

To: City Editors

Pacific Assets Trust plc**Preliminary Results for the year ended 31 January 2011**

Pacific Assets Trust plc today announces preliminary results for the year ended 31 January 2011.

	As at 31 January 2011	As at 31 January 2010	% Change
Share price	131.50p	104.25p	+26.1
Net asset value per share	137.00p	114.28p	+19.9
Discount of share price to net asset value per share	4.0%	8.8%	n/a
Shareholders' funds	£160.1m	£135.3m	+18.3
Market capitalisation	£153.7m	£123.4m	+24.6

	One year to 31 January 2011	One year to 31 January 2010	
Share price (<i>total return</i>)	+27.6%	+55.0%	n/a
Net asset value per share (<i>total return</i>)	+21.4%	+56.8%	n/a
MSCI All Country Asia ex Japan Index (<i>total return, sterling adjusted</i>)	+26.4%	+54.2%	n/a

Revenue and Dividends

Revenue return per share	1.29p	1.15p	+12.2
Dividends per share	1.29p	1.29p	-

Total Expense Ratio (as percentage of average shareholders' funds)	1.9%	1.6%	n/a
Total Expense Ratio (excluding the costs attributable to the change in management arrangements amounting to £380,000)	1.6%	1.6%	n/a

Year's Highs/Lows	High	Low	
Net asset value per share	143.82p	111.98p	
Share price	137.50p	104.25p	
Discount of share price to net asset value per share +	2.7%	11.1%	

Notes

+ Discount high – Narrowest discount in period

Discount low – Widest discount in period

Source – Morningstar

For and on behalf of
Frostrow Capital LLP, Secretary
29 March 2011

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The following are attached:

- * Chairman's Statement
- * Investment Manager's Review
- * Income Statement
- * Reconciliation of Movements in Shareholders' Funds
- * Balance Sheet
- * Cash Flow Statement
- * Notes to the Accounts

For further information please contact:

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Chairman's Statement

Management

The last year has been a one of change for the Company following the appointment of First State Investment Management (UK) Limited ('First State') as the Company's investment manager with effect from 1 July 2010. At the interim stage, First State outlined their investment management philosophy and the portfolio has been realigned in accordance with this. I indicated that the costs relating to the change in the Company's management arrangements, including the appointment of Frostrow Capital LLP, to provide administrative and marketing services to the Company, would be approximately £400,000 and I am pleased to report that we are within this figure for the full year.

Performance

The portfolio's relative performance for the year was disappointing. The net asset value per share total return was 21.4% compared to a rise of 26.4% in, the MSCI All Country Asia ex Japan Index measured in sterling terms on a total return basis. We also remained at the bottom of our peer group. However, we hope the new investment manager will bring about future improved performance and clearly some of our new investors may be anticipating this. During the year the discount of the Company's share price to the net asset value per share narrowed from 8.8% to 4.0% as at 31 January 2011. The Company's share price total return for the year was 27.6%.

Share buy-back policy

The Company made a single repurchase of shares for cancellation during the year, 1,500,000 shares on 13 July 2010 at a discount of 10.3% to the Company's ex income net asset value per share. Since the year end and to the date of this report the Company has made no further repurchases of shares.

The Board confirms its intention to use the Company's share buy-back authority where necessary in order to manage the discount between the Company's share price and the net asset value per share. Shareholder approval to renew the authority will be sought at the Annual General Meeting ('AGM').

Revenue and dividends

The Company's revenue earnings per share for the year were 1.29p, which compares to 1.15p for the previous year reflecting stronger corporate earnings and associated dividends in the region.

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The Board recommends an unchanged final dividend for the year of 1.29p per share, to be paid on 30 June 2011 to those shareholders on the register on 3 June 2011.

Gearing

The Company has a US\$20m facility which provides it with the ability to introduce gearing when it is considered appropriate to do so. However, the new investment manager rarely uses gearing and so the Board will hold discussions with ING Bank N.V., the provider of the loan facility, to establish whether it is feasible to cancel the facility before its expiry in March 2012.

Proposed Change to the Company's Investment Objective and Policy

The Company's current investment objective is 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'). The Company's current investment policy states that risk is diversified by investing in different countries, sectors and stocks within the Asia Pacific Region. Your Board remains firmly of the belief that investing in the Asia Pacific Region remains an attractive proposition. However, there are now many companies whose economic activities are predominantly within the Asia Pacific Region but their shares are listed or the company is incorporated elsewhere.

In order to capture the full range of opportunities available for investment, your Board believes it would be beneficial to shareholders to include such companies in your investment manager's remit. Accordingly, we shall be seeking permission from shareholders at the AGM to invest up to 20% of your Company's total assets in companies which are incorporated and/or listed outside the Asia Pacific Region but whose economic activities are predominantly within this region.

Taiwanese Withholding Tax Reclaim

At the interim stage we expected that the Company would be able to recover approximately £500,000 (net of costs) in respect of tax withheld on income arising from the Company's investments in Taiwan. Progress has been somewhat slower than expected, however, I am pleased to report that £115,000 (net of costs) has been recognised in these accounts and we continue to pursue the balance of the claim.

Annual General Meeting

The AGM will be held at 12 noon on Tuesday, 28 June 2011 at The City of London Club, 19 Old Broad Street, London EC2N 1DS. We look forward to seeing as many shareholders as possible. Shareholders who are unable to attend the Meeting are encouraged to return their forms of proxy to ensure their votes are represented.

Outlook

With the portfolio having been fully repositioned by our new investment manager, we look forward to them building on the solid returns achieved so far. Despite the region's vulnerability to worldwide stock market uncertainty, your Board believes that it will remain an attractive place for investors due, in part, to the rise in the number of domestic consumers and also continued investment spending across the region. Your Board continues to believe that the patient and long term investor in the region will be well rewarded.

David Nichol

Chairman

29 March 2011

Investment Manager's Review

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Sustainable Investment

We are delighted to have been appointed as investment manager for the Company in July 2010 and are excited about the opportunity that exists today to generate attractive long-term returns in Asia through sustainable investment. Our starting point is a strong investment conviction that the sustainability positioning of Asian companies is playing an increasingly important role in determining long-term shareholder returns. It is now clear that most Asian countries will be unable to follow the same resource-intensive development path pursued by industrialised countries in the past. In crude terms, if everyone in Asia lived the same lifestyles as Europeans or North Americans, we would need at least three planets. Many Asian countries have now recognised this and are beginning to develop their own, more sustainable, development paths. This is creating new risks and new opportunities for Asian companies. Our goal is to identify and invest in companies that are particularly well positioned to benefit from these new opportunities while avoiding the laggards, whose businesses are increasingly coming under threat as Asia moves towards a more sustainable development path.

The Portfolio

At the year end, there were 53 investments in the Company's portfolio. When constructing the portfolio, we start with a blank sheet of paper, defining risk in terms of losing money for investors rather than deviation from an arbitrary benchmark. As a result, we are not required to invest in any company, sector or country in which we have particular concerns. This matters, as many of the largest companies in Asia have particular poor sustainability performance. The 53 holdings are spread across three broad sustainability themes, examples of which are provided below.

In introducing these themes we should reiterate that we are not seeking to promote uneconomic investment in "socially acceptable" propositions. Instead, we are following our fundamental belief that companies which have carefully considered the sustainability of their business model are more likely to provide superior long term returns for shareholders.

Cleaner Energy and Technologies

Investments include renewable energy companies, gas distributors, energy efficiency and clean technology companies. For example, China and India are heavily reliant on low quality coal, and are keen to reduce this dependence as soon as possible. It will be many decades before either country is able to rely entirely on renewable energy sources. Meanwhile, gas is an important transition fuel with much lower carbon intensity and particulate emissions which are a major cause of pollution in urban areas across China and India today. The Company owns three core gas investments in city gas distributors Hong Kong & China Gas, Indraprastha Gas (India) and Towngas China. All three companies are well placed to benefit from new government policies to roll out gas networks to both households and small and medium sized industries over the next five years. Hong Kong & China Gas and Towngas China are responsible for city gas networks in over fifty small and medium sized Chinese cities as well as Hong Kong, while Indraprastha Gas operates the Delhi city gas distribution network, which will cover almost twenty million residents on completion.

We have always found it hard to invest directly in the renewable sector in Asia as very few companies meet our required standards in terms of the quality of management, business franchise and financials. For example, most wind generation companies in Asia have too much debt on their balance sheets at present, while most solar companies are vulnerable to unpredictable technological change. Instead, we prefer to invest indirectly, via companies

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providing important complimentary products and services. Typically these are long-established companies with strong franchises, who have successfully deployed existing cashflows to seize new opportunities in the renewable sector. Examples include Chroma ATE (Taiwan), a leading provider of testing equipment to the semiconductor industry which has built an exciting new solar cell testing business, and Delta Electronics (Taiwan), which has similarly taken its expertise in power management solutions for the computer industry and built a new business providing power management solutions to the solar industry.

Meanwhile, the growing demand for energy efficiency has created exciting new opportunities for many Asian technology companies. Examples within the Company's portfolio include ASM Pacific Technology (Hong and China), a leading provider of equipment for energy efficient LED lighting industry and LG Corp (Korea), a leading provider of rechargeable batteries for the car industry.

The Company also has an investment in ITEQ (Taiwan), which has developed a more environmentally friendly, halogen and lead free laminate printed circuit boards which sit at the heart of most electronic devices today. As a result, ITEQ has managed to win new, higher margin orders in an industry that has traditionally been commoditised.

Social Infrastructure

Investments include mass transport, property and water companies. As Asia's population continues to increase and urbanise, the need for affordable, efficient, mass transportation will become even more acute. The Company owns two mass rail transit companies, MTR Corporation (Hong Kong) and SMRT (Singapore), both of which are well placed to benefit from the huge expansion of China and India's rail networks over coming years. Similarly, Transport International Holdings (Hong Kong), a bus company originating in Hong Kong, is well positioned for the growing demand for efficient last mile bus services in China.

In the property sector, our focus is on companies which are either providing good quality, affordable, mass market housing or taking a lead in implementing more environmentally friendly, "green" building practices in other property segments such as commercial and office property. Currently the Company owns no examples of the former, although we anticipate two new holdings in this area over the coming months. The Company has one pure property holding, SP Setia (Malaysia), which is leading the way in introducing new green building standards to Malaysia across a number of different property segments.

Although there is a huge, unmet, need for clean, affordable water provision in Asia, we find water a difficult sector in which to invest. While there are a large number of listed water companies in Asia, only one Asian water company currently meets our investment requirements. Manila Water (Philippines) has demonstrated the positive role a private company can play in providing clean water to low income households in developing countries.

Sustainable Goods and Services

Investments are focused on financial companies, telecom operators, medical and consumer companies. Within the consumer sector, our focus is on investing in companies providing good quality, affordable, healthy products. Examples include Dabur India, Hindustan Unilever and Marico (all India). Dabur is India's leading provider of ayurvedic-based consumer products including herbal toothpastes (*Dabur Red*), digestives (*Hajmola*) and health supplements (*Chyawanprash*). Hindustan Unilever is the Indian subsidiary of Unilever, and has long been a global leader in developing affordable, good quality products for low-income households. Examples include their innovations in low-price personal care offerings such as shampoo,

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mass-market water filters (*Pureit*) and distribution networks such as *Project Amma*, which trains up women in rural India to set up small businesses. Given that one in eight people in the world lives in an Indian village, the value of this distribution network is hard to overstate. Marico is rapidly evolving from a family-run business selling coconut-based hair oil (*Parachute*) to a broad-based consumer company with a growing presence in healthy foods such as *Saffola*, an edible vegetable oil offering much better health properties than the clarified butter, or ghee, traditionally used by most Indian households.

Telecommunications and finance seem at first glance less obviously linked to sustainable development and yet they are probably the two most important sectors of all. Mobile communications are playing an increasingly important role in rural development, from improving access to local markets to the provision of financial and medical services to rural, hard-to-reach communities. All of these represent long-term opportunities for mobile communications providers as they are able to generate new revenues in addition to the traditional voice and data revenues. At the year-end, the Company owned investments in China Telecom (China), Idea Cellular (India), and Singapore Telecommunications, which owns major stakes in mobile phone companies across South East Asia and India.

Similarly, access to finance remains a major barrier to reducing poverty levels in many Asian countries. We aim to invest in the best quality, ‘old-fashioned’ banks across Asia, who work hard to earn the trust of depositors and make loans on a sober, risk-aware basis. We expect our banks to have lower non-performing loans than their peers over the cycle and prefer them to grow their loans more slowly than the rest of the sector as it is usually the best indication that they are lending responsibly. They may not double their loan books every three years, but they are much less likely to wipe out their equity as a result. Financial holdings at the year-end included Daegu Bank (South Korea), E.Sun Financial (Taiwan) and Kasikornbank (Thailand).

Engagement

There is no such thing as the perfect company and there is room for improvement with each company in the portfolio. For example, our consumer companies have much work to do to reduce the environmental impact of their packaging, while most of the banks in the portfolio have yet to fully integrate the analysis of environmental and social risks into their lending procedures.

As a result, we spend a significant amount of time engaging with management teams on key environmental, corporate governance or social issues, either in face-to-face meetings, or via written correspondence. The rationale is twofold. First, for us environmental, social and governance issues are investment issues. Positive engagement on such issues therefore becomes a powerful tool to enhance the value and reduce the risks of the portfolio. Second, we believe that the purchase of a share in a business comes with both rights and responsibilities. Should one of our companies fail to meet international best practices on the environment, human rights or social issues, we believe we have a responsibility, as part owners of the business, to engage with senior management to persuade them to address the issue, rather than to walk away from the problem.

Proposed Change to the Company’s Investment Objective and Policy

The more we look at Asian companies the more we realise the old geographic silos are falling away and that we need to catch up with the new global mindset of the companies in which we invest. Very few of our Asian companies now think of themselves as Asian. Instead in their eyes they are global companies, competing on a global playing field, with global ambitions and

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a global shareholder base. In order to understand twenty-first century corporate Asia it is becoming more and more important to understand these global trends. This is particularly the case with many sustainability themes. For example, clean energy, energy efficiency and water are all global industries. To understand Chinese solar companies it is also important to understand their suppliers, buyers and competitors in Europe and the US. We have recently made a start. In the last quarter of 2010 we met 77 European, Japanese and North American companies. These meetings are helping us to build up a better picture of the global positioning of many of the Asian companies held in your Company's portfolio.

This global mindset is also altering the listing characteristics of our investment universe. Specifically, we are coming across a growing number of companies whose businesses are predominantly Asian but whose shares are listed on stock exchanges outside the region. This trend has been accelerated by the intense competition that now exists between stock exchanges for new listings. Currently there are only a small number of Asian companies listed outside the region which meet our investment criteria. However, we anticipate that this will change over time and have therefore requested that shareholder permission be sought to enable us to invest up to 20% of the Company's total assets in Asian companies whose economic activities are predominantly within the Asia Pacific region and the Indian sub-continent, excluding Japan, Australia and New Zealand but which are incorporated and/or listed outside Asia.

Outlook

As bottom-up, long-term investors, we claim to have no expertise in forecasting short-term market trends. Our investment time horizon is at least five years. Over this period we are optimistic that the many of the long-term drivers of Asian investment returns will remain in place. Most notably, despite the occasional setback, the spread of democracy throughout the region is likely to remain a crucial positive trend.

Likewise, economic performance has improved dramatically. After the painful experience of the Asian Crisis, most regional economies now enjoy sound economic management, healthy financing and a robust external position, as evidenced by the large pools of foreign exchange reserves sitting in the region. The potential for rapid economic "catch-up" remains strong for lower income countries including Indonesia, the Philippines, Vietnam and the region's two economic giants China and India. India, in particular, has recently shaken off at least some of the bureaucratic shackles which previously constrained its growth potential and is now vying with China for the fastest growth profile in the region.

Meanwhile, the original Asian 'tigers' continue to evolve their economic positioning for today's globalised world. Countries such as Thailand and Malaysia hope to benefit from global outsourcers' 'China plus one' strategy of locating at least one factory outside of the country. Singapore has once again proved the value of its efficient and surprisingly innovative system of economic administration, reinventing itself as a global leader in industries such as chemicals and water treatment, while at the same time strengthening its position as a key service and financial industry hub for the region.

Nonetheless, while the long-term outlook remains encouraging, we are more cautious about the short-term. Our greatest challenge as investors in Asia is not to generate returns during the good times, but to hold on to as much as we can of these returns during the bad times. We remain concerned about the state of the global economy. In particular, we are still dismayed 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

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longer-term consequences. Lending practices remain far from prudent, while debt-fuelled over-consumption remains prevalent. Debt-crises are never solved by issuing more debt and yet that has been the response so far.

Outside the more fashionable markets of China, India and Indonesia, pockets of value still exist. For example, we have recently increased our holdings in what we consider to be the best quality banks in Korea, the Philippines, Taiwan and Thailand. Typically these tend to trade at somewhere between one and two times their book value and are at attractive stages of their respective credit cycles. Loan growth is recovering and credit quality is improving. As a result, the risk/return profile again appears attractive.

In the short-term, even our favourite investments will struggle to generate positive returns in the event of a second global economic shock or the onset of runaway inflation across Asia. However, longer-term we remain confident that by focusing on well managed companies with strong franchises which are well positioned to benefit from, and contribute to, sustainable development in the regions, we will be able to deliver attractive long-term returns for investors in the Company.

David Gait
Senior Investment Manager
First State Investment Management (UK) Limited
29 March 2011

Income Statement

For the year ended 31 January

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	2011			2010		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	-	27,044	27,044	-	48,665	48,665
(Losses)/gains on derivative arrangements	-	(28)	(28)	-	39	39
Exchange differences	-	635	635	-	(204)	(204)
Income	3,279	-	3,279	2,545	-	2,545
Investment management and management fees	(509)	(1,117)	(1,626)	(281)	(842)	(1,123)
Other expenses	(1,153)	(36)	(1,189)	(728)	-	(728)
Return on ordinary activities before taxation	1,617	26,498	28,115	1,536	47,658	49,194
Tax on ordinary activities	(106)	-	(106)	(173)	-	(173)
Return attributable to equity shareholders	1,511	26,498	28,009	1,363	47,658	49,021
Return per Ordinary share (note 5)	1.29p	22.54p	23.83p	1.15p	40.27p	41.42p

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

	2011 £'000	2010 £'000
Opening shareholders' funds	135,254	87,760
Return for the period	28,009	49,021
Repurchase of own shares for cancellation	(1,650)	-
Dividends paid	(1,527)	(1,527)
Closing shareholders' funds	160,086	135,254

Balance Sheet

As at 31 January

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	2011	2010
	£'000	£'000
Fixed assets		
Investments held at fair value through profit or loss	151,657	134,419
Current assets		
Debtors	5,276	236
Cash at bank	10,191	819
	15,467	1,055
Creditors (amounts falling due within one year)	(7,038)	(220)
Net current assets	8,429	835
Net assets	160,086	135,254
Capital and reserves		
Share capital	14,606	14,794
Share premium account	4	4
Capital redemption reserve	1,648	1,460
Special reserve	14,572	16,222
Capital reserve	125,108	98,610
Revenue reserve	4,148	4,164
Equity shareholders' funds	160,086	135,254
Net asset value per Ordinary share (note 6)	137.00p	114.28p

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Cash Flow Statement

For the year ended 31 January

	2011 £'000	2010 £'000
Operating activities		
Investment income received	3,226	2,339
Other interest received	-	3
Investment management and management fees paid	(1,366)	(851)
Other cash payments	(1,180)	(539)
Net cash inflow from operating activities	680	952
Capital expenditure and financial investment		
Purchase of futures	(25)	(1,813)
Disposal of futures	(3)	1,855
Purchase of investments	(152,616)	(45,711)
Disposal of investments	163,878	43,388
Net cash inflow/(outflow) from investing activities	11,234	(2,281)
Equity dividends paid	(1,527)	(1,527)
Net cash inflow/(outflow) before financing	10,387	(2,856)
Financing		
Repurchase of own shares for cancellation	(1,650)	-
Net cash outflow from financing	(1,650)	-
Increase/(decrease) in cash	8,737	(2,856)
Reconciliation of net cash flow movement in net funds		
Increase/(decrease) in cash in the year	8,737	(2,856)
Change in net funds resulting from cash flows	8,737	(2,856)
Currency gains/(losses)	635	(204)
Movement in net funds	9,372	(3,060)
Net funds at 1 February	819	3,879
Net funds at 31 January	10,191	819

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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 Section 1158 and 1159 of the Corporation Tax Act 2010 (formerly Section 842 of the Income and Corporation Taxes Act 1988).

(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 are recognised as income on the date that the related investments are marked ex-dividend.

Dividends receivable on equity shares where no ex-dividend date is quoted are recognised on the due date

Income from fixed interest securities is recognised on a time apportionment basis so as to reflect the effective interest rate.

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 dividends 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:

- Interest payable on loans has been allocated 25% to revenue and 75% to capital; and
- Investment Management and Management fees payable have been allocated 25% to revenue and 75% to capital.

Transaction costs incurred on the purchase and sale of investments are taken to the Income Statement as a capital item.

Notes to the Financial Statements (continued)

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Accounting Policies (continued)

(e) Taxation

The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue. 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 Section 1158 and 1159 of the Corporation Tax Act 2010 (formerly Section 842 of the Income and Corporation Taxes Act 1988) in the foreseeable future, 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.

h) Capital reserve

The following are accounted for in this reserve:

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

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Accounting Policies (continued)

2. Income

	2011 £'000	2010 £'000
Dividend income from investments+		
Listed overseas	3,279	2,542
Other income*		
Deposit interest	-	3
Total income	3,279	2,545

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

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

3. Investment Management and Management Fees

	2011			2010		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Investment management fee – F&C	281	845	1,126	281	842	1,123
Investment Management fee – First State	181	217	398	-	-	-
Management fee - Frostrow	47	55	102	-	-	-
	509	1,117	1,626	281	842	1,123

Until 30 June 2010 the Company's Investment Manager was F&C Investment Business Limited ('FCIB'). FCIB received a quarterly fee, payable in advance, equal to one quarter of one per cent of the value of the net assets of the Company.

The contract between the Company and FCIB was terminated on 30 June 2010 and compensation was paid by the Company to FCIB for the unexpired period of approximately four months' notice under the management agreement.

First State Investment Management (UK) Limited ('First State') assumed responsibility for the management of the Company's assets on 1 July 2010 and have been employed for an initial three year term with six months' notice thereafter. A management fee of 0.75% per annum of net assets is paid and there is an additional performance fee component at the rate of 12.5% of returns in excess of the MSCI All Country Asia ex Japan Index (measured on a total return basis, sterling adjusted) plus 1.75% per annum. First State agreed to waive three months' fees on order to assist with the costs of the management transition.

Frostrow Capital LLP ('Frostrow') assumed responsibility for company secretarial, accounting, administration and marketing services with effect from 1 July 2010. A fee of 0.2% per annum (plus VAT) of market capitalisation is payable for this service. Frostrow agreed to waive three months' fees and to absorb certain other costs in order to assist with the management transition. Frostrow's appointment can be terminated by either party by giving six months' notice.

The overlap management fees period from 1 October 2010 to 4 November 2010 amounted to £137,000 and has been charged 100% to the Revenue Column of the Income Statement.

The increase in the level of Investment Management and Management fees paid during the year is due, in part to the increase in the assets of the Company and to the additional fees paid during the overlap management fees period as detailed above.

Notes to the Financial Statements (continued):

Accounting Policies (continued)

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4. Dividends

Under UK GAAP, final dividends are not recognised and paid until they are approved by Shareholders. Amounts recognised as distributable to Ordinary Shareholders for the year ended 31 January 2011, were as follows:

	2011	2010
	£'000	£'000
final dividend paid in respect of the year ended 31 January 2010 of 1.29p per Ordinary share	1,527	-
final dividend paid in respect of the year ended 31 January 2009 of 1.29p per Ordinary share	-	1,527

In respect of the year ended 31 January 2011, a dividend of 1.29p per share has been proposed, to be approved at the Company's forthcoming Annual General Meeting (AGM) which will take place on 28 June 2011.

In accordance with FRS21 this dividend will be reflected in the interim accounts for the period ending 31 July 2011.

Total dividends in respect of the financial year, on which the requirements of section 1158 of the Corporation Tax Act 2010 are considered:

	2011	2010
	£'000	£'000
Revenue available for distribution by way of dividend for the year	1,511	1,363
Proposed dividend (to be approved at the AGM)	(1,507)	(1,527)
	4	(164)

Return per ordinary share

5.

The total return per Ordinary Share is based on the total return attributable to Shareholders of £28,009,000 (2010: £49,021,000).

The revenue return per Ordinary Share is based on the net revenue return attributable to Shareholders of £1,511,000 (2010: £1,363,000).

The capital return per Ordinary Share is based on the net capital return attributable to Shareholders of £26,498,000 (2010: £47,658,000).

The total return, revenue return and the capital return per share are based on the weighted average number of shares in issue during the year of 117,514,139 (2010:118,348,386).

6. Net Asset Value per Ordinary Share

The net asset value per Ordinary Share is calculated on net assets of £160,086,000 (2010: £135,254,000), divided by 116,848,386 (2010:118,348,386) Ordinary Shares, being the number of Ordinary Shares in issue at the year end.

Notes to the Financial Statements (continued):

Accounting Policies (continued)

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7. Contingent Assets

As mentioned at the interim stage, based on new advice from the Company's tax advisers, 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 investment in Taiwan. The claim covers the years 2005 to 2009 and, if successful, the Company expects to recover approximately £500,000 net of expenses.

To the date of these accounts the Company has recovered £115,000 net of costs in respect of tax withheld and this amount has been recognised in these accounts. However, as the likelihood, timing and quantum of the remaining recoverable amounts continues to remain uncertain, no further amounts receivable have been recorded in the Company's accounts, therefore leaving a contingent asset net of costs of £385,000 at 31 January 2011 (31 January 2010: nil).

8. Financial Information

This preliminary statement is not the Company's statutory accounts. The above results for 2011 have been agreed with the Auditors and are an abridged version of the Company's full draft accounts which have not yet been filed with the Registrar of Companies. The 2011 accounts received an audit report which was unqualified did not include a reference to any matter to which the auditors drew attention without qualifying the report, and did not contain statements under Section 498 of the Companies Act 2006.

The statutory accounts for the year ended 31 January 2010 have been delivered to the Registrar of Companies and those for 31 January 2011 will be despatched to shareholders shortly. The 2010 accounts received an audit report which was unqualified did not include a reference to any matter to which the auditors drew attention without qualifying the report, and did not contain statements under Section 498 of the Companies Act 2006.

This preliminary announcement of the Company has been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) and using the same accounting policies as those in the last published annual accounts, being those to 31 January 2010.

Frostrow Capital LLP
Company Secretary
29 March 2011

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