

Martin Currie

Pacific Trust plc

Half-yearly financial report
Six months to 31 August 2009

Access to the investment
potential of Asia and the
Pacific Basin



Why choose Martin Currie Pacific Trust?

Diversified

Actively managed

Experienced and well-resourced team

Proven investment approach

Independent board

Cost effective

Diversified

The company invests in between 80 and 100 companies across 11 markets in Asia and the Pacific Basin, including Japan and Australasia. With growing economic integration across the region, this maximises the investment opportunities available to the manager and provides a balance between mature and developing markets.

Actively managed

This is an actively managed growth portfolio of the most attractive companies across the region.

Experienced and well-resourced team

John Millar is the lead portfolio manager of Martin Currie Pacific Trust. He has 17 years' investment experience and has managed the company since December 2002. John works closely with Jason McCay, who heads Martin Currie's Asia Pacific team. In total 16 individuals are directly involved in researching companies for the portfolio.

Proven investment approach

The portfolio is managed with a disciplined approach that focuses on the proven long-term drivers of share price performance. The management team travels extensively in Asia, researching companies across the region.

Independent board

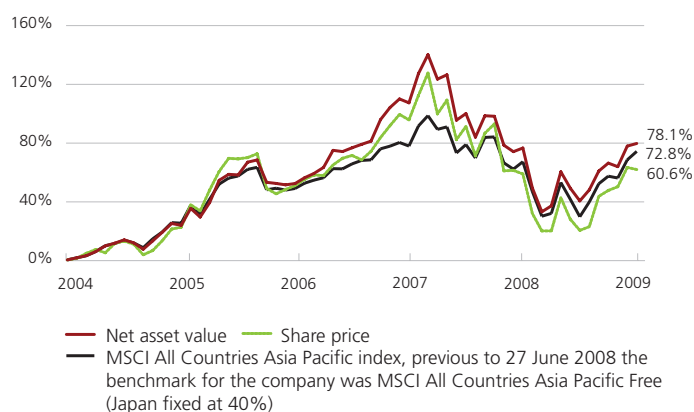
The company is overseen by an experienced, independent board of directors.

Cost effective

With a management fee of 1% per annum, Martin Currie Pacific Trust offers a cost effective way to invest in the region.

Long-term performance

NAV and share price performance (% change)



Contents

Financial summary	01
Interim management report	02
Portfolio summary	06
Unaudited income statement	07
Unaudited balance sheet	08
Unaudited statement of cash flow	09
Unaudited reconciliation of movements in shareholders' funds	10
Notes to the financial statements	11
Investor information	15



Financial summary

Key data	As at 31 August 2009	As at 28 February 2009	% change
Net asset value per share	262.5p	209.3p	↑ 25.4
Benchmark*	69.6	52.8	↑ 31.8
Share price	223.5p	169.5p	↑ 31.9
Discount	14.9%	19.0%	

Total returns†	Six months ended 31 August 2009	Six months ended 31 August 2008
Net asset value per share	27.6%	(11.8%)
Benchmark*	34.0%	(5.9%)
Share price	34.0%	(16.9%)

Income#	Six months ended 31 August 2009	Six months ended 31 August 2008	% change
Revenue return per share	2.62p	4.97p	↓ 47.3

* MSCI All Countries Asia Pacific index.

† The combined effect of any dividend paid, together with the rise or fall in the share price, net asset value or index.

As disclosed in note 3, in the revenue return for the six months to 31 August 2008 there was a write back of the deferred tax provision of £1,327,000 (3.1p per share).



Interim management report

CHAIRMAN'S STATEMENT

Performance

The muted suggestions in my last two statements that markets were already discounting a lot of bad news have in fact turned out to be much too cautious and I am delighted to be able to report more positive news to our shareholders after a period of extreme stress.

Since your company's year end, equity markets have recovered sharply from a very oversold position in Asia and Australasia, as well as more generally, in response to the huge monetary and fiscal stimuli deployed by governments around the world to combat the decline in output caused by the credit crunch.

Investors began to realise that most companies were in fact going concerns and need not, therefore, be priced for imminent bankruptcy, that the savage inventory cycle which had decimated industrial production had reversed and that the yield curve has become very steep, encouraging the acquisition of riskier assets with the very large accumulated pools of liquidity. Generally speaking, the upward move began earlier in Asia, and has been stronger, because the damage done by the near-collapse of the banking system was less severe.

By the end of the last six months several Asian markets had recovered to the levels seen before Lehman's bankruptcy, something that would only recently have seemed deeply improbable.

VAT Recovery

I am pleased to be able to report that, subsequent to 31 August 2009, we have recovered a further £278,674 of VAT and simple interest for the period 1990 to 1996. The only remaining part of our claim is now for compound rather than simple interest.

Loan facility

The loan facility for £20 million which expired on 31 July 2009 was replaced with a new facility for £12 million at a margin of 1.85% compared with 0.5%. Fortunately, however, this dramatic increase in margin for the same credit is mitigated by the very low level of interest rates.

Alternative Investment Fund Managers (AIFM) Directive

The European Commission has produced the draft AIFM Directive in response to the financial crisis last year. It is aimed at hedge funds and private equity funds but investment trusts fall within its scope. If implemented as currently drafted it would make the continued existence of your company, broadly as currently constituted, very difficult. Your board, ably assisted by the Association of Investment Companies and your manager, as well as the British Government, is lobbying for major changes and is optimistic that sufficient change will be incorporated into future drafts to avoid the more extreme potential consequences. Shareholders in all investment trusts should be aware that this draft directive, however perverse, threatens a long established and cheap form of collective saving.

Outlook

From a quantitative point of view it is possible to argue that this recession and its end looks much like many others. However, it does seem to mark a major change in a way that its predecessors did not. Western economies, particularly the US and the UK, have little option but to embark on a long and painful process of rebuilding balance sheets through saving and taxation. Conversely, Asian countries, especially China and Japan, with very large fiscal reserves, are in a position to encourage more consumption. It is still less than clear whether this is what will happen though there are some positive signs among Chinese consumers, though rather less among Japanese. If a shift of this kind does not take place it is hard to see how economic recovery can be other than very slow on a global basis, even if the outlook in Asia is relatively good.

The manager's report sets out in detail the activity in the portfolio and the company's results. We have captured the bulk of the early stages of what does appear to be a bull market, which has so far been much better supported by financial stimuli than the longer-term development of economies, particularly in the West. However, our desire to hold stronger companies did work against us in relative performance as the perception developed that the weak would actually survive.

Against this background, Asia looks like a relatively stable place in which to invest. Well-financed companies with an ability to invest are likely to make substantial gains against their weaker competitors and the company's portfolio is invested in strong companies rather than in those that need substantial economic growth to avoid difficulties.

A handwritten signature in black ink that reads "Patrick Gifford". The signature is written in a cursive, slightly slanted style.

Patrick Gifford
26 October 2009

Interim management report

Risk and mitigation

The board closely monitors the risks of the company. The board regularly reviews risks and has identified the following as key risks to the company. The board has also implemented specific mitigating measures to reduce the probability and impact of each risk to the greatest extent possible.

Risk	Mitigation
Loss of s842 status	In order to qualify as an investment trust, the company must comply with Section 842 of the Income and Corporation Taxes Act 1988. Section 842 qualification criteria are continually monitored by Martin Currie and the results reported to the board.
Operational disruption at the manager's premises	Martin Currie has in place a full disaster recovery and business continuity plan which facilitates continued operation of the business should their premises be subject to operational disruption. The plan was last tested in November 2008 with successful results. The manager maintains a fully operational off-site disaster recovery centre for use by key staff during any disruption.
Regulatory, accounting or internal control breach	The company must comply with the Companies Act 2006 and the UKLA Listing Rules. The board relies on the services of its company secretary and its professional advisers to advise on compliance issues.
Loss of investment team or portfolio manager	The manager takes steps to reduce the likelihood of such an event by ensuring appropriate succession planning and the adoption of a team based approach, as well as special efforts to retain key personnel.
Failure to manage the discount	The board regularly discusses discount policy and has set parameters for the manager and the company's broker to follow.
Investment underperformance	The risk of investment underperformance is managed by diversification of investments and through a set of investment restrictions and guidelines that are monitored and reported on by the manager. The board monitors the implementation and results of the investment process with the investment manager, who attends all board meetings, and reviews data that show statistical measures of the company's risk profile.
Gearing/Interest rate risk	From time to time the company finances its operations through bank borrowings. However, the board monitors such borrowings (gearing) closely and takes a prudent approach. The company's investment portfolio is not directly exposed to interest rate risk and there are no fixed income securities held at 31 August 2009.
Foreign currency risk	Although the company is based in the UK, its portfolio of investments consists of overseas stocks. As a result, the company's sterling balance sheet and income statement can be significantly affected by movements in the local currencies of these stocks. In addition to the overseas investments, during the period the company also had non-sterling cash deposits and a multi-currency loan facility which is currently drawn down in sterling (£3m). At 31 August 2009 the company held balances of £329,000 in Indian rupees and £52,000 in Taiwanese dollars (28 February 2009: no non-sterling cash deposits).
Counterparty risk	Martin Currie monitors counterparty relationships on behalf of the board. This process includes identifying major counterparties, mapping exposure and analysing the risks through Martin Currie's risk, compliance, dealing, operations and middle office teams. The aim is to enable the board of Martin Currie Pacific Trust to determine an appropriate level of counterparty risk exposure, and to diversify or mitigate this, as required. This process is subject to continual monitoring and review with any recommendations made to the board.

DIRECTORS' RESPONSIBILITY

In accordance with Chapter 4 of the Disclosure and Transparency Rules, and to the best of their knowledge, each director of Martin Currie Pacific Trust confirms that the financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and net return of the company. Furthermore, each director certifies that the interim management report includes an indication of important events that have occurred during the first six months of the financial year, and their impact on the financial statements, together with a description of the principal risks and uncertainties that the company faces. In addition, each director of Martin Currie Pacific Trust confirms that there have been no related party transactions during the first half of the year.

By order of the board

Patrick Gifford
Chairman

Edinburgh 26 October 2009



Interim management report

MANAGER'S REVIEW AND PORTFOLIO ACTIVITY

This was a good period for Asian markets. The MSCI Asia Pacific index rose for each of the six months between March and August, the first such positive run since October 2005 to March 2006. The total return of the index between the end of February and the end of August was 34% in sterling terms, or 37% from the bottom in mid-March. While this was a good return in absolute terms, sterling had a negative impact as it recovered somewhat against the yen, and enjoyed a strong rise against the dollar. Dollar weakness was a pronounced feature of the period.

When we last wrote on markets in April our main worry was that the move up in the market which had started in March bore all the hallmarks of a short-term re-rating, rather than the start of a more meaningful recovery. While we agreed that valuations were attractive from a medium-term perspective we were worried that analysts' earnings forecasts were not yet sufficiently negative. The other medium-term concern was that consumer demand in the West would take some time to recover given the need to rebuild balance sheets and the continuing declines in the housing market. We were also worried about the balance sheet risks facing a good number of cyclical stocks across Asia.

With hindsight, these views look too cautious. However, there have been a couple of very significant changes since we wrote back in April. The first is that the direction of consensus revisions turned upwards in July as a result of improvements in capacity utilisation and fixed cost reduction.

In addition, demand has been stronger than expected. The level of Chinese demand, in particular, has been a positive surprise. We saw rapid growth in bank lending at the beginning of the year; this has been sustained for longer than many expected and has supported good growth in consumer spending and housing demand. (As an aside, the rapid rate of credit creation may have also helped to fuel the sharp rises in Chinese equity markets.) Government stimulus efforts further boosted consumption, for example through the provision of subsidies to support sales of electronic goods.

By the same token, government measures globally have helped to boost demand. The best specific example of this is the car scrappage schemes promoted by governments in Europe and North America. These worked well in stimulating new demand, and have resulted in extremely low levels of car inventories globally, a huge change from the end of 2008 when inventories had ballooned. In turn this will now underpin better levels of car production, with positive implications for the broader economy.

Global macroeconomic data have accordingly improved. Industrial production is recovering from the very low levels at the turn of the year, and other leading indicators are picking up. By contrast, later cycle measures like unemployment and house prices continue to weaken.

More generally, governments around the world have continued to run extremely loose monetary policy. There have been no signs of an early ending of emergency policies like quantitative easing, and interest rates have generally been kept at extremely low levels, one notable exception being Australia where rates have now started to rise.

The combination of these factors (positive revisions, stimulus measures, accommodative monetary policy) can be seen not just in the rise in the equity market, but also in higher commodity prices and rising risk appetite.

One other notable theme has been the weakness of the US dollar. There is legitimate concern about the spiralling budget deficit in the US (now up to 12-13% of GDP) and this is weighing heavily on the dollar. Interestingly, we are also hearing the idea that the dollar is now being used as the new carry trade currency, a re-run of what happened to the Japanese yen in 2007. Certainly the cost of borrowing dollars is currently lower than the cost of borrowing yen, and there is a sizable yield spread on offer.

The most significant political event during the period was the Japanese Lower House election result. Having held power for 54 years, with only a short period out of office in the early 1990s, the LDP suffered a resounding defeat by the opposition DPJ. Having won power on a manifesto of change, including curbing the power of the bureaucrats and stimulating domestic growth, it remains to be seen how the DPJ will fare now that it is in charge.

There were some material changes to the portfolio during the period. At the beginning of the year we had started to adjust the Japanese element of the portfolio, adding a number of stocks with strong business franchises where we felt that the analyst community had set their forecasts too low. This led us to increase our exposure to the automotive and electronics sectors, with a particular emphasis on electronic materials makers.

The main change made during this period was in the Asia ex-Japan part of the portfolio. Here we had enjoyed some very strong contributions from a number of defensive stocks in the telecoms and consumer staples sectors. After faring well in the final quarter of last year, these were never likely to perform well in the changed environment, so we switched into a number of stocks and sectors which we regarded as beneficiaries of the Asian deflation trade. Specifically, we added to financial and property stocks across the region, also maintaining a good level of exposure to commodities.

Market outlook

Against a backdrop of rising earnings forecasts, the two questions we have to ask from a bottom-up perspective are how long this trend will last, and how much has already been discounted within share prices?

It is one thing to ask these questions; quite another to answer them. Even so, we can identify the warning signs that would lead us to definitive conclusions. With regard to the first question, we must watch for signs of analyst over-optimism and for any signs of weakening demand or utilisation rates.

The second question is harder to answer – often this only becomes apparent in hindsight. However, it is noticeable that Japan has massively underperformed the rest of Asia. As a result we feel that it offers relatively better valuations at this juncture. Hence we have taken steps to reduce the size of the underweight in Japan.

The other set of issues we must bear in mind relate to the global macroeconomy. There is no doubt that the loose monetary conditions have supported the rebound in equities. Moves to exit from this strategy should therefore be treated with caution. It also remains to be seen how governments will rebuild their balance sheets following their massive spending on shoring up the financial system and stimulating demand. The fiscal drag will be significant.

With China having emerged as a strong driver of demand, it is imperative that we closely monitor relevant trends there – any signs of weakening demand should be taken seriously.

Fund performance

Over the six months between 1 March and 31 August, the company’s net asset value per share on a total return basis rose by 27.6%. This was a satisfactory return in absolute terms, but one which lagged the benchmark rise of 34.0%. The main reason for this was a contribution from stock selection in Asia. The asset allocation between Japan and Asia ex-Japan and the stock selection in Japan both made positive contributions.

Before explaining further the reasons for the under-performance in Asia, it is important to put this in context. The returns generated by our Asian holdings have historically been very strong. Indeed, in the six months immediately prior to this period, this was again the case. During that period the portfolio was heavily skewed in favour of companies with strong balance sheets and relatively defensive, while still growing business models. Examples include telecom operators and certain consumer goods companies, both beneficiaries of the long-term growth in consumption.

With the sharp change in investor sentiment, it was hard for these stocks to keep pace with the rise in markets. In particular we saw a rotation into companies which had the highest gearing to recovery. These were generally smaller and with very weak balance sheets – it is against our investment policy to buy bad balance sheet companies, and we still believe that over the medium-term it does not make sense for us to do so. However, there is no avoiding the fact that not owning these stocks, and owning more defensive stocks with good balance sheets instead, had a significant negative impact on relative performance.

However, as described above, we made significant changes to the Asian portfolio during the period, moving from consumer staples into banks and property stocks, without making any sacrifices in terms of the balance sheet.

The other factor is that we did concentrate the exposure to global cyclical recovery in the Japanese element of the portfolio; there we were able to buy good franchises at cyclically depressed levels without making any compromises on balance sheets. These stocks made positive contributions to the overall portfolio.

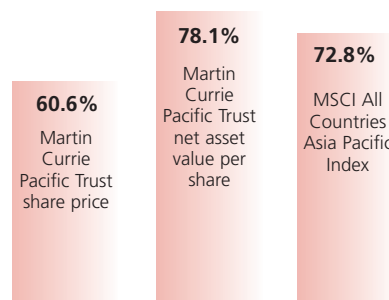


John Millar
26 October 2009

5 year returns with dividends reinvested

Annual total returns with dividends reinvested over 12 month periods to 31 August

	2009	2008	2007	2006	2005
Martin Currie Pacific Trust share price	1.9%	(18.7%)	29.4%	22.9%	21.9%
MSCI All Countries Asia Pacific index*	4.2%	(6.0%)	19.2%	18.7%	24.6%
Martin Currie Pacific Trust net asset value per share	1.7%	(14.8%)	35.8%	22.8%	23.2%



Source: Fundamental Data

*Previous to 27 June 2008 the benchmark for the company was MSCI All Countries Asia Pacific Free (Japan fixed at 40%)

Portfolio summary

Portfolio distribution as at 31 August 2009

	Japan %	China and Hong Kong %	Australia %	Korea %	Taiwan %	India %	Malaysia %	Singapore %	Indonesia %	Thailand %	Other %	2009 Total %
Financials	10.0	11.4	4.4	2.3	1.4	3.0	0.8	1.3	—	—	—	34.6
Consumer goods	11.1	—	—	1.7	—	1.9	—	—	—	—	—	14.7
Technology	1.8	2.0	—	2.9	3.3	—	—	—	—	—	—	10.0
Basic materials	2.5	0.4	5.4	0.7	0.6	—	—	—	—	—	—	9.6
Industrials	4.1	1.8	—	0.9	1.0	—	—	—	—	—	—	7.8
Telecommunications	0.5	1.6	—	—	0.8	0.8	0.8	1.1	0.9	—	—	6.5
Consumer services	2.5	—	1.3	—	—	—	1.2	—	—	—	—	5.0
Investment fund	—	4.9	—	—	—	—	—	—	—	—	—	4.9
Oil and gas	1.0	1.3	—	—	—	0.5	—	—	—	0.8	—	3.6
Healthcare	2.3	—	—	—	—	—	—	—	—	—	—	2.3
Utilities	1.0	—	—	—	—	—	—	—	—	—	—	1.0
Total portfolio	36.8	23.4	11.1	8.5	7.1	6.2	2.8	2.4	0.9	0.8	—	100.0
Benchmark (2009)	45.7	14.7	15.3	7.5	6.3	4.1	1.6	2.6	1.0	0.7	0.5	100.0
Total portfolio (28 Feb 2009)	34.8	25.8	12.2	7.2	5.4	3.6	4.5	5.8	—	0.7	—	100.0
Benchmark (28 Feb 2009)	52.2	14.0	12.7	6.1	5.8	3.3	1.7	2.4	0.7	0.7	0.4	100.0

By asset class	31 August 2009	28 February 2009
Equities	101%	98%
Cash	2%	2%
Less borrowings	(3%)	—
	100%	100%

Largest holdings

		31 August		28 February	
		2009 Market value £000	2009 % of total portfolio	2009 Market value £000	2009 % of total portfolio
Martin Currie China 'A' Share Fund	China and Hong Kong	5,399	4.9	5,115	5.7
Toyota Motor	Japan	3,401	3.1	1,291	1.4
Samsung Electronics	Korea	3,193	2.9	1,511	1.7
BHP Billiton	Australia	2,796	2.5	1,446	1.6
China Construction Bank	China and Hong Kong	2,563	2.3	1,431	1.6
Taiwan Semiconductor	Taiwan	2,500	2.2	1,902	2.1
Tencent Holdings	China and Hong Kong	2,253	2.0	1,362	1.5
Daiichi Sankyo	Japan	2,131	1.9	553	0.6
Nomura Holdings	Japan	2,078	1.9	—	—
Bank of China	China and Hong Kong	1,990	1.8	742	0.8
Sony Corporation	Japan	1,959	1.8	842	0.9
Shin-Etsu Chemical	Japan	1,816	1.6	858	1.0
China Mobile	China and Hong Kong	1,763	1.6	4,051	4.5
Mitsubishi Corporation	Japan	1,706	1.5	1,023	1.1
Industrial & Commercial Bank of China	China and Hong Kong	1,652	1.5	—	—
Sumitomo Mitsui FG	Japan	1,623	1.5	732	0.8
Westpac Bank	Australia	1,587	1.4	—	—
Sony Financial Holdings	Japan	1,555	1.4	608	0.7
Mitsubishi UFJ Financial	Japan	1,528	1.4	1,249	1.4
Hang Seng Bank	China and Hong Kong	1,509	1.4	2,120	2.4

Unaudited income statement

Note	Six months to 31 August 2009			Six months to 31 August 2008			Year to 28 February 2009*			
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000	
Gains/(losses) on investments	—	23,403	23,403	—	(16,606)	(16,606)	—	(40,608)	(40,608)	
Currency losses	—	(139)	(139)	—	(624)	(624)	—	(983)	(983)	
Income	2	1,790	—	1,790	1,661	—	1,661	2,778	—	2,778
Investment management fee		(172)	(345)	(517)	(190)	(380)	(570)	(330)	(660)	(990)
VAT recoverable on investment management fee		—	—	—	—	—	—	79	158	237
Other expenses		(259)	—	(259)	(241)	—	(241)	(486)	—	(486)
Net return before finance costs and taxation		1,359	22,919	24,278	1,230	(17,610)	(16,380)	2,041	(42,093)	(40,052)
Interest payable and similar charges		(7)	(15)	(22)	(9)	(18)	(27)	(7)	(14)	(21)
Net return on ordinary activities before taxation for the period		1,352	22,904	24,256	1,221	(17,628)	(16,407)	2,034	(42,107)	(40,073)
Taxation on ordinary activities	3	(231)	101	(130)	932	978	1,910	(617)	2,329	1,712
Transfer to/(from) reserves		1,121	23,005	24,126	2,153	(16,650)	(14,497)	1,417	(39,778)	(38,361)
Returns per ordinary share		2.62p	53.82p	56.44p	4.97p	(38.47p)	(33.50p)	3.29p	(92.44p)	(89.15p)

The total columns of this statement are the profit and loss accounts of the company.

The revenue and capital items are presented in accordance with the Association of Investment Companies (AIC) SORP, issued in 2009.

All revenue and capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued in the period.

The notes on pages 11 to 14 form part of these financial statements.

A separate 'statement of total recognised gains and losses' is not required as all gains and losses of the company have been reflected in the above statement.

*Audited

Unaudited balance sheet

	Note	As at 31 August 2009		As at 31 August 2008		As at 28 February 2009*	
		£000	£000	£000	£000	£000	£000
Non-current assets							
Investments at fair value through profit and loss							
Listed on stock exchanges	4		111,152		112,160		90,022
Current assets							
Debtors and receivables	5	3,262		1,477		924	
Cash at bank	6	2,652		722		2,031	
		5,914		2,199		2,955	
Creditors							
Amounts falling due within one year	7	(4,865)		(725)		(3,491)	
Net current assets/(liabilities)			1,049		1,474		(536)
Total net assets			112,201		113,634		89,486
Capital and reserves							
Called-up share capital			22,019		22,019		22,019
Share premium			6,084		6,084		6,084
Capital redemption reserve			1,162		1,162		1,162
Capital reserve			79,695		80,103		56,690
Revenue reserve			3,241		4,266		3,531
Equity shareholders' funds			112,201		113,634		89,486
Net asset value per ordinary share of 50p			262.5p		264.9p		209.3p

The notes on pages 11 to 14 form part of these financial statements.

*Audited

Unaudited statement of cash flow

	Note	Six months to 31 August 2009		Six months to 31 August 2008		Year to 28 February 2009*	
		£000	£000	£000	£000	£000	£000
Net cash inflow from operating activities	8		1,054	942		1,289	
Servicing of finance							
Interest paid		(18)		(36)		(30)	
Net cash outflow from servicing of finance			(18)	(36)		(30)	
Taxation							
Corporation tax paid		—		—		(82)	
Net cash outflow from taxation			—	—		(82)	
Capital expenditure and financial investment							
Payments to acquire investments		(64,395)		(66,785)		(139,188)	
Receipts from disposal of investments		62,530		87,625		161,709	
Net cash (outflow)/inflow from capital expenditure and financial investment			(1,865)	20,840		22,521	
Equity dividends paid			(1,411)	(1,346)		(1,345)	
Net cash (outflow)/inflow before financing			(2,240)	20,400		22,353	
Financing							
Purchase of ordinary share capital			—	(1,327)		(1,612)	
Net movement in short-term borrowings			3,000	(19,954)		(19,954)	
Net cash inflow/(outflow) from financing			3,000	(21,281)		(21,566)	
increase/(decrease) in cash for the period	9		760	(881)		787	
Reconciliation of net cash flow to movements in net funds							
Increase/(decrease) in cash for the period			760	(881)		787	
Net movement in short-term borrowings			(3,000)	19,954		19,954	
Exchange movements			(2,240)	19,073		20,741	
Movement in net funds in the period			(139)	(624)		(983)	
Opening net funds/(debt)			(2,379)	18,449		19,758	
Closing net (debt)/funds			2,031	(17,727)		(17,727)	
			(348)	722		2,031	

The notes on pages 11 to 14 form part of these financial statements.

*Audited

Unaudited reconciliation of movements in shareholders' funds

	Six months to 31 August 2009 £000	Six months to 31 August 2008 £000	Year to 28 February 2009* £000
Revenue available for distribution	1,121	2,153	1,417
Dividends paid	(1,411)	(1,346)	(1,345)
	(290)	807	72
Other recognised gains/(losses)	23,005	(16,650)	(39,778)
Net increase/(decrease) in reserves	22,715	(15,843)	(39,706)
Cost of ordinary shares bought back	—	(1,327)	(1,612)
Opening shareholders' funds	89,486	130,804	130,804
Closing shareholders' funds	112,201	113,634	89,486

The notes on pages 11 to 14 form part of these financial statements.

*Audited

Notes to the financial statements

1 Accounting policies

- (a) Basis of preparation - The financial statements have been prepared in accordance with applicable UK Accounting Standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in January 2009. They have also been prepared on the assumption that approval as an investment trust will continue to be granted.
- (b) Income from investments (other than special capital dividends), including taxes deducted at source, is included in revenue by reference to the date on which the investment is quoted ex-dividend, or where no ex-dividend date is quoted, when the company's right to receive payment is established. Franked investment income is stated net of the relevant tax credit. Other income includes any taxes deducted at source. Special dividends are credited to capital or revenue, according to the circumstances. Scrip dividends are treated as unfranked investment income; any excess in value of the shares received over the amount of the cash dividend is recognised as a capital item in the income statement.
- (c) The management fee and finance costs in relation to debt are recognised two-thirds as a capital item and one-third as a revenue item in the income statement in accordance with the board's expected long-term split of returns in the form of capital gains and income, respectively. Short term deposits, expenses and interest payable are treated on an accruals basis. All expenses are charged to revenue except where they directly relate to the acquisition or disposal of an investment, in which case they are added to the cost of the investment or deducted from the sale proceeds.
- (d) Investments - Investments have been designated upon initial recognition as fair value through profit or loss. Investments are 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, and are initially measured as fair value. Subsequent to initial recognition, investments are valued at fair value.

The company's investments are classified as 'financial assets at fair value through profit or loss' and are therefore valued at bid price.

In accordance with FRS29, all investments have been categorised as Level 1 - quoted in an active market.

- (e) Transaction costs incurred on the purchase and disposal of investments are recognised as a capital item in the income statements.
- (f) Foreign currencies are translated at the rates of exchange ruling on the balance sheet date. Most investors are resident in the UK, therefore sterling is deemed to be the functional currency. Investments are recognised initially as at the trade date of a transaction. Subsequent to this, the disposal of an investment is accounted for once again as at the trade date of transaction. Revenue received and interest paid in foreign currencies are translated at the rates of exchange ruling at the transaction date.
- (g) All financial assets and liabilities are recognised in the financial statements.
- (h) Dividends payable - Final dividends are recognised in the period in which they are paid.
- (i) Capital reserve - Gains or losses on realisation of investments and changes in fair values of investments which are readily convertible to cash, without accepting adverse terms, are transferred to the capital reserve.

Share buybacks are funded through the capital reserve.

The purchase of shares to be held in treasury is shown as a transfer through the capital reserve. The ordinary share capital on the balance sheet relates to the number of shares in issue and in treasury. Only when the shares are cancelled, either from treasury or directly, is a transfer made to the capital redemption reserve.

- (j) Taxation - The tax effect of different items of income/gains and expenditure/losses is allocated between revenue and capital on the same basis as the particular item to which it relates, under the marginal method, using the company's effective rate of tax. Deferred taxation 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 a right to pay less tax in future have occurred at the balance sheet date measured on an undiscounted basis and based on enacted tax rates. 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.

	Six months to 31 August 2009 £000	Six months to 31 August 2008 £000	Year to 28 February 2009 £000
2 Income from investments			
From listed investments			
Equities	1,705	1,604	2,684
Stock dividends	42	16	35
	1,747	1,620	2,719
Other income			
Interest received on VAT recovery from HMRC	39	—	—
Interest on deposits	4	41	56
Miscellaneous income	—	—	3
	1,790	1,661	2,778

During the six months to 31 August 2009, the company received no capital distributions (2008: £nil).

Notes to the financial statements

	Six months to 31 August 2009			Six months to 31 August 2008			Year to 28 February 2009		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
3 Taxation on ordinary activities									
UK corporation tax	(154)	101	(53)	(433)	112	(321)	(651)	145	(506)
Double taxation relief	45	—	45	115	—	115	160	—	160
Irrecoverable overseas tax	(145)	—	(145)	(100)	—	(100)	(166)	—	(166)
Deferred tax	23	—	23	1,350	866	2,216	40	2,184	2,224
	(231)	101	(130)	932	978	1,910	(617)	2,329	1,712

The company holds shares in an offshore fund, Martin Currie China 'A' Share Fund, which has successfully applied for distributor status and, as a result, a deferred tax provision is not required in respect of this holding. Previously, in the absence of distributor status being granted, any realised gains arising on disposal of this investment were taxable.

	Six months to 31 August 2009 £000	Six months to 31 August 2008 £000	Year to 28 February 2009 £000
4 Investments			
Cost at beginning of period		95,149	128,313
Movements during period:			
Purchases at cost		62,714	59,353
Disposals at cost		(60,292)	(85,006)
Cost at end of period		97,571	102,660
Closing investment holding gains/(losses)		13,581	9,500
Valuation at end of period		111,152	112,160

The transaction costs in acquiring investments during the six months to 31 August 2009 were £117,000 (2008: £78,000). For disposals, transaction costs were £151,000 (2008: £151,000).

	As at 31 August 2009 £000	As at 31 August 2008 £000	As at 28 February 2009 £000
5 Debtors and receivables			
Dividends receivable	268	133	139
Due from brokers	2,974	1,236	515
Interest receivable	—	—	1
Other debtors and receivables	20	108	269
	3,262	1,477	924
6 Cash at bank			
Indian rupee	329	—	—
Sterling	2,271	141	2,031
Taiwanese dollar	52	581	—
	2,652	722	2,031

Notes to the financial statements

	As at 31 August 2009 £000	As at 31 August 2008 £000	As at 28 February 2009 £000
7 Creditors - amounts falling due within one year			
Due to brokers	1,143	—	2,824
Due to Martin Currie	289	289	232
Other creditors	76	118	68
Loan interest	4	—	—
£2.5m bank loan (interest rate fixed of 2.4435% to 10 September 2009)	2,500	—	—
£0.5m bank loan (interest rate fixed of 2.4035% to 10 September 2009)	500	—	—
Withholding tax on stock dividends	—	1	—
Deferred tax	—	31	23
Corporation tax	353	286	344
	4,865	725	3,491

	Six months to 31 August 2009 £000	Six months to 31 August 2008 £000	Year to 28 February 2009 £000
8 Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities			
Net return before finance costs and taxation	24,278	(16,380)	(40,052)
(Gains)/losses on investments	(23,403)	16,606	40,608
Currency losses	139	624	983
Decrease in operating debtors	120	253	85
Increase/(decrease) in operating creditors	65	(61)	(168)
Taxation withheld from income on investments	(145)	(100)	(167)
Net cash inflow from operating activities	1,054	942	1,289

	At 1 March 2009 £000	Cash flows £000	Exchange movements £000	At 31 August 2009 £000
9 Analysis of net cash				
Cash at bank and in hand	2,031	760	(139)	2,652
Sterling bank loan	—	(3,000)	—	(3,000)
	2,031	(2,240)	(139)	(348)

10 VAT recoverable

On 5 November 2007, the European Court of Justice ruled that management fees should be exempt from VAT.

The manager submitted a claim to HMRC for VAT charged on investment management fees for the period 1 April 2001 to 30 September 2007. A refund of £237,000 and interest of £39,000 has now been received from HMRC and repaid to the company. The manager also submitted a claim to HMRC for VAT charged on investment management fees for the period 1 January 1990 to 4 December 1996. A refund of £157,015.46 and interest of £121,659.11 was received from HMRC post the period end and will be repaid to the company. The only remaining part of our claim is now for compound rather than simple interest. The ability to claim for the 1996-2001 period remains uncertain and the company has taken no account in these financial statements of any such repayment.

Notes to the financial statements

11 Interim report

The financial information contained in this half-yearly financial report does not constitute statutory accounts as defined in Sections 434 - 436 of the Companies Act 2006. The financial information for the six months ended 31 August 2009 and 31 August 2008 has not been audited.

The information for the year ended 28 February 2009 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies. The report of the auditors on those accounts contained no qualification or statement under Section 237 (2) or (3) of the Companies Act 1985.

12 Martin Currie China 'A' Share Fund Limited (China 'A' Share Fund)

Martin Currie Pacific Trust invests in the Martin Currie China 'A' Share Fund Limited ('China 'A' Share Fund') to enable it to obtain exposure to the Chinese A Share market. The China 'A' Share Fund holds a Qualified Foreign Institutional Investor ('QFII') facility historically with six providers, including Lehman Brothers International (Europe) ('LBIE'), which enables it to hold investments in Chinese 'A' Shares.

On 15 September 2008 LBIE was placed in administration and four partners of PricewaterhouseCoopers ('PwC') were appointed as Joint Administrators. Following LBIE being placed in administration, the China 'A' Share Fund has been unable to trade on its LBIE QFII facility, which, at the time the Joint Administrators were appointed, represented approximately 15% of China 'A' Share Fund's assets.

During February 2009 the Joint Administrators in their capacity as Administrators of LBIE have confirmed that the Fund has a valid proprietary claim over the assets held within the LBIE QFII facility. However, there are still a number of regulatory and administrative hurdles that must be overcome relating to the status of the LBIE QFII facility before assets can be fully recovered. Martin Currie and the China 'A' Share Fund's representatives are working with LBIE, its administrators and the relevant regulators and third parties to resolve matters as quickly as possible.

The board of Martin Currie Pacific Trust has decided to value the investment in the China 'A' Share Fund with full provision for the LBIE facility, at US\$37.56 per share as at 31 August 2009, giving a value of £5,399,000. Including the LBIE facility the value would be £6,525,000. At 31 August 2009 Martin Currie Pacific Trust had invested 4.9% of its assets in the China 'A' Share Fund.

Investor information

Website

At www.martincurriepacific.com you can find prices and performance statistics, online versions of the company's annual and interim reports, its interim management statements, monthly updates and information on how to invest.

There are a number of ways in which you can buy and hold shares in the company.

Alliance Trust Savings

Alliance Trust Savings (ATS), provides products to UK private investors, including Stocks and Share ISA and SIPPS.

UK residents can invest in Martin Currie Pacific Trust shares in the following ATS products:

- Select SIPP or Child SIPP
- Share Exchange Service
- Select Stocks and Share ISA (£7,200 p.a.)
(Between 6 October 2009 and 5 April 2010, an additional £3,000 may be invested in an ISA for the 2009/10 tax year if the investor is aged 50 or over on the date of the investment).
- First Steps account

Features of the ATS plans include:

- Real time online and telephone dealing
- No set-up or annual charge plans
- Fixed flat fee
- Ability to subscribe by direct debit and/or lump sum
- Consolidated statements and valuations of all plans
- Ability to consolidate other investments within an ATS Plan
- A dedicated customer service team

For more information, please contact ATS on **0800 032 6323**, or visit www.alliancetrust.co.uk

Capita Registrars

You can also buy and sell shares in the company directly by calling the Capita dealing team on **0870 458 4577**. To change your address, request tax vouchers or obtain an up-to-date valuation of your share holding, please contact our Registrars on **0871 664 0300** (calls cost 10p per minute plus network extras, lines are open 8.30am-5.30pm Mon-Fri). Alternatively log on to www.capitaregistrars.com and register on the share portal to access full information on your holding.

Online stockbroking services

A number of real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK-listed shares. Many websites ask for a stock exchange ticker code to identify individual companies, which for Martin Currie Pacific Trust is **MCP** (or **MCPL** if the site allows dealing in international equities).

Sites include:

- Stocktrade (www.stocktrade.co.uk)
- Barclays Stockbrokers (www.barclays-stockbrokers.com)
- E-Trade (www.etrade.co.uk)
- Charles Stanley Fastrade (www.fastrade.co.uk)
- TD Waterhouse (www.tdwtrader.co.uk)
- Self trade (www.selftrade.co.uk)

Private client stockbroker

If you have a large sum to invest, you may want to contact a private client stockbroker. They can manage your entire portfolio of shares or advise you on your investments. If you would like to find a private client stockbroker, please visit the Association of Private Client Stockbrokers and Investment Managers at www.apcims.co.uk who will help you find the right stockbroker for your needs.

About broking services

Execution-only brokers normally earn commission on each deal, but discretionary and advisory brokers sometimes offer a fee-based service at a pre-arranged cost.

Before approaching a stockbroker, always check that they are regulated by the Financial Services Authority, www.fsa.gov.uk/register, e-mailing register@fsa.gov.uk or calling the Register Helpline on **0845 606 9966** during office hours.

Checking the share price

We want to make it easy for you to follow your investment and to keep up-to-date with news on the company. We publish annual and interim reports each year. We know many of you want to monitor the price of your shares on a more regular basis. You can find the company's share price listed in:

- The Times
- The Daily Telegraph
- The Scotsman
- The Herald
- Financial Times

You can also call the FT City Line on **09058 171690** for real-time prices, and simply say the name Martin Currie Pacific Trust.

Enquiries

You can call **0131 229 5252** for enquiries about Martin Currie Pacific Trust, write to us at the address on the back of this report or e-mail enquiries@martincurrie.com

Investor information

November

Half-yearly report issued

December

January

Interim management statement released

February

Company's year end

March

April

Year-end results announced

May

Annual report mailed

June

Annual general meeting

July

Final dividend payment date
Interim management statement released

August

September

October

Half-yearly results announced

Key dates 2009/2010

Directors

Patrick Gifford (chairman)
Peter Edwards
John Scott
Gregory Shenkman
Michael Thomas
Harry Wells

Registered office

Martin Currie Pacific Trust plc
Saltire Court
20 Castle Terrace
Edinburgh EH1 2ES
Registered in Scotland, No 92391

Manager and secretaries

Martin Currie Investment
Management Ltd
Saltire Court
20 Castle Terrace
Edinburgh EH1 2ES
Telephone 0808 100 21 25
Fax 0131 222 2532
website www.martincurrie.com

Authorised and regulated by the Financial Services Authority and a member of the Investment Management Association.

Registrars and transfer office

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Telephone 0871 664 0300
website www.capitaregistrars.com

Auditors

Ernst & Young LLP
Ten George Street
Edinburgh EH2 2DZ

Bankers

The Northern Trust Company
50 Bank Street
Canary Wharf
London E14 5NT

Brokers

JP Morgan Cazenove Ltd
20 Moorgate
London EC2R 6DA

Association of Investment Companies (AIC)

AIC
9th Floor
24 Chiswell Street
London EC1Y 4YY
Telephone 020 7282 5555
Website www.theaic.co.uk

Martin Currie Pacific Trust is a member of the AIC.

GLOSSARY OF TERMS

Association of Investment

Companies (AIC) – this is the trade body of the investment company industry.

Discount – when the share price is lower than the NAV per share, the shares are trading at a discount (shown as a percentage).

Dividend – dividends are paid from the profits of the company. Martin Currie Pacific Trust pays dividends once a year (July).

Gearing – investment trusts, unlike unit trusts or OEICs, have the ability to borrow to buy investments. This is called gearing and allows the manager to make a greater return on the money borrowed.

Net assets – this is the total market value of the investments held in the company less any costs or borrowings.

NAV per share – the net assets divided by the number of shares in issue.

Share buy-backs – Martin Currie Pacific Trust has the option of being able to buy back its own shares and hold them in treasury if the directors think this will be to the benefit of the company and continuing shareholders.

How to contact us



0131 229 5252



0131 228 5959



enquiries@martincurrie.com



www.martincurriepacific.com



Company secretary
Martin Currie Investment Management Ltd
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2ES