	20,067
Japanese yen	176.42	167.61
Korean won	1,642	1,759
Malaysian ringgit	5.45	5.50
New Taiwanese dollar	47.33	49.79
Philippine peso	66.22	74.48
Singaporean dollar	2.03	2.10
Sri Lankan rupee	198.64	214.88
Thai baht	49.16	54.25
U.S. dollar	1.50	1.64

Financial Statements / Notes to the Financial Statements

(h) Nature and purpose of reserves

Capital redemption reserve

This reserve arose when ordinary shares were redeemed by the Company and subsequently cancelled, at which point the amount equal to the par value of the ordinary share capital was transferred from the ordinary share capital to the capital redemption reserve.

Special reserve

The special reserve arose following court approval in February 1999 to transfer £24.2 million from the share premium account. The reserve is distributable and has historically been used to fund any share buy-backs by the Company.

Capital reserve

The following are accounted for in this reserve:

– gains and losses on the disposal of investments;

– increases and decreases in the fair value of investments which have been recognised in the capital column of the income statement;

– 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 page 35;

– realised gains and losses on transactions undertaken to hedge an exposure of a capital nature;

– other receipts and payments of a capital nature; and

– following amendments to the Company's Articles of Association in 2013 this reserve can be used to distribute realised capital profits by way of dividend.

Revenue reserve

This reserve reflects all income and expenditure which are recognised in the revenue column of the income statement.

2. Income

	2015 £'000	2014 £'000
Dividend income from investments†		
Listed overseas	3,631	4,195
Other income‡		
Deposit interest	–	–
Total income	3,631	4,195

† 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.

Financial Statements / Notes to the Financial Statements

3. Investment Management, Management and Performance Fees

	Revenue £'000	Capital £'000	2015 Total £'000	Revenue £'000	Capital £'000	2014 Total £'000
Investment management fee – First State	400	1,201	1,601	364	1,090	1,454
Investment management performance fee – First State	–	1,798	1,798	–	1,346	1,346
Management fee – Frostrow	104	311	415	91	275	366
	504	3,310	3,814	455	2,711	3,166

During the year, First State were entitled to an investment management fee of 0.75% per annum of net assets. In addition there was a performance fee payable 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 capped the total of the investment management fee and the performance fee at 1.75% of the average asset value per annum.

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

The Board has agreed amended terms with First State Investment Management (UK) Limited, the Company's Investment Manager, and Frostrow Capital LLP, the Company's Manager, Company Secretary and Administrator which became effective on 1 February 2015. Further details can be found in the Report of the Directors on page 48.

4. Other Expenses

	2015 £'000	2014 £'000
Directors' fees	109	109
Auditor's remuneration for:		
– annual audit	20	20
– tax compliance services	6	6
– other services relating to taxation*	35	20
Savings scheme costs	3	6
Marketing costs	17	20
Custody fees	124	117
Legal and professional fees	41	29
Printing and postage	32	29
Broker retainer	30	30
Registrar fees	30	32
Listing fees	16	14
Other expenses	105	135
Revenue expenses	568	567
Capital expenses	43	29
Total expenses	611	596

* Includes costs in relation to the recovery of Taiwanese withholding tax for the period 2005 to 2009 £24,000 (2014: £5,000), also for the period 2010 – 2011 nil (2014: £3,000), the provision of Taiwanese tax guarantor and pre-approval services £11,000 (2014: £12,000). See the Report of the Directors on page 50 for further details.

Financial Statements / Notes to the Financial Statements

5(a). Taxation on Ordinary Activities

	Revenue £'000	Capital £'000	2015 Total £'000	Revenue £'000	Capital £'000	2014 Total £'000
Overseas taxation	261	–	261	344	–	344
Overseas tax recoverable	(229)	–	(229)	(46)	–	(46)
	32	–	32	298	–	298

Overseas tax arose as a result of irrecoverable withholding tax on foreign dividends.

(b) Reconciliation of tax charge

The revenue account tax charge for the year is lower than the standard rate of corporation tax in the UK of 21.32% (2014: 23.17%).

The differences are explained below:

	Revenue £'000	Capital £'000	2015 Total £'000	Revenue £'000	Capital £'000	2014 Total £'000
Total return/(loss) on ordinary activities before tax	2,559	56,287	58,846	3,173	(1,152)	2,021
Corporation tax charged at 21.32%* (2014: 23.17%)	545	12,000	12,545	735	(267)	468
Capital returns on investments held at fair value through profit or loss†	–	(12,548)	(12,548)	–	(415)	(415)
Exchange differences	–	(167)	(167)	–	47	47
Unutilised management expenses	212	706	918	197	628	825
Disallowed expenses	1	9	10	1	7	8
Income not subject to corporation tax	(758)	–	(758)	(933)	–	(933)
Overseas taxation	261	–	261	344	–	344
Overseas tax recoverable (Taiwan)~	(229)	–	(229)	(46)	–	(46)
Tax charge for the year	32	–	32	298	–	298

*An average rate of 21.32% was applicable for the year ended 31 January 2015 due to the corporation tax rate being reduced to 21% from 23% on 1 April 2014.

†Gains on investments are not subject to corporation tax within an investment trust company.

~ During the year ended 31 January 2015, £229,000 was recovered, as being the final settlement in relation to the claim submitted in 2010 to recover Taiwanese withholding tax that had been suffered in excess of the agreed treaty rate between 2005 and 2009.

Investment trusts which have approval as such under section 1158 of the Corporation Tax Act 2010 are not liable for taxation on capital gains within the Company.

As at 31 January 2015 the Company had unutilised management expenses and other reliefs for taxation purposes of £25,294,000 (2014: £20,987,000). It is not anticipated that these will have value in the foreseeable future.

Financial Statements / Notes to the Financial Statements

6. Dividends

Under UK GAAP, final dividends are not recognised and paid until they are approved by shareholders. Amounts recognised as distributable to shareholders for the year ended 31 January 2015, were as follows:

	2015 £'000	2014 £'000
– final dividend paid for the year ended 31 January 2014 of 2.60p per share	3,038	–
– final dividend paid for the year ended 31 January 2013 of 2.60p per share	–	3,038

In respect of the year ended 31 January 2015, a dividend of 2.6p has been proposed, to be approved at the forthcoming Company's Annual General Meeting (AGM) which will take place on Wednesday, 24 June 2015.

In accordance with FRS 21 this dividend will be reflected in the half-year accounts for the period ending 31 July 2015.

The dividends payable in respect of both the current and the previous financial year, which meet the requirements of Section 1158-1159 CTA 2010, are set out below:

	2015 £'000	2014 £'000
Revenue available for distribution by way of dividend for the year	2,527	2,875
Proposed dividend of 2.6p per share (2014: 2.6p) (to be approved at the AGM)	(3,038)	(3,038)
Shortfall covered by revenue reserves	(511)	(163)

7. Return/(loss) per share

The Return/(loss) per share is as follows:

	2015 Revenue pence	2015 Capital pence	2015 Total pence	2014 Revenue pence	2014 Capital pence	2014 Total pence
Basic and diluted	2.1	48.2	50.3	2.5	(1.0)	1.5

The total return per share is based on the total return attributable to shareholders of £58,814,000 (2014: £1,723,000).

The revenue return per share is based on the net revenue return attributable to shareholders of £2,527,000 (2014: £2,875,000).

The capital return per share is based on the net capital return attributable to shareholders of £56,287,000 (2014: loss of £1,152,000).

The total return, revenue return and the capital return/(loss) per share are based on the weighted average number of shares in issue during the year of 116,848,386 (2014: 116,848,386).

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.

As at 31 January 2015, all investments have been classified as level 1 (2014: level 1). See note 16 beginning on page 43 for further details.

Financial Statements / Notes to the Financial Statements

8. Investments (continued)

	2015 £'000	2014 £'000
Investments held at fair value through profit of loss		
Investments listed on recognised investment exchanges	221,094	175,532
Valuation at start of year	175,532	173,990
Less: valuation gains at start of year	(31,657)	(39,420)
Cost at start of year	143,875	134,570
Purchases at cost	51,088	47,083
Disposals proceeds	(64,381)	(47,333)
Realised gains on disposals	20,747	9,555
Cost at end of year	151,329	143,875
Add valuation gains at end of year	69,765	31,657
Valuation at end of year	**221,094**	175,532

	2015 £'000	2014 £'000
Realised gains on sales	20,747	9,555
of which previously recognised as fair value adjustment	(8,858)	(8,946)
Realised gains for the year	11,889	609
Movement in fair value	46,966	1,183
Gains on investments	58,855	1,792

During the year the Company incurred transaction costs on purchases of £148,996 (2014: £126,898) and transaction costs on sales of £224,368 (2014: £183,780).

9. Debtors

	2015 £'000	2014 £'000
Amounts due from brokers	815	–
Accrued income	–	88
Overseas tax recoverable (Taiwan)	113	110
Other debtors	49	363
	977	561

10. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Amounts due to brokers	4,068	964
Investment management fee – First State	442	357
Investment management performance fee – First State	1,798	1,358
Management fee – Frostrow	115	85
Other creditors	79	94
	6,502	2,858

Financial Statements / Notes to the Financial Statements

11. Share capital

	2015 £'000	2014 £'000
Allotted and fully paid:		
116,848,386 shares of 12.5p each (2014: 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 page 47.

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 2014	4	1,648	14,572	149,336	6,121
Net gain on realisation of investments	–	–	–	38,108	–
Increase in fair value adjustment on investments	–	–	–	20,747	–
Exchange differences	–	–	–	785	–
Investment management, management and performance fees charged to capital	–	–	–	(3,310)	–
Retained net revenue return for the year	–	–	–	–	2,527
Other expenses	–	–	–	(43)	–
Dividend paid	–	–	–	–	(3,038)
At 31 January 2015	4	1,648	14,572	205,623	5,610

As at 31 January 2015 capital reserves relating to the revaluation of investments held at the reporting date amounted to an unrealised gain of £69,675,000 (2014: unrealised gain of £31,657,000).

13. Net asset value per share

The net asset value per share and the net asset value attributable to the shares at the year end are calculated as follows:

	Net asset value per share attributable		Net asset values attributable	
	2015 pence	2014 pence	2015 £'000	2014 £'000
	207.2	159.4	242,063	186,287

The net asset value per share is calculated on net assets of £242,063,000 (2014: £186,287,000), divided by 116,848,386 (2014: 116,848,386) shares, being the number of shares in issue at the year end.

Financial Statements / Notes to the Financial Statements

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

	2015 £'000	2014 £'000
Net return before finance costs and taxation	58,846	2,021
Gains on investments	(58,855)	(1,792)
Exchange differences	(785)	204
Decrease/(increase) in accrued income	107	(38)
Decrease/(increase) in prepayments and other debtors	314	(324)
Increase in other creditors	540	754
Irrecoverable withholding tax on investment income	(54)	(236)
Net cash inflow from operating activities	113	589

15. Analysis of changes in net funds

	Cash at bank 2015 £'000	Cash at bank 2014 £'000
At 1 February	13,052	15,124
Cash flow	12,657	(1,868)
Currency movements	785	(204)
At 31 January	26,494	13,052

16. Financial instruments

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

Listed fixed asset investments held (see note 8 beginning on page 40) 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 33.

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;

(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 will not be able to meet its liabilities when they fall due. This may arise should the Company not be able to liquidate its investments. It is believed that the investment portfolio of £221.1 million is realisable in full within a week.

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

Financial Statements / Notes to the Financial Statements

16. Financial instruments (continued)

value hierarchy described below and which reflects the reliability and significance of the information used to measure their fair value.

As at 31 January 2015, all of the financial instruments held by the Company are classified as level 1 and there are no level 2 or level 3 instruments (2014: all financial instruments classified as level 1).

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.

17. Market price risk

The management of market price risk is part of the investment management process and is typical of equity investment. The investment 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 investment portfolio is set out on pages 12 and 13. Derivatives may be used from time to time, with prior Board approval, 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 2015, there were no derivative contracts entered into.

If the investment portfolio valuation fell by 10% at 31 January 2015 (31 January 2014: 10%), the impact on the profit or loss and the net asset value would have been negative £22.1 million (2014: negative £17.6 million). If the investment portfolio valuation rose by 10% at 31 January 2015 (31 January 2014: 10%), the impact on the profit or loss and the net asset value would have been positive £22.1 million (2014: positive £17.6 million). The calculations are based on the investment portfolio valuation as at the respective Balance Sheet dates and are not representative of the year as a whole.

18. Interest rate risk

Floating rate

When the Company retains cash balances the majority of the cash is held in overnight call 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.

Financial Statements / Notes to the Financial Statements

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 can do so from time to time.

Foreign currency exposure:

	Investments £'000	Cash £'000	Short-term Debtors £'000	2015 Short-term Creditors £'000	Investments £'000	Cash £'000	Short-term Debtors £'000	2014 Short-term Creditors £'000
Bangladesh taka	2,314	–	–	–	1,081	–	–	–
Hong Kong dollar	25,389	–	–	–	18,159	–	–	–
Indian rupee	75,430	22	–	–	49,895	20	320	322
Indonesian rupiah	6,856	–	–	4	3,337	–	–	642
Korean won	6,577	–	–	925	15,680	–	52	–
Malaysian ringgit	7,622	–	–	–	9,606	–	–	–
New Taiwanese dollar	40,786	279	927	661	33,468	73	110	–
Philippine peso	23,180	–	–	–	13,108	–	–	–
Singaporean dollar	15,642	–	–	–	18,107	–	36	–
Sri Lankan rupee	3,470	–	–	1,243	1,574	–	–	–
Thai baht	12,614	–	–	–	11,517	–	–	–
U.S. dollar	1,214	12,174	–	1,235	–	1	–	–
Total	221,094	12,475	927	4,068	175,532	94	518	964

At 31 January 2015 the Company had £14,019,000 of sterling cash balances (2014: £12,958,000).

During the year sterling weakened by an average of 8% against all of the currencies in the investment portfolio (weighted for investment portfolio exposure), if the value of sterling had weakened against each of the currencies in the portfolio by 10%, the impact on the profit or loss and the net asset value would have been positive £23.0 million (2014: positive £17.5 million). If the value of sterling had strengthened against each of the currencies in the investment portfolio by 10%, the impact on the profit or loss and the net asset value would have been negative £23.0 million (2014: negative £17.5 million). The calculations are based on the investment portfolio valuation and cash balances as at the respective Balance Sheet dates and are not representative of the year as a whole.

Financial Statements / Notes to the Financial Statements

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:

	2015 £'000	2014 £'000
Cash and cash equivalents	26,494	13,052
Amounts due from brokers	815	–
Interest, dividends and other receivables	162	561
	27,471	13,613

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 Strategic Report on page 10.

The credit risk on cash is controlled through the use of counterparties or 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 6.1% of the total assets less current liabilities attributable to the Company's shareholders at 31 January 2015 (2014: 6.3%).

21. Liquidity risk

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

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 party transactions

The following are considered to be related parties:

- First State Investments (UK) Limited (First State)
- The Directors of the Company

The Company employs First State as its Investment Manager. During the year ended 31 January 2015, First State earned £1,601,000 in respect of Investment Management fees, of which £442,000 was outstanding at the year end. A performance fee of £1,798,000 became payable at 31 January 2015 and was outstanding at the year end. All material related party transactions have been disclosed on pages 24, 54 and 55 and in notes 3 and 4 on page 38. Details of the remuneration of all Directors can be found on page 54.

Corporate Report / Report of the Directors

The Directors present this Annual Report on the affairs of the Company together with the audited financial statements and the Independent Auditor's Report for the year ended 31 January 2015.

Business and Status of the Company

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 (the 'Act'). Its shares are listed on the Official List of the UK Listing Authority and quoted on the main market of the London Stock Exchange, which is a regulated market as defined in Section 1173 of the Act.

The Company has applied for and been accepted as an approved investment trust under sections 1158 and 1159 of the Corporation Taxes Act 2010 and Part 2 Chapter 1 of Statutory Instrument 2011/2999. This approval relates to accounting periods commencing on or after 1 February 2012. The Directors are of the opinion that the Company has conducted its affairs so as to be able to retain such approval.

It is the Directors' intention that the Company should continue to manage its affairs so as to be a qualifying investment for inclusion in the stocks and shares components of an Individual Savings Account ('ISA') and Junior ISA.

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').

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) and New Zealand, but whose economic activities are predominantly within the Asia Pacific Region.

Investment Policy

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 only able to invest in unlisted securities with the Board's prior approval. It is the 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 the Company decides to continue to hold or is required to do so.

Risk is diversified by investing in different countries, sectors and stocks within the Asia Pacific Region. There are no defined limits on countries or sectors but no single investment may exceed 7.5% of the Company's 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 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.

Results and Dividend

The results attributable to shareholders for the year are shown on page 32. Details of the Company's dividend record can be found on page 4.

Corporate Report / Report of the Directors

Fixed Asset Investments

The fair value of the Company's investments at 31 January 2015 was £221,094,000 (2014: £175,532,000) showing a gain since acquisition of £69,765,000 (2014: gain £31,657,000). Taking these investments at this valuation, the net assets attributable to each share at 31 January 2015 amounted to 207.2p (2014: 159.4p).

Capital Structure

As at 31 January 2015 there were 116,848,386 shares of 12.5p each in issue (2014: 116,848,386). All shares rank equally for dividends and distributions. Each shareholder is entitled to one vote on a show of hands and, on a poll, to one vote for every share held. Details of the substantial shareholders in the Company are listed on page 49.

The giving of powers to issue or buy-back the Company's shares requires the relevant resolution to be passed by shareholders. Proposals for the renewal of the Board's current powers to issue and buy-back shares are detailed on pages 66 and 67.

There are no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no restrictions on voting rights; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a successful takeover bid.

Company Management

Investment Manager

The Company's investment portfolio is managed by First State which had approximately £42.2 billion in assets under management as at 31 December 2014. For the year ended 31 January 2015 First State were engaged under the terms of an Investment Management Agreement (the "IMA") effective from 1 July 2010. The IMA was terminable by six months' notice. The Investment Manager has complied with the terms of the IMA throughout the year to 31 January 2015. A management fee of 0.75% per annum of net assets was payable. In addition there was 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 capped the total of the management fees and the performance fee at 1.75% of the average asset value per annum. As at 31 January 2015 a final performance fee of £1,798,000 became payable under the terms of the performance fee arrangements as described on below (31 January 2014: £1,358,000).

Under a new IMA effective from 1 February 2015 the management fee payable to First State was changed to 0.9% per annum of net assets and the arrangements under which First State could earn a performance fee were deleted. All other existing terms contained in the original IMA were unchanged.

Manager

Frostrow acts as the Company's Manager, Company Secretary and Administrator. Frostrow is an independent provider of services to the investment companies sector and currently has 6 other investment trust clients whose assets totalled approximately £5 billion as at 31 January 2015.

For the year ended 31 January 2015 Frostrow provided company management, company secretarial and administrative services to the Company under the terms of a Management, Administrative and Secretarial Services Agreement, effective from 1 July 2010. A fee of 0.2% per annum (plus VAT) of market capitalisation was payable for these services. Frostrow's appointment could be terminated by either party by giving six months' notice.

Under a new Management, Administrative and Secretarial Services Agreement which became effective from 1 February 2015, the fee payable to Frostrow was changed to 0.15% per annum (plus VAT) of net assets, which are lower than or equal to £275 million and 0.10% per annum of net assets in excess of £275 million.

As part of the new fee arrangements, responsibility for the Company's marketing activities was transferred from Frostrow to First State. All other existing terms contained in the original Management, Administrative and Secretarial Services Agreements were unchanged.

Further details of the fees payable to First State and Frostrow are set out in note 3 to the accounts on page 38.

Corporate Report / Report of the Directors

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 First State and Frostrow, under the revised terms described on page 48, is in the interests of shareholders as a whole. In coming to this decision the Board also took into consideration the following additional reasons:

– the quality and depth of experience of First State 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 team that Frostrow allocates to the Company.

Directors

Directors' and Officers' Liability Insurance Cover

Directors' and Officers' liability insurance cover was maintained by the Board during the year ended 31 January 2015. It is intended that this policy will continue for the year ending 31 January 2016 and subsequent years.

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 Frostrow during normal business hours and will be available for inspection at the Annual General Meeting.

Substantial Interests in Share Capital

As at 27 March 2015, being the latest practicable date before publication of the Annual Report, the Company was aware of the following substantial interests in the voting rights of the Company:

	Number of shares held	Percentage held
Lazard Asset Management	16,859,039	14.4
Investec Wealth & Investment	9,464,989	8.1
Brewin Dolphin	8,700,113	7.4
Speirs & Jeffrey Stockbrokers	7,358,501	6.3
Charles Stanley Stockbrokers	5,109,798	4.4
Alliance Trust Savings	4,770,319	4.1
Smith & Williamson	4,179,296	3.6
Rathbones	3,871,234	3.3

Beneficial Owners of Shares – Information Rights

The beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under Section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares rather than to the Company's registrar, Equiniti, or to the Company directly.

Electronic Proxy Voting

Legislation is in force which permits shareholders to submit proxy forms electronically.

To submit a proxy form via the internet, an internet-enabled PC with Internet Explorer 4 or Netscape 4 or above will be required. Shareholders will also need their shareholder reference number (SRN) and Personal Identification Number (PIN), which can be found on the personalised proxy form which accompanies this report, to access this service. Before a proxy can be appointed, shareholders will be asked to agree to the terms and conditions for electronic proxy appointment. The use of the electronic proxy appointment service offered through Equiniti Limited, the Company's registrars, is

Corporate Report / Report of the Directors

entirely voluntary. Shareholders can continue to submit their proxy form by post if they wish.

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 (£15,000 for an ISA and £4,000 for a Junior ISA for the 2014/2015 tax year) (£15,240 and £4,080 respectively for the 2015/2016 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 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 shares held within an ISA or Junior ISA will not count towards the shareholder's annual limit. Individuals wishing to invest in 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.

Auditor

The Company's Auditor, KPMG LLP, has indicated its willingness to continue in office. Resolutions for the re-appointment of KPMG LLP and to authorise the Board to determine its remuneration will be proposed at the Annual General Meeting.

During the year the Company continued to obtain non-audit advice from tax specialists within KPMG Taiwan 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 has considered whether this has had an effect on the independence and objectivity of the external Auditor including having obtained an assurance from the audit partner on this matter, and have concluded that it has not.

Non-audit fees due to KPMG LLP for the year ended 31 January 2015 amounted to £41,000 (2014: £26,000) of which £24,000 was paid as final settlement under the engagement entered into in 2010 to recover Taiwanese withholding tax that had been suffered in excess of the agreed treaty rate between the years 2005 and 2009. (See note 4 on page 38) and note 5 on page 39 for further details.

Financial Instruments

The Company's financial instruments comprise its investment 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, beginning on page 43.

Anti-Bribery and Corruption Policy

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 United Kingdom 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. The policy is reviewed regularly by the Audit Committee.

Political Donations

The Company has not in the past and does not intend in the future to make any political donations.

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.

Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), (including those within our underlying investment portfolio).

By order of the Board

Frostrow Capital LLP
Company Secretary
27 March 2015

Corporate Report / Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

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.

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 Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies 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.

Going Concern

The Directors, having made relevant enquiries, are satisfied that it is appropriate to prepare the financial statements on the going concern basis as the net assets of the Company consist of liquid securities.

Disclosure of Information by the Auditor

So far as the Directors are aware, there is no relevant information to which the Auditor is unaware. The Directors have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of such information.

Responsibility statement of the Directors in respect of the Annual Financial Report

We confirm that to the best of our knowledge:

- 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 taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

David Nichol
Chairman

27 March 2015

Corporate Report / Audit Committee Report

for the year ended 31 January 2015

Meetings and business

The Committee, which comprises the whole Board, met twice during the year. Attendance by each Director is shown in the table on page 23.

Responsibilities

The Committee's main responsibilities during the year were:

1. **To review the Company's half-year and annual financial statements** together with announcements and other filings relating to the financial performance of the Company and issues of the Company's shares. In particular, the Committee considered whether the annual financial statements are fair, balanced and understandable, allowing shareholders to more easily assess the Company's strategy, investment policy, business model and financial performance.

2. **To review the risk management and internal control processes** of the Company and its key service providers. As part of this review the Committee again reviewed the appropriateness of the Company's anti-bribery and corruption policy.

3. **To recommend the appointment of an external Auditor,** and agreeing the scope of its work and its remuneration, reviewing its independence and the effectiveness of the audit process.

4. **To consider any non-audit work to be carried out by the Auditor.** During the year the Company continued to obtain non-audit advice from the external 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 external independent Auditor and have concluded that it has not.

5. **To consider the need for an internal audit function.** Since the Company delegates its day-to-day operations to third parties and has no employees, the Committee has determined there is no requirement for such a function.

The Committee's terms of reference are available for review on the Company's website at www.pacific-assets.co.uk.

Financial Statements

The financial statements, and the annual report as a whole, are the responsibility of the Board. The Directors' Responsibility Statement is contained on page 51. The Board looks to the Audit Committee to advise them in relation to the financial statements both as regards their form and content, issues which might arise and on any specific areas requiring judgment.

Significant Reporting Matters

During the year the Committee considered key accounting issues, matters and judgments in relation to the Company's financial statements and disclosures relating to:

Investments

The Committee approached and dealt with this area of risk by:

- reconfirming its understanding of the processes in place to record investment transactions and to value the investment portfolio;
- gaining an overall understanding of the performance of the investment portfolio both in capital and revenue terms through comparison to a suitable benchmark; and
- Ensuring that all investment holdings and cash/deposit balances have been agreed to an independent confirmation from the custodian or relevant bank.

Taxation

The Committee approached and dealt with the area of risk, surrounding compliance with section 1158 of the Corporation Tax Act 2010, by:

- seeking confirmation that the Company meets the eligibility conditions as outlined in section 1158;
- by obtaining written confirmation from HMRC, evidencing the approval of the Company as an investment trust under the regime; and
- understanding the consequences if the Company breaches this approval in future years.

Corporate Report / Audit Committee Report

for the year ended 31 January 2015

External Auditor

Meetings:

This year the nature and scope of the audit together with KPMG LLP's audit plan were considered by the Committee on 12 September 2014 without the Auditor being present.

The Committee met KPMG LLP on 18 March 2015 to review the outcome of the audit and to discuss the limited issues that arose.

We have also discussed the presentation of the annual report with the Auditor and sought their perspective.

Independence and Effectiveness:

In order to fulfil the Committee's responsibility regarding the independence of the Auditor, we reviewed:

– the senior audit personnel in the audit plan for the year,
– the Auditor's arrangements concerning any conflicts of interest,
– the extent of any non-audit services, and
– the statement by the Auditor that they remain independent within the meaning of the regulations and their professional standards.
– Auditor independence

In order to consider the effectiveness of the audit process, we reviewed:

– the Auditor's fulfilment of the agreed audit plan,
– the report arising from the audit itself, and
– feedback from the Manager.

The Committee is satisfied with the Auditor's independence and the effectiveness of the audit process, together with the degree of diligence and professional scepticism brought to bear.

Audit Tendering

As a Public Company listed on the London Stock Exchange, the Company is subject to the mandatory Auditor rotation requirements of the European Union. Subject to the detailed implementation of the European requirements in the UK, this is likely to mean that the Company will put the external audit out to tender at least every ten years, and change auditor at least every twenty years. The Committee will, however, continue to consider annually the need to go to tender for audit quality or independence reasons. KPMG have been in post since September 2007, which was the last occasion an audit tender was held.

Mr Richard Hinton, the Audit Partner for this year's audit, previously acted in this capacity for the Company's 2012 audit. Mr Hinton has now therefore completed two of his five year rotation on the affairs of the Company.

Auditor Reappointment

KPMG LLP have indicated their willingness to continue to act as Auditor to the Company for the forthcoming year and a resolution for their re-appointment will be proposed at the Annual General Meeting.

The Committee reviews the scope and effectiveness of the audit process, including agreeing the Auditor's assessment of materiality and monitors the Auditor's independence and objectivity. It conducted a review of the performance of the Auditor during the year and concluded that performance was satisfactory and there were no grounds for change.

Nigel Rich, FCA
Chairman of the Audit Committee

27 March 2015

Corporate Report / Directors' Remuneration Report

for the year ended 31 January 2015

Statement from the Chairman

I am pleased to present the Directors' Remuneration Report to shareholders. This report has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006 and the Enterprise and Regulatory Reform Act 2013. An Ordinary Resolution for the approval of this report will be put to shareholders at the Company's forthcoming Annual General Meeting.

The law requires the Company's Auditor to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such and the Auditor's audit opinion is included in its report to shareholders on pages 57 and 58. The Remuneration Policy Report on page 56 forms part of this report.

The Engagement & Remuneration Committee considers the framework for the remuneration of the Directors on an annual basis. It reviews the ongoing appropriateness of the Company's remuneration policy and the individual remuneration of Directors by reference to the activities of the Company and comparison with other companies of a similar structure and size. This is in-line with the AIC Code.

In the year to 31 January 2015, the Directors fees were as follows: Myself, as Chairman of the Company and Nigel Rich as Chairman of the Audit Committee and Senior Independent Director received £28,000 and £24,000 respectively. Terence Mahony and James Williams each received £21,000, Richard Horlick received £8,373 and Charlotte Ginman received £6,623. The last increase in Directors' fees took effect on 1 April 2012.

Directors' Fees

The Directors, as at the date of this report, and who (save for Richard Horlick and Charlotta Ginman) all served throughout the year, received the fees listed in the table. These exclude any employers' national insurance contributions, if applicable. No other forms of remuneration were received by the Directors and so fees represent the total remuneration of each Director.

Directors' Emoluments for the Year (audited information)

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

	Date of Appointment to the Board	Fixed Fees 2015 £	Fixed Fees 2014 £
David Nichol (Chairman)	4 January 1985	28,000	28,000
Charlotta Ginman	9 October 2014	6,623	–
Richard Horlick*	1 December 2005	8,373	21,000
Stuart Leckie**	13 March 2001	–	8,448
Terence Mahony	1 February 2004	21,000	21,000
Nigel Rich+	1 January 1997	24,000	24,000
James Williams	1 October 2013	21,000	7,000
		108,996	109,448

*Retired on 24 June 2014
**Retired on 25 June 2013
+Chairman of the Audit Committee and Senior Independent Director

A resolution to approve the Remuneration Report was put to shareholders at the Annual General Meeting of the Company held on 24 June 2014, and was passed by 99.3% of shareholders voting on the resolution. A resolution to approve the Remuneration Policy was also put to shareholders at the Annual General Meeting, and was passed by 99.0% of shareholders voting on the resolution. The Remuneration Policy provisions as set out on page 56 will apply until they are next put to shareholders for renewal of that approval, which must be at intervals of not more than three years, or the Remuneration Policy is varied in which case shareholder approval for the new Remuneration Policy will be sought.

Other Benefits

Article 117 of the Company's Articles of Association provides that Directors are entitled to be reimbursed for reasonable expenses incurred by them in connection with the performance of their duties and attendance at Board and General Meetings.

Article 118 permits the Company to provide pension or similar benefits for Directors and employees of the Company. However, no pension schemes or other similar arrangements have been established and no Director is entitled to any pension or similar benefits.

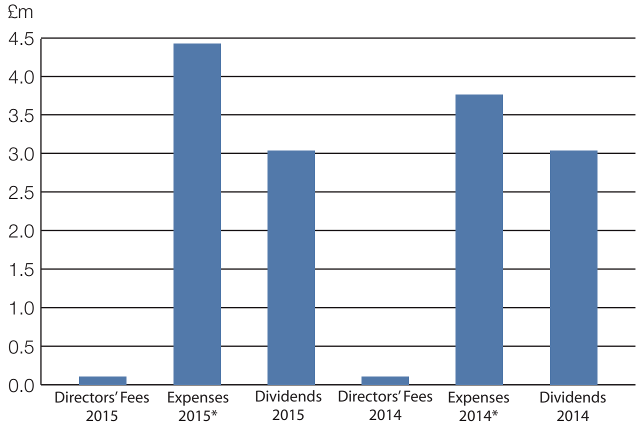
Corporate Report / Directors' Remuneration Report

Loss of Office

Directors do not have service contracts with the Company but are engaged under Letters of Engagement. These specifically exclude any entitlement to compensation upon leaving office for whatever reason.

The bar chart below shows the comparative cost of Directors' fees compared with the level of dividend distribution and expenses for 2014 and 2015.

Relative Cost of Directors' Remuneration



* Total expenses including performance fees payable

As noted in the Strategic Report, all of the Directors are non-executive and therefore there is no Chief Executive Officer. The Company does not have any employees. There is therefore no CEO or employee information to disclose.

Directors' Interest in Shares

The Directors interests in the share capital of the Company are shown in the table below:

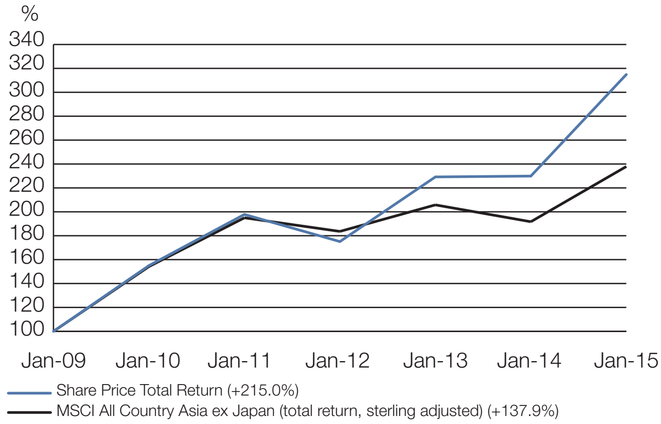
		Number of shares held 31 January 2015	31 January 2014
David Nichol*	Beneficial	75,000	75,000
	Trustee	Nil	100,000
Charlotta Ginman**	Beneficial	Nil	N/A
Richard Horlick^	Beneficial	N/A	Nil
Terence Mahony	Beneficial	Nil	Nil
Nigel Rich†	Beneficial	45,000	45,000
	Trustee	10,550	9,650
James Williams	Beneficial	20,000	20,000
Total		150,550	249,650

*Includes 35,000 ordinary shares held by Mrs Judith Nichol
**Appointed on 9 October 2014
^ Retired on 24 June 2014
† Includes 20,000 ordinary shares held by Mrs Cynthia Rich

Share Price Total Return

The Company's benchmark is the MSCI All Country Asia ex Japan Index on a total return, sterling adjusted basis. The Board has adopted this index as a measure for both the Company's performance and that of First State, the Company's Investment Manager. In accordance with statutory reporting purposes this report is required to compare the Company's share price total return to that of the benchmark index. The chart below provides this comparison.

Total Shareholder Return for the Six Years to 31 January 2015



Source: Morningstar
Rebased to 100 as at 31 January 2009

Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. I confirm that the Remuneration Policy, set out on page 56, and Remuneration Report summarises, as applicable, for the year to 31 January 2015:

(a) the major decisions on Directors' remuneration;

(b) any substantial changes relating to Directors' remuneration made during the year; and

(c) the context in which the changes occurred and decisions have been taken.

David Nichol
Chairman

Corporate Report / Directors' Remuneration Policy Report

The Company's remuneration policy provides that fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors and should be sufficient to enable candidates of high calibre to be recruited. Directors are remunerated in the form of fees payable monthly in arrears, paid to the Director personally or to a specified third party. There are no long term incentive schemes, bonuses, share option schemes or pension arrangements and the fees are not specifically related to the Directors' performance, either individually or collectively. Directors' remuneration comprises solely Directors' fees. The Company does not have any employees.

Any new Director being appointed to the Board that has not been appointed as either Chairman, Chairman of the Audit Committee or Senior Independent Director will, under the current level of fees, receive £21,000 pa.

None of the Directors has a service contract. The terms of their appointment provide that Directors shall retire and be subject to election at the first annual general meeting after their appointment and to re-election annually thereafter. The terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office.

No communications have been received from shareholders regarding Directors' remuneration.

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.

It is the Board's intention that the Remuneration Policy will be considered by shareholders at the Company's Annual General Meeting (AGM) at least once every three years. Therefore it is due to be brought before shareholders again at the AGM to be held in 2017. If, however, the Remuneration Policy is varied, shareholder approval for the new Remuneration Policy will be sought at the next AGM following such variation.

The Board has agreed that there would be a formal review before any change to the Remuneration Policy; and at least once a year the Remuneration Policy will be reviewed to ensure that it remains appropriate. This year, the Board's review concluded that there should be no change to the Remuneration Policy.

Corporate Report / Independent Auditor's Report to the Members of Pacific Assets Trust plc

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

We have audited the financial statements of Pacific Assets Trust plc for the year ended 31 January 2015 set out on pages 32 to 46. In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

2 Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements, the risk of material misstatement that had the greatest effect on our audit was as follows:

Carrying amount of Quoted Investments:

Refer to pages 52 and 53 (Audit Committee report), pages 35 and 36 (accounting policy) and pages 40 and 41 (financial disclosures).

- *The risk* – The Company's portfolio investments make up 91.3% of the Total Assets and are considered to be the key driver of operations and performance results. We do not consider investments to be at high risk of significant misstatement, or requiring a significant level of judgment, because they are comprised of liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.
- *Our response* – Our procedures over the existence, completeness and valuation of the Company's investment portfolio included, but were not limited to:
  - documenting and assessing the processes in place to record investment transactions and to value the portfolio;
  - agreeing the valuation of portfolio investments to externally quoted prices; and
  - agreeing portfolio investment holdings to independently received third party confirmations.

3 Our application of materiality and an overview of the scope of our audit

The materiality for the financial statements as a whole was set at £2.5m. This has been determined with reference to a benchmark of Total Assets, of which it represents 1%. Total Assets, which is primarily composed of the Company's investment portfolio, is considered the key driver of the company's capital and revenue performance and, as such, we believe that it is the principal consideration for members of the Company in assessing financial performance.

We agreed with the Audit Committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of £0.1m, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed at the Administrator, Frostrow Capital LLP in London.

4 Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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 Strategic Report and the Directors' Report 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 25 to 31 with respect to internal control and risk management systems in relation

Corporate Report / Independent Auditor's Report to the Members of Pacific Assets Trust plc

to financial reporting processes and about share capital structures is consistent with the financial statements.

5 We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy; or

- the Audit Committee Report does not appropriately address matters communicated by us to by the Audit Committee.

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

- adequate accounting records have not been kept by the company, 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 51, in relation to going concern; and

- the part of the Corporate Governance Statement on pages 25 to 31 relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope of report and responsibilities

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of accounts is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2013a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Richard Hinton (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
27 March 2015

Further Information / Shareholder Information

Financial Calendar

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

Annual General Meeting
The Annual General Meeting of Pacific Assets Trust plc will be held at Skinners' Hall, 8 Dowgate Hill, London EC4R 2SP on Wednesday, 24 June 2015 at 10.00 a.m.

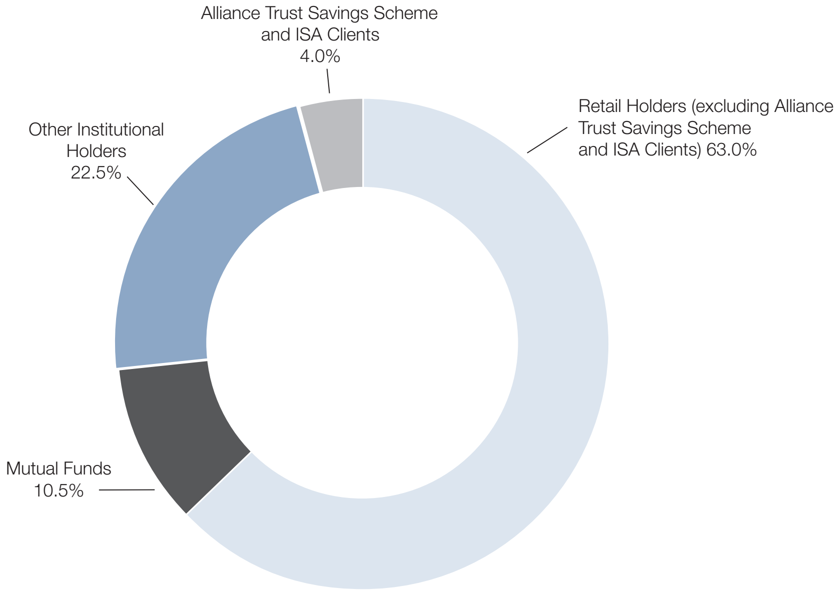
Dividend
A dividend is normally paid annually following approval at the Annual General Meeting. Shareholders who wish to have dividends paid directly into a bank account, rather than by cheque to their registered address, can complete a mandate form for the purpose. Mandates may be obtained from the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

Share Prices
The Company's 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 shares held at 31 January 2015



Further Information / Glossary of Terms

AIFMD
The Alternative Investment Fund Managers Directive (the 'Directive') is a European Union Directive that entered into force on 22 July 2013. The Directive regulates EU fund managers that manage alternative investment funds (this includes investment trusts). There was a one-year transition period within which alternative funds had to comply with the provisions of the Directive.

Ayurveda
Ayurveda or Ayurvedic medicine is a system of Hindu traditional medicine native to the Indian subcontinent. Practices derived from Ayurvedic traditions are a type of alternative medicine.

Discount or Premium
A description of the difference between the share price and the net asset value per share. The size of the discount or premium is calculated by subtracting the share price from the net asset value per share and is usually expressed as a percentage (%) of the net asset value per share. If the share price is higher than the net asset value per share the result is a premium. If the share price is lower than the net asset value per share, the shares are trading at a discount.

Gearing
The term used to describe the process of borrowing money for investment purposes. The expectation is that the returns on the investments purchased will exceed the finance costs associated with those borrowings.

There are several methods of calculating gearing and the following has been selected:

Total assets, less current liabilities (before deducting any prior charges) minus cash/cash equivalents divided by shareholders' funds, expressed as a percentage.

Net Asset Value (NAV)
The value of the Company's assets, principally investments made in other companies and cash being held, minus any liabilities. The NAV is also described as 'shareholders' funds' per share. The NAV is often expressed in pence per share after being divided by the number of shares which have been issued. The NAV per share is unlikely to be the same as the share price which is the price at which the Company's shares can be bought or sold by an investor. The share price is determined by the relationship between the demand and supply of the shares.

Net Asset Value Total Return
The theoretical total return on an investment over a specified period assuming dividends paid to shareholders were reinvested at net asset value per share at the time the shares were quoted ex-dividend. This is a way of measuring investment management performance of investment trusts which is not affected by movements in discounts or premiums.

Ongoing Charges Ratio
Ratio of the Company's expenses, excluding performance fees and exceptional items, expressed as a percentage of the average daily shareholders' funds of the Company over the year.

Price-to-Earnings Ratio
The price-to-earnings ratio or P/E ratio, is an equity valuation multiple. It is defined as the market price per share dividend by the annual earnings per share.

Price-to-Book Ratio
The price-to-book ratio or P/B ratio, is a financial ratio used to compare a Company's current market value to its book value (or balance sheet value).

Share Price Total Return
The change in capital value of a company's shares over a given period, plus dividends received, expressed as a percentage of the opening value.

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

Further Information / Notice of the Annual General Meeting

Notice is hereby given that the thirtieth Annual General Meeting of Pacific Assets Trust Public Limited Company will be held at Skinners' Hall, 8 Dowgate Hill, London EC4R 2SP on Wednesday, 24 June 2015 at 10.00 a.m. 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 2015 together with the Report of the Auditors thereon be received.
2. To receive and approve the Directors' Remuneration Report for the financial year ended 31 January 2015.
3. That a final dividend for the financial year ended 31 January 2015 of 2.6p per share be declared.
4. That Ms M C Ginman be elected as a Director.
5. That Mr T F Mahony, be re-elected as a Director.
6. That Mr N M S Rich, be re-elected as a Director.
7. That Mr J P Williams be re-elected as a Director.
8. That KPMG LLP be re-appointed as Auditor to hold office from the conclusion of the meeting to the conclusion of the next Annual General Meeting at which accounts are laid.
9. That the Directors be authorised to determine KPMG LLP's remuneration.

Special Business

To consider and, if thought fit, pass the following resolutions, of which resolutions 11, 12 and 13 will be proposed as Special Resolutions.

10. 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 2016 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.
11. That, subject to the passing of resolution 10 proposed at the Annual General Meeting of the Company convened for 24 June 2015 ('Resolution 10'), 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 10 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

    the allotment of equity securities up to an aggregate nominal amount of £1,460,605, 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 2016 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.

Further Information / Notice of the Annual General Meeting

12. 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') for cancellation 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 2016 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.
13. 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 2015

Registered office
16 Charlotte Square
Edinburgh
EH2 4DF

Further Information / Notice of the Annual General Meeting

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 plus network extras. 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 overleaf.

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 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).

Further Information / Notice of the Annual General Meeting

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 22 June 2015 (or, if the Annual General Meeting is adjourned, at 6.00 p.m. on the day two working 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 2015 (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 2015 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 Frostrow Capital LLP, 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 13 May 2015, 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.

Further Information / Explanatory Notes to the Resolutions

Resolution 1 – To receive the Annual Report and Accounts

The Annual Report and Accounts for the year ended 31 January 2015 will be presented to the AGM. These accounts accompanied this Notice of Meeting and shareholders will be given an opportunity at the meeting to ask questions.

Resolution 2 – Remuneration Report

The Company's Remuneration Policy was approved by shareholders at last year's Annual General Meeting. The Report on Directors' Remuneration and the Remuneration Policy Report are set out in full in the Annual Report on pages 54 to 56.

Resolution 3 – The Declaration of a Final Dividend for the year ended 31 January 2015

Resolution 3 seeks shareholder approval for the paying of a final dividend of 2.6p per share for the year ended 31 January 2015.

Resolutions 4 to 7 – Election and Re-election of Directors

Resolutions 4 to 7 deal with the election and re-election of each Director. Biographies of each of the Directors can be found on pages 23 and 24 of the Annual Report.

The Board has confirmed, following a performance review, that the Directors standing for election and re-election continue to perform effectively.

Resolutions 8 and 9 – Re-appointment of Auditor and the determination of its remuneration

Resolutions 8 and 9 relate to the re-appointment of KPMG LLP as the Company's independent Auditor to hold office until the next AGM of the Company and also authorises the Directors to set its remuneration.

Resolutions 10 and 11

Ordinary Resolution No. 10 in the Notice of Annual General Meeting will renew the authority to allot the unissued share capital up to an aggregate nominal amount of £1,460,605 (equivalent to 11,684,838 shares, or 10% of the Company's existing issued share capital on 27 March 2015, being the nearest practicable date prior to the signing of this Report). Such authority will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of the passing of the resolution, whichever is earlier. This means that the authority will have to be renewed at the next Annual General Meeting.

When shares are to be allotted for cash, Section 551 of the Companies Act 2006 (the "Act") provides that existing shareholders have pre-emption rights and that the new shares must be offered first to such shareholders in proportion to their existing holding of shares. However, shareholders can, by special resolution, authorise the Directors to allot shares otherwise than by a pro rata issue to existing shareholders. Special Resolution No. 11 will, if passed, give the Directors power to allot for cash equity securities up to 10% of the Company's existing share capital on 27 March 2015, as if Section 551 of the Act does not apply. This is the same nominal amount of share capital which the Directors are seeking the authority to allot pursuant to Resolution No. 10. This authority will also expire on the date of the next Annual General Meeting or after a period of 15 months, whichever is earlier. This authority will not be used in connection with a rights issue by the Company.

The Directors intend to use the authority given by Resolutions Nos. 10 and 11 to allot shares and disapply pre-emption rights only in circumstances where this will be clearly beneficial to shareholders as a whole. The issue proceeds would be available for investment in line with the Company's investment policy. No issue of shares will be made which would effectively alter the control of the Company without the prior approval of shareholders in general meeting.

Resolution 12

The Directors wish to renew the authority given by shareholders at the previous Annual General Meeting. The principal aim of a share buy-back facility is to enhance shareholder value by acquiring shares at a discount to net asset value, as and when the Directors consider this to be appropriate. The purchase of shares, when they are trading at a discount to net asset value per share, should result in an increase in the net asset

Further Information / Explanatory Notes to the Resolutions

value per share for the remaining shareholders. This authority, if conferred, will only be exercised if to do so would result in an increase in the net asset value per share for the remaining shareholders and if it is in the best interests of shareholders generally. Any purchase of shares will be made within guidelines established from time to time by the Board. It is proposed to seek shareholder authority to renew this facility for another year at the Annual General Meeting.

Under the current Listing Rules, the maximum price that may be paid on the exercise of this authority must not exceed the higher of (i) 105% of the average of the middle market quotations for the shares over the five business days immediately preceding the date of purchase and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out. The minimum price which may be paid is 12.5p per share. Shares which are purchased under this authority will be cancelled.

Special Resolution No. 12 in the Notice of Annual General Meeting will renew the authority to purchase in the market a maximum of 14.99% of shares in issue on 27 March 2015, being the nearest practicable date prior to the signing of this Report, (amounting to 17,515,573 shares). Such authority will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of passing of the resolution, whichever is earlier. This means in effect that the authority will have to be renewed at the next Annual General Meeting or earlier if the authority has been exhausted.

Resolution 13

Special Resolution No. 13 seeks shareholder approval for the Company to hold General Meetings (other than the Annual General Meeting) at 14 clear days' notice.

The Board considers that the resolutions relating to the above items of special business, are in the best interests of shareholders as a whole.

Accordingly, the Board unanimously recommends to the shareholders that they vote in favour of the above resolutions to be proposed at the forthcoming Annual General Meeting as the Directors intend to do in respect of their own beneficial holdings totalling 150,550 shares.

Further Information / Company Information

Directors
D B Nichol, FCA (Chairman)*
M C Ginman, ACA
T F Mahony
N M S Rich, CBE, FCA†
J P Williams

*Chairman of the Engagement & Remuneration and Nomination Committees.
†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 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.

Custodian Bankers
JPMorgan Chase Bank
125 London Wall
London EC2Y 5AJ

Independent Auditor
KPMG LLP
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 plus network extras. 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
Canaccord Genuity 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
	Bloomberg:	PAC LN
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