Pacific Assets Trust plc

Annual Report and Accounts

2009

Contents

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If you have sold or otherwise transferred all of your shares in the Company, you should immediately send this document to the purchaser or transferee or to the stockbroker, bank manager, solicitor, accountant or other person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Company Summary

The Company

The Company is an investment trust and its shares are listed on the Official List and traded on the main market of the London Stock Exchange. It is a member of the Association of Investment Companies.

Total assets less current liabilities as at 31 January 2009 were £87.8 million and the market capitalisation was £80.8 million.

Objective

To achieve long-term capital growth through investment in selected companies in the Asia Pacific region and the Indian sub-continent, but excluding Japan and Australasia.

Investment Policy

The Company's investment policy is contained within the Report of the Directors on pages 13 and 14.

Performance Assessment

The Company exists in a competitive environment and aims to be a leader in its peer group. Reflecting this, it should consistently be within the top third of that group measured by net asset value total return.

The Company is committed to building a long term investment record and will assess itself by reference to its peers on a rolling three-year basis.

Management

The Board has appointed F&C Investment Business Limited (the 'Manager'), a wholly owned subsidiary of F&C Asset Management plc, as investment manager. The notice period is six months. Further details of the management contract are provided in note 3 to the Accounts.

Capital Structure

The Company's capital structure is composed solely of Ordinary Shares. Details are given in note 12 to the Accounts.

How to Invest

The Manager operates a number of investment plans which facilitate investment in the shares of the Company. Details are contained on page 43.

You may also invest through your usual stockbroker.

ISA Status

The Company's shares are eligible for Individual Savings Accounts ('ISAs').

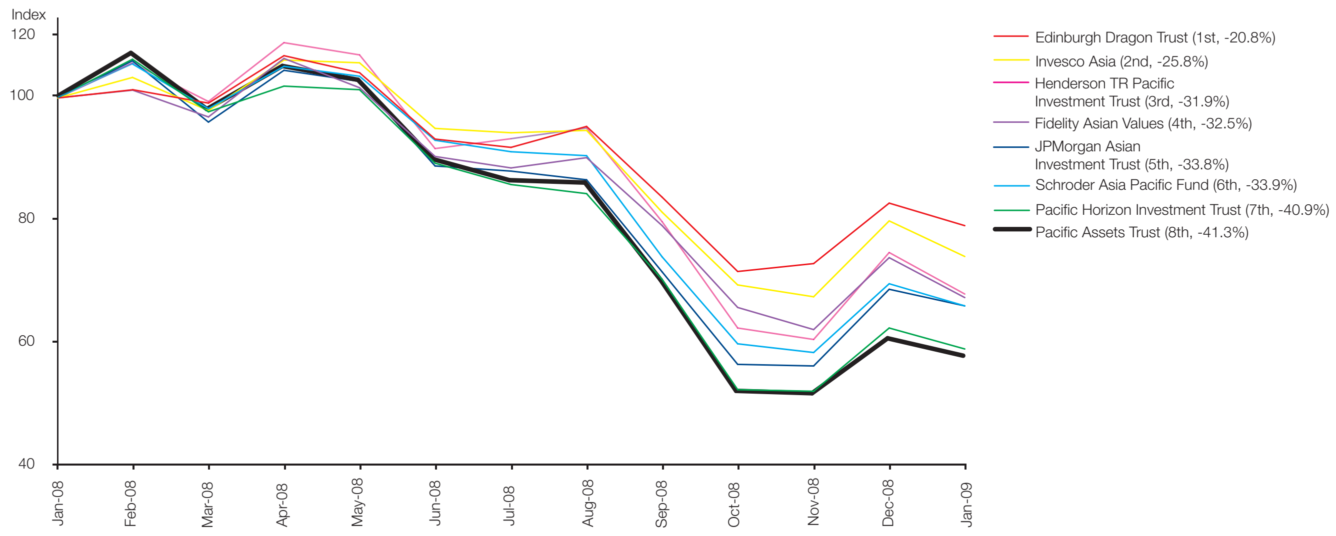
Website

The Company's internet address is www.pacific-assets.co.uk

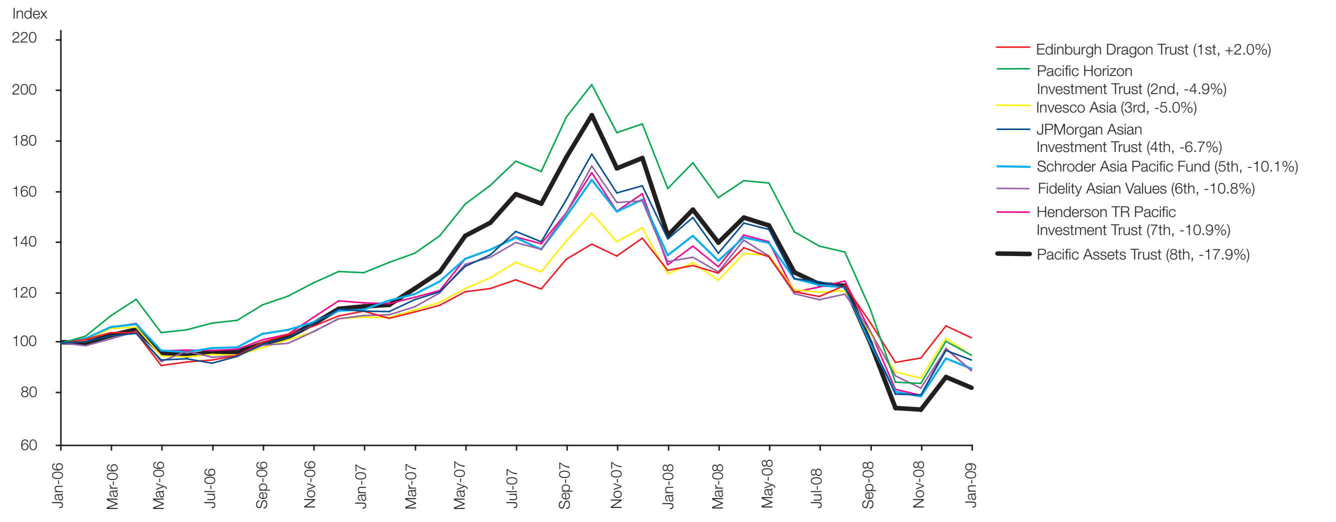
Financial Highlights

- Net asset value per share decreased by 42.3 per cent
- Share price decreased by 40.9 per cent
- Final dividend increased by 15.2 per cent 1.29p per share

One Year Net Asset Value Total Return Peer Group Performance



Three Year Net Asset Value Total Return Peer Group Performance



Performance Summary

	31 January 2009	31 January 2008	% change
Capital			
Net asset value per share	**74.15p**	128.52p	-42.3
MSCI All Country Far East ex Japan Index	**177.87p**	245.76	-27.6
Share Price			
Share price (mid market)	**68.25p**	115.50p	-40.9
Discount (difference between share price and net asset value per share)	**8.0%**	10.1%	
Total Return*			
Net asset value			-41.3
MSCI All Country Far East ex Japan Index			-25.2
Share price			-40.4
Gearing†			
Actual Gearing (net of cash)	**(4.9)%**	5.9%	
Revenue and Dividends			
Revenue return per share	**1.78p**	1.24p	+43.5
Dividends per share	**1.29p**	1.12p	+15.2
Total Expense Ratio (as percentage of average shareholders' funds)	**1.6%**	1.5%	

Year's Highs/Lows	**Year ended 31 January 2009 High**	**Year ended 31 January 2009 Low**
Net asset value per share	**139.31p**	**56.80p**
Share price	**128.50p**	**55.50p**
(Premium)/discount‡	**(2.75)%**	**15.74%**

* All total returns are based on net dividends re-invested
† Gearing: Borrowings ÷ Shareholders' Funds
‡ Discount high – Narrowest discount in period
Discount low – Widest discount in period

Sources: F&C Investment Business, AIC and Datastream.

Chairman's Statement


David Nichol Chairman

In a few short months, the world has changed from optimism and prosperity to a period of uncertainty backed by a financial crisis unprecedented for a generation.

Your Company has not escaped this turmoil and, following what had been a relatively good period of performance, the year ended 31 January 2009 was a difficult year. The net asset value per share fell by 42.3 per cent to 74.15p and the net asset value total return for the year was -41.3 per cent, ranking the Company last in its peer group of eight companies. By comparison, the total return from the MSCI All Country Far East ex Japan Index was -25.2 per cent. This underperformance caused the Company to fall from third to last in the peer group over the longer three year comparative period.

The disappointing performance of the Company over the year was a function of being geared in a falling market, higher than desirable exposure to small and medium sized companies, and a belief that the Chinese growth story would hold up. The marked contraction in Chinese growth in the third quarter of 2008 led to a reappraisal of the Company's strategy and a more defensive stance was adopted which has stabilised recent performance and improved relative returns in comparison to the peer group.

For much of the year China remained a source of relative optimism. Sustained growth encouraged the authorities to maintain, with the benefit of hindsight, an excessively restrictive monetary policy. Then, in recognition of sharply deteriorating economic conditions in the third quarter, following the collapse in world trade, the Chinese government aggressively adopted an ambitious pro-growth set of policies. Interest rates were slashed, export constraints relaxed and a huge fiscal stimulus package of Rmb4 trillion (US$585 billion) was announced. The tentative signals are that these measures are gaining some traction. However, it remains too early to know if they can reignite sufficient economic activity to support the region.

With the western world mired in recession, Asia's sensitivity to exports has been revealed once more. All Asian countries, apart from China, India and Indonesia, are expected to fall into recession in 2009. Following the deleveraging that the region underwent after the 1997/98 Asian financial crisis, governments, companies and individuals are significantly better positioned than their western counterparts to weather the unfolding downturn, and to take advantage of any recovery whenever it emerges.

Should western governments succeed in their attempts to restore growth, Asia appears well positioned to benefit, but in the near term limited corporate earnings visibility and persistent economic uncertainty point towards extended market volatility and investor caution. A sustained market recovery is only likely once the global financial system has stabilised. At that point credit markets would be expected to recover, risk aversion narrow, and the Asian growth story regain investor interest.

Shareholder Value

In line with the fall in the net asset value per share, the Company's share price fell by 40.9 per cent during the year, to 68.25p per share. The share price discount to net asset value per share was 8.0 per cent as at 31 January 2009 compared with 10.1 per cent as at 31 January 2008.

The Company did not buy back any shares during the year. However, the Board believes that it is important to have a buy back facility in place and will therefore seek to renew the share buy back authority at the forthcoming Annual General Meeting.

Gearing

As a consequence of an increasingly cautious view adopted belatedly towards the end of the year, the Manager reduced the level of gearing such that the Company had no borrowings at the year end. The net cash position of 4.9 per cent as at 31 January 2009 compares with net gearing of 5.9 per cent as at 31 January 2008.

The Company's borrowing arrangements comprise flexible US dollar denominated facilities which provide the Company with the ability to increase its gearing to the stated limit of 20 per cent of shareholders' funds, when the Manager considers it appropriate to do so.

Earnings and Dividends

The Company's revenue earnings per share for the year were 1.78p, which compares to 1.24p for the previous year. The increase is attributable principally to increased dividends from companies within the portfolio, although there was also a small benefit from the recovery of VAT as explained in more detail below.

The Board recommends a final dividend of 1.29p per share, representing an increase of 15.2 per cent on the previous year, which will be paid on 19 June 2009 to those shareholders on the register on 22 May 2009.

VAT on Management Fees

As the Company invests outside the EU it is able to reclaim VAT incurred on expenses paid. The Board did not therefore expect the Company to benefit significantly from the recent rulings in favour of investment trusts exempting investment management fees from VAT. The Board did, however, take the necessary steps to ensure that the Company's position was protected and was pleased to receive a VAT repayment of £105,000. In the accounts this has been allocated between revenue and capital in the same proportion as the original VAT was paid. In addition to this receipt, the Company received interest of £65,000 which has been allocated to revenue.

Annual General Meeting

This year's Annual General Meeting will be held at 11.45 am on Thursday 11 June 2009 at the offices of F&C Asset Management plc, Exchange House, Primrose Street, London EC2A 2NY. I would encourage shareholders to attend the Meeting as it is a good opportunity to meet the Directors and Manager. The formal business of the Meeting will be followed by a presentation from the Company's Manager, Peter Dalgliesh.

Invitations to the Meeting are included with the Annual Report and shareholders are requested to reply to the Company Secretary if they are able to attend. I would encourage shareholders who are unable to attend to complete their form of proxy, which is included with the Annual Report. This will ensure that their votes are represented at the Meeting.

Outlook

It is likely that conditions in the world's major economies will remain difficult for some time. Although stock market valuations in the Asia Pacific region appear to offer good value, the region is dependent on an economic recovery in the rest of the world. When evidence of this emerges, Asia Pacific stockmarkets will prosper once again.

David Nichol
Chairman

26 March 2009

Investment Manager and Investment Process

Peter Dalgliesh
Lead Fund Manager

Gordon Hay Smith
Company Secretary

Investment Manager

Pacific Assets Trust plc is managed by F&C Investment Business Limited, a wholly owned subsidiary of F&C Asset Management plc ('F&C'). F&C is a leading asset manager in both the UK and Europe with £98.6 billion under management as at 31 December 2008. The shares of F&C are traded on the London Stock Exchange.

F&C provides investment management and other services to a range of investment trust clients.

Investment Process

The objective of Pacific Assets Trust plc is to provide shareholders with long-term capital growth through investment in selected companies in the Asia Pacific region and the Indian sub-continent, but excluding Japan and Australasia.

Stock selection is based on in-house fundamental research comprising three elements – financial analysis, company visits and valuation analysis. The over-riding aim is the identification of financially strong companies with prospects for above average growth on a three to five year view.

Manager's Review

Market Review

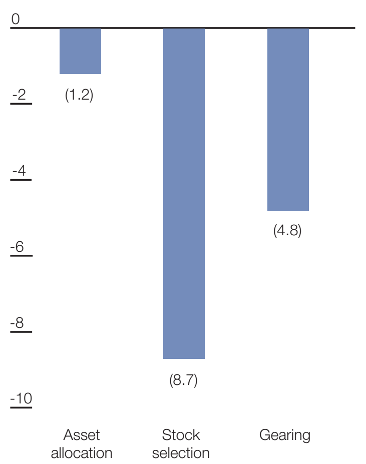
Despite the unfolding credit crisis in the western world, at the start of 2008 Asia appeared reasonably well positioned to withstand the impacts of a slowing external sector as corporate debt levels were low, the regional financial system was solid, currencies were stable and domestic economic activity was buoyant. Furthermore, the momentum in Chinese growth, although off its peak, suggested that regional growth could be sustained. This belief led the MSCI All Country Far East ex Japan Index to hold up well through to the end of May 2008, outperforming the S&P 500 and tracking in line with the MSCI All Country World Index (in sterling terms). A cautiously optimistic stance towards the Chinese growth story at this time meant that the Company's gearing averaged 6-7 per cent.

However, following the announcement of US financial bankruptcies and forced government intervention, risk aversion swiftly set in. Global asset allocators sought safety in bonds at the expense of the faster growth, higher beta Asian markets. Liquidity flowed out of the region and Asia underperformed, yet currencies and macroeconomic data remained resilient. Asian corporate earnings continued to hold up, maintaining valuations, and with the Chinese authorities appearing to be 'in control' of their economy the Company retained a positive stance towards the region with a bias towards internally driven growth, represented through overweight positions in industrials and materials and an underweight stance in exporters.

The lead indicator of Chinese power generation materially contracted in the third quarter which, when combined with the sharp slowdown of international trade in October/November 2008, acted as a signal for the Company to adopt a defensive strategy. Cyclical exposure to industrials was cut back, the materials weighting was taken to zero, overweight positions in healthcare, telecoms and consumer staples were put in place, small cap positions were reduced and gearing was reversed to a net cash position of nearly 5 per cent. Disappointingly, the damage to performance had already been inflicted with the Company's net asset value per share ending the year down 41.3 per cent versus the MSCI All Country Far East ex Japan Index's decline of 25.2 per cent (total returns in sterling terms), placing it last in its peer group of eight companies. As a source of modest consolation, the defensive strategy generated improved relative performance versus both the index and the peer group over the final few months of the reporting period.

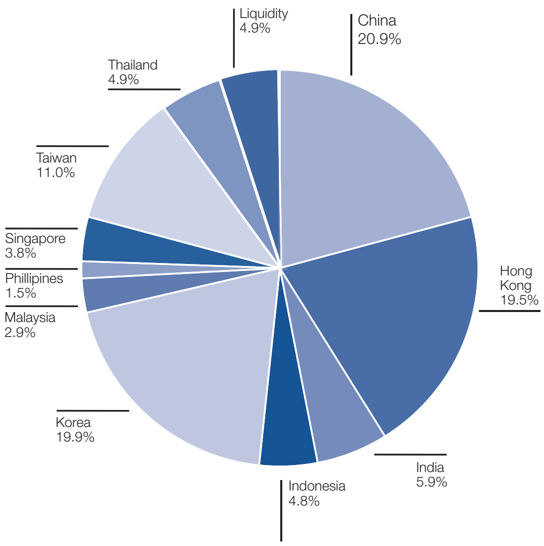
Within the region, the least poor markets were Malaysia (-20.0 per cent), China (-20.7 per cent) and Singapore (-21.6 per cent). Disappointing stock

Contribution to relative performance (%)*
Year to 31 January 2009



*as measured against the MSCI All Country Far East ex Japan Index

Geographical Analysis as at 31 January 2009
% of total assets less current liabilities

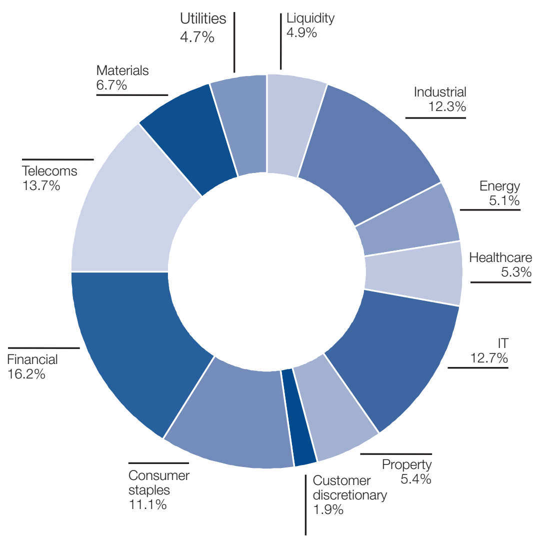


Manager's Review (continued)

selection mitigated the relative benefit to the Company of the positive bias towards China and Malaysia. The underweight stance in Chinese financials due to rich valuations, slowing loan growth, narrowing net interest margins and a concern over deteriorating asset quality weighed heavily on performance as the sector performed better than expected. Similarly, despite the Chinese government announcing a Rmb4 trillion (US$585 billion) stimulus package with a focus on infrastructure, railway, education and healthcare, the Company's medical equipment holdings of Mindray Medical and China Medical Technology performed poorly. In contrast, the railway related play of China South Locomotive & Rolling Stock performed well.

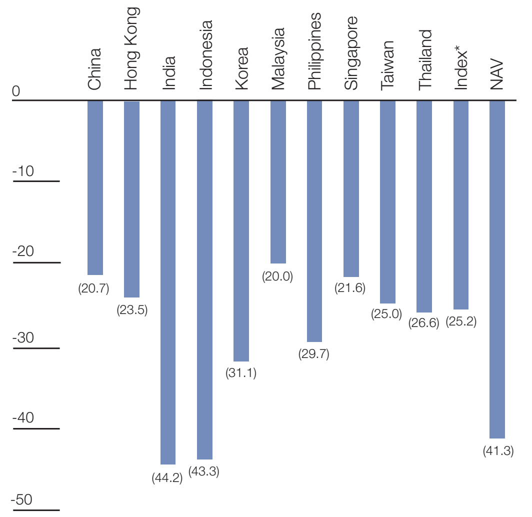
Malaysia and Thailand experienced troublesome periods of political instability, yet both appear to have potentially muddled through, offering room for optimism that the economic outlook should improve once the world economy finds a floor. Having grown at a benign pace over the last 3-4 years, the financial systems of Malaysia and Thailand rank relatively well. Although the Company remains heavily underweight financials as a whole, Malaysian and Thai banks look interesting though richer Malaysian valuations lead us to prefer investments in Thailand.

Sector Analysis as at 31 January 2009
% of total assets less current liabilities



Given the downdraft in global economic activity, the Company maintained a negative bias to the export dependent Korean and Taiwanese markets as well as the small, open and therefore vulnerable markets of Hong Kong ('HK') and Singapore. Korea was one of the worst performing markets, falling over 31 per cent, but Singapore and HK held up better than expected. Being underweight property developers and banks in HK assisted performance, but the unwillingness to pay up for richly rated HK utilities weighed heavily on performance. Similarly, the sale of United Overseas Bank in Singapore, because of concern over deteriorating asset quality and weakening loan growth, was detrimental to performance. However, in their latest quarterly earnings report, asset quality has indeed collapsed with a 26 per cent increase in non-performing loans, compared with the previous quarter.

Performance of Asia Pacific stockmarkets (sterling) (%)
Year to 31 January 2009



*MSCI All Country Far East ex Japan Index

India and Indonesia were the two worst performing markets, falling 44.2 per cent and 43.3 per cent respectively. Heightened uncertainty over their fiscal positions led to weakness in their currencies with a subsequent expansion in government bond yields. The weakness in commodity prices reduced Indonesia's net exports impairing the market's earnings, whilst the slow down in domestic economic activity in India led to a de-rating of the market multiple back towards the regional average.

Outlook

A crisis of confidence has emerged in the global real economy as well as in the equity markets, which is likely to limit any theories of a sharp rebound. GDP growth forecasts have been slashed across the region with only China, India and Indonesia remaining in positive territory. Financial deleveraging and the re-balancing of the US consumer after years of excess spending will keep the underlying global growth dynamic weak for much of 2009. Fiscal policy may provide some temporary excitement, but until inventories are depleted, employment stabilises and the global financial sector is back on its feet it appears hard to confidently predict a resumption of sustainable economic activity, implying that any near term equity market bounces are to be treated with caution rather than excitement.

Peter Dalgliesh
Investment Manager
F&C Investment Business Limited
26 March 2009

Investment Portfolio

	31 January 2009 valuation £'000	31 January 2008 valuation £'000	% of total assets less current liabilities	Country of incorporation
China Mobile China Mobile, through its subsidiaries, provides cellular telecommunications and related services in the People's Republic of China and Hong Kong.	5,433	5,925	6.2	China
KT&G Corporation KT&G Corporation processes, produces, and sells cigarettes and other tobacco products. The company, through its subsidiaries manufactures ginseng products such as red ginseng tea and herbal medicines.	3,732	2,495	4.3	South Korea
NHN Corporation NHN Corporation provides internet site with web portal services, such as search engine, online game and content development. The company also offers marketing services through text and banner advertisement.	3,324	–	3.8	South Korea
CNOOC CNOOC, through its subsidiaries, explores, develops, produces, and sells crude oil and natural gas.	3,187	3,859	3.6	Hong Kong
Kasikornbank Kasikornbank provides commercial banking services including personal and commercial banking, international trade, as well as investment banking services, to its customers throughout Thailand.	2,886	2,571	3.3	Thailand
Bharti Airtel Bharti Airtel, a part of Bharti Enterprises, provides telecommunications services throughout India. The company provides GSM mobile services, broadband, fixed line telephone services, long distance services (international and national) and enterprise services.	2,870	2,488	3.2	India
IOI Corporation IOI Corporation cultivates and processes palm oil and rubber. The company, through its subsidiaries, operates in property development and investment, provides landscape services, manufactures industrial and medical gases, and provides building, engineering and construction services.	2,542	5,695	2.9	Malaysia
Sun Hung Kai Properties Sun Hung Kai Properties, through its subsidiaries, develops and invests in properties. The company also operates hotels, manages properties, car parking and transport infrastructure. In addition it operates a logistics business, construction, financial services, telecommunication internet infrastructure and enabling services.	2,469	4,054	2.8	Hong Kong
Wistron Corporation Wistron Corporation manufactures and markets notebook computers, personal computers and other related information products.	2,467	3,167	2.8	Taiwan
Ping An Insurance Group Ping An Insurance Group provides a variety of insurance services in China. The company writes property, casualty and life insurance as well as offering financial services.	2,340	–	2.7	Hong Kong
Ten largest investments	**31,250**		**35.6**	

Company

	Nature of business	Market valuation £'000	% of total assets less current liabilities	Country of incorporation
Shinhan Financial	Financial	2,289	2.6	South Korea
Perusahaan	Gas	2,279	2.6	Indonesia
High Tech Computer	Information Technology	2,180	2.5	Taiwan
LG Household & Health Care	Household Goods and Cosmetics	2,122	2.4	South Korea
Shanghai Industrial	Conglomerate	1,990	2.2	China
China Medical Technology	Health Care Equipment	1,939	2.2	China
Telekomunikasi Indonesia	Telecommunications	1,920	2.2	Indonesia
China South Locomotive & Rolling Stock	Locomotives and Rolling Stock	1,900	2.2	China
Chunghwa Telecom	Telecommunications	1,833	2.1	Taiwan
Hang Lung Properties	Property Development	1,821	2.1	Hong Kong
Twenty largest investments		**51,523**	**58.7**	
Midas	Retail Manufacturer	1,760	2.0	Singapore
Hon Hai Precision	Electronic Equipment	1,706	1.9	Taiwan
Hyundai Mobis	Telecommunications	1,647	1.9	South Korea
China Shineway Pharmaceutical	Pharmaceuticals	1,587	1.8	Hong Kong
DBS Group	Financials	1,571	1.8	Singapore
China Shipping Development	Cyclical Services	1,570	1.8	China
Posco	Steel Producer	1,546	1.8	South Korea
Hutchison Whampoa	Conglomerate	1,518	1.7	Hong Kong
China Water Affairs	Water Supply	1,513	1.7	Hong Kong
Huabao International	Materials	1,486	1.7	Hong Kong
Thirty largest investments		**67,427**	**76.8**	
Shin Zu Shing	Component Manufacturer	1,480	1.7	Taiwan
CP All	Consumer Goods	1,402	1.6	Thailand
Sino-Ocean Land	Financial	1,387	1.6	China
KB Financial Group	Financial	1,362	1.6	South Korea
Banco De Oro	Financial	1,336	1.5	Philippines
NetEase.com	Information Technology	1,332	1.5	China
LG Corp	Conglomerate	1,292	1.5	South Korea
China Petroleum & Chemical	Oil and Gas Provider	1,280	1.4	China
Bharat Heavy Electrical	Power Equipment Manufacturer	1,199	1.4	India
Mindray Medical	Healthcare	1,164	1.3	China
Forty largest investments		**80,661**	**91.9**	
DB Steel	Materials	1,116	1.3	India
Industrial & Commercial Bank of China	Financial	929	1.0	Hong Kong
R H Energy	Oil and Gas Provider	344	0.4	China
Anglo Chinese Investment Company*	Financial	229	0.2	Hong Kong
LG Display	Information Technology	155	0.2	South Korea
Neo-China Land†	Property Development	53	0.1	Hong Kong
Total portfolio		**83,487**	**95.1**	
Net current assets		**4,273**	**4.9**	
Total assets less current liabilities		**87,760**	**100.0**	

* Unlisted investment

† Suspended from trading by the Hong Kong Stock Exchange. See note 1b for further details.

Board of Directors

David Nichol*†‡

Chairman

(age 63) was appointed as a Director in 1985 and Chairman in 2004. He is a partner of Rossie House Investment Management, an investment management firm which specialises in investment trust portfolios for private clients.

Terence Mahony*†‡

(age 66) was appointed as a Director in 2004. He is Managing Director of TFM Management Limited, a firm of investment consultants based in Hong Kong. He has over 35 years' investment experience, the last 25 of which have been gained in Asia. He is also a non-executive director of Advance Developing Markets Trust plc and Citic Capital Investment Management.

Richard Horlick*†‡

(age 50) was appointed as a Director in 2005. He is also a non-executive director of Tau Capital plc. He was, from 2002 until 2005, a director of Schroders plc, where he was Head of Investments and a member of the General Management Committee. Between 2001 and 2002 he was Chairman, Chief Executive Officer and President of Fidelity Management Trust Company, where he was responsible for institutional business in the US. Between 1994 and 2001 he was President, Institutional Business, of Fidelity International, where he was responsible for investments and the development of institutional assets.

Nigel Rich, CBE*†‡

Senior Independent Director and Chairman of the Audit Committee

(age 63) was appointed as a Director in 1997 and was previously Managing Director of Jardine Matheson in Hong Kong. He is Chairman of Segro plc and Xchanging plc. His other non-executive directorships include Bank of the Philippine Islands (Europe) plc, KGR Absolute Return PCC Limited and Matheson & Co. He is also Co-chairman of the Philippine British Business Council.

Stuart Leckie, OBE*†‡

(age 63) was appointed as a Director in 2001. He is an advisory council member of the CFA Institute for Financial Market Integrity in Hong Kong. He was Chairman of Watson Wyatt, Asia Pacific until 1995 then Chairman of Fidelity Investments, Asia Pacific until 1998. He has been President of the Actuarial Society of Hong Kong (1981 and 1999) and was Chairman of the International Actuarial Association's China Committee. He has served on various committees in Hong Kong's Securities and Futures Commission and was a director of Exchange Fund Investment Limited.

* Member of the Audit Committee

† Member of the Engagement and Remuneration Committee

‡ Member of the Nomination Committee

Report of the Directors

The Directors submit the Annual Report and Accounts of Pacific Assets Trust plc (the 'Company') for the year ended 31 January 2009.

Results and Dividends

The results for the year are set out in the attached accounts.

The Board recommends a final dividend for the year of 1.29p per share payable on 19 June 2009 to shareholders on the register at close of business on 22 May 2009.

Principal Activity and Status

The Company is registered as a public limited company and is an investment company within the terms of Section 833 of the Companies Act 2006. Its shares are quoted on the main market of the London Stock Exchange.

The Company has been approved by HM Revenue & Customs as an investment trust under Section 842 of the Income and Corporation Taxes Act 1988 for the year ended 31 January 2008. As a result, it is not liable to corporation tax on capital gains. In the opinion of the Directors, the Company has subsequently conducted its affairs so as to enable it to continue to obtain approval as an investment trust.

The Company is required to comply with company law, the rules of the UK Listing Authority, UK Financial Reporting Standards, and its Articles of Association.

The Company is a member of the Association of Investment Companies ('AIC').

Capital Structure

As at 31 January 2009 there were 118,348,386 Ordinary Shares of 12.50p each in issue. All Ordinary Shares rank equally for dividends and distributions and carry one vote each. Details of the capital structure can be found in note 12 to the accounts. The revenue profits of the Company (including accumulated revenue reserves) are available for distribution by way of dividends to the holders of the Ordinary Shares. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to shareholders pro rata to their holdings of Ordinary Shares.

Business Review

The Board of Directors is responsible for the overall stewardship of the Company, including investment and dividend policies, corporate strategy, gearing, corporate governance and risk management. Biographical details of the Directors, all of whom are non-executive, can be found on page 12.

Objective

The Company's investment objective is to achieve long-term capital growth through investment in selected companies in the Asia Pacific region and the Indian sub-continent, but excluding Japan and Australasia.

Investment Policy

The Company invests in companies which F&C Investment Business Limited (the 'Manager') believes will be able to generate long term growth for shareholders. It aims to enhance returns through active asset allocation and diligent stock selection. The Manager applies a number of criteria when selecting investments. These include a fundamental appraisal of the companies and an assessment of their value. Visits are made to existing and potential investee companies as an essential part of this process.

The Company invests principally in listed equities although its policy enables it to invest in other securities, including preference shares, debt instruments, convertible securities and warrants. In addition, the Company may invest in open and closed-ended investment funds and companies.

The Company is able to invest in unlisted securities and there is currently one such investment in the portfolio. In future, unlisted investments will be limited to those which are expected to be listed on a stock exchange or which cease to be listed and the Manager considers appropriate, or is required, to continue to hold.

Risk is diversified by investing in different countries, sectors and stocks within the Asia Pacific region. There are no defined limits on countries or sectors

Report of the Directors (continued)

but no single investment may exceed 15 per cent of the Company's total assets at the time of investment. However, the Board has set a current limit for single investments of 7.5 per cent of total assets at the time of investment. This limit is reviewed from time to time by the Board and may be revised as appropriate.

No more than 10 per cent of the Company's total assets may be invested in other listed closed-ended investment companies unless such investment companies themselves have published investment policies to invest no more than 15 per cent of their total assets in other closed-ended investment companies, in which case the limit is 15 per cent.

The Company uses gearing to enhance returns over the long term and its policy is that borrowings, net of cash, will not exceed 35 per cent of shareholders' funds at the time of borrowing. However, the Board has set a current limit on gearing, net of cash, of 20 per cent of shareholders' funds at the time of borrowing. This limit is reviewed from time to time by the Board and may be revised as appropriate.

The use of derivatives is permitted with prior Board approval and within agreed limits.

Investment of Assets

At each Board meeting, the Board receives a presentation from the Manager which includes a review of investment performance, recent portfolio activity and market outlooks. It also considers compliance with the investment policy and other investment restrictions during the reporting period. An analysis of the portfolio as at 31 January 2009 is contained in note 9 to the accounts and in the Manager's Review on pages 7 to 9, and the full portfolio listing is provided on pages 10 and 11. The Company had a net cash balance of 4.9 per cent as at 31 January 2009.

Strategy

As part of its strategy, the Board has contractually delegated the management of the investment portfolio and other services to the Manager.

The Company's performance in meeting its objective is measured against key performance indicators as set out below. A review of the Company's returns during the financial year, the position of the Company at the year end, and the outlook for the coming year is contained in the Chairman's Statement on pages 4 and 5 and in the Manager's Review on pages 7 to 9, both of which form part of this Business Review.

Principal Risks and Risk Management

The Company's assets consist principally of listed securities and its main risks are therefore market related. The Company is also exposed to currency risk in respect of the markets in which it invests. More detailed explanations of these risks and the way which they are managed are contained in notes 17 to 22 to the accounts.

Other risks faced by the Company include the following:

- External – events beyond the control of the Board and the Manager, such as political change, natural disasters, terrorism, protectionism, inflation or deflation, economic recessions and movements in interest rates could affect share prices in particular markets.

- Investment and strategic – incorrect strategy, country and sector allocation, stock selection, and the use of gearing could all lead to poor returns for shareholders.

- Regulatory – breach of regulatory rules could lead to suspension of the Company's listing, financial penalties or a qualified audit report. Breach of Section 842 of the Income and Corporation Taxes Act 1988 could lead to the Company being subject to tax on capital gains.

- Operational – failure of the Manager's accounting systems or disruption to the Manager's business, or that of third party service providers, could lead to an inability to provide accurate reporting and monitoring, leading to a loss of shareholders' confidence.

- Financial – inadequate controls by the Manager or third party service providers could lead to misappropriation of assets. Inappropriate accounting policies or failure to comply with accounting standards could lead to misreporting or breaches of regulations. Breaching loan covenants could lead to a loss of shareholders' confidence and financial loss for shareholders.

The Board seeks to mitigate and manage these risks through continual review, policy setting and enforcement of contractual obligations. It also regularly monitors the investment environment and the management of the Company's investment portfolio. The Board applies the principles detailed in the internal control guidance issued by the Financial Reporting Council. Details of the Company's internal controls are described in more detail on pages 18 and 19.

Shareholder Value

The Board and Manager recognise the importance of both marketing and share buy-backs in enhancing shareholder value. In terms of marketing, the Manager offers a range of private investor savings schemes, details of which can be found on page 43. In addition, meetings are held regularly between the Manager and current and prospective shareholders and stockbroking analysts covering the investment trust sector. Share buy-backs help reduce the volatility of the discount and enhance the net asset value per share for continuing shareholders. Communication of up-to-date portfolio information is made through the Company's website.

Key Performance Indicators

The Board uses a number of performance measures to assess the Company's success in meeting its objectives. The key performance indicators are as follows:

- Net asset value total return against the peer group.
- Discount of share price to net asset value.
- Total expenses as a ratio of shareholders' funds.

A historical record of these indicators is contained in the Financial Highlights and Performance Summary on pages 2 and 3 and in the Ten Year Record on page 42.

Directors

The Directors who held office at the end of the year and their interests in the shares of the Company were:

		Number of Ordinary Shares held as at 31 January 2009	Number of Ordinary Shares held as at 31 January 2008
D B Nichol	Beneficial	**40,000**	200,000
	Trustee	**100,000**	100,000
R M A Horlick	–	**Nil**	Nil
S H Leckie	–	**Nil**	Nil
T F Mahony	–	**Nil**	Nil
N M S Rich	Beneficial	**25,000**	25,000

There have been no changes in the interests of the Directors in the shares of the Company between 31 January 2009 and 26 March 2009.

Mr R M A Horlick and Mr S H Leckie retire from the Board by rotation and, being eligible, offer themselves for re-election. As explained in more detail under the heading Corporate Governance on pages 16 to 18, the Board has agreed that Directors who have served on the Board for more than nine years will retire annually. Accordingly, Mr D B Nichol and Mr N M S Rich will retire at the Annual General Meeting and, being eligible, offer themselves for re-election.

The Board confirms that, following formal performance evaluations, the performance of each of the Directors seeking re-election at the Annual General Meeting continues to be effective and demonstrates commitment to the role. The Board therefore believes that it is in the interests of shareholders that these Directors are re-elected.

Report of the Directors (continued)

No Director has a contract of service with the Company or any material interest in any contract to which the Company is a party. Each of the Directors has a letter of appointment with the Company.

Substantial Interests in Share Capital

As at 26 March 2009 the following holdings, each representing 3 per cent or more of the Company's issued share capital, had been reported:

	Number of Ordinary Shares Held	Percentage Held
Sarasin & Partners LLP	16,878,000	14.3
Lazard Asset Management LLC	13,567,700	11.5
Friends Provident Group*	13,098,108	11.1
Legal & General Group plc	4,709,449	4.0

*Includes discretionary retail products.

Management and Management Fees

The Manager provides management and secretarial services to the Company. A summary of the management agreement between the Company and the Manager in respect of those services is provided in note 3 to the accounts.

Since the end of the year, the Board has reviewed the appropriateness of the Manager's appointment. In carrying out its review, the Board considered the past investment performance of the Company and the capability and resources of the Manager to deliver satisfactory investment performance. It also considered the length of the notice period under the investment management agreement and the fees payable to the Manager, together with the standard of other services provided which include company secretarial, accounting and marketing.

Following this review, the Directors are satisfied with the Manager's ability to deliver satisfactory investment performance and the quality of other services provided. It is therefore their opinion that the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole.

Corporate Governance

Arrangements in respect of corporate governance appropriate to an investment trust have been made by the Board. Except as disclosed below, the Company complied throughout the year with the relevant provisions of the Combined Code on Corporate Governance issued by the Financial Reporting Council (the 'Combined Code') and the recommendations of the AIC's Code of Corporate Governance (the 'AIC Code'). Since all Directors are non-executive, and in accordance with the AIC Code and the preamble to the Combined Code, the provisions of the Combined Code on the role of the chief executive and, except so far as they apply to non-executive Directors, on Directors' remuneration are not relevant to the Company and are not reported on further.

In view of its non-executive nature the Board considers that it is not appropriate for the Directors to be appointed for a specified term as recommended by provision A.7.2 of the Combined Code and principle 3 of the AIC Code. However, the Articles of Association require all Directors to retire every three years and the Board has agreed that each Director will retire annually after the completion of nine years of service.

The Board consists solely of non-executive Directors. Mr D B Nichol is Chairman and Mr N M S Rich is the Senior Independent Director. All the Directors are considered by the Board to be independent of the Company's Manager. New Directors receive an induction from the Manager on joining the Board and all Directors are made aware of appropriate training courses.

Mr D B Nichol and Mr N M S Rich have served on the Board for more than nine years and, as recommended by the Combined Code and the AIC Code, will seek re-election annually. The Board subscribes to the view expressed within the AIC Code that long-serving Directors should not be prevented from forming part of an independent majority. It does not consider that a Director's tenure necessarily reduces his ability to act independently and, following formal performance evaluations, believes that each of those Directors is independent in character and judgement and that there are no relationships or circumstances which are likely to affect their judgement. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Company's Directors, including the Chairman, has been imposed.

The Company has no executive Directors or employees. A management agreement between the Company and the Manager sets out the matters over which the Manager has authority and the limits beyond which Board approval must be sought. All other matters, including strategy, investment and dividend policies, gearing, corporate governance procedures and risk management, are reserved for the approval of the Board of Directors. The Board currently meets at least four times a year and receives full information on the Company's investment performance, assets, liabilities and other relevant information in advance of Board meetings. The Manager, in the absence of explicit instructions from the Board, is empowered to exercise discretion in the use of the Company's voting rights. All shareholdings are voted at all meetings worldwide where practicable in accordance with the Manager's own corporate governance policy, which is to seek to maximise shareholder value by constructive use of votes at company meetings and by endeavouring to use its influence as an investor with a principled approach to corporate governance.

Throughout the year a number of committees have been in operation, namely the Audit Committee, the Engagement and Remuneration Committee and the Nomination Committee. Each of these committees operates within clearly defined written terms of reference which are available upon request.

The Audit Committee is chaired by Mr N M S Rich and comprises the whole Board. The duties of the Audit Committee in discharging its responsibilities include reviewing the Annual and Interim Accounts, the system of internal controls employed by the Manager, and the terms of appointment of the auditors together with their remuneration. It is also the forum through which the auditors report to the Board of Directors and meets at least twice yearly. The objectivity of the auditors is reviewed by the Audit Committee which also reviews the terms under which the external auditors are appointed to perform non-audit services. The Audit Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditors, with particular regard to non-audit fees. Non-audit fees paid to the Company's auditors, KPMG Audit Plc, amounted to £4,000 for the year ended 31 January 2009 (2008: £4,000) and related to the provision of taxation services.

The Engagement and Remuneration Committee, chaired by Mr D B Nichol, comprises the full Board and reviews the appropriateness of the Manager's continuing appointment together with the terms and conditions thereof on a regular basis.

The Nomination Committee, chaired by Mr D B Nichol, comprises the full Board and is convened for the purpose of reviewing the re-election of Directors as they fall due and considering the appointment of additional Directors as and when considered appropriate. In considering appointments to the Board, the Nomination Committee takes into account the ongoing requirements of the Company and the need to have a balance of skills and experience within the Board.

During the year the performance of the Board, committees and individual Directors was evaluated through a formal assessment process led by the Chairman. This involved the completion of questionnaires tailored to suit the nature of the Company, and follow-up discussions between the Chairman and each of the Directors. The performance of the Chairman was evaluated by the other Directors under the leadership of the Senior Independent Director.

Report of the Directors (continued)

The following table sets out the number of Board and committee meetings held during the year ended 31 January 2009 and the number of meetings attended by each Director.

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. The Company maintains appropriate Directors' and Officers' liability insurance.

	Board of Directors		Audit Committee		Engagement and Remuneration Committee		Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
D B Nichol	4	4	2	2	1	1	1	1
R M A Horlick	4	4	2	2	1	1	1	1
S H Leckie	4	4	2	2	1	1	1	1
T F Mahony	4	4	2	2	1	1	1	1
N M S Rich	4	4	2	2	1	1	1	1

Mr T F Mahony became a member of the Audit Committee and the Engagement and Remuneration Committee during the year.

Going Concern

After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Internal Control

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. The Board has therefore established an ongoing process designed to meet the particular needs of the Company in managing the risks to which it is exposed, consistent with the internal control guidance issued by the Financial Reporting Council. The process relies principally on the Manager's existing risk-based approach to internal control whereby a test matrix is created that identifies the key functions carried out by the Manager and other service providers, the individual activities undertaken within those functions, the risks associated with each activity and the controls employed to minimise those risks. A residual risk rating is then applied by the Manager. The test matrix is regularly updated and the Board is provided with regular reports by the Manager highlighting all material changes to the risk ratings and confirming the action which has been, or is being, taken. A formal annual review of these procedures is carried out by the Audit Committee and includes consideration of internal control reports issued by the Manager and other service providers. The review meeting is attended by the Manager's compliance and internal audit officer. A second meeting in the year receives updates on any material changes in the risk environment and the action taken.

Such review procedures have been in place throughout the financial year and up to the date of approval of the Annual Report and the Board is satisfied with the effectiveness of the internal controls. These procedures are designed to manage rather than eliminate risk and, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement or loss. At each Board meeting the Board monitors the investment performance of the Company in comparison to its stated objective, its peer group of eight comparable investment trusts, and a broad equity market index. The Board also reviews the Company's activities since the last Board meeting to ensure that the Manager adheres to the agreed investment policy and approved investment guidelines and, if necessary, approves changes to the guidelines.

The Board has reviewed the need for an internal audit function. The Board has decided that the systems and procedures employed by the Manager, including its internal audit function and the review of its AAF 01/06 Report by a firm of external auditors, provide sufficient assurance that a sound system of internal control, which safeguards the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

Relations with Shareholders

The Company places great importance on communication with shareholders and welcomes their views. The Manager holds meetings with the Company's largest shareholders and reports back to the Board on these meetings. The Chairman and other Directors are available to meet shareholders if required. The Annual General Meeting of the Company provides a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and the Manager of the Company. The notice for the forthcoming Annual General Meeting, to be held on 11 June 2009, is set out on pages 44 to 46. The Annual Report and Notice of Annual General Meeting are sent to shareholders at least 20 working days before the meeting.

Directors' Authority to Allot Shares

The Directors are seeking authority to allot shares at the forthcoming Annual General Meeting. Resolution 9 will, if passed, authorise the Directors to allot new shares up to an aggregate nominal amount of £1,479,354, being 10 per cent of the total issued shares as at 26 March 2009. Resolution 10 will, if passed, authorise the Directors to allot new shares for cash on a non pre-emptive basis (a) in connection with a rights issue; or (b) (otherwise than in connection with a rights issue) up to an aggregate nominal amount of £739,677, being 5 per cent of the total issued shares as at 26 March 2009. These authorities will continue in effect until the conclusion of the Annual General Meeting to be held in 2010 or, if earlier, 31 July 2010. The Directors will only allot new shares pursuant to these authorities if they believe it is advantageous to the Company's shareholders to do so and in no circumstances that would result in a dilution of the net asset value per share. The Directors have no present intention of exercising these authorities.

Directors' Authority to Buy Back Shares

The current authority of the Company to make market purchases of up to 14.99 per cent of the issued Ordinary Shares expires at the end of the Annual General Meeting and Resolution 11 as set out in the notice of the Annual General Meeting seeks renewal of such authority until the earlier of (i) the conclusion of the Annual General Meeting in 2010 or, (ii) 31 July 2010. The renewed authority to make market purchases will be in respect of a maximum of 14.99 per cent of the issued Ordinary Shares of the Company as at the date of the passing of the resolution (approximately 17.7 million Ordinary Shares). The price paid for shares will not be less than the nominal value of 12.5p per share (exclusive of expenses) nor more than the higher of (a) 105 per cent of the average of the middle market values of those shares for the five business days immediately preceding the date the shares are purchased (exclusive of expenses); and (b) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange. This authority, if conferred, will only be exercised if, in the opinion of the Directors, a purchase will result in an increase in the net asset value per share for the remaining shareholders and be in the interests of the shareholders generally. Any shares purchased under this authority will be cancelled.

Notice Period for General Meetings

At last year's Annual General Meeting, new articles of association were adopted which include a provision allowing general meetings of the Company to be called on the minimum notice period provided for in the Companies Act 2006. For meetings other than annual general meetings this is currently a period of 14 clear days.

The provisions in the Companies Act 2006 relating to meetings are due to be amended with effect from 3 August 2009 as a result of the implementation of

Report of the Directors (continued)

the EU Shareholder Rights Directive (2007/36/EC) (the 'Directive') in the UK.

The government has still to finalise the detail of the amendments that are to be made and is not expected to publish the final draft of the amendments until late Spring 2009. One of the amendments to be made will, in accordance with the Directive, be to increase the minimum notice period for listed company general meetings to 21 clear days, but with an ability for companies to reduce this period back to 14 clear days (other than for annual general meetings), provided that two conditions are met:

(i) that the Company offers facilities for shareholders to vote by electronic means. It is not yet clear what this will require and the details will be set out in the final regulations when published; and

(ii) that there is an annual resolution of shareholders approving the reduction in the minimum period for notice of general meetings (other than annual general meetings) from 21 clear days to 14 clear days.

Although the final form of the regulations are unlikely to be known before the annual general meeting, the Board believes that it should ensure that the minimum period for notice of general meetings of the Company (other than annual general meetings) remains at 14 clear days after August 2009. The Board is therefore proposing Resolution 12 as a special resolution to approve 14 clear days as the minimum period of notice for all general meetings of the Company other than annual general meetings. The notice period for annual general meetings will remain 21 clear days.

Disclosure of Information to Auditors

The Directors who held office at the date of approval of this Report confirm that, so far as each of them is aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

KPMG Audit Plc have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

Directors' Indemnities

As at the date of this report, indemnities are in force between the Company and each of its Directors under which the Company has agreed to indemnify each Director, to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out his role as a Director of the Company. The Directors are also indemnified against the costs of defending any criminal or civil proceedings or any claim by the Company or a regulator as they are incurred provided that where the defence is unsuccessful the Director must repay those defence costs to the Company. The indemnities are qualifying third party indemnity provisions for the purposes of the Companies Act 2006.

A copy of each deed of indemnity is available for inspection at the Company's registered office during normal business hours and will be available for inspection at the Annual General Meeting.

Individual Savings Accounts

The Company's shares are qualifying investments as defined by HM Revenue & Customs' regulations for Individual Savings Accounts (including former Personal Equity Plans). It is the current intention of the Directors that the Company will continue to conduct its affairs so as to satisfy this requirement.

Creditor Payment Policy

The Company follows the Manager's payment policy which is to settle investment transactions in accordance with market practice and to ensure settlement of supplier invoices in accordance with stated terms. The Company did not have any trade creditors at the year end.

Financial Instruments

The Company's financial instruments comprise its investment portfolio, cash balances, overdrafts, bank debt and debtors and creditors that arise directly from its operations, such as sales and purchases awaiting settlement and accrued income. The financial risk management and policies arising from its financial instruments are disclosed in notes 17 to 22 to the accounts.

Recommendation

The Board considers that all of the resolutions to be considered at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole. The Board will be voting in favour of them and unanimously recommends that all shareholders do so as well.

By order of the Board
G R Hay Smith
Secretary
80 George Street
Edinburgh EH2 3BU
26 March 2009

Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of Schedule 7A to the Companies Act 1985. An ordinary resolution for the approval of this report will be put to shareholders at the forthcoming Annual General Meeting.

The law requires the Company's auditors to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in their report on pages 25 and 26.

The Board consists solely of non-executive Directors and considers annually the level of Directors' fees, in accordance with the Combined Code on Corporate Governance. The Company Secretary provides information on comparative levels of Directors' fees to the Board in advance of each review.

The Engagement and Remuneration Committee comprises Mr D B Nichol, Mr R M A Horlick, Mr S H Leckie, Mr T F Mahony and Mr N M S Rich. As the Company has no executive Directors, the Committee meets annually to determine the remuneration and terms of appointment of the Manager.

Policy on Directors' Fees

The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole, be fair and comparable to that of other relevant investment trusts that are similar in size and have similar investment objectives and structures. Furthermore, the level of remuneration should be sufficient to attract and retain the Directors needed to properly oversee the Company and to reflect the specific circumstances of the Company, the duties and responsibilities of the Directors and the value and amount of time committed to the Company's affairs. It is intended that this policy will continue for the year ending 31 January 2010 and subsequent years.

The fees for the non-executive Directors are determined within the limits set out in the Company's Articles of Association. The present limit is £200,000 in aggregate per annum. Non-executive Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

Directors' Service Contracts

It is the Board's policy that Directors do not have service contracts but do have letters of appointment.

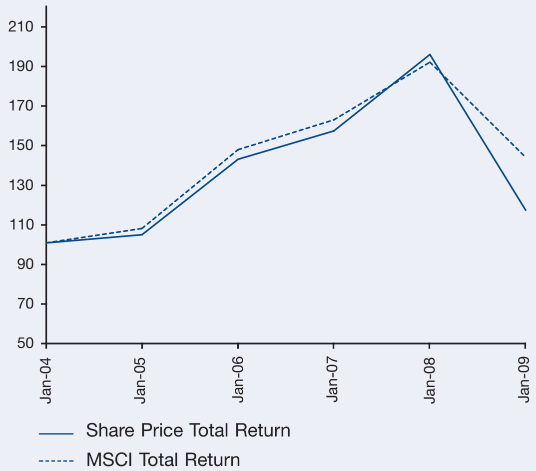
The Directors are appointed on the basis that they should retire and be subject to election at the first Annual General Meeting after their appointment. Directors are thereafter obliged to retire by rotation and to offer themselves for re-election by shareholders every three years after that. Any Director who has served on the Board for more than nine years will offer himself for re-election annually. There is no notice period and no provision for compensation upon early termination of appointment.

Director	Date of Appointment	Due date for Re-election
D B Nichol	4 January 1985	AGM 2009
R M A Horlick	1 December 2005	AGM 2009
S H Leckie	13 March 2001	AGM 2009
T F Mahony	1 February 2004	AGM 2011
N M S Rich	1 January 1997	AGM 2009

Company Performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Manager pursuant to the investment management agreement, as referred to in the Report of the Directors on page 16. The following graph compares, for the five financial years ended 31 January 2009, the total return (assuming all dividends are reinvested) to ordinary shareholders in each period compared to the total return from the MSCI All Country Far East ex Japan Index. This index was chosen for comparison purposes as it represents a comparable broad equity market index. An explanation of the performance of the Company is given in the Chairman's Statement and the Manager's Review. As explained in the Company Summary on page 1 the Board's formal assessment of the performance of the Company is by reference to its peers on a rolling three-year basis.

Five Year Performance v MSCI Index



Source: Datastream, F&C Investment Business

Directors' Emoluments for the Year (audited)

The Directors who served during the year received the following emoluments in the form of fees:

	2009 £	2008 £
D B Nichol	**20,000**	20,000
R M A Horlick	**15,000**	15,000
S H Leckie	**15,000**	15,000
T F Mahony	**15,000**	15,000
N M S Rich (Chairman of the Audit Committee)	**17,000**	17,000
Total	**82,000**	82,000

On behalf of the Board
D B Nichol
Chairman
26 March 2009

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under the law they have elected to prepare the financial statements in accordance with UK Accounting Standards. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report (including a Business Review), Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- 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 it faces.

On behalf of the Board
D B Nichol
Chairman
26 March 2009

Independent Auditors' Report

Independent Auditors' Report to the Members of Pacific Assets Trust plc

We have audited the financial statements of Pacific Assets Trust plc for the year ended 31 January 2009 which comprise the Income Statement, Reconciliation of Movements in Shareholders' Funds, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether the information given in the Report of the Directors (including the Business Review) is consistent with the financial statements. The information given in the Report of the Directors (including the Business Review) includes that specific information presented in the Manager's Review, Chairman's Statement, Investment Portfolio, Financial Highlights, Performance Summary and Ten Year Record that is cross referenced from the Business Review.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland)

Independent Auditors' Report (continued)

issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 January 2009 and of its net return for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Edinburgh
26 March 2009

Income Statement

for the year ended 31 January	Notes	Revenue £'000	Capital £'000	2009 Total £'000	Revenue £'000	Capital £'000	2008 Total £'000
(Losses)/gains on investments	9	–	(61,943)	(61,943)	–	30,025	30,025
Exchange differences	13	–	(2,498)	(2,498)	–	153	153
Income	2	4,026	–	4,026	3,306	–	3,306
Investment management fee	3	(314)	(942)	(1,256)	(389)	(1,166)	(1,555)
Other expenses	4	(673)	–	(673)	(569)	–	(569)
Net return before finance costs and taxation		3,039	(65,383)	(62,344)	2,348	29,012	31,360
Interest payable	5	(90)	(271)	(361)	(243)	(730)	(973)
Return on ordinary activities before tax		2,949	(65,654)	(62,705)	2,105	28,282	30,387
Tax on ordinary activities	6	(846)	532	(314)	(642)	559	(83)
Return attributable to equity shareholders		2,103	(65,122)	(63,019)	1,463	28,841	30,304
Return per Ordinary Share (p)	8	1.78	(55.03)	(53.25)	1.24	24.35	25.59

The total column of this statement represents the profit and loss account of the Company. A Statement of Total Recognised Gains and Losses has not been prepared as all gains and losses are recognised in the Income Statement.

All revenue and capital items in the Income Statement derive from continuing operations.

No operations were acquired or discontinued in the year.

Reconciliation of Movements in Shareholders' Funds

for the year ended 31 January	Notes	2009 £'000	2008 £'000
Opening shareholders' funds		152,105	123,616
Return for the year		(63,019)	30,304
Dividends paid	7	(1,326)	(1,326)
Share buy backs	12	–	(489)
Closing shareholders' funds		87,760	152,105

The accompanying notes are an integral part of the above statements.

Balance Sheet

as at 31 January	Notes	£'000	2009 £'000	£'000	2008 £'000
Fixed assets					
Investments	9		**83,487**		161,098
Current assets					
Debtors	10	**1,299**		3,627	
Cash at bank and on deposit		**3,879**		–	
		5,178		3,627	
Creditors (amounts falling due within one year)	11	**(905)**		(12,620)	
Net current assets/(liabilities)			**4,273**		(8,993)
Net assets			**87,760**		152,105
Capital and reserves					
Called-up share capital	12		**14,794**		14,794
Share premium account	13		**4**		4
Capital redemption reserve	13		**1,460**		1,460
Special reserve	13		**16,222**		16,222
Capital reserve	13		**50,952**		116,074
Revenue reserve	13		**4,328**		3,551
Equity shareholders' funds	14		**87,760**		152,105
Net asset value per Ordinary Share (p)	14		**74.15**		128.52

The accounts on pages 27 to 40 were approved and authorised for issue by the Board of Directors on 26 March 2009 and signed on its behalf by:

D B Nichol, Chairman

The accompanying notes are an integral part of this statement.

Cash Flow Statement

for the year ended 31 January	Notes	£'000	2009 £'000	£'000	2008 £'000
Operating activities					
Investment income received		**3,675**		3,234	
Other interest received		**100**		24	
Investment management fee paid		**(1,228)**		(1,668)	
Other cash payments		**(768)**		(524)	
Net cash inflow from operating activities	15		**1,779**		1,066
Servicing of finance					
Interest paid on bank loans and overdrafts		**(381)**		(994)	
Net cash outflow from servicing of finance			**(381)**		(994)
Capital expenditure and financial investment					
Purchase of investments		**(101,286)**		(88,739)	
Disposal of investments		**117,662**		89,940	
Net cash inflow from investing activities			**16,376**		1,201
Equity dividends paid			**(1,326)**		(1,326)
Net cash inflow/(outflow) before financing			**16,448**		(53)
Financing					
Loans drawn down		**10,508**		10,033	
Loans repaid		**(23,716)**		(10,162)	
Own shares acquired		**–**		(489)	
Net cash outflow from financing			**(13,208)**		(618)
Increase/(decrease) in cash	16		**3,240**		(671)
Reconciliation of net cash flow to movement in net (debt)/funds					
Increase/(decrease) in cash in the year		**3,240**		(671)	
Loans drawn down		**(10,508)**		(10,033)	
Loans repaid		**23,716**		10,162	
Change in net debt resulting from cash flows			**16,448**		(542)
Currency (losses)/gains			**(2,498)**		153
Movement in net debt			**13,950**		(389)
Net debt at 1 February			**(10,071)**		(9,682)
Net funds/(debt) at 31 January	16		**3,879**		(10,071)

The accompanying notes are an integral part of this statement.

Notes to the Accounts

1 Accounting policies

A summary of the principal accounting policies adopted is set out below.

(a) Basis of accounting

These financial statements have been prepared under UK Generally Accepted Accounting Practice ('UK GAAP') and in accordance with guidelines set out in the Statement of Recommended Practice ('SORP'), revised January 2009, for investment trust companies issued by the Association of Investment Companies ('AIC').

Presentation of the Income Statement

In order to reflect better the activities of an investment trust company and in accordance with the SORP, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The net revenue return is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 842 of the Income and Corporation Taxes Act 1988.

(b) Valuation of investments

Investments are classified as fair value through profit or loss and are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the time frame established by the market concerned. Financial assets designated as fair value through profit or loss on initial recognition are measured initially and at subsequent reporting dates at fair value. For listed securities this is either bid price or last traded price, depending on the convention of the exchange on which the investment is listed. As at 31 January 2009 one of the Company's investments was suspended from trading by the Hong Kong Stock Exchange. While this investment is still classed as a listed security, it has been fair valued by the Directors based on all relevant information available to them. The unlisted investment is fair valued by the Directors on the basis of International Private Equity and Venture Capital Valuation Guidelines and all the information available to them at the time of valuation. The valuation is based on the net asset value of the investment as stated in the management accounts at 31 December 2008, adjusted for an appropriate marketability discount. Changes in fair value are included in the Income Statement as a capital item.

(c) Income

Dividends are recognised as income on the date that the related investments are marked ex-dividend.
Dividends receivable on equity shares where no ex-dividend date is quoted are recognised on the due date.
Income from fixed interest securities is recognised on a time apportionment basis so as to reflect the effective interest rate.
Deposit interest is recognised on an accruals basis.
Special dividends of a revenue nature are recognised through the revenue column of the Income Statement.
Special dividends of a capital nature are recognised through the capital column of the Income Statement.
Where the Company has elected to receive its dividends in the form of additional shares rather than cash the amount of the stock dividend is recognised as income.

(d) Expenses and interest

All expenses and interest are accounted for on an accruals basis. Expenses and interest are charged to the Income Statement as a revenue item except where incurred in connection with the maintenance or enhancement of the value of the Company's assets and taking account of the expected long-term returns, when they are split as follows:

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

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

(e) Taxation

The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue as set out in note 6 to the accounts. The standard rate of corporation tax is applied to taxable net revenue. Any adjustment resulting from relief for overseas tax is allocated to the revenue reserve.

(f) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the accounts which are capable of reversal in one or more subsequent periods. Deferred tax is measured without discounting and based on enacted tax rates.

(g) Foreign currencies

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates at the date of the transaction. Overseas assets and liabilities are translated at the rate ruling at the balance sheet date. Profits or losses on the retranslation of investments at the year end are included within unrealised appreciation/depreciation of investments and are taken to the capital reserve. Exchange gains and losses of a revenue nature are taken to the revenue account. The functional currency of the Company, being its statutory reporting currency, is sterling.

(h) Capital reserve

The following are accounted for in this reserve:

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

Rates of exchange at 31 January	**2009**	2008
Hong Kong Dollar	**11.18**	15.50
Indian Rupee	**70.47**	78.28
Indonesian Rupiah	**16,406**	18,382
Korean Won	**1,989**	1,876
Malaysian Ringgit	**5.20**	6.43
Philippino Peso	**68.29**	80.62
Singaporean Dollar	**2.18**	2.82
New Taiwanese Dollar	**48.42**	63.94
Thai Baht	**50.42**	65.63
US Dollar	**1.44**	1.99

Notes to the Accounts (continued)

2 Income

	2009 £'000	2008 £'000
Dividend income from investments†		
Listed overseas	3,926	3,282
Other income‡		
Deposit interest	35	24
Interest from VAT recovery (see note 3)	65	–
	100	24
Total income	4,026	3,306

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

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

3 Investment management fee

	Revenue £'000	Capital £'000	2009 Total £'000	Revenue £'000	Capital £'000	2008 Total £'000
Investment management fee	340	1,021	1,361	389	1,166	1,555
Recoverable VAT	(26)	(79)	(105)	–	–	–
	314	942	1,256	389	1,166	1,555

Throughout the year the Company's investment manager was F&C Investment Business Limited ('FCIB'). FCIB receives a quarterly fee, payable in advance, equal to one quarter of one per cent of the value of the net assets of the Company.

The contract between the Company and FCIB may be terminated at any time by either party giving six months' notice of termination. The investment management agreement may be terminated earlier provided that a payment in lieu of notice, equivalent to the amount the investment manager would otherwise have received during the notice period, is made.

As a result of the European Court of Justice decision that investment management fees payable by investment trusts are not, and should never have been, liable to value added tax ('VAT'), the Company recovered £1,000 in respect of investment management fees paid to FCIB for the period beginning on 1 January 2001. The Company made a further recovery of £104,000 in February 2009 relating to the period 1990-1996, which has been included within debtors as at 31 January 2009. The amounts recoverable have been recognised in the Income Statement and allocated between revenue and capital in the same ratio as the VAT originally suffered.

4 Other expenses

	2009 £'000	2008 £'000
Directors' fees	82	82
Auditors' remuneration for:		
– audit	16	16
– other services supplied relating to taxation	4	4
Other expenses including custody costs, bank charges, registration, marketing and AIC contribution	571	467
	673	569

5 Interest payable

	Revenue £'000	Capital £'000	2009 Total £'000	Revenue £'000	Capital £'000	2008 Total £'000
Interest payable on bank loans not designated as fair value through profit or loss	**90**	**271**	**361**	243	730	973

6(a) Tax on ordinary activities

	Revenue £'000	Capital £'000	2009 Total £'000	Revenue £'000	Capital £'000	2008 Total £'000
UK corporation tax	**856**	**(856)**	**–**	642	(642)	–
Overseas taxation	**314**	**–**	**314**	–	83	83
Double taxation relief	**(324)**	**324**	**–**	–	–	–
	846	**(532)**	**314**	642	(559)	83

As at 31 January 2009 the Company had unutilised management expenses for taxation purposes of £9,748,000 (2008: £11,556,000). It is not anticipated that these will have value in the foreseeable future. The Company also had Eligible Unrelieved Foreign Tax 'A' of £796,000 (2008: £482,000) which can be utilised against corporation tax in future periods. Overseas tax arose as a result of unrelieved withholding tax on foreign dividends.

(b) Reconciliation of tax charge

The revenue account tax charge for the year is different to the standard rate of corporation tax in the UK for an investment company (28 per cent; 2008: 30 per cent). The differences are explained below:

	2009 £'000	2008 £'000
Return on ordinary activities before tax	**(62,705)**	30,387
Adjustment for capital items:		
Losses/(gains) on investments	**61,943**	(30,025)
Exchange differences	**2,498**	(153)
Investment management fee	**942**	1,166
Interest payable	**271**	730
	2,949	2,105
Corporation tax at standard rate of 28.3 per cent (2008: 30 per cent)	**835**	631
Effects of:		
Tax effect of overseas income assessed on receipt basis	**11**	11
Current year tax charge (note 6a)	**846**	642

The above reconciliation has been presented on a revenue basis as the Company is an investment trust under Section 842 of the Income and Corporation Taxes Act 1988 and therefore not liable to corporation tax on capital gains.

7 Dividends

	2009 £'000	2008 £'000
Amounts recognised as distributions to equity shareholders during the year:		
– final dividend for the year ended 31 January 2008 of 1.12p per share	**1,326**	–
– final dividend for the year ended 31 January 2007 of 1.12p per share	**–**	1,326
Proposed distributions to equity shareholders at the year end on which the requirements of S842 ICTA 1988 are considered:		
– final dividend for the year ended 31 January 2009 of 1.29p per share	**1,527**	–
– final dividend for the year ended 31 January 2008 of 1.12p per share	**–**	1,326

Notes to the Accounts (continued)

8 Return per Ordinary Share

The Return per Ordinary Share is as follows:

	2009 Revenue £'000	**2009** Capital £'000	**2009** Total £'000	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000
Basic	**1.78p**	**(55.03)p**	**(53.25)p**	1.24p	24.35p	25.59p

Basic revenue return per Ordinary Share is based on the net revenue return on ordinary activities after taxation of £2,103,000 (2008: 1,463,000), and on 118,348,386 (2008: 118,423,728) Ordinary Shares, being the weighted average number of Ordinary Shares in issue during the year.

Basic capital return per Ordinary Share is based on the net capital return for the financial year of –£65,122,000 (2008: £28,841,000), and on 118,348,386 (2008: 118,423,728) Ordinary Shares, being the weighted average number of Ordinary Shares in issue during the year.

9 Investments

All investments are designated as fair value through profit or loss on initial recognition, therefore all gains and losses arise on investments designated as fair value through profit or loss.

	2009 £'000	2008 £'000
Equity investments listed on recognised investment exchanges	**83,602**	160,890
Unlisted investment	**229**	208
	83,831	161,098

	Listed/ Quoted £'000	Unlisted £'000	Total £'000
Opening book cost	134,300	741	135,041
Opening fair value adjustment	26,590	(533)	26,057
Opening valuation	160,890	208	161,098
Movements in the year:			
Purchases at cost	99,685	–	99,685
Sales – proceeds	(115,353)	–	(115,353)
– realised gains on sales	(20,904)	–	(20,904)
(Decrease)/increase in fair value adjustment	(41,060)	21	(41,039)
Closing valuation	**83,258**	**229**	**83,487**
Closing book cost	97,728	741	98,469
Closing fair value adjustment	(14,470)	(512)	(14,982)
	83,258	**229**	**83,487**

9 Investments (continued)

	2009 £'000	2008 £'000
Realised (losses)/gains on sales	**(20,904)**	30,388
Of which previously recognised as fair value adjustment	**(22,692)**	(14,174)
Realised (losses)/gains for the year	**(43,596)**	16,214
Movement in fair value	**(18,347)**	13,811
(Losses)/gains on investments	**(61,943)**	30,025

During the year the Company incurred transaction costs on purchases of £305,578 (2008: £311,149) and transaction costs on sales of £340,728 (2008: £389,616).

10 Debtors

	2009 £'000	2008 £'000
Amounts due from brokers	**759**	3,068
Accrued income	**202**	265
Prepayment of FCIB management fee	**153**	286
Other debtors	**185**	8
	1,299	3,627

11 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Amounts due to brokers	**815**	2,416
Bank overdraft	**–**	11
Loan interest	**–**	20
Other creditors	**90**	113
Revolving credit facility	**–**	10,060
	905	12,620

The Company has two unsecured revolving credit facilities amounting in aggregate to US$35 million. A sterling equivalent of £nil was drawn down as at 31 January 2009 (2008: £10,060,000). One of these facilities, for US$15 million, is due for renewal in June 2009 and it is the Board's present intention not to renew this facility.

Under the bank covenants relating to the facilities the Company is to ensure that at all times:

- total borrowings of the Company do not exceed 35 per cent of the Adjusted Net Asset Value; and
- the Adjusted Net Asset Value exceeds £42.5 million.

Further information regarding the facilities is contained in note 19.

At 31 January 2009 the Company had an intra-day credit facility (totalling £17,190,000) with its custodian, JPMorgan Chase Bank.

Notes to the Accounts (continued)

12 Called-up share capital

	2009 £'000	2008 £'000
Authorised:		
176,000,000 Ordinary Shares of 12.50p each (2008: 176,000,000)	**22,000**	22,000
Allotted, called-up and fully paid:		
118,348,386 Ordinary Shares of 12.50p each (2008: 118,348,386)	**14,794**	14,794

During the year the Company did not purchase any ordinary shares for cancellation (2008: 500,000).

The capital of the Company is managed in accordance with its investment policy, in pursuit of its investment objective, both of which are detailed in the Report of the Directors on pages 13 and 14.

The Company does not have any externally imposed capital requirements.

13 Reserves

	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve* £'000
At 31 January 2008	4	1,460	16,222	116,074	3,551
Net loss on realisation of investments	–	–	–	(20,904)	–
Decrease in fair value adjustment on investments	–	–	–	(41,039)	–
Exchange differences	–	–	–	(2,498)	–
Investment management fee charged to capital	–	–	–	(942)	–
Interest charged to capital	–	–	–	(271)	–
Tax	–	–	–	532	–
Retained net revenue return for the year	–	–	–	–	2,103
Dividends paid	–	–	–	–	(1,326)
At 31 January 2009	4	1,460	16,222	50,952	4,328

* Distributable reserve for dividend purposes

As at 31 January 2009 capital reserves relating to the revaluation of investments held at the reporting date amounted to an unrealised loss of £14,982,000 (2008: unrealised gain of £26,057,000).

14 Net asset value per Ordinary Share

The net asset value per Ordinary Share and the net asset value attributable to the Ordinary Shares at the year end are calculated as follows:

	Net asset value per share attributable		Net asset values attributable	
	2009 pence	2008 pence	**2009 £'000**	2008 £'000
Ordinary Shares	**74.15**	128.52	**87,760**	152,105

The net asset value per Ordinary Share is calculated on net assets of £87,760,000 (2008: £152,105,000), divided by 118,348,386 (2008: 118,348,386) Ordinary Shares, being the number of Ordinary Shares in issue at the year end.

15 Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities

	2009 £'000	2008 £'000
Net return before finance costs and taxation	**(62,344)**	31,360
Losses/(gains) on investments	**61,943**	(30,025)
Exchange differences	**2,498**	(153)
Decrease in accrued income	**63**	35
Increase in prepayments and other debtors	**(44)**	(73)
(Decrease)/increase in other creditors	**(23)**	5
Irrecoverable withholding tax on investment income	**(314)**	(83)
Net cash inflow from operating activities	**1,779**	1,066

16 Analysis of changes in net debt

	At 31 January 2008 £'000	Cash flow £'000	Currency movements £'000	**At 31 January 2009 £'000**
Cash at bank and on deposit	(11)	3,240	650	**3,879**
Revolving credit facility	(10,060)	13,208	(3,148)	**–**
	(10,071)	16,448	(2,498)	**3,879**

17 Financial instruments

The Company's financial instruments comprise its investment portfolio, cash balances, bank loans, overdrafts, debtors and creditors that arise directly from its operations. As an investment trust the Company holds a portfolio of financial assets in pursuit of its investment objective. The Company makes use of borrowings, as detailed in note 11 and the Chairman's Statement, to achieve improved performance in rising markets. The downside risk of borrowings may be reduced by raising the level of cash balances held.

Listed fixed asset investments held (see note 9) are valued at fair value. For listed securities this is either bid price or the last traded price depending on the convention of the exchange on which the investment is listed. Unlisted investments are valued by the Directors on the basis of all the information available to them at the time of valuation. The fair value of all other financial assets and liabilities is represented by their carrying value in the Balance Sheet shown on page 28.

The main risks that the Company faces arising from its financial instruments are:

(i) market price risk, being the risk that the value of investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or currency rate movements;

(ii) interest rate risk, being the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates;

(iii) foreign currency risk, being the risk that the value of investment holdings, investment purchases, investment sales and income will fluctuate because of movements in currency rates;

(iv) credit risk, being the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company; and

(v) liquidity risk, being the risk that the Company may not be able to liquidate its investments quickly.

Notes to the Accounts (continued)

17 Financial instruments (continued)

The Company held the following categories of financial instruments as at 31 January 2009:

	2009 £'000	2008 £'000
Financial instruments		
Investment portfolio	**83,487**	161,098
Cash at bank and on deposit	**3,879**	–
Amounts due from brokers	**759**	3,068
Accrued income	**202**	265
Prepayments	**153**	286
Other debtors	**185**	8
Financial liabilities		
Revolving credit facility	**–**	10,060
Bank overdraft	**–**	11
Amounts due to brokers	**815**	2,416
Loan interest	**–**	20
Other creditors	**90**	113

18 Market price risk

The management of market price risk is part of the fund management process and is typical of equity investment. The portfolio is managed with an awareness of the effects of adverse price movements through detailed and continuing analysis with an objective of maximising overall returns to shareholders. Further information on the investment portfolio is set out on pages 10 and 11. Derivatives may be used from time to time to hedge specific market risk or gain exposure to a specific market. As at 31 January 2009 the Company held no exposure to derivatives other than the following open foreign exchange contract:-

Buy USD 81,000

Sell HKD 626,000

If the investment portfolio valuation fell by 10 per cent at 31 January 2009, the impact on the profit or loss and the net asset value would have been negative £8.3 million (2008: negative £16.1 million). If the investment portfolio valuation rose by 10 per cent at 31 January 2009, the impact on the profit or loss and the net asset value would have been positive £8.3 million (2008: positive £16.1 million). The calculations are based on the portfolio valuation as at the respective balance sheet dates and are not representative of the year as a whole.

19 Interest rate risk

Floating rate

When the Company retains cash balances the majority of the cash is held in deposit accounts. The benchmark rate which determines the interest payments received on cash balances is the bank base rate for the relevant currency for each deposit.

The Company has floating rate liabilities that are denominated in US dollars. The benchmark rate which determines the interest payments made on the revolving credit facility is based on the rate set by the US Federal Reserve.

On 11 March 2005, the Company entered into a $20 million revolving credit facility with ING Bank N.V., of which $nil million was drawn down at 31 January 2009 (2008: $20 million).

On 11 June 2008, the Company entered into a $30 million revolving credit facility (subsequently reduced to $15 million in October 2008) with ING Bank N.V., of which $nil was drawn down at 31 January 2009.

Fixed rate

The Company does not hold any fixed interest investments and accordingly no sensitivity analysis has been presented.

20 Foreign currency risk

The Company invests in overseas securities and holds foreign currency cash balances which give rise to currency risks. It is not the Company's policy to hedge this risk on a continuing basis but it may do so from time to time.

Foreign currency exposure:

	2009 Investments £'000	**2009 Cash £'000**	**2009 Loans £'000**	2008 Investments £'000	2008 Cash £'000	2008 Loans £'000
US Dollar	**–**	**2,442**	**–**	–	42	(10,060)
Hong Kong Dollar	**35,471**	**–**	**–**	56,396	1	–
Indian Rupee	**5,186**	**–**	**–**	7,942	–	–
Indonesian Rupiah	**4,198**	**–**	**–**	7,379	–	–
Korean Won	**17,469**	**–**	**–**	24,895	(33)	–
Malaysian Ringgit	**2,542**	**–**	**–**	18,110	–	–
Philippino Peso	**1,336**	**–**	**–**	6,491	–	–
Singaporean Dollar	**3,331**	**–**	**–**	13,507	–	–
New Taiwanese Dollar	**9,666**	**1,347**	**–**	21,960	2	–
Thai Baht	**4,288**	**–**	**–**	4,418	–	–
Total	**83,487**	**3,789**	**–**	161,098	12	(10,060)

In addition, the following currency amounts are included in net current assets: in US dollars, loan interest payable of £nil (2008: £20,000); in Korean Won, dividends receivable of £202,000 (2008: £261,000) and in Hong Kong dollars, dividends receivable of £nil (2008: £4,000).

At 31 January 2009 the Company had £90,000 of sterling cash balances (2008: bank overdraft of £23,000).

If the value of sterling had weakened against each of the currencies in the portfolio by 5 per cent, the impact on the profit or loss and the net asset value would have been positive £4.4 million (2008: positive £7.6 million). If the value of sterling had strengthened against each of the currencies in the portfolio by 5 per cent, the impact on the profit or loss and the net asset value would have been negative £4.4 million (2008: negative £7.6 million). The calculations are based on the portfolio valuation and cash and loan balances as at the respective balance sheet dates and are not representative of the year as a whole.

Notes to the Accounts (continued)

21 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The investment manager has in place a monitoring procedure in respect of counterparty risk which is reviewed on an ongoing basis. The carrying amounts of financial assets best represents the maximum credit risk exposure at the balance sheet date.

At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

	2009	2008
	£'000	£'000
Cash and cash equivalents	**3,879**	–
Balances due from brokers	**759**	3,068
Interest, dividends and other receivables	**540**	559
	5,178	3,627

Credit risk on unlisted investments is considered to be part of market price risk as disclosed in note 18.

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered to be small due to the short settlement period involved and the high credit quality of the brokers used. The Manager monitors the quality of service provided by the brokers used to further mitigate this risk.

All the assets of the Company which are traded on a recognised exchange are held by JPMorgan Chase Bank ('JPM'), the Company's custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed or limited. The Board monitors the Company's risk by reviewing the custodian's internal control reports as described in the Report of the Directors on pages 18 and 19.

The credit risk on liquid funds and derivative financial instruments is controlled because the counterparties are banks with high credit ratings, rated AA or higher, assigned by international credit rating agencies. Bankruptcy or insolvency of such financial institutions may cause the Company's ability to access cash placed on deposit to be delayed, limited or lost.

As at 31 January 2009 the Company had an overnight deposit of £2.4 million with a single counterparty. There were not other material concentrations of credit risk to counterparties at 31 January 2009 or 31 January 2008 because other deposits were spread over a number of counterparties.

No individual investment exceeded 6.2 per cent of the total assets less current liabilities attributable to the Company's shareholders at 31 January 2009 (2008: 5.1 per cent).

22 Liquidity risk

The Company's financial instruments include an investment in an unlisted equity investment which is not traded in an organised public market and which generally may be illiquid. As a result, the Company may not be able to liquidate this investment at an amount close to its fair value. As at 31 January 2009 the Company had one investment whose listing was suspended by the Hong Kong Stock Exchange and may not therefore be readily realisable.

The Company's listed securities are considered to be readily realisable.

The Company's liquidity risk is managed on an ongoing basis by the investment manager in accordance with policies and procedures in place as described in the Report of the Directors on pages 18 and 19. The Company's overall liquidity risks are monitored on a quarterly basis by the Board.

The Company maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses. Short term flexibility is achieved, where necessary, through the use of overdraft facilities. At 31 January 2009 the Company had two separate revolving credit facilities available totalling $35 million.

23 Related parties

Information in respect of transactions with related parties is included within the Report of the Directors under the heading Management and Management Fees and is disclosed in notes 3 and 10.

Shareholder Information

Annual General Meeting

The Annual General Meeting of Pacific Assets Trust plc will be held at the offices of F&C Asset Management plc, Exchange House, Primrose Street, London EC2A 2NY on Thursday 11 June 2009 at 11.45 am.

Dividends

A dividend is normally paid annually following approval at the Annual General Meeting. Shareholders who wish to have dividends paid directly into a bank account, rather than by cheque to their registered address, can complete a mandate form for the purpose. Mandates may be obtained from the Company's Registrars, Equiniti Limited, on request.

Share Prices

The Company's Ordinary Shares are listed on the London Stock Exchange under 'Investment Companies'. The price is given daily in the *Financial Times* and other newspapers.

Change of Address

Communications with shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's Registrars, Equiniti Limited, under the signature of the registered holder.

Capital Gains Tax

To assist those shareholders who acquired their holding at the time of the original issue on 22 January 1985 the apportioned Capital Gains Tax cost per share adjusted for the 4 for 1 sub division on 30 June 1995 is 23.22p.

The tax treatment of securities acquired under the Open Offer in February 1990 depends on the nature of the holding(s) upon which the entitlement was based. For use in such calculations the first day dealing value adjusted for the 4 for 1 sub-division on 30 June 1995 was 60.625p.

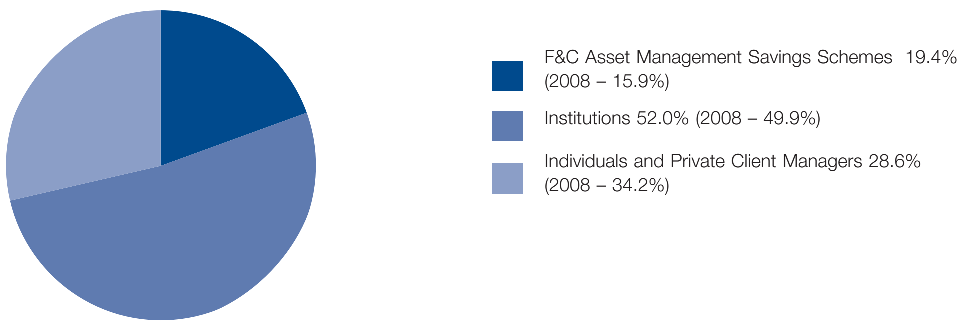
To assist shareholders in apportioning book cost to their Series II Warrants the opening prices were:

Ordinary Shares	130.25p
Warrants	48.50p

Daily Net Asset Value

The daily net asset value of the Company's shares can be obtained on the Company's website or by contacting F&C Asset Management Investor Services on 0845 600 6166.

Profile of the Company's Ownership
% of Ordinary Shares held at 31 January 2009



Shareholder Information (continued)

Financial Calendar 2009/10	
May 2009	Publication of Interim Management Statement
11 June 2009	Annual General Meeting
19 June 2009	Final dividend on Ordinary Shares paid
September 2009	Announcement of interim results
	Posting of Interim Report
November 2009	Publication of Interim Management Statement
March 2010	Announcement of annual results
	Posting of Annual Report

Ten Year Record

31 January	Shareholders' funds £'000	Lower of fully diluted and basic net asset value per Ordinary Share	Ordinary Share price	Discount	Series II Warrant price	Dividends per Ordinary Share	Total expense ratio
1999	70,593	54.29p	40.75p	24.9%	2.25p	0.40p	2.0%
2000	130,647	101.18p	83.50p	17.5%	6.75p	0.40p	1.7%
2001	97,237	78.46p	64.75p	17.5%	1.50p	0.42p	1.8%
2002	79,838	64.68p	53.50p	17.3%	0.60p	0.45p	1.6%
2003	56,761	46.35p	38.50p	16.9%	N/A	0.50p	2.1%
2004	83,939	68.54p	62.00p	9.5%	N/A	0.60p	1.8%
2005	87,402	71.37p	64.00p	10.3%	N/A	1.02p	1.6%
2006	113,049	92.32p	86.00p	6.8%	N/A	1.05p	1.5%
2007	123,616	104.01p	93.50p	10.1%	N/A	1.12p	1.4%
2008	152,105	128.52p	115.50p	10.1%	N/A	1.12p	1.5%
2009	**87,760**	**74.15p**	**68.25p**	**8.0%**	**N/A**	**1.29p**	**1.6%**

How to Invest

As well as investing in Pacific Assets Trust plc directly through a stockbroker, you can enjoy some additional benefits by investing through one of the savings plans run by F&C.

You can enjoy the convenience of making regular savings by Direct Debit, take advantage of our tax-efficient ISA wrapper, receive a simple statement every six months and let us automatically reinvest your dividends for you.

- **F&C Private Investor Plan**
  A flexible, low cost way to invest with a lump sum from £500 or regular savings from £50 a month.

- **F&C Investment Trust ISA**
  Invest up to £7,200 tax efficiently each year with a lump sum from £500 or regular savings from £50 a month. You can also transfer any existing ISAs (including former PEPs).

- **F&C Child Trust Fund ('CTF')**
  F&C is a leading provider of children's investment plans. Suitable for children born after 1 September 2002.

- **F&C Children's Investment Plan**
  Suitable for older children ineligible for a CTF, or if you need access to the funds before the child is 18. This flexible plan can easily be written under trust to help reduce inheritance tax liability. Investments can be made from a £250 lump sum or £25 a month.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and you may not receive back the full amount originally invested. Tax rates and reliefs depend on the circumstances of the investor.

Low charges

All the plans are low cost and flexible. When you buy or sell shares in these plans the dealing fee is only 0.2%. Government stamp duty of 0.5% also applies on purchases. There are no initial or exit charges. The only annual management fee is on the ISA, which is £60+VAT (no matter how many tax years' ISAs you take out with F&C, or how many ISAs you transfer).

The F&C Child Trust Fund has no initial charges, dealing charges or annual management fee.

How to Invest

For more information on any of these products, please contact F&C's Investor Services Team:

Call us on **0800 136 420**

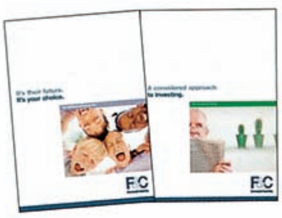
email at **Info@fandc.com**

invest online at **www.fandc.co.uk**

Existing plan holders' enquiry line
0845 600 3030

Or write to:
F&C
Freepost RLRY-LYSR-KYBU
Clandeboye Business Park
West Circular Road
Bangor BT19 1AR

Calls may be recorded.



The above has been approved by F&C Management Limited which is authorised and regulated by the Financial Services Authority ('FSA'). Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount originally invested.

Notice of Annual General Meeting

Notice is hereby given that the twenty-fourth Annual General Meeting of Pacific Assets Trust Public Limited Company will be held at the offices of F&C Asset Management plc, Exchange House, Primrose Street, London EC2A 2NY, on Thursday 11 June 2009 at 11.45 am for the following purposes:

To consider and, if thought fit, pass the following as Ordinary Resolutions:

1. That the Report of the Directors and Accounts for the financial year ended 31 January 2009 together with the Report of the Auditors thereon be received.
2. That a final dividend for the financial year ended 31 January 2009 of 1.29p per Ordinary Share be declared.
3. That Mr R M A Horlick, who retires by rotation, be re-elected as a Director.
4. That Mr S H Leckie, who retires by rotation, be re-elected as Director
5. That Mr D B Nichol, who retires annually, be re-elected as a Director.
6. That Mr N M S Rich, who retires annually, be re-elected as a Director.
7. That the Directors' Remuneration Report for the financial year ended 31 January 2009 be approved.
8. That KPMG Audit Plc be re-appointed as Auditors, and the Directors be authorised to determine their remuneration.
9. That the Directors be and they are hereby generally and unconditionally authorised in accordance with Section 80 of the Companies Act 1985 (as amended) (the 'Act') to exercise all the powers of the Company to allot relevant securities (as defined in Section 80(2) of the Act) up to an aggregate nominal amount of £1,479,354 in substitution for any existing authority under Section 80 of the Act but without prejudice to any exercise of any such authority prior to the date of the passing of this resolution, such authority to expire at the conclusion of the Annual General Meeting of the Company to be held in 2010 or, if earlier, on 31 July 2010 but so that such authority shall allow the Company to make offers or agreements before the expiry of such authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

To consider and, if thought fit, pass the following as Special Resolutions:

10. That, subject to the passing of Resolution number 9 set out in the notice of Annual General Meeting of the Company convened for 11 June 2009 ('Resolution 9'), the Directors be and they are hereby empowered pursuant to Section 95 of the Companies Act 1985 (as amended) (the 'Act') to allot equity securities (within the meaning of Section 94(2) to Section 94(3A) of the Act) wholly for cash pursuant to the authority under Section 80 of the Act conferred on the Directors by Resolution 9 as if Section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

    (a) the allotment of equity securities in connection with an offer of such securities by way of rights or open offer to the holders of equity securities in the Company ('Shares') where the equity securities respectively attributable to the interest of all such holders are proportionate (as nearly as may be practicable) to the respective number of Shares held (or deemed or notionally held) by them but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements or to deal with any legal or practical problems arising under the laws of any territory or the requirements of any regulatory or governmental body or authority or stock exchange in any territory; and

    (b) the allotment (other than pursuant to paragraph (a) of this resolution) of equity securities up to an aggregate nominal value of £739,677 (being approximately 5 per cent of the equity share capital of the Company in issue on 26 March 2009),

and shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2010 or, if earlier, on 31 July 2010, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry, and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired. This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of Section 94(3A) of the Act as if in the first paragraph of this resolution the words 'pursuant to the authority under Section 80 of the Act conferred on the Directors by Resolution 9' were omitted.

11. That, in substitution for any existing authority under Section 166 of the Companies Act 1985 (as amended) (the 'Act') but without prejudice to the exercise of any such authority prior to the passing of this resolution, the Company be and is hereby generally and unconditionally authorised, pursuant to and for the purposes of Section 166 of the Act, to make one or more market purchases (within the meaning of Section 163(3) of the Act) of fully paid Ordinary Shares of 12.5p each in the capital of the Company ('Shares'), provided that:

    (a) the maximum aggregate number of Shares hereby authorised to be purchased shall be 14.99 per cent of the number of Shares in issue immediately prior to the passing of this resolution;

    (b) the minimum price which may be paid for a Share shall be 12.5p (exclusive of expenses);

    (c) the maximum price (exclusive of expenses) which may be paid for a Share shall be the higher of (i) an amount equal to 105 per cent of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for a Share for the five business days immediately preceding the date on which the relevant Share is contracted to be purchased; and (ii) the higher of the last independent trade and the highest current bid on the London Stock Exchange for a Share; and

    (d) unless previously varied, revoked or renewed by the Company in general meeting, the authority hereby conferred shall expire on the earlier of (i) the conclusion of the Annual General Meeting of the Company to be held in 2010; or (ii) 31 July 2010 save that the Company may, prior to such expiry, enter into contracts or arrangements to purchase Shares under such authority which will or may be completed or executed wholly or partly after the expiration of such authority and may make purchases of Shares pursuant to any such contracts or arrangements as if the authority conferred hereby had not expired.

12. That the Company be and is hereby generally and unconditionally authorised to hold general meetings (other than annual general meetings) on 14 clear days' notice, such authority to expire at the conclusion of the Annual General Meeting of the Company to be held in 2010 or, if earlier, on 31 July 2010.

By order of the Board
G R Hay Smith
Secretary
80 George Street
Edinburgh EH2 3BU
26 March 2009

Notice of Annual General Meeting (continued)

Notes

1. The final dividend, if declared, will be paid on 19 June 2009 to shareholders on the Register of Members at close of business on 22 May 2009.

2. A member entitled to attend and vote at this meeting may appoint one or more persons as his/her proxy to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the Company. If multiple proxies are appointed they must not be appointed in respect of the same shares. To be effective, the duly executed enclosed form of proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, should be lodged at the address shown on the form of proxy not later than 48 hours before the time of the meeting. The appointment of a proxy will not prevent a member from attending the meeting and voting in person if he/she so wishes. A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every ordinary share of which he/she is the holder.

3. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for this meeting by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

4. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK of Ireland Limited's ('Euroclear') specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, in order to be valid, must be transmitted so as to be received by the Company's registrar (ID 7RA01) by the latest time for receipt of proxy appointments specified in Note 2 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

5. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

6. As at 26 March 2009 (being the last business day prior to the publication of this notice) the Company's issued share capital amounted to 118,348,386 ordinary shares carrying one vote each. Therefore the total voting rights in the Company as at 26 March 2009 were 118,348,386 votes.

7. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those Ordinary Shareholders entered on the Register of Members of the Company as at 6.00 p.m. on 9 June 2009 or, in the event that the Annual General Meeting is adjourned, on the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their name at that time. Changes to the entries on the Register of Members after 6.00 p.m. on 9 June 2009 or, in the event that the Annual General Meeting is adjourned, in the Register of Members 48 hours before the time of any adjourned Annual General Meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting, notwithstanding any provisions in any enactment, the Articles of Association of the Company or other instrument to the contrary.

8. A person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the ordinary shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the ordinary shareholder as to the exercise of voting rights.

   The statements of the rights of ordinary shareholders in relation to the appointment of proxies in Notes 2 and 3 above do not apply to a Nominated Person. The rights described in those Notes can only be exercised by registered ordinary shareholders of the Company.

9. Any person holding 3 per cent of the total voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such third party complies with their respective disclosure obligations under the Disclosure and Transparency Rules.

10. In order to facilitate voting by corporate representatives at the Annual General Meeting, arrangements will be put in place at the meeting so that: (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that corporate shareholder present at the meeting then, on a poll, those corporate representatives will give voting directions to the Chairman of the meeting and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated from those corporate representatives in attendance on behalf of the corporate shareholder who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives - www.icsa.org.uk - for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in sub-paragraph (i) of this Note 10.

11. The following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this notice until the conclusion of the Annual General Meeting and on the date of the Annual General Meeting at Exchange House, Primrose Street, London EC2A 2NY from 11.45 am until the conclusion of the meeting:

    (a) a copy of the Articles of Association of the Company.

    (b) the Directors' letters of appointment.

    (c) the Directors' deeds of indemnity.

Corporate Information

Directors
D B Nichol, FCA (Chairman)*
R M A Horlick
S H Leckie, OBE
T F Mahony
N M S Rich, CBE, FCA†

Secretary
G R Hay Smith, CA

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Investment Manager
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Custodian Bankers
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London EC2Y 5AJ

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Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

Brokers
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London EC2V 7QR

Solicitors
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*Chairman of the Engagement and Remuneration Committee and the Nomination Committee
†Chairman of the Audit Committee and Senior Independent Director

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Registrars' Shareholder Helpline: 0871 384 2466*

Registrars' Broker Helpline: 0871 384 2779*

*Calls to these numbers are charged at 8p per minute from a BT landline. Other telephony providers' costs may vary.