

Asian Total Return Investment Company plc

Half Year Report and Accounts for the six months ended 30 June 2015



Schroders

Investment Objective, Directors and Advisers

Investment Objective

Asian Total Return Investment Company plc seeks to provide a high rate of total return through investment in equities and equity related securities of companies trading in the Asia Pacific region (excluding Japan). The Company seeks to offer a degree of capital preservation through tactical use of derivative instruments.

Investment policy

The Company will invest principally in a diversified portfolio of 40-70 companies operating primarily in Asia, including Australasia but excluding Japan. It is intended that the Company will have a bias to investing in small and mid cap companies.

Investments may be made in companies listed on the stock markets of countries located in the region and/or listed elsewhere but controlled from within the region and/or with a material exposure to the region. The Company will focus on investing in companies with sound balance sheets, professional management and capital allocation policies that are aligned with the interests of minority shareholders.

The use of derivatives to protect the capital value of the portfolio or for efficient portfolio management is fundamental to the strategy of the Company's portfolio managers. Such derivatives may include listed futures, call options, long puts, OTC instruments and instruments to hedge currency exposure. The Board will monitor the effectiveness of the underlying process and the use of derivatives.

In order to obtain further exposure to equity indices or individual stocks, the Company may enter into contracts for difference where the underlying investments are not delivered and settlement is made in cash. In extreme circumstances, and subject to Board approval, the majority, or even all, of the Company's assets could be held in cash or near cash instruments, with appropriate diversification of cash held on deposit.

The Company may use gearing to enhance performance but net gearing will not exceed 30% of net asset value.

The Company does not tie its portfolio construction to the constituents of any benchmark; instead, the size of stock positions are set on an absolute basis reflecting where the best potential risk adjusted returns are to be found.

Directors

David Brief (Chairman)

Caroline Hitch

Mike Holt

Christopher Keljik

Alexandra Mackesy

Alternative Investment Fund Managers (“AIFM”) Directive

Certain pre-sale, regular and periodic disclosures required by the AIFM Directive may be found either in this Report or on the web at www.schroders.co.uk/its.

Advisers

Alternative Investment Fund Manager (“Manager”)

Schroder Unit Trusts Limited

31 Gresham Street

London EC2V 7QA

Investment Manager and Company Secretary

Schroder Investment Management Limited

31 Gresham Street

London EC2V 7QA

Registered Office

31 Gresham Street

London EC2V 7QA

Telephone: 020 7658 3206

Depository and Custodian

HSBC Bank plc

8 Canada Square

London E14 5HQ

Lending Bank

Scotiabank Europe PLC

201 Bishopsgate

6th Floor

London EC2M 3NS

Corporate Broker

Winterflood Investment Trusts

The Atrium Building

Canon Bridge House

Dowgate Hill

London EC4R 2GA

Independent Auditors

PricewaterhouseCoopers LLP

7 More London Riverside

London SE1 2RT

Registrar

Equiniti Limited

Aspect House

Spencer Road

Lancing

West Sussex BN99 6DA

Shareholder Helpline: 0800 032 0641*

Website: www.shareview.co.uk

*Calls to this number are free of charge from UK landlines

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Financial Highlights

Total returns (including dividends reinvested) to 30 June 2015	6 months %	1 year %	3 years %	5 years %	10 years %
NAV per share ¹	2.7	13.1	24.1	25.8	148.3
Share price ²	1.8	12.7	27.3	29.5	166.8
Reference Index ³	2.5	7.9	27.3	37.2	161.5
Peer group NAV per share ⁴	2.5	11.6	32.3	44.8	195.6

¹Source: Morningstar. For periods of 6 months, 1, 3 and 5 years, the cum-income NAV per share total return is shown. For the 10 year period, the ex-income NAV per share total return is shown.

²Source: Morningstar.

³Source: Thomson Reuters. With effect from 15 March 2013, the Reference Index has been the MSCI AC Asia Pacific ex-Japan Index (sterling adjusted). Prior to that date, it was the MSCI AC Asia ex-Japan Index (sterling adjusted).

⁴Source: Morningstar. The performance of a group of nine investment trust competitors (arithmetic average).

	30 June 2015	31 December 2014	% Change
Net asset value ("NAV") per share	210.9p	208.1p	+1.3
Share price	194.5p	194.0p	+0.3
Share price discount to NAV per share	7.8%	6.8%	
Gearing/(net cash) ¹	7.6%	(1.3)%	

¹Borrowings used for investment purposes less cash, expressed as a percentage of net assets. If the amount so calculated is negative, this represents a "net cash" position.

Interim Management Report – Chairman’s Statement

Performance

In my first report as Chairman, having succeeded David Robins on 29 April 2015, I am pleased to report that positive performance continued during the six months to 30 June 2015. The Company produced a net asset value (“NAV”) total return of 2.7% over the period, outperforming by 0.2% both the Reference Index and the average peer group NAV return.

Asian markets have fallen sharply since the end of the period, dragged down by China. Although our portfolio has only selective exposure to Chinese companies listed offshore, it has inevitably been impacted by the declines in markets.

Promotion and discount management

The discount management policy continues to target a discount to net asset value of 5% in normal market conditions, using the Company’s share buyback authority when required. In the six months to 30 June 2015, the average discount to ex income NAV was 6.1% and a total of 100,000 shares was purchased by the Company to be held in Treasury in support of the discount policy.

The Board remains focused on promotion of the Company’s shares based on the distinctive characteristics of the Company’s strategy and the differentiation of the opportunities offered by the Company from those offered by the peer group. To this end, the discount has remained narrower than the peer group average.

Gearing and the Use of Derivatives

The Company may use gearing to enhance performance but net gearing will not exceed 30% of net asset value. The Board has agreed a disciplined framework for gearing, based on a number of valuation indicators.

Having begun to use gearing at the start of the year, the portfolio managers continued to use gearing during the period and at 30 June 2015, net gearing stood at 7.6%. The combination of the use of gearing alongside the implementation of the portfolio managers’ investment strategy, seeks to offer a degree of capital preservation through the tactical use of derivatives while allowing for upside potential in recovering markets.

New Zealand listing and Branch Register

As reported in the Annual Report, the Company’s shares were delisted from the New Zealand Stock Exchange on 8 May 2015. The shares held on the Company’s New Zealand Branch Register were transferred to the Company’s UK Register and the New Zealand Branch was de-registered on 29 July 2015. The Company’s shares are now quoted solely on the London Stock Exchange.

Retirement of Chairman

As outlined in the Annual report, the refreshment of the Board continued with the retirement of the former Chairman, David Robins on 29 April 2015. On behalf of the Board, I would like to thank Mr Robins for his invaluable contribution to the Company over twelve years as a Director, and in particular for his leadership of the Board during eleven years as Chairman.

Interim Management Report – Chairman’s Statement

Outlook

The Chinese domestic stockmarket has collapsed over the summer and cast a pall over the rest of Asian and indeed world markets. Our strategy is aimed at mitigating some of the losses in such conditions through hedging strategies and this has come through in our continued outperformance of the Reference Index and the average peer group NAV return since the end of the period. As markets fall, our portfolio managers are starting to see attractively priced companies and they have the ability to increase gearing to profit from these opportunities as valuations improve. The priority now is to look for the investments that will provide the high rates of return we are targeting over the longer term.

David Brief

Chairman

28 August 2015

Interim Management Report – Portfolio Managers' Review

Performance Analysis

Asian equity markets saw extremely mixed returns in the first half of the year as the China market recorded outsized gains against broader falls across the rest of the region. Underlying the moves however were sharp swings in price action in the China A-share market, where the initial euphoric sentiment which fuelled a massive retail-driven bubble unravelled rapidly after peaking in mid-June. The subsequent panic selling and widespread margin calls triggered a violent correction in the A-share market, leading to sharp falls across regional equity markets.

The Reference Index – MSCI AC Asia Pacific ex Japan Index – returned 2.5% in sterling terms over the period. Outside of China and Hong Kong markets which delivered positive returns, sentiment towards the rest of the regional markets was relatively subdued. India and most ASEAN markets lagged as local economic data disappointed and scepticism increased over the likelihood of meaningful reforms from new governments in countries such as Indonesia, Thailand and India. Most Asian currencies weakened against the US dollar as worries over the outlook for economic growth in Asia rose.

Against this backdrop, the portfolio delivered an NAV return of 2.7% in the first half of 2015. The portfolio was up strongly in the first quarter, but gave back gains in the second as deteriorating market sentiment weighed on equity markets across the region. Chinese stocks, despite heightened volatility in June, were the biggest outperformers over the period. Whilst the zero weight in Chinese financials and state-owned enterprises meant that the portfolio did not participate in the initial stages of the China rally, the bullish sentiment quickly spilled over to Hong Kong and US-listed China stocks, with two of the portfolio's Chinese ADRs up strongly following news of privatisation offers.

Pacing gains in the China market, Hong Kong stocks also delivered modest outperformance as property companies were buoyed by rising optimism over a pick-up in financial activity and increasing evidence of a renewed upcycle in the office market. Amongst the top contributors was conglomerate Hutchison Whampoa which surged following the announcement of a group restructuring and the acquisition of UK telecom operator O2. Elsewhere across the region, Indian banks HDFC and Indusind extended gains, while solid growth momentum for some of the small to mid-cap names such as Pacific Textiles, Bumrungrad Hospital and iFast also contributed to returns.

In contrast to the optimism in China, most ASEAN stocks saw weak returns with Thai financials and property companies leading declines on concerns over a weaker macro backdrop. The sluggish earnings outlook was also reflected across Indonesian corporates, which dragged on the share prices of conglomerates Jardine Strategic and Jardine Matheson given headwinds from their Indonesian subsidiary Astra International. Other detractors came from commodity-related names as the continued slide in commodity prices raised concerns over a sustained slowdown in global demand.

The portfolio was slightly geared with total equity exposure of 107.1% at the end of the first half of 2015. Including the use of derivative protection, net exposure was approximately 88.1% (95.3% delta-adjusted).

Interim Management Report – Portfolio Managers' Review

Six month performance attribution (31 December 2014 – 30 June 2015)

	Contribution to returns (Sterling %)	Comments
Australia	-0.9	Medibank, Rio Tinto
China	1.3	Wuxi Pharmatech, Tencent Holdings
Hong Kong	0.8	Hutchison Whampoa, Hongkong Land, AIA Group
India	0.9	Apollo Hospitals, Cognizant Technology Solutions
Indonesia	0.1	PT Sumber Alfaria Trijaya
Korea	0.0	–
Malaysia	0.1	Karex
New Zealand	0.0	–
Philippines	0.7	GT Capital, Ayala Land
Singapore	0.0	iFast Corp
Taiwan	-0.1	Taiwan Semiconductor Manufacturing, Zhen Ding Technology
Thailand	-0.2	Kasikornbank, Aeon Thana Sinsap
Others	0.1	LVMH
Derivatives	-0.1	Puts on regional market indices
Currency forwards	0.4	Hedging the Australian dollar exposure
Gearing	0.0	
Cash	-0.1	
Fees/costs	-0.5	
Residual	0.2	
Total return	2.7	

Source: Schroders

Principal contributors	£ Return (%)	Contribution to return (%)
GT Capital	30.5	0.7
Wuxi Pharmatech	24.4	0.6
Tencent Holdings	36.7	0.5
Hongkong Land	22.4	0.5
AIA Group	17.4	0.5

Source: Schroders

Principal detractors	£ Return (%)	Contribution to return (%)
Kasikornbank	-19.1	-0.5
Jardine Strategic Holdings	-11.8	-0.3
Johnson Electric	-13.3	-0.2
China Lodging Group	-7.9	-0.2
Aeon Thana Sinsap	-14.6	-0.2

Source: Schroders

Interim Management Report – Portfolio Managers' Review

Portfolio Positioning

10 largest stock positions as at 30 June 2015

Holding	Business	% of total investments
Taiwan Semiconductor Manufacturing	Semiconductors	3.5
AIA	Regional insurance	3.2
Wuxi Pharmatech	China Pharmaceutical	3.0
Techtronic Industries	Manufacturer of home improvement products	2.9
Hongkong Land	Hong Kong commercial property	2.6
Jardine Strategic	Regional Conglomerate	2.5
Swire Properties	Hong Kong commercial property	2.4
Ayala Land	Philippine property developer	2.4
Apollo Hospitals Enterprise	Indian hospital chain	2.2
Kasikornbank	Thai commercial bank	2.2

Source: Schroders

Outlook

Whilst valuations are looking more reasonable following the recent correction in equity markets, we remain cautious on the outlook for Asia given slowing economic growth and concerns over more serious structural issues emerging. With deflation likely to get entrenched we are wary of all companies with high debt, particularly in commodity and cyclical sectors. For China, we think the risks have risen following the collapse in the A-share bubble, and expect further long-term de-rating of the stock market and slowdown in GDP growth. We will continue to avoid financials and all state owned enterprises in China, and stick to those stocks operating in sectors where market forces are broadly allowed to function, mainly in healthcare, consumer, internet and selected industrials.

For the rest of the region, we remain comfortable with our exposures to blue chip domestic and externally focused businesses listed in Hong Kong, Australia, Taiwan and India. Against a tough macro backdrop for most regional economies and sectors, we will remain focused on identifying companies with strong cash flow generation and sustainable yields, and look to keep on some downside protection via puts given significant tail risks.

Overall we have made few changes to the portfolio over the period. We remain cautious on the outlook for Asian stock markets given the deteriorating macro backdrop and earnings uncertainties. This means despite weakness in markets we are only slowly accumulating stocks where we see value, and intend to maintain a moderate level of protection on the fund so long as pricing remains reasonable.

Robin Parbrook and King Fuei Lee
Portfolio Managers

28 August 2015

Interim Management Report – List and Valuation of Investments at 30 June 2015

	£'000	%		£'000	%
AUSTRALIA			INDONESIA		
Amcor	1,495	0.9	Sumber Alfaria Trijaya	1,289	0.8
BHP Billiton	1,635	1.0	TOTAL INDONESIA	1,289	0.8
Brambles	3,630	2.2	MALAYSIA		
CSL	1,948	1.2	Karex Berhad	2,299	1.4
Medibank Private	926	0.6	TOTAL MALAYSIA	2,299	1.4
Oil Search	1,765	1.1	PHILIPPINES		
Recall Australia	1,175	0.7	Ayala Land	3,950	2.4
Resmed ¹	2,801	1.7	GMA Network	1,219	0.7
Rio Tinto	1,859	1.1	GT Capital Holdings	2,302	1.4
Woodside Petroleum	996	0.6	Megaworld	2,015	1.2
TOTAL AUSTRALIA	18,230	11.1	RFM Corporation	1,592	1.0
CHINA			TOTAL PHILIPPINES	11,078	6.7
AAC Technologies ¹	1,704	1.0	SINGAPORE		
China Lodging ¹	2,748	1.7	Great Eastern Holdings	2,228	1.3
Haitian International Holdings ²	2,123	1.3	IFast	1,574	0.9
Hollysis Automation Technologies ¹	1,707	1.0	Starhub	579	0.4
Mindray Medical ¹	1,246	0.7	TOTAL SINGAPORE	4,381	2.6
Tencent Holdings ²	3,265	2.0	TAIWAN		
Wuxi Pharmatech ¹	5,064	3.0	Delta Elt Industrial	1,526	0.9
TOTAL CHINA	17,857	10.7	Giant Manufacturing	3,355	2.0
HONG KONG			Hon Hai Precision	2,744	1.7
AIA	5,324	3.2	Merida Industry	2,642	1.6
Café De Coral	2,407	1.5	Siliconware Precision	2,205	1.3
Cheung Kong Property Holdings	2,573	1.5	Taiwan Mobile	1,139	0.7
CK Hutchison Holdings	2,187	1.3	Taiwan Semiconductor Manufacturing	5,759	3.5
Hang Lung	1,468	0.9	Vanguard International Semiconductors	893	0.5
HKT Trust	2,550	1.5	Zhen Ding Technology	1,972	1.2
Hongkong Land ³	4,265	2.6	TOTAL TAIWAN	22,235	13.4
Hutchison Port Holdings ³	1,115	0.7	THAILAND		
Hysan Development	2,419	1.5	Aeon Thana Sinsap	1,964	1.2
International Housewares Retail ¹	1,832	1.1	Bumrungrad Hospital	1,984	1.2
Jardine Matheson ³	2,071	1.2	Delta Electronics	2,393	1.4
Jardine Strategic ³	4,225	2.5	Hana Microelectronics	1,159	0.7
Johnson Electric Holdings	2,541	1.5	Kasikornbank	3,631	2.2
Mandarin Oriental International ³	2,401	1.4	Land & Houses	2,344	1.4
Pacific Textiles	3,138	1.9	Thai Stanley Electric	811	0.5
Stella International Holdings	1,125	0.7	TOTAL THAILAND	14,286	8.6
Sunlight Real Estate	2,139	1.3	OTHER		
Swire Properties	3,998	2.4	LVMH ⁵	2,233	1.3
Techtronic Industries	4,765	2.9	TOTAL OTHER	2,233	1.3
TOTAL HONG KONG	52,543	31.6	TOTAL INVESTMENTS	165,444	99.6
INDIA			OPTIONS		
Apollo Hospitals Enterprise (JPM) 07/11/17⁴	3,710	2.2	KOSPI 200 Put Option 260 July 2015	77	–
Cognizant Technology Solutions ¹	3,322	2.0	KOSPI 200 Put Option 250 August 2015	194	0.1
HDFC Bank	1,281	0.8	KOSPI 200 Put Option 255 August 2015	67	–
HDFC (JPM) 06/02/17 ⁴	2,110	1.3	KOSPI 200 Put Option 250 September 2015	89	0.1
Indusind Bank (JPM) 11/06/19 ⁴	1,692	1.0	S&P/ASX 200 Put Option 5675 July 2015	303	0.2
Phoenix Mills (Merrill Lynch) 18/05/18 ⁴	903	0.5	TOTAL OPTIONS ⁶	730	0.4
Phoenix Mills (Merrill Lynch) 18/06/18 ⁴	2,394	1.5	TOTAL INVESTMENTS AND OPTIONS	166,174	100.0
Schroder Intl Selection – Indian Opportunities Fund	1,566	0.9			
Zee Entertainment Enterprises (JPM) 20/03/17 ⁴	2,035	1.2			
TOTAL INDIA	19,013	11.4			

Stocks in bold are the 20 largest investments, which by value account for 45.2% of total investments.

¹Listed in the USA.

²Listed in Hong Kong.

³Listed in Singapore.

⁴Participatory notes.

⁵Listed in France.

⁶The combined effect of the options gave downside protection to 11.8% of total investments.

Investments are classified by the Portfolio Manager based on the company's principal activities.

With the exception of the options and participatory notes shown above, all investments are equities.

Interim Management Report

Principal risks and uncertainties

The principal risks and uncertainties with the Company's business fall into the following categories: investment activity and performance; financial and currency risk; strategic risk; accounting, legal and regulatory risk. A detailed explanation of the principal risks and uncertainties in each of these categories can be found on pages 20 and 21 of the Company's published Annual Report and Accounts for the year ended 31 December 2014. These risks and uncertainties have not materially changed during the six months ended 30 June 2015.

Going concern

The Directors believe that, having considered the Company's investment objectives, risk management policies, capital management policies and procedures, expenditure projections and the fact that the Company's assets comprise readily realisable securities which can be sold to meet funding requirements if necessary, the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, they consider there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

Related party transactions

Details of transactions with related parties, which under the Financial Conduct Authority's Listing Rules include the Manager, can be found on pages 54 and 55 of the Company's published Annual Report and Accounts for the year ended 31 December 2014. There have been no material transactions with the Company's related parties during the six months ended 30 June 2015.

Directors' responsibility statement

The Directors confirm that, to the best of their knowledge, this set of condensed financial statements has been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) and with the Statement of Recommended Practice, "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued in November 2014 and that this Interim Management Report includes a fair review of the information required by 4.2.7R and 4.2.8R of the Financial Conduct Authority's Disclosure and Transparency Rules.

Income Statement

	(Unaudited) for the six months ended 30 June 2015			(Unaudited) for the six months ended 30 June 2014			(Audited) for the year ended 31 December 2014		
	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	–	3,506	3,506	–	8,664	8,664	–	20,491	20,491
Net losses on derivative contracts	–	(72)	(72)	–	(2,001)	(2,001)	–	(718)	(718)
Net foreign currency losses	–	(123)	(123)	–	(116)	(116)	–	(78)	(78)
Income from investments	2,002	–	2,002	1,569	248	1,817	3,141	440	3,581
Other interest receivable and similar income	57	–	57	115	–	115	150	–	150
Gross return	2,059	3,311	5,370	1,684	6,795	8,479	3,291	20,135	23,426
Investment management fee	(136)	(408)	(544)	(109)	(327)	(436)	(229)	(686)	(915)
Administrative expenses	(239)	–	(239)	(214)	–	(214)	(604)	–	(604)
Net return before finance costs and taxation	1,684	2,903	4,587	1,361	6,468	7,829	2,458	19,449	21,907
Finance costs	(18)	(54)	(72)	–	–	–	–	–	–
Net return on ordinary activities before taxation	1,666	2,849	4,515	1,361	6,468	7,829	2,458	19,449	21,907
Taxation on ordinary activities (note 3)	(123)	–	(123)	(71)	–	(71)	(186)	(28)	(214)
Net return on ordinary activities after taxation	1,543	2,849	4,392	1,290	6,468	7,758	2,272	19,421	21,693
Return per share (note 4)	2.11p	3.89p	6.00p	1.74p	8.73p	10.47p	3.07p	26.28p	29.35p

The “Total” column of this statement is the profit and loss account of the Company. The “Revenue” and “Capital” columns represent supplementary information prepared under guidance issued by The Association of Investment Companies. The Company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period.

Statement of Changes in Equity

for the six months ended 30 June 2015 (unaudited)

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 December 2014	4,260	5	11,646	29,182	97,133	10,116	152,342
Repurchase of shares into Treasury	–	–	–	–	(215)	–	(215)
Net return on ordinary activities	–	–	–	–	2,849	1,543	4,392
Dividend paid in the period (note 5)	–	–	–	–	–	(2,379)	(2,379)
At 30 June 2015	4,260	5	11,646	29,182	99,767	9,280	154,140

for the six months ended 30 June 2014 (unaudited)

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 December 2013	4,260	5	11,646	29,182	79,894	10,253	135,240
Repurchase of shares into Treasury	–	–	–	–	(785)	–	(785)
Net return on ordinary activities	–	–	–	–	6,468	1,290	7,758
Dividend paid in the period (note 5)	–	–	–	–	–	(2,409)	(2,409)
At 30 June 2014	4,260	5	11,646	29,182	85,577	9,134	139,804

for the year ended 31 December 2014 (audited)

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 December 2013	4,260	5	11,646	29,182	79,894	10,253	135,240
Repurchase of shares into Treasury	–	–	–	–	(2,182)	–	(2,182)
Net return on ordinary activities	–	–	–	–	19,421	2,272	21,693
Dividend paid in the year (note 5)	–	–	–	–	–	(2,409)	(2,409)
At 31 December 2014	4,260	5	11,646	29,182	97,133	10,116	152,342

Statement of Financial Position

	(Unaudited) 30 June 2015 £'000	(Unaudited) 30 June 2014 £'000	(Audited) 31 December 2014 £'000
Fixed assets			
Investments held at fair value through profit or loss	165,444	139,012	150,260
Current assets			
Debtors	546	145	440
Cash at bank and in hand	715	644	1,983
Derivative financial instruments held at fair value through profit or loss	789	401	191
	2,050	1,190	2,614
Current liabilities			
Bank loan	(12,399)	–	–
Creditors: amounts falling due within one year	(955)	(395)	(478)
Derivative financial instruments held at fair value through profit or loss	–	(3)	(54)
	(13,354)	(398)	(532)
Net current (liabilities)/assets	(11,304)	792	2,082
Total assets less current liabilities	154,140	139,804	152,342
Net assets	154,140	139,804	152,342
Capital and reserves			
Called-up share capital (note 6)	4,260	4,260	4,260
Share premium	5	5	5
Capital redemption reserve	11,646	11,646	11,646
Special reserve	29,182	29,182	29,182
Capital reserves	99,767	85,577	97,133
Revenue reserve	9,280	9,134	10,116
Total equity shareholders' funds	154,140	139,804	152,342
Net asset value per share (note 7)	210.86p	189.10p	208.12p

Registered in England and Wales
Company registration number: 02153093

Notes to the Accounts

1. Financial statements

The information contained within the accounts in this Half Year report has not been audited or reviewed by the Company's auditors.

The figures and financial information for the year ended 31 December 2014 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

2. Accounting policies

The accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the Statement of Recommended Practice ("SORP") "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued in November 2014 and which superseded the SORP issued in January 2009.

All of the Company's operations are of a continuing nature.

The Company has adopted Financial Reporting Standard ("FRS") 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", FRS 104 "Interim Financial Reporting" and the amended SORP, all of which became effective for periods beginning on or after 1 January 2015. Some presentational changes are required, following the adoption of these new standards; however there has been no change to the way the Company measures the numbers in the accounts.

The changes to these accounts required by FRS 102, FRS 104 and the amended SORP may be summarised briefly as follows:

- the reconciliation of movements in shareholders' funds has been renamed "Statement of changes in equity";
- the balance sheet has been renamed "Statement of financial position";
- the Company no longer presents a statement of cash flows or the related note, as it is no longer required for an investment company which meets certain specified conditions; and
- new notes have been included entitled "Called-up share capital", "Dividend paid" and "Events after the interim period that have not been reflected in the financial statements for the interim period".

Other than these changes, the accounting policies applied to these accounts are consistent with those applied in the accounts for the year ended 31 December 2014.

3. Taxation

The Company's effective corporation tax rate is nil, as deductible expenses exceed taxable income. The taxation charge comprises irrecoverable overseas withholding tax on dividends receivable and overseas capital gains tax.

4. Return per share

	(Unaudited) Six months ended 30 June 2015	(Unaudited) Six months ended 30 June 2014	(Audited) Year ended 31 December 2014
Revenue return (£'000)	1,543	1,290	2,272
Capital return (£'000)	2,849	6,468	19,421
Total return	4,392	7,758	21,693
Weighted average number of shares in issue during the period, excluding shares held in Treasury	73,171,240	74,129,484	73,888,645
Revenue return per share	2.11p	1.74p	3.07p
Capital return per share	3.89p	8.73p	26.28p
Total return per share	6.00p	10.47p	29.35p

Notes to the Accounts

5. Final dividend paid

	(Unaudited) Six months ended 30 June 2015 £'000	(Unaudited) Six months ended 30 June 2014 £'000	(Audited) Year ended 31 December 2014 £'000
2014 final dividend paid of 3.25p (2013: interim dividend of 3.25p)	2,379	2,409	2,409

6. Called-up share capital

Changes in issued shares are as follows:

	(Unaudited) Six months ended 30 June 2015 £'000	(Unaudited) Six months ended 30 June 2014 £'000	(Audited) Year ended 31 December 2014 £'000
Opening balance of 73,199,141 (31 December 2013: 74,381,141) shares of 5p each	3,660	3,719	3,719
Repurchase of 100,000 (30 June 2014: 450,000 and 31 December 2014: 1,182,000) shares into Treasury	(5)	(23)	(59)
Subtotal of 73,099,141 (30 June 2014: 73,931,141 and 31 December 2014: 73,199,141) shares	3,655	3,696	3,660
12,105,671 (30 June 2014: 11,273,671 and 31 December 2014: 12,005,671) shares held in Treasury	605	564	600
Closing balance of 85,204,812 (30 June 2014 and 31 December 2014: same) shares of 5p each, including shares held in Treasury	4,260	4,260	4,260

7. Net asset value per share

Net asset value per share is calculated by dividing shareholders' funds by the number of shares in issue, excluding shares held in Treasury, at 30 June 2015 of 73,099,141 (30 June 2014: 73,931,141 and 31 December 2014: 73,199,141).

8. Events after the interim period that have not been reflected in the financial statements for the interim period

Since 30 June 2015, Asian stock markets have experienced significant reductions. The Company's NAV per share has fallen by 10.1% to 189.5 pence and its share price has dropped by 10.5% to 174.0 pence, but they continue to outperform the market; the Reference Index having fallen by 16.8%, from 30 June 2015 to 25 August 2015.

Company Summary

The Company

It is not intended that the Company should have a limited life, but the Directors consider it desirable that shareholders should have the opportunity to review the future of the Company at appropriate intervals. The Articles of Association of the Company contain provisions requiring the Directors to put a proposal for the continuation of the Company to shareholders at the Annual General Meeting of the Company to be held in 2016 and thereafter at three yearly intervals.

Website and share price information

The Company has a dedicated webpage, which may be found at www.asiantotalreturninvestmentcompany.com. The webpage has been designed to be utilised as the Company's primary method of electronic communication with shareholders. It contains details of the Company's ordinary share price and copies of the Report and Accounts and other documents published by the Company as well as information on the Directors, Terms of Reference of Committees and other governance arrangements. In addition, the webpage contains links to announcements made by the Company to the market, Equiniti's shareview service and Schroders' website. There is also a section entitled "How to Invest".

The Company releases its net asset value on both a cum income and ex income basis to the market on a daily basis.

Share price information may also be found in the Financial Times and more general information on the Company on Schroders' website at www.schroders.co.uk/its.

Non-Mainstream Pooled Investments ("NMPI") status

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

Registrar services

Communications with shareholders are mailed to the address held on the register. Any notifications and enquiries relating to shareholdings, including a change of address or other amendment should be directed to Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. The helpline telephone number of Equiniti Registrars is 0800 032 0641. Calls to this number are free of charge from UK Landlines. Other telephone providers' costs may vary.

Equiniti maintains a web-based enquiry service for shareholders. Currently the "Shareview" site (address below) contains information available on public registers. Shareholders will be invited to enter their name, shareholder reference (account number) and post code and will be able to view information on their own holding. Visit www.shareview.co.uk for more details.

AIFM Directive disclosures

Preferential treatment of investors

The Company's investors purchase shares on the open market and therefore the Company is not in a position to influence the treatment of investors. No investor receives preferential treatment.

Liquidity risk management

The Company's shares are traded on the London Stock Exchange through market intermediaries. There are no special rights to redemption.

Periodic and regular disclosure under the AIFM Directive

- (a) none of the Company's assets are subject to special arrangements arising from their illiquid nature;
- (b) there are no new arrangements for managing the liquidity of the Company including, but not limited to, any material changes to the liquidity management systems and procedures employed by the Manager in place. Shareholders will be notified immediately where the issue, cancellation, sale and redemption of shares is suspended, when redemptions are suspended or where other similar special arrangements are activated;
- (c) the current risk profile of the Company and the risk management systems employed by the Manager to manage those risks can be found in the Strategic Report of the Company's published 2014 Annual Report and Accounts; and
- (d) the total amount of leverage employed by the Company may be found in the Strategic Report of the Company's published 2014 Annual Report and Accounts.

Any changes to the following information will be provided through a regulatory news service without undue delay:

- (a) the maximum level of leverage which the Manager may employ on behalf of the Company; and
- (b) the right of re-use of collateral or any changes to any guarantee granted under any leveraging arrangement.

AIFM remuneration disclosures

The information required under the AIFM Directive to be made available to investors in the Company on request in respect of remuneration paid by the AIFM to its staff, and, where relevant, carried interest paid by the Company, can be found on the website www.schroders.co.uk/its.

www.asiantotalreturninvestmentcompany.com

www.schroders.co.uk/its

Dealing Codes

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SEDOL: 0871079
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Global Intermediary Identification Number (GIIN)

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