

Martin Currie Pacific Trust plc

Annual report Year to 28 February 2009

A copy of this annual report can be downloaded at www.martincurriepacific.com

Financial Summary

Key data

	As at 28 February 2009	As at 29 February 2008
Net asset value per share	209.3p	300.8p
Benchmark*	52.8	74.2
Share price	169.5p	271.3p
Discount	19.0%	9.8%

*MSCI All Countries Asia Pacific

Income

	As at 28 February 2009	As at 29 February 2008
Revenue return per share	3.29p	3.13p
Dividend per share	3.30p	3.10p

Total expenses

	As at 28 February 2009	As at 29 February 2008
As percentage of gross assets	1.4%	1.2%
As percentage of shareholders funds	1.4%	1.3%

Chairman's Statement

Performance

As shareholders will be painfully aware, equity markets have experienced a severe bear market, starting in the autumn of 2007. The rate of decline became particularly savage in late 2008 and early 2009. It is disappointing to have to report that your company's net assets fell by 30.4% in the year to February 2009, compared to a fall of 28.9% in the company's benchmark index, the MSCI All Countries Asia Pacific Index. This is the first major setback since the collapse of the technology bubble in 2000-2002. From a longer term perspective returns for investors have been much better. Between the peaks in April 2000 and October 2007 the return on net assets was 78.6%, a compound annual rate of 7.9% and between the low of March 2003 and the possibly intermediate low of March 2009 it was 127.8%, a compound annual rate of 14.7%.

The company's objective is to provide long-term growth from a normally fully invested position reflecting our confidence in Asian and Australasian economies and stock markets. In the last year, however, the board and managers decided to eliminate all gearing and hold net cash, at least until either there was unambiguous value in markets or greater clarity in the outlook.

The performance for the year obscured different outcomes in the first and second halves of the year in relative performance. In the first half, as already reported at the interim stage, returns lagged the benchmark whereas, in the second half, total return was a fall of 20.3% compared with one of 22.2% in the benchmark. The principal reason behind the change was the performance of the Yen, which was exceptionally strong in the earlier period, only to succumb to increasing weakness towards the end of the second half. We have held an underweight position in Japan throughout the period.

This decade to date has been an uncomfortable, even an unpleasant, one for conventional investors. Although, as shown above, there have been long-term positive results, they are currently overwhelmed by volatility in all markets and quite violent gyrations in the valuations of many different asset classes. In the short-term this creates difficulties in managing assets. We consider, however, that long-term investment in a high quality, diversified portfolio of Far Eastern assets does produce returns reflecting the business performance of the underlying companies and that these are attractive to investors on a medium-term basis.

The last year has been characterised by economic and financial events for which the precedents may lie in the 1930s, by extraordinary volatility and by largely unremitting gloom towards both financial markets and the world economy. To list a very small number of them one can cite the uncontrolled collapse of Lehman Brothers, the extraordinary losses at AIG, the 'new' practice of printing money, the gyrations in currencies and in the oil price and the collapses in global industrial production and exports, notably in Japan, Korea and Taiwan. Gloom, and now considerable uncertainty, has stemmed from both the worldwide loss of wealth and from rising unemployment and falling wages.

The principal reason for this turmoil, which started in July 2007, is the de-leveraging of the Western financial system and most particularly, because of its size, the United States. In the real economy this has meant that consumer demand, particularly for durables and housing, has been very weak as consumers try to rebuild their balance sheets from savings rather than capital gains. As a result the producer countries, mostly in Asia, but also some in Europe, have seen savage drops in demand caused by both an inventory cycle and a lower level of demand. Financial markets have seen continued tightness in credit despite low interest rates and an extraordinary ballooning of central bank balance sheets. There is illiquidity in many financial markets. Peak to recent trough falls in equity markets have mostly been more orderly than credit-based markets, yet still typically over 50%.

Discount:

The discount at which your company's shares have traded over the last year has varied between 6.3% and 21.0%. The company has bought back 745,000 shares (1.74% of outstanding capital) over the year. However, it became apparent that buybacks would be ineffective against a background of sharply widening discounts on most Asian investment companies and therefore no further buybacks have taken place.

Dividend:

Your board is recommending a dividend of 3.3p per share, an increase of 6.5% from last year. The dividend includes 0.18p from the recovery of VAT previously paid on management fees. Our policy, which is unchanged, is to pay out whatever net revenue has been accumulated during the year. Dividend payout ratios have become more generous in Far Eastern markets and it is likely therefore that we will be able to continue to pay dividends, reflecting the same policy.

VAT:

I am pleased to be able to report that partial agreement has been reached with HMRC on the repayment of VAT covering the period from 2001 to 2007. We have therefore recognised a repayment of £237,000 (0.3% of net assets) in the financial statements. We are continuing to claim repayments for 1990 to 1996, which is subject to different rules.

Outlook:

The economic outlook continues to be dominated by the continuing deleveraging of over-indebted Western countries and the reduction in imbalances in national flows of payments. One of the biggest risks is that the world will reach greater stability as the short-term inventory de-stocking fades, but at substantially less than full working capacity. If that happens, the problem for Asia will be its ownership of considerable industrial capacity geared to western demand, which seems unlikely therefore to benefit from Asian domestic reflation alone. Asia has a strong balance sheet but a mismatch of capacity and domestic demand. It seems unlikely that it will be thrifty Asian consumers who rescue world demand. In consequence governments have responded although it is not clear at the moment how effective they will be. It is of some comfort that aggressive reflation by the Chinese authorities has seen a return of some confidence there, expressed in a 53% rebound in the Shanghai equity market since October 2008 and a rally in the Hong Kong market. However, at the time of writing it looks as if we may be in a prolonged period of global monetary ease accompanied by subdued economic growth. Markets have rebounded since March 2009 reflecting historically low valuations and some optimism that well run companies with strong balance sheets can prosper in this environment and that their share prices can rebound from low valuations. The risks for the weaker companies are still considerable but your portfolio is concentrated, we believe, in the stronger ones and is actively managed. We further believe that, when economic conditions begin to stabilise it will be countries and companies in the Far East, with their relatively unleveraged financial resources and the flexibility of their management and workforces, that will be some of the first to recover from the current crisis.

Patrick Gifford
28 April 2009

Manager's Review

Market review and portfolio activity

When I wrote the interim manager's report in early October, I commented on the turmoil in financial markets, and the growing contagion into the broader economy.

Little did I know, however, what lay just around the corner. October 2008 will go down as one of the worst months in global stock market history. The MSCI Japan index fell 21% over the month, the worst month ever even though the market bounced 16% in the last four days of the month. The MSCI Asia ex-Japan fell by a similar amount, down 25% over the month.

Why were the falls then so dramatic? The simple answer is that there were growing systemic fears. Rising credit spreads and increasing nervousness over default risk created a febrile atmosphere. In that climate many investors' thoughts were 'get me out of here'. Hence we saw aggressive selling not just of equities but also of corporate bonds and any other risky assets. A second answer, though one which was less apparent at the time, was that markets were discounting what would turn out to be a very significant decline in industrial activity. A collapse in final demand resulted in high levels of inventories.

Manufacturers were left with no option but to cut production. To give a sense of how severe this decline has been, between the high recorded in May 2008 and January 2009 Japanese industrial production fell by over 30%. This is an enormous decline, unprecedented in the post-War era, but one which is echoed in the declines in production and exports across the Asian region. Unfortunately the sell-off in October did not mark the bottom in Asian equity markets. A fairly anaemic recovery petered out in early January, since when we have seen markets hitting new lows. In the case of Japan, by the end of February the market was at levels not seen since 1983. I highlighted in the last report how our stock selection efforts were clearly focused on companies demonstrating good balance sheet strength, earnings visibility and clear survival attributes. This stance has not changed; if anything, the meltdown in industrial output has further highlighted the need for strong balance sheets, first to weather the current storms, then to do the restructuring which is needed in many cases.

Nor has there been much change to the shape of the portfolio. We continue to run a large underweight position in Japan, as we did for all of 2008. This made a negative contribution to performance last year because of the strong appreciation of the yen against the pound. In the last few weeks since the end of January we have seen the start of a reversal in that trend; this may reflect increasing nervousness about the state of the Japanese economy, which is now forecast to show the worst decline in the G8 in 2009 but may also show the weakest recovery given what looks like a very weak policy response.

So the major themes within the portfolio remained unchanged through the second half of the year: a focus on balance sheet strength across all stocks, a clear bias towards sectors offering defensive growth (particularly telecoms), a nervousness on banks (we own none of the Australian banks). This was generally successful – as we discuss later on, stock selection made a positive contribution in the September-February period.

We made a significant shift in the portfolio in September after a series of company visits in Asia; since then portfolio activity has been light.

Market outlook

After a period of such pronounced weakness, we should expect to see rebounds in stock markets. Even if such bounces do not last very long, they can be powerful. We know that there are large short positions outstanding and huge cash balances sitting on the sidelines.

Indeed, since the Trust's year end in February, we have seen one such bounce, with markets rising x% from their lows. This rally was led by cyclical stocks, many of which enjoyed a substantial re-rating as buyers started to anticipate an improvement in business conditions. After the rises we have seen we believe that some of the obvious near-term valuation anomalies have disappeared.

Thinking beyond a short, sharp trading rally, what conditions would we expect to see to herald a more meaningful recovery in markets. One condition is valuation. On that point we would feel that there is attractive value, particularly when looking at indicators like price/book and price/sales ratios which look low against their long-term averages.

The other condition is positive change. These valuations have not yet served to support markets because of the huge negative change we have seen.

The first point to consider is the market's earnings expectations. Analysts have been consistently revising down their earnings forecasts, yet we feel that they are still too optimistic, or rather not pessimistic enough. So an important step forward would come when we had a sense that analysts are finally factoring a worst-case scenario into their earnings forecasts. We do not believe that this point has been reached in the majority of cases.

Looking further out, more sustainable recovery in corporate earnings can only come when final demand recovers. Although government stimulus efforts can help, the key is when the consumer starts to spend again.. Several factors will influence the timing of an improvement in demand: the speed with which savings rates are rebuilt, the speed with which the housing market finds a bottom, and the success of efforts to stabilise the banking system are all critical ingredients. We believe that it is still too early to say that these factors are in place. Of course the market will be keen to anticipate recovery, and we will continue to monitor progress very closely. One thing we can say with a high level of confidence is that the current volatile market conditions will persist.

In conclusion, medium-term valuations look attractive, but we do not believe that the current negative change has been exhausted. High levels of market volatility and significant cash balances raise the likelihood of sharp market rallies, but we do not believe that the markets are yet able to start anticipating a meaningful recovery in demand among Western consumers. Consequently we prefer to focus the portfolio on stocks with good earnings visibility. At the margin we have increased exposure to some early-cycle stocks in Japan, where we believe that the analyst community has been more aggressive in cutting estimates.

Fund performance and strategy

The company's NAV fell by 30.4% in the twelve months to the end of February 2009. This was a large decline in absolute terms, and an under-performance against the benchmark, which fell by 28.9%. In addition, the discount widened to 19.0% at the end of February.

The relative return against the benchmark fell into two distinct periods. At the interim we reported that the NAV return was 6% behind the benchmark, mainly because of the large underweight in Japan. The strength of the yen against the pound had meant that the Japanese market had held up well in sterling terms compared to the rest of Asia. In the second part of the year, the underweight in Japan was again a negative, but we saw a strong positive contribution from stock selection. This enabled the fund to outperform in the second half of the trust's year and thereby close a good amount of the performance gap.

Looking at the attribution figures (table on page 9) in more detail, this meant that we had a small overall positive contribution from stock selection for the year, with the benefits being seen in the second half. This reflected the success of our efforts to increase the defensiveness of the portfolio from the middle of 2008 onwards. Positive contributions were seen from Australia (the underweight in the banks there was a big plus), India (our focus was on defensive growth stocks) and Singapore.

However, as described above, asset allocation made a negative overall contribution to performance. Over two-thirds of the total negative came from the underweighting in Japan. Additional, smaller negatives came from Singapore and the holding in the Martin Currie China 'A' Share Fund.

John Millar
28 April 2009

Annual total returns with dividends reinvested over 12 month periods to 28/29 February

	2009	2008	2007	2006	2005
Martin Currie Pacific share price	(36.8%)	11.5%	1.4%	49.0%	15.2%
MSCI All Countries Asia Pacific	(27.3%)	7.9%	5.2%	38.0%	14.5%
Martin Currie Pacific net asset value per Share	(29.6%)	13.1%	11.6%	38.4%	14.5%

5 year total return

Martin Currie Pacific net asset value per share **40.9%**

MSCI All Countries Asia Pacific **30.4%**

Martin Currie Pacific share price **22.6%**

Source: Fundamental Data

Portfolio Summary

Portfolio distribution as at 28 February 2009

By Sector	
Financials	23.5%
Consumer goods	13.1%
Technology	11.8%
Telecommunications	11.4%
Industrials	9.2%
Consumer Services	9.0%
Basic Materials	8.0%
Investment Fund	5.7%
Healthcare	4.3%
Oil and Gas	3.5%
Utilities	0.5%

Total Portfolio	100.0%
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By Country	Portfolio 2009	Benchmark 2009	Portfolio 2008	Benchmark 2008
Japan	34.8%	52.2%	27.5%	40.0%
China and Hong Kong	25.8%	14.0%	25.9%	15.3%
Australia	12.2%	12.7%	16.6%	16.1%
Korea	7.2%	6.1%	7.9%	9.0%
Singapore	5.8%	2.4%	2.7%	2.7%
Taiwan	5.4%	5.8%	7.6%	7.2%
Malaysia	4.5%	1.7%	5.5%	1.7%
India	3.6%	3.3%	4.0%	4.9%
Thailand	0.7%	0.7%	-	1.0%
Indonesia	-	0.7%	2.3%	1.2%
Other	-	0.4%	-	0.9%
Total	100.0%	100.0%	100%	100.0%

By Asset Class (including cash and borrowings)	2009	2008
Equities	98%	113%
Cash	2%	1%
Less borrowings	-	(14%)
	100.0%	100.0%

Largest Holdings	2009 Market Value £000	2009 % of total portfolio	2008 Market value £000	2008 % of total portfolio
Martin Currie China 'A' Share Fund	5,115	5.7	9,618	6.3
China Mobile	4,051	4.5	5,478	3.6
Newcrest Mining	3,130	3.5	2,939	1.9
Woolworths	2,680	3.0	3,362	2.2
CSL	2,458	2.7	2,603	1.7
Hang Seng Bank	2,120	2.4	1,653	1.1
Singapore Telecommunications	1,929	2.2	1,559	1.0
Taiwan Semiconductor	1,902	2.1	3,806	2.5
China Life Insurance	1,797	2.0	1,849	1.2
Asahi Glass	1,762	2.0	-	-
Taiwan Mobile	1,674	1.9	1,553	1.0
Resorts World	1,566	1.7	2,625	1.7
Samsung Electronics	1,511	1.7	1,537	1.0
Bharti Airtel	1,475	1.6	2,318	1.5
BHP Billiton	1,446	1.6	4,830	3.2
KT&G	1,442	1.6	2,012	1.3
China Construction	1,431	1.6	1,124	0.7
Tencent Holdings	1,362	1.5	-	-
Hindustan Unilever	1,333	1.5	-	-
DBS	1,324	1.5	-	-

	Market Value £000	% of total portfolio
Japan		
Asahi Glass	1,762	2.0
Toyota Motor	1,291	1.4
Mitsubishi UFJ Financial	1,249	1.4
East Japan Railway	1,173	1.3
Mitsubishi Corporation	1,023	1.1
Canon	958	1.1
Itochu Corporation	956	1.1
Honda Motor	917	1.0
Tokio Marine Holdings	862	1.0
Shin-Etsu Chemical	858	1.0
NTT Data Corporation	847	0.9
Sony Corporation	842	0.9
Inpex	834	0.9
Aisin Seiki	825	0.9
Mitsui	782	0.9
Kawasaki Kisen Kaisha	767	0.9
Sumitomo Mitsui Financial	732	0.8
Mitsubishi Estate	729	0.8
Kirin Brewery	727	0.8
Square Enix	716	0.8
Fuji Photo Film	676	0.7
Jupiter Telecommunications	671	0.7
Kao Corporation	667	0.7
Japan Tobacco	643	0.7
JSR Corporation	624	0.7
Tokyo Electron	609	0.7
Sony Financial	608	0.7
Capcom	596	0.7
Denso Corporation	587	0.7
Benesse Corporation	570	0.6
Secom	570	0.6
Miraca Holdings	569	0.6
JTEKT	564	0.6
Daiichi Sankyo	553	0.6
Rakuten	524	0.6
Keyence Corporation	520	0.6
Nippon Telegraph & Telephone	519	0.6
Hitachi Chemical	460	0.5
Sumitomo Electric Industries	450	0.5
Osaka Gas	428	0.5
Nintendo	425	0.5
Takeda Pharmaceutical	362	0.4
T&D Holdings	310	0.3

Yamaha Motor	1	-
Total Japan Investments	31,356	34.8
China and Hong Kong		
Martin Currie China 'A' Share Fund	5,115	5.7
China Mobile	4,051	4.5
Hang Seng Bank	2,120	2.4
China Life Insurance	1,797	2.0
China Construction	1,431	1.6
Tencent Holdings	1,362	1.5
CNOOC	1,213	1.4
Esprit Holdings	948	1.1
New World Development	867	1.0
Sino Land	761	0.8
Cheung Kong	751	0.8
Bank of China	742	0.8
Hutchison Whampoa	664	0.7
Hong Kong Exchanges & Clearing	582	0.6
BOC Hong Kong Holdings	471	0.5
Link Reit	362	0.4
Martin Currie China 'A' Share Fund S Shares	-	-
Total China and Hong Kong investments	23,237	25.8
Australia		
Newcrest Mining	3,130	3.5
Woolworths	2,680	3.0
CSL	2,458	2.7
BHP Billiton	1,446	1.6
Insurance Australia	1,224	1.4
Total Australia Investments	10,938	12.2
Korea		
Samsung Electronics	1,511	1.7
KT&G	1,442	1.6
LG Household & Health Care	1,165	1.3
Samsung Fire & Marine	1,067	1.2
NHN	684	0.7
Posco	628	0.7
Total Korea Investments	6,497	7.2

Singapore		
Singapore Telecommunications	1,929	2.2
DBS	1,324	1.5
United Overseas Bank	1,196	1.3
Singapore Technologies Engineering	737	0.8
Total Singapore Investments	5,186	5.8
Taiwan		
Taiwan Semiconductor	1,902	2.1
Taiwan Mobile	1,674	1.9
High Tech Computer	711	0.8
Hon Hai Precision	580	0.6
Total Taiwan Investments	4,867	5.4
Malaysia		
Resorts World	1,566	1.7
Bumiputra Commerce	1,160	1.3
AMMB Holdings	808	0.9
TM International	495	0.6
Total Malaysia Investments	4,029	4.5
India		
Bharti Airtel	1,475	1.6
Hindustan Unilever	1,333	1.5
Reliance Industries	465	0.5
Total India Investments	3,273	3.6
Thailand		
PTT Exploration & Production	639	0.7
Total Thailand Investments	639	0.7
Total Portfolio	90,022	100.0

Risks and Uncertainties

Management of principal risks

With the assistance of the manager, the board has drawn up a risk matrix, which identifies the key risks fall broadly under the following categories and the implementation of specific mitigating measures place in order 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 each board meeting.

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 the manager's 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 or accounting breach - The company must comply with the Companies Acts 1985 and 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 - The manager takes steps to reduce the likelihood of such an event by ensuring appropriate succession or investment manager planning and the adoption of a team based approach, as well as special efforts to retain key personnel.

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.

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. There were no bank borrowings at the year end (2008: £19,316,000). The company's investment portfolio is not directly exposed to interest rate risk and there are no fixed rate securities held as at 28 February 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. As well as the overseas investments, during the year the company also had non-sterling cash deposits. At the year end the company had no non-sterling cash deposits (2008: Taiwanese dollars £484,000, Indonesian rupiah £540,000).

Funding risk - The company's financial instruments comprise investments, borrowings, cash and various items such as trade debtors and trade creditors that arise directly from its operations. Note 16 to the financial statements on page 33, gives further details of the company's funding.

Other price risk - The fair value of all other current assets and liabilities is represented by their carrying values in the balance sheet. Investments are valued at bid market values which equate to their fair values.

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

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the year and of the net return for the year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors confirm that the financial statements comply with the above requirement.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Acts 1985 and 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements are published on the www.martincurriepacific.com website. The maintenance and integrity of the website is, so far as it relates to the company, the responsibility of Martin Currie.

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 ('the company') 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 profit or loss of the company. Furthermore each director certifies that the report of the directors includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that the company faces.

By order of the board
Martin Currie Investment Management Limited
Secretaries
Edinburgh

Income Statement

		Year to 28 February 2009		
	Notes	Revenue £000	Capital £000	Total £000
(Losses) / gains on investments	8	-	(40,608)	(40,608)
Currency losses	14	-	(983)	(983)
Income	2	2,778	-	2,778
Investment management fee		(330)	(660)	(990)
VAT recoverable on Investment management fee	19	79	158	237
Other expenses	4	(486)	-	(486)
Net return before finance		2,041	(42,093)	(40,052)

costs and taxation				
Interest Payable and similar charges	3	(7)	(14)	(21)
Net return on ordinary activities before taxation for the period		2,034	(42,107)	(40,073)
Taxation on ordinary activities	5	(617)	2,329	1,712
Transfer to reserves	14	1,417	(39,778)	(38,361)
Returns per ordinary share	7	3.29p	(92.44p)	(89.15p)

		Year to 29 February 2008		
	Notes	Revenue £000	Capital £000	Total £000
(Losses) / gains on investments	8	-	19,482	19,482
Currency losses	14	-	(2,880)	(2,880)
Income	2	2,909	114	3,023
Investment management fee		(427)	(855)	(1,282)
VAT recoverable on Investment management fee	19	-	-	-
Other expenses	4	(448)	-	(448)
Net return before finance costs and taxation		1,942	15,677	17,619
Interest Payable and similar charges	3	(92)	(184)	(276)
Net return on ordinary activities before taxation for the period		1,942	15,677	17,619
Taxation on ordinary activities	5	(575)	(979)	(1,554)
Transfer to reserves	14	1,367	14,698	16,065
Returns per ordinary share	7	3.13p	33.65p	36.78p

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) Statement of Recommended Practice, issued in 2009.
 All revenue and capital items in the above statement derive from continuing operations.
 No operations were acquired or discontinued in the year.
 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.

Balance Sheet

	Note	As at 28 February 2009		As at 29 February 2008	
		£000	£000	£000	£000
Non-current assets					
Investments at fair value through profit or loss					
Listed on stock exchanges	8		90,022		153,339
Current Assets					
Loans and Receivables	9	924		5,429	
Cash at bank	10	2,031		1,673	
		2,955		7,102	
Creditors					
Amounts falling due within one year	11	(3,491)		(29,637)	
Net current liabilities			(536)		(22,535)
Total Net Assets			89,486		130,804
Capital and Reserves					
Called-up share capital	12		22,019		22,019
Share premium	13		6,084		6,084
Capital redemption reserve	14		1,162		1,162
Capital Reserve	14		56,690		98,080
Revenue Reserve	14		3,531		3,459
Equity Shareholders' Funds			89,486		130,804
Net Asset Value per ordinary share of 50p			209.3p		300.8p

Statement of Cash Flow

	Note	Year to 28 February 2009		Year to 29 February 2008	
		£000	£000	£000	£000
Net cash inflow from operating activities	15		1,289		725

Servicing of finance					
Interest Paid		(30)		(268)	
Net Cash outflow from servicing of finance			(30)		(268)
Taxation					
Corporation Tax Paid		(82)		(14)	
Net cash outflow from taxation			(82)		(14)
Capital Expenditure and Financial Investment					
Purchase of investments		(139,188)		(118,777)	
Sales of investments		161,709		121,159	
Net Cash inflow from capital expenditure and financial investment			22,521		2,382
Equity Dividends Paid			(1,345)		(1,218)
Net Cash inflow before financing			22,353		1,607
Financing					
Purchase of ordinary share capital		(1,612)		(1,401)	
Net movement in short-term borrowings	16	(19,954)		702	
Net cash outflow from financing			(21,566)		(699)
Increase in cash for the period	16		787		908
Reconciliation of net cash flow to movements in net funds					
Increase in cash as above			787		908
Movement in short-term borrowings	16		19,954		(702)
Exchange movements			(983)		(2,880)
Movement in net funds in the period			19,758		(2,674)
Net funds as at 1 March			(17,727)		(15,053)
Net funds/(debt) as at 28/29 February			2,031		(17,727)

Reconciliation of movements in shareholders' funds

	Note	Year to 28 February 2009 £000	Year to 29 February 2008 £000
Revenue available for distribution		1,417	1,367
Dividends Paid	6	(1,345)	(1,218)
		72	149
Other recognised (losses)/gains		(39,778)	14,698
Net (decrease)/increase in reserves		(39,706)	14,847
Cost of ordinary shares bought back		(1,612)	(1,401)
Opening shareholders' funds		130,804	117,358
Closing shareholders' funds		89,486	130,804

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.
- (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 buy-backs are funded through the capital reserve.

The purchase of shares to be held in treasury is shown as a transfer through the capital reserve. Previously, the transfer was reflected through a separate treasury share reserve. Therefore the financial statements as at 29 February 2008 have been restated; this does not affect the net assets of the company. 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.

2.

	2009 £000	2008 £000
Income from investments		
From listed investments		
Equities	2,684	2,806
Scrip dividends	35	51
	2,719	2,857
Other income	3	-
Interest on deposits	56	52
	2,778	2,909

During the year ended 28 February 2009, the company received no capital distributions (2008: £114,000)

3.

	Year to	Year to
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	28 February 2009			29 February 2008		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Interest payable and similar charges						
Interest payable on bank loans and overdrafts	7	14	21	92	184	276

4.

Expenses	2009 £'000	2008 £'000
Auditors' remuneration – audit services	16	15
Non-audit services - expenses	1	-
Non-audit services – VAT	1	-
Bank charges	117	134
Directors' fees	113	91
Employers' national insurance contributions	11	7
Irrecoverable VAT	-	(8)
Legal and professional fees	44	32
Miscellaneous	36	34
Printing and postage	19	19
Public Relations	12	16
Registration fees	25	18
Secretarial fee	84	80
Travel and entertainment	7	10
	486	448

5.

	Year to 28 February 2009			Year to 29 February 2008		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Taxation on ordinary activities						
UK corporation tax	(651)	145	(506)	(535)	312	(223)
Double taxation relief	160	-	160	123	-	123
Irrecoverable overseas tax	(166)	-	(166)	(157)	-	(157)
Deferred tax	40	2,184	2,224	(6)	(1,291)	(1,297)
	(617)	2,329	1,712	(575)	(979)	(1,554)

The company no longer has a potential deferred tax liability (2008: £2,184,000) in respect of unrealised revaluation gains on the company's holding in Martin Currie China 'A' Share Fund. Previously, as an offshore fund without distributor status, any realised gains arising on disposal of this investment were taxable.

Martin Currie China 'A' Share Fund has successfully applied for distributor status and, as a result, a deferred tax provision is no longer required.

For the year ended 28 February 2009, the company had no unutilised management expenses (2008:£nil).

The corporation tax rate was 30% until 31 March 2008 and 28% from 1 April 2008 giving an effective rate of 28.17%. The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK. The differences are explained below:

	2009 £'000	2008 £'000
Net return before taxation	(40,073)	17,619
Taxation on ordinary activities at 28.17% (2008: 30%)	(11,288)	5,286
Adjustments:		
Deferred tax adjustment	87	(7)
Marginal relief	-	(21)
Overseas tax written off	166	157
Double taxation relief	(160)	(123)
Losses/(gains) on investments not taxable	11,439	(5,845)
Currency losses not taxable	277	864
Capital distributions not taxable	-	(34)
Tax on scrip dividends	(9)	(15)
Tax recovery prior year	-	(5)
Current year tax charge	512	257
Deferred tax	(2,224)	1,297
Total tax charge	(1,712)	1,554

6.

Dividends	2009 £000	2008 £000
Year ended 29 February 2008 – final dividend of 3.10p	1,346	-
Year ended 28 February 2007 – final dividend of 2.80p	-	1,233
Return of aged unclaimed dividends	(1)	(15)
	1,345	1,218

Set out below are the total dividends payable in respect of the financial year, which form the basis on which the requirements of Section 842 of the Income and Corporation Taxes Act 1988 are considered.

	2009 £000	2008 £000
Proposed final dividend of 3.30p for year ended 28 February 2009 (2008:3.10p)	1,411	1,348

7.

	Year to 28 February 2009			Year to 29 February 2008		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Returns per ordinary share						
The returns per ordinary share are based on:						
(i) a numerator being the returns attributable to equity shareholders of:	1,417	(39,778)	(38,361)	1,367	14,698	16,065
(ii) a denominator being the weighted average number of shares in issue during the year:	43,028,132 shares			43,681,128 shares		

Net asset value per share

The net asset value per share and the net asset value attributable to ordinary shares at the year-end are calculated as follows:

	Net asset value per share		Net assets attributable to ordinary shares	
	2009	2008	2009	2009
Ordinary Shares	209.3p	300.8p	89,486	130,804

Basic net asset value per ordinary share is based on net assets, and on 42,745,324* (2008: 43,490,324*) ordinary shares, being the number of ordinary shares in issue at the year end.

* calculated excluding shares held in treasury

8. Investments

	2009			2008		
	Listed Investments £000	Unlisted Investments £000	Total £000	Listed Investments £000	Unlisted Investments £000	Total £000
Opening valuation at 1 March	153,339	-	153,339	133,258	91	133,349
Opening investment holding gains	(25,026)	-	(25,026)	(23,337)	(91)	(23,428)
Cost at 1 March	128,313	-	128,313	109,921	-	109,921
Add: additions at cost	134,580	-	134,580	123,935	-	123,935
	262,893	-	262,893	233,856	-	233,856

Less disposals at cost	(167,744)	-	(167,744)	(105,543)	-	(105,543)
Cost at 28/29 February	95,149	-	95,149	128,313	-	128,313
Closing investment holding gains	(5,127)	-	(5,127)	25,026	-	25,026
Closing valuation at 28/29 February	90,022	-	90,022	153,339	-	153,339

The valuation of listed investments is at bid value and this represents fair value.

The transaction costs in acquiring investments during the year were £203,000 (2008:£236,000). For disposals, transaction costs were £292,000 (2008: £285,000).

	2009 £000	2008 £000
Realised (losses)/gains for the current period	(10,455)	17,884
Movement in investment holding (losses)/gains	(30,153)	1,598
(Losses)/gains on investment	(40,608)	19,482

9. Loans and receivables

	2009 £000	2008 £000
Dividends receivable	139	401
Due from brokers	515	4,935
Interest receivables	1	6
Other loans and receivables	269	87
	924	5,429

10. Cash at Bank

	2009 £000	2008 £000
Taiwanese Dollar	-	484
Indonesian Rupiah	-	540
Sterling	2,031	649
	2,031	1,673

11. Creditors - Amounts falling due within one year

	2009	2008
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	£000	£000
Due to brokers	2,824	7,432
Due to Martin Currie	232	323
Other creditors	68	145
Loan interest	-	9
Yen 4,000m bank loan repaid 17 March 2008 (interest rate fixed of 1.075%)	-	19,316
Overdrawn Japanese Yen bank account	-	84
Deferred Tax	23	2,248
Corporation Tax	344	80
	3,491	29,637

Information with regard to transactions with related parties is provided in the Report of the Directors. The Yen 4,000m bank loan was repaid on 17 March 2008, a revolving loan facility of £20m expires on 31 July 2009. There are currently no drawings under this facility. However, the company may seek to renew it. All loan covenants have been complied with during the year.

12. Called up share capital

	2009 £000	2008 £000
Authorised:		
66,000,000 (2008 – 66,000,000) Ordinary shares of 50p each - equity	33,000	33,000
Allotted, called up and fully paid:		
42,745,324 (2008 – 43,490,324) Ordinary shares of 50p each – equity	21,373	21,745
Treasury shares:		
1,291,694 (2008 – 546,694) Ordinary shares of 50p each – equity	646	274
	22,019	22,019

During the year the company repurchased 745,000 (2008: 521,694) Ordinary shares at a cost of £1,612,000 (2008: £1,401,000) including expenses. This represents 1.74% of the company's issued share capital at the year end. All of these shares were placed in treasury.

13. Share Premium

	2009 £000	2008 £000
As at 28/29 February	6,084	6,084

No shares were issued during the year.

14. Movement in reserves

	Year ended 28 February 2009			Restated Year ended 29 February 2008		
	Capital Reserve £000	Investment holdings gains/(losses) £000	Total £000	Capital Reserve £000	Investment holdings gains/(losses) £000	Total £000
Opening capital reserve	75,238	22,842	98,080	62,309	22,535	84,844
Movement in unrealised fair value (losses)/gains	-	(30,153)	(30,153)	-	1,598	1,598
(Losses)/gains on realisation of investments at fair value	(10,455)	-	(10,455)	17,884	-	17,884
Currency losses	(983)	-	(983)	(2,880)	-	(2,880)
Capital distributions	-	-	-	114	-	114
Ordinary shares bought back	(1,612)	-	(1,612)	(1,462)	-	(1,462)
Deferred tax	-	2,184	2,184	-	(1,291)	(1,291)
Capitalised expenses	(529)	-	(529)	(727)	-	(727)
VAT recoverable on capital expenses	158	-	158	-	-	-
Closing capital reserve	61,817	(5,127)	56,690	75,238	22,842	98,080

The above split in capital reserve is shown in accordance with provisions of the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'.

The figure for capitalised expenses includes two-thirds of the total management fee and finance costs which are allocated to capital reserve, net of the associated tax relief.

	2009 £000	2008 £000
Capital redemption reserve at 28/29 February	1,162	1,162
Revenue Reserve		
Revenue reserve at 1 March	3,459	3,310
Transfer to revenue reserve for year	1,417	1,367
Dividends paid	(1,345)	(1,218)
Revenue reserve at 28/29 February	3,531	3,459

15.

	2009 £000	2008 £000
Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities		
Net return before finance costs and taxation	(40,052)	17,895
Decrease/(increase) in operating debtors	85	(166)
Decrease in operating creditors	(168)	(220)
Losses/(gains) on investments	40,608	(19,482)
Currency losses	983	2,880
Taxation withheld from income on investments	(167)	(182)
Net cash inflow from operating activities	1,289	725

16. Analysis of Net Debt

	At 1 March 2008 £000	Cash flow £000	Exchange movements £000	At 28 February 2009 £000
Cash at bank and in hand	1,589	787	(345)	2,031
Yen bank loan	(19,316)	19,954	(638)	-
	(17,727)	20,741	(983)	2,031

17. Directors Shareholdings

Directors' shareholdings	As at 28 February 2009	As at 29 February 2008
Patrick Gifford	50,000	50,000
Peter Edwards	-	-
John Scott	36,308	36,308
Gregory Shenkman	-	-
Michael Thomas	5,671	5,671
Harry Wells	10,000	10,000

Directors who held office at the end of the year and their shareholdings are shown above. John Scott's holding of 36,308 shares includes a beneficial and family interest of 18,154 shares (2008: 18,154 shares). Patrick Gifford's holding of 50,000 shares includes a beneficial and family interest of 25,000 shares (2008: 25,000). Harry Wells' holding of 10,000 shares are held through Capita

SIPP services. Since the year end John Scott has increased his holding to 44,144 shares. This includes a beneficial and family interest of 22,072 shares.

18. Derivatives and other financial instruments

The company's financial instruments comprise securities and other investments, cash balances, loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income. The company also has the ability to enter into derivative transactions in the form of forward foreign currency contracts, futures and options, for the purpose of managing currency and market risks arising from the company's activities though there has been no exposure to such investments during the year.

The main risks the company faces from its financial instruments are (i) market price risk (comprising interest rate risk, currency risk and other price risk), (ii) liquidity risk and (iii) credit risk.

The board regularly reviews and agrees policies for managing each of these risks. The manager's policies for managing these risks are summarised below and have been applied throughout the year. The numerical disclosures exclude short-term debtors and creditors, other than for currency disclosures.

(i) Market price risk

The fair value or future cash flows of a financial instrument held by the company may fluctuate because of changes in market prices. This market risk comprises three elements - interest rate risk, currency risk and other price risk.

Interest rate risk

Interest rate movements may affect:

- the level of income receivable/payable on cash deposits;

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions.

Interest risk profile

The interest rate risk profile of the portfolio of financial assets and liabilities at the Balance Sheet date was as follows:

At 28 February 2009	Interest rate %	Local currency 000	Foreign exchange rate	Sterling equivalent £'000
Assets				
Sterling	1.05	2,031	1.00	2,031
At 29 February 2008				
Assets				
Sterling	5.30	649	1.00	649
Taiwanese Dollar	N/a	29,791	61.496	484
Indonesian rupiah	N/a	9,731,721	18,032	540
				1,673
Liabilities				
Overdraft – Japanese Yen	2.91	17,362	207.086	84
Bank loans – Japanese Yen	1.08	4,000,000	207.086	19,316
				19,400

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 100 basis points higher or (lower) and all other variables were held constant, the company's net return for the year ended 28 February 2009 would have increased/(decreased) by nil (2008: increased/(decreased) by £2,000) and equity shareholders' funds would have increased/(decreased) by the same amount. This is attributable to the company's exposure to interest rates on its floating rate cash balances.

Foreign currency risk

All of the company's investment portfolio is invested in overseas securities and the balance sheet can be significantly affected by movements in foreign exchange rates. It is not the company's policy to hedge this risk on a continuing basis but the company may, from time to time, match specific overseas investment with foreign currency borrowings.

The revenue account is subject to currency fluctuation arising on overseas income.

Foreign currency risk exposure by currency of denomination:

	28 February 2009			29 February 2008		
	Overseas investments £000	Net monetary assets £000	Total currency exposure £000	Overseas investments £000	Net monetary assets £000	Total currency exposure £000
Australian Dollar	10,938	-	10,938	25,132	915	26,047
Hong Kong Dollar	18,122	-	18,122	30,201	(1,086)	29,115
Indian Rupee	3,273	-	3,273	3,100	-	3,100
Indonesian rupiah	-	-	-	3,561	960	4,521
Japanese Yen	31,356	(2,290)	29,066	42,376	(20,175)	22,201
Korean Won	6,497	103	6,600	12,212	227	12,439
Malaysian Ringgit	4,029	-	4,029	8,448	(202)	8,246
Singaporean dollar	5,186	-	5,186	4,138	(1,595)	2,543
Taiwanese dollar	4,867	-	4,867	11,591	484	12,075
Thai Bhat	639	17	656	-	-	-
US dollar*	5,115	-	5,115	12,580	-	12,580
Total	90,022	(2,170)	87,852	153,339	(20,472)	132,867

* £5,115,000 (2008: £9,716,848) relates to the investment in Martin Currie China 'A' Share Fund Limited.

The asset allocation between specific markets can vary from time to time based on the investment manager's opinion of the attractiveness of the individual markets.

Foreign currency sensitivity

The following table details the company's sensitivity to a 10% increase and decrease in sterling against the relevant foreign currencies and the resultant impact that any such increase or decrease would have on net return before tax and equity shareholders' funds. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

	2009 £000	2008 £000
Indonesian rupiah	-	54

Japanese Yen	-	1,940
Taiwanese Dollar	-	48
Total	-	2,042

Other price risk

Other price risks (ie changes in market prices other than those arising from interest rate or currency risk) may affect the value of the quoted investments.

It is the board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular country or sector. Both the allocation of assets to international markets and the stock selection process act to reduce market risk. The manager actively monitors market prices throughout the year and reports to the board, which meets regularly in order to review investment strategy. The investments held by the company are listed on various stock exchanges worldwide.

Other price risk sensitivity

If market prices at the balance sheet date had been 15% higher or lower while all other variables remained constant, the return before tax at the year ended 28 February 2009 would have increased/(decreased) by £13,503,000 (2008: increased/(decreased) by £23,001,000) and equity shareholders' funds would have increased/(decreased) by the same amount. The calculations are based on the portfolio valuations, as at the respective balance sheet dates, and are not representative of the year as a whole.

(ii) Liquidity risk

This is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk is not considered to be significant as the company's assets comprise mainly readily realisable securities, which can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of loan and overdraft facilities (note 11). The company is not dependent on bank borrowings.

(iii) Credit risk

This is the risk of failure of the counterparty to a transaction to discharge its obligations under that transaction that could result in the company suffering a loss.

The risk is managed as follows:

- investment transactions are carried out with a large number of brokers whose credit ratings are reviewed periodically by the investment manager. Limits are set on the exposure to any one broker. The risk to the company of default is therefore minimised.
- cash is held with banks that have been assessed and are monitored by Martin Currie's counterparty Risk Committee.
- most transactions are made delivery versus payment on recognised exchanges.

None of the company's financial assets is secured by collateral or other credit enhancements.

The maximum credit risk exposure as at 28 February 2009 was £2,955,000 (2008: £7,102,000). This was due to debtors and cash as per notes 9 and 10.

Fair values of financial assets and financial liabilities

All assets and liabilities are included in the balance sheet at fair value.

19 VAT Recoverable

On 5 November 2007, the European Court of Justice ruled that management fees should be exempt from VAT. HMRC has announced its intention not to appeal against this case to the UK VAT Tribunal and therefore protective claims which have been made in relation to the company will be processed in due course.

The manager has submitted a claim to HMRC, which has been agreed in principle to refund £237,000 to the company for VAT charged on investment management fees for the period 1 April 2001 to 30 September 2007. Although the repayment has not yet been received it has been recognised in these financial statements on a virtually certain basis. This repayment has been allocated to capital and revenue in line with the accounting policy of the company for the periods in which the VAT was charged. The reclaim for previous periods and the timescale for receipt are at present uncertain and the company has taken no account in these financial statements of any such repayment. The repayment has been split 2/3 to capital and 1/3 to revenue, and therefore has a 0.18p impact on revenue return per ordinary share.

20 Capital management policies and procedures

The capital of the company consists of equity, comprising issued capital, reserves and retained earnings. The board monitors and reviews the broad structure of the company's capital. This review includes the impact of share buybacks and the extent to which revenue should be retained. The company is not subject to any externally imposed capital requirements.

21 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. At 28 February 2009 Martin Currie Pacific Trust had invested 5.7% of its assets in the China 'A' Share Fund. The China 'A' Share Fund holds a Qualified Foreign Institutional Investor ('QFII') facility 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 PricewaterhouseCoopers ('PwC') and Linklaters were appointed as Joint Administrator. 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\$28.14 per share as at 28 February 2009.

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 Administrator was appointed, represented approximately 15% of China 'A' Share Fund's assets.

During February 2009 LBIE (in administration) has 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 the assets can be fully recovered for the Fund's benefit.

Website

At www.martincurriepacific.com we maintain a website specifically for shareholders in the trust and their advisers. It includes price and performance statistics, monthly update, webcasts, online versions of the trust's annual and interim reports and information on how to invest.