



To: Stock Exchange
For immediate release
30 April 2008

MARTIN CURRIE PACIFIC TRUST plc
Annual results for the year to 29 February 2008

CHAIRMAN'S STATEMENT

The last year has seen a continued rise in the total return of your company's net assets of 13.1% and in the share price of 11.5%, compared with a rise in the company's benchmark of 7.9%. This is the fifth consecutive year of positive returns for your company.

However, these aggregate figures hide a violent change in the returns achieved both by markets and by your company. All and more of the performance both absolute and relative was achieved in the first half of the year. In the second half net asset value fell by 3.3%, the share price by 2.2%, while the benchmark rose by 0.6%. Our position, expressed in the interim report, turned out to be too sanguine, so that in the second half of the year our exposure to growth companies and economies worked against us and in favour of cheaper but fundamentally less interesting companies.

Last July seems a very long time ago. Before then the world economy was expanding vigorously and the excesses of credit markets seemed likely to be baled out by growth to a sufficient extent not to wreck the prospects for continued expansion, particularly in Asian markets. It has now become apparent that those excesses, particularly in the US, were extreme and that their correction is a hazardous process for financial markets and companies which may still have some way to run. Although the economies in which we invest are so far little affected directly, with the exception of Australia, their markets proved vulnerable to the loss of confidence and liquidity that has materialised since last summer.

Net revenue for the year increased, allowing the company to propose a final dividend of 3.10p per share, a 10.7% increase from last year. The company's policy remains to distribute earnings in full.

Management Contract

The board has carried out a full review of the services provided by the managers and remains confident that their continued appointment is in the best interests of the company. It would be churlish to suggest otherwise given the very good long term performance that has been achieved.

I am pleased to be able to report that we have negotiated improved terms for the management of your company with our managers. We will henceforth be charged a reduced rate of 0.85% on assets above £150million while amounts up to this level will continue to attract a management fee of 1% per annum, both calculations being based on the net assets of the company. Your board recognises that this change will not have any effect in the short term unless there is a sharp improvement in markets but believes that it should provide a significant benefit to shareholders in the longer term.

In line with best industry practice and with the agreement of Martin Currie the notice period required should we wish to change managers has been reduced from one year to six months.

Repurchase of shares

During the year the company repurchased 521,694 shares at an average discount of 11.3%, representing 1.2% of the then issued share capital. The company does not have a formal discount

control policy but the directors recognise that they should balance the interests of selling shareholders and continuing holders.

VAT

On 5th November 2007 the European Court of Justice ruled that management fees on investment trusts should be exempt from VAT. HMRC has accepted this ruling. Since that date no VAT has been charged to the company. The company is involved in negotiations with both Martin Currie and HMRC about the basis and amount of repayment. There should certainly be some benefit to the company but the amount and timing remain uncertain and therefore there is no recognition in these financial statements.

Outlook

In the interim report, written as the debacle in credit markets began to unfold, I wrote that it "is likely to lead to slower growth and lower inflation than would have occurred otherwise, with possible consequences for corporate activity and profits". I continue to think that this will be the case. I was, however, too optimistic about the sustaining effects of US interest rate cuts on Asian markets. Since then, the picture has become a little clearer. There is a long-term reduction taking place in the leverage employed in the financial environment. This is not happening in an orderly way. Instead, central banks, especially in the US, are being forced into increasingly unusual interventionist actions to control the situation. At present it appears that the central banks have the willingness to sustain the existing system and to defer addressing other problems, notably inflation but also perhaps regulation at a later date. However, it is now virtually certain that the US is in recession and likely that only slow growth will be achieved there for quite a long time as consumers rebuild their personal balance sheets without help from asset prices or significant rises in real incomes. This has adverse implications for Asian economies, which are still substantial net exporters to the US, and, more positively, for inflation and commodity prices.

Whatever the statistics show, this is a bear market for equities. Our Far Eastern markets should perform relatively better despite knock-on effects from the US and Europe. They are not expensive generally, most companies are well financed and the banking system appears to be in much better shape in Asia than in the US and Europe. It is hard to predict when the mood will change. A floor has to be found for both financial assets and for corporate profits. As soon as markets believe that these exist they should start to improve again. At present central banks are beginning to contemplate previously unthinkable actions which, if taken with sufficient resolution, will address the first of these. The second will take longer.

On a much longer term basis this US-led financial debacle will hasten the end of US dominance both politically and economically, to be replaced by an environment with several competing voices. It may well be that the principal beneficiaries of such changes will be found in the Far East.

MANAGER'S REVIEW

Market review and portfolio activity

When I wrote the interim manager's review in October, I highlighted the tensions between supportive Asian factors (strong earnings growth, local demand for equities) and global macro risks. At that point the former still held sway. Since then, however, those global problems have continued to deteriorate, to the extent that they have dwarfed the attractions of Asia. As a result markets have fallen sharply.

Hence when reviewing the twelve months to the end of February we are talking about an index which has essentially formed an inverted V, rising strongly up to mid-October and falling sharply since. In the case of the MSCI Asia ex-Japan index, the February 2008 level was still 22% above the February 2007 level but down 18% from its peak. By contrast, the MSCI Japan index peaked much earlier, in July, and by the end of February had fallen 24% from the level of a year earlier.

The contrast between the two halves of the year is stark. During the move up, optimism about the growth opportunities in China and other large emerging markets pushed up valuations, particularly in China and Hong Kong as investors focused on earnings and share-price momentum rather than valuations.

Subsequently the mood shifted to one of concerns about the threat to global growth from the sub-prime problems. These pose significant threats to the ability of the financial system to lend, and hence cast a cloud over future demand growth among both the corporate sector and individuals. Although these problems originated in the United States, Asia will feel an impact; near-term de-coupling is a myth.

Concerns over the US economy and the health of its financial system have caused a large move out of the dollar which has further fuelled gains in commodity prices. This is obviously good news for upstream commodity producers (which remain well represented in your portfolio) but bad news for downstream users of these commodities, which may find it harder to pass on cost-hikes to their customers.

So after five or six years of earnings expansion corporate margins are under pressure, raising the threat of earnings downgrades. This is particularly true in Japan, where the sharp appreciation of the yen against the dollar has created an additional headwind for the exporters. Reflecting this, our preference for "positive change" in this environment means avoiding the biggest earnings downgrades, rather than trying to capture the big upward revisions.

What have we done in reaction to this turn in market direction? We have reduced gearing to zero. We have significantly reduced Hong Kong-listed stocks like Hong Kong Exchanges and China Life, which performed very well in 2007. We have continued to exercise caution with regard to the Australian banks, which followed a business model very similar to those of banks in the US and UK, and hence face the same risks today.

Still in Australia, we have maintained a good exposure to commodity stocks like BHP Billiton, Rio Tinto and Newcrest Mining, all of which continue to benefit from the continuing strength in commodity prices. Conversely we have little exposure to the potentially biggest losers from a US recession, higher raw material costs and a weak dollar, namely the Japanese exporters. Given the high proportion that exporters make up of the Japanese index (over 50% of earnings by our reckoning) this has caused us to maintain a large underweight in Japan.

Finally, the guiding principle behind our stock selection at the moment is to focus on the quality and visibility of earnings, and the downside support offered by valuations. This has led us to increase our exposure to defensive growth sectors like telecommunications and insurance at the expense of more cyclical areas like machinery and steels.

Market outlook

Until we see convincing evidence to the contrary, we have to assume that a number of headwinds for Asian equities will remain in place. Slower global growth will damp down earnings growth. Tighter global liquidity conditions will have negative impact on both growth and valuations. The prolonged bull market has resulted in excessive expectations for growth and for "fair value" for equities, and both are in the process of being revised down.

So it feels right to us to adopt a much more cautious view than we have had for the last four or five years. This correction looks like it has further to go, and we have reduced gearing in response. We must not lose sight of the strong growth opportunities which these markets still offer over the medium-term, but nor should we look at the current difficult situation through rose-tinted medium-term glasses.

What would cause us to change our view? The answer will come either from growth or valuations. At some point expectations for economic and earnings growth will hit a floor; that is the point at which cheap valuations can be exploited. The other option is some form of "deus ex machina". Political change is the most obvious example; this has given a strong boost to the market in Taiwan. Looking around the region, Japan would have the most to gain from a meaningful political change.

Fund performance and strategy

In the year ending 29 February 2008, the trust's NAV rose by 12.8%. This is a good return both in absolute terms, and relative to the fund's benchmark, which rose 7.9%. This outperformance was achieved through a combination of stock selection and country allocation. Over the year we enjoyed particularly strong stock selection contributions from Australia and Hong Kong. The large underweight position in Japan and the overweight in China both made positive contributions to the allocation.

Gearing made a negative contribution over the year exacerbated by the strength of the yen. We have reduced gearing in a couple of steps, such that the trust now has no net geared exposure. This is consistent with our more cautious view.

As we have described before, the key to our investment approach is bottom-up stock-picking. At this stage in the cycle it is more important than ever to concentrate on companies' ability to sustain growth, and to avoid those stocks where expectations and valuations remain too high.

The vicious nature of the sell-off has created opportunities to pick through the wreckage. There is value out there, but that value can only be released if companies manage to grow.

MARTIN CURRIE PACIFIC TRUST plc

**Income statement for the
year ended 29 February 2008**

	Unaudited		
	Revenue £000	Capital £000	Total £000
Gains on investments	-	19,482	19,482
Currency losses	-	(2,880)	(2,880)
Income	2,909	114	3,023
Investment management fee	(427)	(855)	(1,282)
Other expenses	(448)	-	(448)
Net return before finance costs and taxation	2,034	15,861	17,895
Interest payable and similar charges	(92)	(184)	(276)
Return on ordinary activities before taxation	1,942	15,677	17,619
Taxation on ordinary activities	(575)	(979)	(1,554)
Return attributable to shareholders	1,367	14,698	16,065
Return per ordinary share	3.13p	33.65p	36.78p

The total column of this statement is the profit and loss account of the company. All revenue and capital items in the above statement derive from continuing operations. A 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.

The Board proposes a final dividend of 3.10p per share. The dividend will be paid on 7 July 2008 to shareholders on the register on 23 May 2008. This compares to the total dividend paid with respect to the financial year ended 28 February 2007 of 2.80p per share.

The financial information contained within this preliminary announcement does not constitute the company's statutory financial statements as defined in section 240 of the Companies Act 1985 for the years ended 29 February 2008 or 2007, but is derived from those financial statements. The unqualified statutory financial statements for 2007 have been delivered to the Registrar of Companies and those for 2008 will be delivered following the company's annual general meeting.

The terms of the preliminary announcement were approved by the board on 30 April 2008.

MARTIN CURRIE PACIFIC TRUST plc

Income statement for the
year ended 28 February 2007

	Audited		
	Revenue £000	Capital £000	Total £000
Gains on investments	-	10,637	10,637
Currency gains	-	1,082	1,082
Income	2,478	241	2,719
Investment management fee	(356)	(711)	(1,067)
Other expenses	(398)	-	(398)
	<hr/>	<hr/>	<hr/>
Net return before finance costs and taxation	1,724	11,249	12,973
Interest payable and similar charges	(22)	(44)	(66)
	<hr/>	<hr/>	<hr/>
Return on ordinary activities before taxation	1,702	11,205	12,907
Taxation on ordinary activities	(457)	(671)	(1,128)
	<hr/>	<hr/>	<hr/>
Return attributable to shareholders	1,245	10,534	11,779
	<hr/>	<hr/>	<hr/>
Return per ordinary share	2.83p	23.92p	26.75p

MARTIN CURRIE PACIFIC TRUST plc

BALANCE SHEET

	As at 29 February 2008 (Unaudited)		As at 28 February 2007 (Audited) Restated*	
	£000	£000	£000	£000
Fixed assets				
Investments at fair value through profit or loss				
Listed on stock exchanges abroad		153,339		133,258
Unlisted at fair valuation		-		91
		<hr/>		<hr/>
		153,339		133,349
Current assets				
Loans and receivables	5,429		2,995	
Cash at bank	1,673		804	
	<hr/>		<hr/>	
	7,102		3,799	
Creditors				
Amounts falling due within one year	(29,637)		(19,790)	
	<hr/>		<hr/>	
Net current liabilities		(22,535)		(15,991)
Total net assets		<hr/>		<hr/>
		130,804		117,358
Capital and reserves				
Called-up share capital		22,019		22,019
Treasury share reserve		(1,462)		(61)
Share premium		6,084		6,084
Capital redemption reserve		1,162		1,162
Capital reserve - realised		76,700		62,309
- unrealised		22,842		22,535
Revenue reserve		3,459		3,310
		<hr/>		<hr/>
		130,804		117,358
Net asset value per ordinary share		300.8p		266.6p

*In accordance to FRS 25 the 2007 Balance Sheet has been restated to show a treasury share reserve.

MARTIN CURRIE PACIFIC TRUST plc

STATEMENT OF CASH FLOW

	Year ended 29 February 2008 (Unaudited) £000		Year ended 28 February 2007 (Audited) £000	
		£000		£000
Net cash inflow from operating activities		725		1,137
Servicing of finance				
Interest paid	(268)		(65)	
Net cash outflow from servicing of finance		(268)		(65)
Taxation				
Corporation tax paid	(14)		-	
Corporation tax reclaimed	-		18	
Net cash (outflow)/inflow from taxation		(14)		18
Capital expenditure and financial investment				
Payments to acquire investments	(118,777)		(107,369)	
Receipts from disposal of investments	121,159		97,163	
Net cash inflow/(outflow) from capital expenditure and financial investment		2,382		(10,206)
Equity dividends paid		(1,218)		(616)
Net cash inflow/(outflow) before financing		1,607		(9,732)
Financing				
Purchase of ordinary share capital	(1,401)		(61)	
Net movement in short-term borrowings	702		7,920	
Net cash (outflow)/inflow from financing		(699)		7,859
Increase/(decrease) in cash for period		908		(1,873)
Reconciliation of net cash flow to movements in funds				
Increase/(decrease) in cash		206		(9,793)
Exchange movements		(2,880)		1,082
Movement in short-term borrowings		(2,674)		(8,711)
Net debt as at 1 March 2007		(15,053)		(6,342)
Net debt as at 29 February 2008		(17,727)		(15,053)

MARTIN CURRIE PACIFIC TRUST plc

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	As at 29 February 2008 (Unaudited)	As at 28 February 2007 (Audited)
	£000	£000
Revenue available for distribution	1,367	1,245
Dividends paid	(1,218)	(616)
	<hr/>	<hr/>
Other recognised gains for the year	149	629
	14,698	10,534
	<hr/>	<hr/>
Net increase in reserves during the year	14,847	11,163
Cost of Ordinary shares bought back	(1,401)	(61)
Opening shareholders' funds	117,358	106,256
Closing shareholders' funds	<hr/> 130,804 <hr/>	<hr/> 117,358 <hr/>

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Martin Currie Pacific Trust plc
Stock Exchange Announcement – 4 March 2008

In accordance with the Listing Rules, which require, inter alia, UK-listed investment companies to notify to a Regulatory Information Service, within two business days of the end of each quarter, a list of all investments held by them with a value greater than 5% of the company's gross assets and at least the company's 10 largest investments as at the last business day of that quarter, Martin Currie Pacific Trust plc announces that, as at 29 February 2008, its 10 largest investments were:

	<u>% of gross</u> <u>assets</u>
Martin Currie China A Share Fund	6.54
China Mobile (HK)	3.69
BHP Billiton Limited	3.25
Taiwan Semiconductor Man	2.56
Woolworths	2.26
China Merchants Bank	2.10
Worley Group	2.01
Newcrest Mining	1.98
Sino Land	1.87
Rio Tinto	1.85

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