Pacific Assets Trust plc

Interim Report
For the six months ended
31 July 2010

Frostrow CAPITAL

First State Investments

Company Summary

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.

Benchmark

Performance is measured against the MSCI All Country Asia ex Japan Index (total return: sterling adjusted).

Performance Assessment

The Company exists in a competitive environment and aims to be a leader in its peer group. Reflecting this, it should consistently be 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.

Investment Manager

F&C Investment Business Limited (until 30 June 2010)

First State Investment Management (UK) Limited (with effect from 1 July 2010)

Manager, Administrator and Company Secretary

Frostrow Capital LLP (with effect from 1 July 2010)

Equity Shareholders' Funds

£140.8 million at 31 July 2010 (31 January 2010: £135.3 million)

Capital Structure

The Company's capital structure is composed solely of Ordinary Shares. At 31 July 2010 there were 116,848,386 Ordinary Shares in issue (31 January 2010: 118,348,386 Ordinary Shares).

ISA Status

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

Website

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

Gearing

The Company has a committed borrowing facility of US$20 million with ING Bank N.V. As at the date of this report no funds had been drawn down from this facility.

Company Summary (continued)

Key Statistics

	As at 31 July 2010	As at 31 January 2010	% change
Share price	**107.75p**	104.25p	+3.4
Net asset value per share	**120.51p**	114.28p	+5.5
Discount of share price to net asset value per share	**10.6%**	8.8%	n/a
Shareholders' funds	**£140.8m**	£135.3m	+4.1
Market capitalisation	**£125.9m**	£123.4m	+2.0

	Six months to 31 July 2010	One year to 31 January 2010
Share price (total return)	**+4.6%**	+55.0%
Net asset value per share (total return)	**+6.6%**	+56.8%
MSCI All Country Asia ex Japan Index (total return)	**+11.1%**	+54.2%

Dividends	Year ended 31 January 2010	Year ended 31 January 2009
Final dividend per share	**1.29p**	1.29p

Half Year's Highs/Lows	High	Low
Net asset value per share	**133.59p**	111.98p
Share price	**127.50p**	106.0p
Discount†	**2.7%**	11.3%

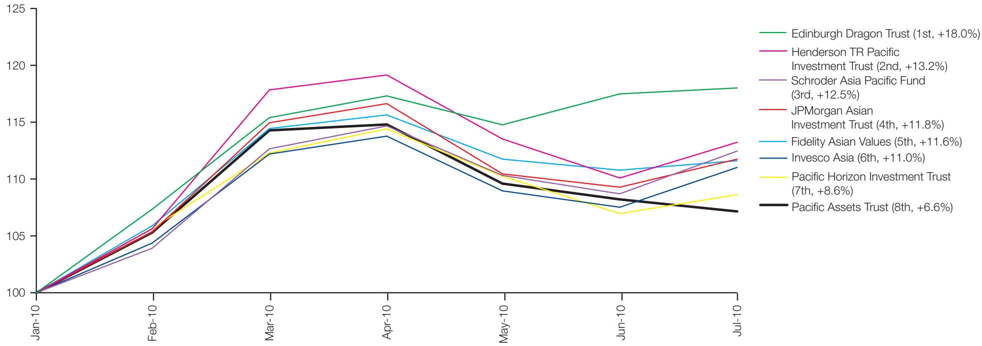
Notes

† Discount high – Narrowest discount in period
Discount low – Widest discount in period

Source: Morningstar

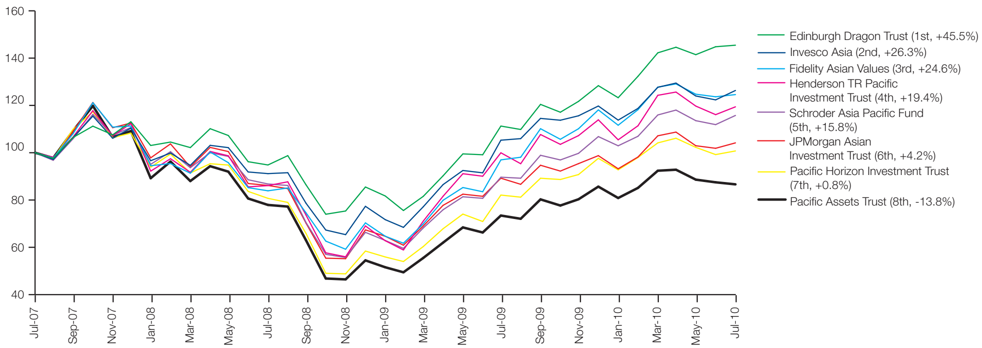
Performance Graphs

Net Asset Value Total Return Peer Group Performance for the Six Months to 31 July 2010



Figures are rebased to 100 at 31 January 2010
Source: Morningstar
Note: Total return from the MSCI All Country Asia ex Japan Index for the six months to 31 July 2010 was 11.1%

Net Asset Value Total Return Peer Group Performance for the Three Years to 31 July 2010



Figures are rebased to 100 at 31 July 2007
Source: Morningstar
Note: Total return from the MSCI All Country Asia ex Japan Index for the three years to 31 July 2010 was 21.9%

Chairman's Statement

The past six months has been a period of transition. As discussed in my statement in the Annual Report, First State Investment Management (UK) Limited assumed responsibility for managing your Company's portfolio on 1 July. At the same time, Frostrow Capital LLP became responsible for administration and marketing.

First State has lost no time in restructuring the portfolio and this process is now largely complete. A full report from your new Investment Manager can be found beginning on page five of this document.

The Company will incur approximately £400,000 of costs in connection with the change to its investment management arrangements, representing 0.3% of the Company's net assets. Slightly more than half of these costs have been reflected in the first half of the Company's financial year and the remainder will be reflected in the second half.

Based on new advice from the Company's tax advisers, the Company recently submitted a claim to the Taipei National Tax Administration in Taiwan for the recovery of tax withheld on income arising from the Company's investments in Taiwan. The claim covers the years 2005 to 2009 and, if it is successful, the Company expects to recover approximately £500,000 net of costs. However, as the likelihood, timing and the quantum of the recovery remain uncertain, no amount receivable has been recorded in the Company's accounts.

Performance

During the six month period, the Company's net asset value total return was 6.6%, compared to a total return from the MSCI All Country Asia ex Japan Index of 11.1%. The share price total return for the period was 4.6%. During the period, the share price discount to net asset value per share widened slightly from 8.8% to 10.6% as at 31 July 2010.

Share Ownership and Discount Policy

As anticipated, some shareholders who held their shares through the previous Manager's savings plans have now disposed of their interest in the Company. This has enabled a number of new shareholders who share your Board's enthusiasm for the new management arrangements to join the register. On behalf of the Board, I would like to thank these new shareholders for their support whilst also thanking existing shareholders for their continuing vote of confidence in the future.

The Company renewed its authority to repurchase its own shares at the Annual General Meeting in June. Through this authority it is intended to manage the discount between the Company's share price and the net asset value per share. During the past six months there was only one repurchase of 1.5 million shares on 13 July 2010 at a discount of 10.3% to the Company's ex income net asset value per share. Since the end of July there have been no further repurchases of shares as at the date of this report.

Gearing

The Company has a US$20 million facility which provides it with the ability to introduce gearing when it is considered appropriate to do so. This facility was not utilised during the period and up to the date of this report.

Outlook

With the new Investment Manager in place and the restructuring of the portfolio virtually complete, we look forward to a new and more prosperous chapter in your Company's future. Whilst there are a number of concerns about the short-term economic outlook, I am confident that patient investors in the Asian Pacific region will be well rewarded over time.

David Nichol

Chairman
27 September 2010

Investment Manager's Report

Portfolio transition

Having assumed responsibility for management of the Company's portfolio on 1 July, we spent the first part of the month transitioning the portfolio towards our own Asia Sustainability strategy. We inherited 52 companies and have retained seven. We have now purchased shares in a further 39 of our favourite companies. As such the portfolio transition is now 95% complete. By Sustainability, we are not referring to "green", "clean tech" or "ethical" investing. Rather, we are simply setting out to invest in those companies we believe are particularly well positioned to deliver long-term returns in the face of the huge development challenges Asia faces today. Land and water scarcity, resource constraints, population pressure and extreme levels of poverty are just some of the challenges Asian companies are increasingly coming up against. For some, these challenges represent key risks to their business. For others, they represent opportunities to build good quality business franchises that will stand the test of time. It is the latter group in which we hope to invest. This for example, does not mean buying every solar or wind company which lists in Asia – currently we have no exposure to either sector. Our focus is on finding attractively valued companies with good quality management teams and strong franchises capable of performing in both good and bad times. Currently none of the listed wind, solar or biofuel companies in Asia meet our investment criteria.

As with all First State Asian strategies, the portfolio is constructed from the bottom up, paying no regard to company, sector or country benchmark weightings. The top ten companies collectively represent over 40% of your Company's net assets and less than 4% of the MSCI All Country Asia ex Japan Index, the Company's benchmark. At first glance, it may seem a risky strategy to stray so far from the benchmark. We hold the opposite view. The object of investing should surely be to deliver attractive, long-term absolute returns, not beat any particular index. Admittedly relative performance is a key commercial reality. As the Company's new Investment Manager we believe this approach will ensure that the Company outperforms the benchmark by at least 1.75% per annum on a rolling three year period as well as ranking in the top third of its peer group on a rolling three year basis.

We believe that the best way to achieve this relative outperformance is by viewing risk simply as the risk of losing money, rather than deviation from an arbitrary index. For example, six of the top ten stocks in the benchmark index presently are government-owned and controlled. We doubt that any of them are run in the long-term interests of minority shareholders. Many of them also come with significant corporate governance, environmental or social risks. In short, the risk of losing clients' money by investing in them is simply too great, regardless of their position in the benchmark index.

As a result there will be times when our performance will differ considerably from the benchmark. For example, during very strong markets we would usually expect to lag the benchmark and our peers as it tends to be conceptual, lower quality, highly priced stocks that rise the fastest. On the flipside, our focus on buying attractively priced, good quality companies results in a stronger focus on capital preservation. When markets correct, we hope to fall significantly less than the benchmark. Or put another way, our strongest relative performance comes during down markets. This may sound like a strange investment proposition and our approach is certainly not suitable for short-term investors with a trading focus who are hoping to 'time' Asian markets. However, for Asian investors with a longer time horizon, we believe this focus on capital preservation as well as capital growth is the best way to ensure long-term absolute returns in the asset class.

Outlook

We are amazed by just how little the global financial system has changed since its fall from grace in 2008. For many global banks the majority of their profits continue to come from short-term trading gains. Remuneration policies still encourage short-term risk taking with little, if any, regard for the longer-term consequences. Lending practices remain far from prudent, while debt-fuelled over-consumption remains *de rigueur*. All this makes us extremely cautious about the global backdrop in which many of our Asian companies operate. A second crisis in the West would hit our companies hard. Even without a second crisis, Asia is in danger of succumbing under the weight of monetary largesse currently being doled out in the West in response to the current financial situation. Asset price inflation remains a problem, particularly in China, where the property bubble has yet to be pricked despite recent Government intervention. Goods and services inflation has returned to almost every Asian country. Despite this, markets remain remarkably sanguine, for now at least. Although no company is immune from inflation, some are more vulnerable than others. We have very little direct exposure to companies which would be hurt by rising interest rates. Very few of our companies sell goods or services which are bought with credit cards for example. We do, however, own shares in a number of 'utility' companies ranging from bus and subway companies in China, Hong Kong and Singapore to our favourite water company in the Philippines. In most cases, the regulatory regime in theory allows rising input prices to be passed on fairly quickly. However, in practice, if inflation does get out of control, Governments are usually quick to clamp down on such pass through mechanisms. As a result, we have reduced our exposure to these companies and continue to favour companies with at least some degree of pricing power.

Meanwhile, an Asian consumer bubble is inflating in a very similar way to the Asian resources bubble of 2007. Three years ago it became very fashionable to forecast out Asian per capita demand for natural resources and commodities to infinity and beyond. Commodity prices soared on the back of simple straight line forecasts – if China reaches the US average coal consumption of two tons per person, total Chinese demand will be greater than current world production of 2.5bn tons. If the per capita grain consumption in China rises from 300kg to reach the US average of 900 kg, China will consume two thirds of all the grain currently harvested globally. Today the straight line forecasting is aimed very much at consumer companies. Most good quality consumer companies in China and India are now trading on price to earnings multiples of over thirty times. Almost every week we are invited to a new investor conference showcasing consumer companies. Asian consumer funds are now commonplace while the variety of Asian consumer ETFs available is frightening. 60 page consumer research reports are landing on our desks, heralding bizarre strap-lines such as "The Great Leap Forward – China, trade-up and the consumer staples opportunity" – although perhaps this is a more prescient title than we are giving the authors credit for!

We are continually told just how little laundry powder, toothpaste and hair products the Asian consumer uses relative to their Western counterpart. For investors this logic is seductive. It is also dangerously misleading, for three reasons.

First, in India and China at least 700 million people still live on extremely low incomes of one or two US dollars a day. As a result, 'effective demand' from Asian consumers tends to lag 'potential demand' significantly. Millionaires in Shanghai do not consume 2,739 times as much toothpaste as rural farmers living on one dollar a day.

Second, for many markets, supply has the potential to keep pace with demand. There is no shortage of toothpaste in the world or toothpaste-making machines. Neither is there a shortage of companies ready to sell toothpaste, particularly when returns are so high. Colgate-Palmolive India makes a return on the capital it employs in India of over 150%. Which budding entrepreneur is not going to try his hand at toothpaste in Asia with this kind of return? Market growth counts for nothing if companies cannot defend the supernormal returns many of them are currently enjoying. While Colgate may well be able to fight them off, it seems unlikely that this will be achieved without some contraction of margins and profitability.

Third, there is simply not enough ecological room left globally for China or India to pursue the same consumption intensive development model followed by every 'developed' country to date. This is by now a well-worn argument put forward by environmental think tanks and alternative national accounting bodies. Recently, however, we have started to hear the same argument made by mainstream policymakers in both China and India. For example, we met a Chinese government official who talked convincingly about how China will be consumption constrained and needs to pursue a strategy of "spiritual consumption" – by which he meant a shift towards spending on leisure and recreational activities rather than "stuff". With considerable reluctance we are steadily reducing our stakes in our favourite consumer companies. They are increasingly priced for perfection, and we have yet to meet the perfect company.

Instead, the majority of our investment ideas continue to come from outside China and India in markets which seem to have avoided most of the hubris to date. In particular, we have increased our holdings in what we consider to be the best quality banks in Korea, the Philippines, Taiwan and Thailand. Typically these are old fashioned banks, working hard to gather deposits and doing their best to make careful prudent loans with the proceeds. They tend to trade at somewhere between one and two times their book value and are typically at attractive stages of their respective credit cycles. Loan growth is recovering and credit quality is improving. As a result, the risk/return profile seems attractive to us.

Within the portfolio there are two companies whose business activities are within the Asia Pacific region but the shares of which are traded on stock markets elsewhere. This international approach to the management of a company's affairs is likely to become an increasing trend in future but does not alter the spirit of your Company's objective to invest in the Asia Pacific region.

David Gait

Senior Investment Manager

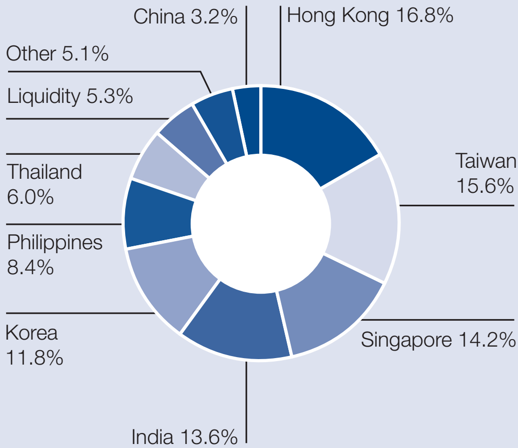
First State Investment Management (UK) Limited

27 September 2010

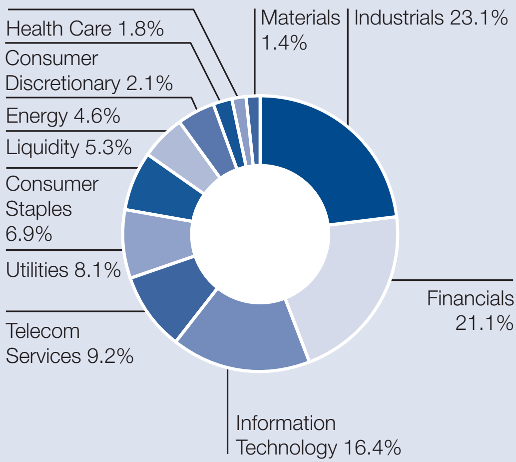
Portfolio Distribution

as at 31 July 2010

Geographical Analysis
% of total assets less current liabilities



Sector Analysis
% of total assets less current liabilities



Portfolio

as at 31 July 2010

Company	Sector*	Market valuation £'000	% of total assets less current liabilities	Country of incorporation
MTR Corporation	Industrials	7,656	5.4	Hong Kong
LG Corporation	Industrials	6,980	5.0	South Korea
Taiwan Semiconductor	Information Technology	6,360	4.5	Taiwan
E.Sun Financial Holdings	Financials	5,772	4.1	Taiwan
Manila Water	Utilities	5,593	4.0	Philippines
Singapore Post	Industrials	5,445	3.9	Singapore
Kasikornbank	Financials	5,214	3.7	Thailand
Hong Kong & China Gas	Utilities	5,072	3.6	Hong Kong
SMRT Corporation	Industrials	4,986	3.5	Singapore
Transport International Holdings	Industrials	4,777	3.4	Hong Kong
Top ten investments		**57,855**	**41.1**	
Samsung Fire & Marine Insurance	Financials	4,425	3.1	South Korea
Oil Search	Energy	4,347	3.1	Papua New Guinea
Swire Pacific	Financials	4,310	3.1	Hong Kong
Philippine Long Distance Telephone	Telecom Services	4,175	3.0	Philippines
Oversea-Chinese Banking	Financials	3,656	2.6	Singapore
Marico	Consumer Staples	3,634	2.6	India
Singapore Telecommunications	Telecom Services	3,522	2.5	Singapore
Delta Electronics	Information Technology	3,505	2.5	Taiwan
Wipro	Information Technology	3,297	2.3	India
Delta Electronics (Thailand)	Information Technology	3,106	2.2	Thailand
Top twenty investments		**95,832**	**68.1**	
Shinsegae	Consumer Staples	3,061	2.2	South Korea
Dabur India	Consumer Discretionary	3,007	2.1	India
Ping An Insurance Group	Financials	2,954	2.1	China
Chroma ATE	Information Technology	2,866	2.0	Taiwan
Chunghwa Telecom	Telecom Services	2,500	1.8	Taiwan
SembCorp Industries	Industrials	2,446	1.7	Singapore
Bharti Airtel	Telecom Services	2,376	1.7	India
Indraprastha Gas	Energy	2,148	1.5	India
Banco de Oro Unibank	Financials	2,044	1.4	Philippines
Hindustan Unilever	Consumer Staples	1,912	1.4	India
Top thirty investments		**121,146**	**86.0**	
Other investments (16)		**12,175**	**8.7**	
Total investments		**133,321**	**94.7**	
Net current assets		**7,493**	**5.3**	
Shareholders' funds		**140,814**	**100.0**	

*MSCI sector classifications

Unaudited Income Statement

for the six months ended 31 July 2010

	Six months ended 31 July 2010			Six months ended 31 July 2009			Year ended 31January 2010		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	**–**	**7,883**	**7,883**	–	35,912	35,912	–	48,665	48,665
(Losses)/gains on derivative arrangements	**–**	**(28)**	**(28)**	–	–	–	–	39	39
Exchange differences	**–**	**586**	**586**	–	(238)	(238)	–	(204)	(204)
Income	**1,942**	**–**	**1,942**	1,293	–	1,293	2,545	–	2,545
Investment management fee	**(186)**	**(560)**	**(746)**	(121)	(363)	(484)	(281)	(842)	(1,123)
Other expenses	**(720)**	**–**	**(720)**	(425)	–	(425)	(728)	–	(728)
Net return before finance costs and taxation	**1,036**	**7,881**	**8,917**	747	35,311	36,058	1,536	47,658	49,194
Interest payable	**(2)**	**–**	**(2)**	–	–	–	–	–	–
Return on ordinary activities before tax	**1,034**	**7,881**	**8,915**	747	35,311	36,058	1,536	47,658	49,194
Tax on ordinary activities	**(178)**	**–**	**(178)**	(219)	140	(79)	(173)	–	(173)
Return attributable to equity shareholders	**856**	**7,881**	**8,737**	528	35,451	35,979	1,363	47,658	49,021
Return per Ordinary Share (note 2)	**0.72p**	**6.67p**	**7.39p**	0.45p	29.95p	30.40p	1.15p	40.27p	41.42p

The Total column of this statement is the Income Statement of the Company. The Revenue and Capital columns are supplementary to this and are both prepared under guidance published by the Association of Investment Companies.

All items in the above statement derive from continuing operations. The Company had no recognised gains or losses other than those declared in the Income Statement.

No operations were acquired or discontinued during the period.

Unaudited Balance Sheet

as at 31 July 2010

	As at 31 July 2010 £'000	As at 31 July 2009 £'000	As at 31 January 2010 £'000
Fixed assets			
Investments	**133,321**	121,169	134,419
Current assets			
Debtors	**1,160**	1,331	236
Cash at bank and on deposit	**7,470**	969	819
	8,630	2,300	1,055
Creditors (amounts falling due within one year)	**(1,137)**	(1,257)	(220)
Net current assets	**7,493**	1,043	835
Net assets	**140,814**	122,212	135,254
Capital and reserves			
Share capital	**14,606**	14,794	14,794
Share premium account	**4**	4	4
Capital redemption reserve	**1,648**	1,460	1,460
Special reserve	**14,572**	16,222	16,222
Capital reserve	**106,491**	86,403	98,610
Revenue reserve	**3,493**	3,329	4,164
Equity shareholders' funds	**140,814**	122,212	135,254
Net asset value per Ordinary Share (note 3)	**120.51p**	103.26p	114.28p

Unaudited Reconciliation of Movements in Shareholders' Funds

	Six months ended 31 July 2010 £'000	Six months ended 31 July 2009 £'000	Year ended 31 January 2010 £'000
Opening shareholders' funds	**135,254**	87,760	87,760
Repurchase of own shares for cancellation	**(1,650)**	–	–
Return for the period	**8,737**	35,979	49,021
Dividends paid	**(1,527)**	(1,527)	(1,527)
Closing shareholders' funds	**140,814**	122,212	135,254

Summarised Unaudited Statement of Cash Flows

for the six months ended 31 July 2010

	Six months ended 31 July 2010 £'000	Six months ended 31 July 2009 £'000	Year ended 31 January 2010 £'000
Net cash inflow from operating activities	**301**	581	952
Servicing of finance	**(2)**	–	–
Financial investment			
Purchases of investments and derivatives	**(123,732)**	(29,136)	(47,524)
Sales of investments and derivatives	**132,675**	27,410	45,243
Net cash inflow/(outflow) from financial investment	**8,943**	(1,726)	(2,281)
Equity dividends paid	**(1,527)**	(1,527)	(1,527)
Net cash inflow/(outflow) before financing	**7,715**	(2,672)	(2,856)
Financing – repurchase of own shares for cancellation	**(1,650)**	–	–
Increase/(decrease) in cash	**6,065**	(2,672)	(2,856)

Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash resulting from cash flows	**6,065**	(2,672)	(2,856)
Exchange differences	**586**	(238)	(204)
Movement in net funds	**6,651**	(2,910)	(3,060)
Net funds at 1 February	**819**	3,879	3,879
Net funds at 31 July/31 January	**7,470**	969	819

Reconciliation of net return before finance costs and taxation to net cash flow from operating activities			
Net return before finance costs and taxation	**8,917**	36,058	49,194
Gains on investments	**(7,883)**	(35,912)	(48,665)
Losses/(gains) on derivative arrangements	**28**	–	(39)
Exchange differences	**(586)**	238	204
Irrecoverable withholding tax on investment income	**(121)**	(89)	(173)
Changes in working capital and other non-cash items	**(54)**	286	431
Net cash inflow from operating activities	**301**	581	952

Notes to the Accounts

for the six months ended 31 July 2010

1. Basis of preparation

The financial statements have been prepared under the historical cost convention, except for the measurement of investments which are valued at fair value, and in accordance with applicable accounting standards, the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' dated January 2009 and the UK Accounting Standards Board's Statement 'Half Yearly Financial Reports'.

The same accounting policies that were used for the year ended 31 January 2010 have been applied in these financial statements.

2. Return per share

The total return per share price is based on the total return attributable to shareholders of £8,737,000 (six months ended 31 July 2009: return of £35,979,000; year ended 31 January 2010: return of £49,021,000) and on 118,190,927 shares (six months ended 31 July 2009: 118,348,386; year ended 31 January 2010: 118,348,386), being the weighted average number of shares in issue.

The revenue return per share price is calculated by dividing the net revenue return attributable to shareholders of £856,000 (six months ended 31 July 2009: return of £528,000; year ended 31 January 2010: return of £1,363,000) by the weighted average number of shares in issue as above.

The capital return per share price is calculated by dividing the net capital return attributable to shareholders of £7,881,000 (six months ended 31 July 2009: return of £35,451,000; year ended 31 January 2010: return of £47,658,000) by the weighted average number of shares in issue as above.

3. Net asset value per share

The net asset value per share is based on the net assets attributable to shareholders of £140,814,000 (31 July 2009: £122,212,000; 31 January 2010: £135,254,000) and on 116,848,386 shares in issue (31 July 2009:118,348,386; 31 January 2010:118,348,386).

4. Withholding tax reclaim

During the period the Company submitted a claim to the Taipei National Tax Administration in Taiwan for the recovery of tax withheld on income arising from the Company's investments in Taiwan. The claim covers the years 2005 to 2009 and, if it is successful, the Company expects to recover approximately £500,000 net of costs. However, the likelihood, timing and the quantum of the recovery remain uncertain and as at 31 July 2010 no amount receivable has been recorded in the Company's accounts.

5. 2010 accounts

These are not statutory accounts in terms of Section 434 of the Companies Act 2006 and are unaudited. Statutory accounts for the year to 31 January 2010, which received an unqualified audit report, have been lodged with the Registrar of Companies. No statutory accounts in respect of any period after 31 January 2010 have been reported on by the Company's auditors or delivered to the Registrar of Companies.

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

Statement of Principal Risks and Uncertainties

The Company's assets consist principally of listed securities and its main risks are therefore market related. The Company is also exposed to currency risk in respect of the markets in which it invests. Other risks faced by the Company include external, investment and strategic, regulatory, operational, and financial risks. These risks, and the way in which they are managed, are described in more detail under the heading Principal Risks and Risk Management within the Business Review in the Company's Annual Report for the year ended 31 January 2010. The Company's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change materially for the remaining six months of the Company's financial year.

Related Party Transactions

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

Statement of Directors' Responsibilities in Respect of the Interim Report

We confirm that to the best of our knowledge:

- the condensed financial statements have been prepared in accordance with the Statement 'Half Yearly Financial Reports' issued by the UK Accounting Standards Board and give a true and fair view of the assets, liabilities, financial position and return of the Company;
- the Chairman's Statement and the Investment Manager's Report (together constituting the Interim Management Report) include a fair review of the information required by the Disclosure and Transparency Rules ('DTR') 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the financial statements;
- the Statement of Principal Risks and Uncertainties shown above is a fair review of the information required by DTR 4.2.7R; and
- the condensed financial statements include a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or performance of the Company during the period, and any changes in the related party transactions described in the last Annual Report that could do so.

The Interim Report has not been reviewed or audited by the Company's auditors.

On behalf of the Board

D B Nichol

Chairman

27 September 2010

How to Invest

Alliance Trust Savings Limited

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

An Individual Savings Account ('ISA') is a tax efficient method of investment for an individual which gives the opportunity to invest in the Company up to £10,200 in the tax year 2010/2011 and in subsequent tax years when they subscribe to a Stocks and Shares ISA.

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

Share Dealing Service

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

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

Risk Warnings

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

Corporate Information

Directors

D B Nichol, FCA (Chairman)*
R M A Horlick
S H Leckie, OBE
T F Mahony
N M S Rich, CBE, FCA†

Registered Office

16 Charlotte Square
Edinburgh EH2 4DF

Website

www.pacific-assets.co.uk

Company Registration Number

SC091052 (Registered in Scotland)

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

Investment Manager

First State Investment Management (UK) Limited
Level 1, 23 St. Andrew Square
Edinburgh EH2 1BB
Telephone: 0131 473 2200
Website: www.firststate.co.uk
Authorised and regulated by the Financial Services Authority

* Chairman of the Engagement and Remuneration Committee and the Nomination Committee
† Chairman of the Audit Committee and Senior Independent Director

Manager, Administrator and Company Secretary

Frostrow Capital LLP
25 Southampton Buildings
London WC2A 1AL
Telephone: 0203 008 4910
Email: info@frostrow.com
Website: www.frostrow.com
Authorised and regulated by the Financial Services Authority

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

Custodian Bankers

JPMorgan Chase Bank
125 London Wall
London EC2Y 5AJ

Auditors

KPMG Audit plc
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

Brokers

Collins Stewart Europe Limited
88 Wood Street
London EC2V 7QR

Solicitors

Dickson Minto WS
16 Charlotte Square
Edinburgh EH2 4DF

Identification Codes

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

aic
The Association of Investment Companies

Perivan Financial Print 218686

Registered Office
16 Charlotte Square
Edinburgh EH2 4DF
www.pacific-assets.co.uk

Registrars
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Registrars' Shareholder Helpline: 0871 384 2466*
Registrars' Broker Helpline: 0871 384 2779*
Website: www.equiniti.com

*Calls to these numbers are charged at 8p per minute from a BT landline.
Other telephony providers' costs may vary.