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Pacific Assets Trust plc

Annual Review and Report
Year ended 31 January 2000

2000



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Managed by



FRIENDS
IVORY & SIME

Investment Objective

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

Capital Structure

The Company's capital structure is composed of ordinary shares and warrants. In addition the Company has employed gearing since 1989. At 31 January 2000 such borrowings amounted to 19 per cent of shareholders' funds.

The Company has adopted the MSCI All Country Far East Free ex Japan Index as its benchmark. Performance relative to this benchmark is set out in the graphs on the opposite page.

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- Net Asset Value rose by 86.4%.
- Benchmark index up by 63.5%.
- Discount fell from 24.9% to 17.5% over the year.
- Additional \$15 million of gearing.
- Dividend of 0.40p per share (1999: 0.40p)

Net Asset Value
per share

One year performance (MSCI indexed to actual net asset value)

Ten year performance v MSCI Index

It has been an exciting year for Asia and Pacific Assets Trust as we have built upon the recovery phase that started last year. Economic progress in Asia exceeded expectations and provided a good platform for equity markets in the region. *Reforms to financial systems, corporate restructuring and improved information flows from companies have all contributed to the better environment. These internal changes coincided with a change in investors' perceptions, from a fear of deflation and an imbalance in the World economy to a belief in synchronised economic growth and gently rising inflation. This swing was largely due to a change of view on Japan, which appeared to be emerging from its prolonged weakness. This encouraging backdrop for Asia allowed the stockmarkets to perform well and I am pleased to report that with a fully invested portfolio and careful use of our gearing the performance of Pacific Assets Trust has been good. The basic net asset value per share rose by 86.4 per cent, which compares to a rise of 63.5 per cent in the benchmark MSCI Far East ex Japan index. The share price increased by 104.9 per cent. I hope that you will share your Board's pleasure at the selection of Pacific Assets as investment trust of the year in the Emerging Markets sector of Investment Magazine's awards for 1999.*

Dividend | *We have maintained the proposed dividend at a rate of 0.40 pence per share, partly paid out of revenue reserves. Changes in the distribution of our assets and in markets themselves can have an adverse effect on our net revenue and we will consider the level of next year's dividend in the light of developments.*

Gearing | *With the improving situation during the year, marked by the increasing net asset value, our gearing level was gradually eroded. As a consequence an additional loan of US\$15 million was taken in July to restore gearing to approximately 20 per cent. Since then, continued asset growth has again reduced gearing and we will continue to keep under review the possibility of further borrowings. The Managers have been active in controlling the effective gearing level to match their expectations for markets and, overall, gearing has contributed 3.9 per cent to performance over the year.*

Share Repurchases | *Following the grant of approval for share repurchases in 1999 the Company has bought back a total of 900,000 ordinary shares at significant discounts, thereby enhancing the net asset value per share. The discount to net asset value stood at 24.9 per cent at the beginning of our financial year but had narrowed to 17.5 per cent at the end of January 2000.*

Economic Background | *As we moved into 1999 we expected that modest growth would resume during 1999 and 2000. However as the year progressed it became apparent that not only had economic stability been achieved but that in some countries,*

Ronald Noel-Paton
Chairman

such as Korea and Singapore, economic activity was so robust that the authorities were edging towards a tightening bias to avoid economic overheating. In Korea's case this has been all the more remarkable as it has had to deal with numerous corporate failures, culminating in the government's decision to allow the Daewoo Group to fail. However, it is clear that the consequences of this failure are not yet completely resolved and faultlines remain in the financial system despite the strength of the economy. The Korean economy is expected to have grown at over 10 per cent and Singapore has grown by 5.4 per cent during 1999. Hong Kong witnessed a return of confidence from a low level and a pick up in government expenditure. This along with the benefits from China's second half export recovery allowed Hong Kong's rather laggard economy to move quickly out of negative territory and it is expected to post growth of around 2 per cent for the full year of 1999.

China's entry into The World Trade Organisation is expected to be positive for its long term future but probably works to Hong Kong's benefit almost immediately as companies focus again on Hong Kong as their control centre for operations on the mainland. Fundamentals have continued to strengthen, and the recovery has become more broadly based, in the southern economies of Thailand and Malaysia. Both have grown by around 4 per cent in 1999. There have been solid double-digit rebounds in industrial production, underpinned by buoyant exports, a sharp revival in consumer spending and the more significant flow through of fiscal expenditure. This cannot be said with conviction about the Philippines and Indonesia where consumer and business confidence still remains low.

Outlook | We believe that for the early years of this new decade Asian countries will return to the high growth period experienced prior to 1997. The economic recovery has already been remarkable; it has been accompanied by low inflation and current account surpluses in all countries, with falling unemployment in some. Exports are competitive and should benefit further from the slow Japanese economic recovery. The countries that will maintain this higher growth rate are those which continue to pursue better accountability and transparency, improve their financial systems and develop the supporting regulatory framework. Companies that focus more on profits and achieve higher returns due to efficiency gains will be duly recognised by the financial markets.

Ronald Noel-Paton
Chairman
29 February 2000

**Contribution to total assets
performance**

Investment Managers

Friends Ivory & Sime, Investment Managers

Ivory & Sime was founded in 1895 and has been managing money on behalf of its clients for a century. Its first client was an investment trust and its commitment to the sector is underlined by the fact that today it manages, advises or provides secretarial services to no fewer than eighteen investment companies.

Ivory & Sime merged in 1998 with Friends Provident Asset Management. Friends Ivory & Sime is listed on the London Stock Exchange and with offices in London, Edinburgh, New York and Hong Kong together with representation in Tokyo, is well-positioned as a global player in the investment business.

With some £37 billion of assets under management, Friends Ivory & Sime is committed to providing its clients with superior investment returns and outstanding service.

The investment management team for Pacific Assets Trust is headed by James Anderson in Edinburgh and the research function is carried out by a team based in Hong Kong dedicated exclusively to investment in the Asia Pacific region. The administrative function is provided from Edinburgh.

Pictured above left to right are:

EDINBURGH

James Anderson
Fund Manager

Keith Hannay
Company Secretary

HONG KONG

Mearns Nimmo
Head of Research, Asia

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

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. The Managers place great emphasis on research being carried out in-house using the facilities offered by their office in Hong Kong.

The Company operates with a concentrated portfolio of holdings and aims to maintain a broadly fully invested position.

The Company employs gearing to enhance shareholder returns as it is believed that the overall return to be gained will exceed the cost of borrowing. It has recently been granted powers to buy-back its own shares. This will be done in appropriate circumstances with an objective of increasing net asset value per share.

Results from stock selection throughout the region have been acceptable, especially from Korea, Singapore and Thailand where exposure to technology, telecommunications and banks has been an excellent combination.

James Anderson
Fund Manager

Manager's Review

The Asian recovery story continued to attract interest from outside the region and despite a difficult period around mid year, confidence has remained high. No stockmarket in Asia has fallen this year and most are showing increases in excess of 40 per cent. Investors have been attracted by the prospects for faster than anticipated global growth, falling regional interest rates and continued evidence of restructuring of companies and economies. The biggest change to the outlook at the start of the year was the improvement in the prospects for growth, powered by the strength of the US economy and the possibility that both Continental Europe and even Japan would exceed expectations. This change in perception, especially on Japan, together with the economic recovery led to a re-rating of Asia as a producer and manufacturer.

We were well placed to participate in these strong markets, with a fully invested and geared company. The other elements of our investment process, namely asset allocation and stock selection both contributed strongly to our positive result. We mentioned two things in our 1999 Annual Report, first the expectations of an upside surprise from corporate earnings and second the anticipation of stronger world growth this year. In terms of asset allocation this resulted in our holding a substantial portion of the assets in Korea and Taiwan as both have a large component of industrial and technology companies that benefit from more rapid global growth.

Following on from the north Asia theme, we continued to build positions in Hong Kong throughout the year in anticipation of a pick-up in Hong Kong's economy and that of China, and the hope that China would at last be invited to join the World Trade Organisation. On 15 November 1999 China agreed with the USA the terms for joining. Taken in aggregate, 75 per cent of assets were invested in these three countries at 31 January 2000. We continued to have no money invested in Indonesia as the political and social risks remain high.

Results from stock selection throughout the region have been acceptable, especially from Korea, Singapore and Thailand where exposure to technology, telecommunications and banks has been an excellent combination. Our holdings in Samsung Electronics, Korea Telecom, DBS Group and Bangkok Bank were all major contributors. In Hong Kong and China, our top holdings of Hutchison Whampoa and China Telecom have

performed very well, as did global purchasing agent, Li & Fung. In Taiwan, the semiconductor industry was re-rated as international companies outsourced their production requirements, and TSMC benefited substantially. Two particular disappointments arose in Hong Kong, where Varitronix's new micro display products have been delayed, and SmarTone has suffered from the high level of competition in the cellular market. We believe that both companies will have better years, and that their stock prices will return to former high levels.

One of the major issues for Asian stockmarkets in the coming year will be the extent to which the investment trend of the last few months – technology and telecommunications – persists. Very high valuations on Internet and related stocks can be explained on the argument that these companies, being ideas based, require very little capital for their creation and hence can achieve extraordinary returns on that equity. In addition, they can grow very quickly due to the rapid dissemination of their products or services across the Internet. Many internet retail stocks have been underperforming recently, however, as it becomes clearer that their business is very competitive and that the costs of customer acquisition (and potential customer retention) are very high. The low capital requirement is clearly translating into a huge growth in the number of companies supplying electronic retailing services. In contrast, the number of companies providing the infrastructure required to facilitate intra business commerce is relatively limited, and it seems that there will be substantial growth in the use of such facilities as companies increasingly automate their purchasing and other procedures. Hence we continue to believe in the longer term growth prospects of the hardware and network companies in this area, although their valuation levels may currently be excessive.

Asian stockmarkets will continue to be affected by external and internal factors and therefore going forward the backdrop will still be positive if volatile. The external factors will be rising US interest rates and a consequent slowdown in the US economy whilst the internal concern will in all probability still surround the pace of restructuring, notably in Korea and Thailand. We remain focused on the profits growth that is likely to be achieved and, given the restructuring that has already occurred, we consider that profits growth next year will again exceed expectations.

James Anderson
Friends Ivory & Sime plc
29 February 2000

Investment Portfolio

Company	Valuation £'000	% of Total assets less current liabilities	Country of Incorporation
Taiwan Semiconductor is the world's largest integrated circuit foundry and is Taiwan's largest semiconductor manufacturer.	9,374	6.1	Taiwan
Hutchison Whampoa is a leading conglomerate in Hong Kong with interests in ports, telecommunications, property, retailing and finance.	7,993	5.1	Hong Kong
Samsung Electronics is one of the largest producers and exporters of electronic products in Korea. The principal businesses are semi-conductors, consumer electronics, telecommunications and computers.	7,203	4.6	South Korea
China Telecom provides cellular phone services in Guandong, Zhejiang, Jiangsu and other provinces in China to approximately 15.2 million subscribers.	6,957	4.5	Hong Kong
Korea Electric Power the only vertically integrated electricity generator and distributor in Korea.	5,564	3.6	South Korea
Cheung Kong Holdings is a leading property developer in Hong Kong specialising in developing small to medium sized residential apartments.	5,025	3.2	Hong Kong
Kookmin Bank is the leading retail bank in South Korea. The bank was privatised in 1994 as part of the government's plans to improve the efficiency of the banking system.	4,648	3.0	South Korea
Compal Electronic manufactures notebook personal computers and monitors in Taiwan and China, with major US companies as its principal customers.	4,622	3.0	Taiwan
Li & Fung is the leading Asian based export trader of consumer products.	4,361	2.8	Hong Kong
Pohang Iron & Steel is the second largest steel producer in the world and the only fully integrated steel producer in Korea.	4,328	2.8	South Korea
Ten largest investments	60,075	38.7	

Company	Nature of Business	Valuation £'000	% of Total assets less current liabilities	Country of Incorporation
Henderson Land Development	Property Developer	4,163	2.7	Hong Kong
Hon Hai Precision	Electronic Connectors	4,120	2.6	Taiwan
Asustek Computer	Personal Computer Motherboard Manufacturer	4,075	2.6	Taiwan
Korea Telecom	Telecommunications	3,878	2.5	South Korea
Sun Hung Kai Properties	Property Developer	3,781	2.4	Hong Kong
Dao Heng Bank Group	Banking	3,757	2.4	Hong Kong
New World Developments	Property Developer	3,544	2.3	Hong Kong
Varitronix International	LCD Displays	3,523	2.3	Hong Kong
DBS Group Holdings	Banking	3,382	2.2	Singapore
Cathay Life Insurance	Life Insurance	3,307	2.1	Taiwan
Twenty largest investments		97,605	62.8	
China Steel	Steel	3,302	2.1	Taiwan
Natsteel Electronics	Electronics Contract Manufacturer	3,231	2.1	Singapore
Bangkok Bank	Banking	2,977	1.9	Thailand
Dah Sing Financial	Banking	2,889	1.9	Hong Kong
Phoenixtec Power	Uninterruptible Power Supplies	2,872	1.9	Taiwan
Advanced Information Service	Mobile Phone Service Supplier	2,775	1.8	Thailand
Malayan Banking	Banking	2,774	1.8	Malaysia
Smartone Telecom	Mobile Phone Service Supplier	2,717	1.7	Hong Kong
Hong Kong and China Gas	Gas Utility	2,576	1.7	Hong Kong
Resorts World	Leisure	2,550	1.6	Malaysia
Thirty largest investments		126,268	81.3	
Cathay Pacific Airways	Airline	2,341	1.5	Hong Kong
Singapore Press Holdings	Publisher	2,302	1.5	Singapore
HSBC Holdings	Banking	2,214	1.4	Hong Kong
Formosa Plastics	Integrated Plastics Manufacturer	2,073	1.3	Taiwan
British American Tobacco (Malaysia)	Tobacco	1,893	1.2	Malaysia
PTT Exploration and Production	Oil and Gas	1,709	1.1	Thailand
I-Cable Communications	Cable Television	1,669	1.1	Hong Kong
Siam Cement	Conglomerate	1,535	1.0	Thailand
ST Assembly Test Services	Electronics Contract Manufacturer	1,511	1.0	Singapore
Singapore Airlines	Airline	1,498	1.0	Singapore
Forty largest investments		145,013	93.4	
Other investments (9)		6,302	4.0	
Total portfolio investments		151,315	97.4	
Net current assets		4,010	2.6	
Total assets less current liabilities		155,325	100.0	

Board of Directors
at 31 January 2000

Ranald Noel-Paton

(Chairman)

was Group Managing Director of John Menzies from 1986 to 1997 and Deputy Chairman until retirement in 1998.

He is a director of Murray Global Return Trust. Former directorships include General Accident, The Royal Bank of Scotland, Macallan Glenlivet and Caledonian Far East Airways. He worked in Hong Kong from 1980 to 1986.

He is chairman of the Company's Nomination and Remuneration Committees.

Tom Clydesdale

was senior partner of Price Waterhouse in Hong Kong until his retirement in 1989 and has acted as a Board Member or Consultant to a number of companies operating in the Asian Pacific Region. He was chairman of the Hong Kong General Chamber of Commerce from 1984 to 1986 and served on the Legislative Council of Hong Kong from 1985 to 1988.

Ian Grant

is Managing Director of Glenmoriston Estates Limited. He worked for eleven years in a number of senior positions in Far Eastern centres, including Tokyo and Hong Kong. He is a director of The Royal Bank of Scotland Group and other public companies in the US, the Netherlands and Hong Kong. He is a trustee of the Bartlett Trust.

Michael Miles, OBE

was formerly chairman of Swire Pacific and Cathay Pacific from 1984 until 1988. He is now chairman of Johnson Matthey, a director of John Swire and Sons Ltd, ING Barings, BP Amoco, BICC and other public companies in the UK and Hong Kong. He is vice-president of the China-Britain Business Council.

David Nichol

was a director of Ivory & Sime until 1992 and Managing Director of Ivory & Sime Asia, based in Hong Kong, from 1989 to 1991. He is now a partner of Rossie House Investment Management and a director of Murray Extra Return Investment Trust.

Nigel Rich, CBE

is chairman of the Ocean Group and of Hamptons Group. His non-executive directorships include Granada Group, Matheson & Co Ltd, Harvey Nichols Group and John Armit Wines. He was previously Managing Director of Jardine Matheson Holdings in Hong Kong. He is vice-chairman of the British Thai Business Group. He is chairman of the Company's Audit Committee.

Results and Dividends

The Directors submit the Fifteenth Annual Report and Accounts of the Company for the year ended 31 January 2000.

	£'000
Revenue available for dividends	347
Final dividend for the year of 0.40p per share on the ordinary shares, payable on 12 May 2000 to shareholders on the register at close of business on 14 April 2000	(516)
Transferred from revenue reserve	(169)

Principal Activity and Status

The Company is registered as a Public Limited Company in terms of the Companies Act 1985. It is an Investment Company as defined in Section 266 of the Companies Act 1985 and qualifies as an Investment Trust within the meaning of the Income and Corporation Taxes Act 1988. Inland Revenue approval for such treatment has been given up to 31 January 1999. Since that date, the Company's affairs have been conducted in such a manner as to enable it to continue to seek such approval.

A review of the Company's business during the year is contained in the Chairman's Statement and Manager's Review.

Directors

Mr Clydesdale and Mr Rich retire by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting.

The Directors who held office during the year and their interests in the ordinary shares and warrants of the Company were:

		31 January 2000		31 January 1999	
		Ordinary 12.50p Shares	Series II Warrants	Ordinary 12.50p Shares	Series II Warrants
FR Noel-Paton	Beneficial	167,200	9,440	167,200	9,440
TClydesdale	Beneficial	Nil	200,000	Nil	200,000
IFH Grant	Beneficial and family	214,262	74,480	214,262	74,480
HMP Miles	Beneficial	Nil	Nil	Nil	Nil
DB Nichol	Beneficial and family	80,000	740,000	80,000	240,000
	Trustee	112,800	22,560	112,800	22,560
NMS Rich	Beneficial	25,000	Nil	25,000	Nil

There have been no changes in the above holdings between 31 January 2000 and 29 February 2000.

No Director had any material interest in any contract to which the Company is a party.

No Director has a contract of service with the Company.

Directors' fees for the year were paid at the rate of £12,000 for the Chairman and £10,000 for the other Directors (1999: Chairman - £11,500, other Directors - £9,500).

Substantial Interests in Share Capital

At 29 February 2000 the following holdings representing more than 3 per cent of the Company's issued share capital had been reported:

	Percentage Held
Lazard Freres Asset Management	11.2
Merseyside Pension Fund	4.3
LMP Investment Trust	3.1

No other interest in 3 per cent or more of the ordinary share capital of the Company has been reported in terms of Section 199 of the Companies Act 1985.

Corporate Governance

The Company complies with the Combined Code on Corporate Governance ('the Code') apart from the items covered in the following paragraph.

The Board considers that it is not appropriate to nominate a senior independent Director as recommended by the Code. It also considers that it is not appropriate for the Directors to be appointed for a specified term as recommended by the Code, because the Articles of Association require that all Directors retire by rotation at Annual General Meetings.

Throughout the year a number of committees have been in operation. The committees are the Audit Committee, Remuneration Committee and the Nomination Committee.

The Audit Committee, chaired by Nigel Rich, operates within clearly defined terms of reference and comprises the full Board. The Audit Committee provides a forum through which the Company's external auditors may report to the Board of Directors.

The Remuneration Committee comprises the full Board, all of whom are independent of the Investment Manager. It is responsible for reviewing the terms of the Investment Manager's contract and sets the Directors remuneration using external comparisons and advice.

The Nomination Committee comprises the full Board and will be convened for the purpose of considering the appointment of additional Directors as and when considered appropriate.

A management agreement between the Company and its Managers, Friends Ivory & Sime plc, sets out the matters over which the Managers have authority and the limits above which Board approval must be sought. All other matters are reserved for the approval of the Board of Directors. The Investment Manager, in the absence of explicit instruction from the Board, is empowered to exercise discretion in the use of the Company's voting rights.

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.

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.

The Directors are responsible for the Company's system of internal financial control. Day to day operations are delegated, through a management agreement, to Friends Ivory & Sime plc which has established and disseminated clearly defined policies and standards. The system of internal financial control, which includes procedures such as physical controls, segregation of duties, authorisation limits and comprehensive financial reporting to the Board, is designed to provide reasonable but not absolute assurance against material misstatement or loss. In accordance with the Code's recommendations, the Directors have reviewed with the Investment Managers the effectiveness of the system of internal financial control in operation. Guidance on internal control has recently been published by the Turnbull Working Party. The Directors are currently considering the recommendations of the Turnbull Report and will have procedures in place to meet the internal control requirements of the Code by 30 September 2000. The London Stock Exchange has implemented transitional arrangements which enable the Company to satisfy the requirements of the Code this year by making the above statement on internal financial control and disclosing a timescale for implementation of internal control procedures.

Relations with Shareholders

The Company welcomes the views of shareholders and places great importance on communications with shareholders. The Board and Managers meet with institutional shareholders throughout the year and 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 Managers of the Company. At the Annual General Meeting, the Managers make themselves available to shareholders to cover the investment performance and strategy of the Company.

Management

Friends Ivory & Sime plc provides management and secretarial services to the Company. These services can be terminated by either party at any time by giving one year's notice. Friends Ivory & Sime receives a quarterly fee, payable in advance, calculated on the basis of one-quarter of one per cent of the value of the total assets less current liabilities of the Company.

Auditors

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted to the Annual General Meeting.

Year 2000 Computer Compliance

The Company's accounting records are maintained on computer by Friends Ivory & Sime plc. As the Year 2000 issue could potentially affect all the Company's accounting and other computer held records, the Directors sought assurances from Friends Ivory & Sime that its systems were Year 2000 compliant. Friends Ivory & Sime confirmed that testing of all of its key in-house electronic systems was completed and all key suppliers had been assessed for Year 2000 readiness. Given *the complexity of the problem, it is not possible for any organisation to guarantee that no Year 2000 problems remain.* However, the Directors believe that an acceptable level of readiness has been achieved. Since 31 December 1999, the Company has not suffered any adverse consequences relating to the Year 2000 computer compliance issue. The Company did not bear any of the costs associated with ensuring that the computer systems used in respect of the Company's operations were Year 2000 compliant.

Reduction in Share Capital

At an Extraordinary General Meeting of the Company held on 5 November 1998 shareholders approved a reduction of capital by means of the creation of a distributable reserve out of the whole amount of the share premium account. This was approved by the Court of Session on 9 February 1999. The new reserve amounted to £24.2 million of which the value of loans existing at the time of approval (£15.2 million at 31 January 1999) must be treated as undistributable until they are repaid. The Company's own shares may be bought in the market within guidelines established from time to time by the Board, subject to the Listing Rules and the Companies Act 1985.


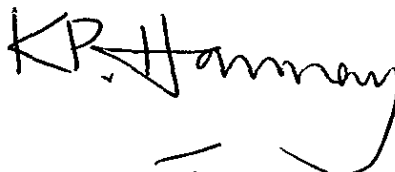
During the year a total of 900,000 shares (nominal value of £112,500, being 0.69% of the issued share capital at 31 January 1999) were bought back at substantial discounts, thereby enhancing net asset value per share, and cancelled by the Company. The total consideration for these shares was £473,000. A resolution will be put to the AGM to renew the authority for the Company to make market purchases of its own shares.

Creditor Payment Policy

The Company's payment policy 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.

By Order of the Board,



K P Hannay
Secretary

One Charlotte Square
Edinburgh EH2 4DZ
29 February 2000

Statement of Total Return
(incorporating the Revenue Account*) for the Year Ended 31 January 2000

	Notes	2000 Revenue £'000	2000 Capital £'000	2000 Total £'000	1999 Revenue £'000	1999 Capital £'000	1999 Total £'000
Gains and losses on investments	9	–	59,634	59,634	–	2,592	2,592
Net gain on futures	14	–	3,164	3,164	–	1,527	1,527
Realised exchange differences	14	–	(197)	(197)	–	95	95
Income	2, 14	1,697	74	1,771	1,681	220	1,901
Investment management fee	3	(284)	(851)	(1,135)	(224)	(672)	(896)
Other expenses	4	(529)	–	(529)	(479)	(14)	(493)
Net return before finance costs and taxation		884	61,824	62,708	978	3,748	4,726
Interest payable	5	(401)	(1,204)	(1,605)	(299)	(897)	(1,196)
Return on ordinary activities before tax		483	60,620	61,103	679	2,851	3,530
Tax on ordinary activities	6	(136)	76	(60)	(226)	166	(60)
Return attributable to equity shareholders	15, 16	347	60,696	61,043	453	3,017	3,470
Dividends in respect of equity shares	7	(516)	–	(516)	(520)	–	(520)
Transfer (from)/to reserves	14	(169)	60,696	60,527	(67)	3,017	2,950
Return per ordinary 12.50p share:							
Basic (p)	8	0.27	46.93	47.20	0.35	2.32	2.67

* The revenue column of this statement is the profit and loss account of the Company.

The accompanying notes are an integral part of this statement.
All revenue and capital items in the above statement derive from continuing operations.
No operations were acquired or discontinued in the year.

Balance Sheet
As at 31 January 2000

	Notes	2000 £'000	1999 £'000
Fixed assets			
Investments	9	151,315	73,408
Current assets			
Debtors	10	2,276	389
Cash at bank and on deposit		4,814	12,799
		7,090	13,188
Creditors (amounts falling due within one year)	11	(3,080)	(785)
Net current assets		4,010	12,403
Total assets (less current liabilities)		155,325	85,811
Creditors (amounts falling due after more than one year)	12	(24,678)	(15,218)
Net assets		130,647	70,593
Capital and reserves			
Called-up share capital	13	16,141	16,254
Share premium account	14	–	24,211
Capital redemption reserve	14	113	–
Warrant reserve	14	2,677	2,677
Special reserve	14	23,738	–
Merger reserve	14	46,609	46,609
Other reserves –			
Capital reserve – realised	14	618	(10,447)
Capital reserve – unrealised	14	39,993	(9,638)
Revenue reserve	14	758	927
Equity shareholders' funds	15, 16	130,647	70,593
Net asset value per share:	15		
Ordinary			
– Basic (p)		101.18	54.29

The financial statements on pages 15 to 27 were approved by the Board of Directors on 29 February 2000 and were signed on its behalf by:

F.R. Noel-Paton
F.R. Noel-Paton
F R Noel-Paton
(Chairman)

The accompanying notes are an integral part of this statement.

Cash Flow Statement
for the Year Ended 31 January 2000

	Notes	2000 £'000	1999 £'000
Operating activities			
Investment income received		1,468	1,370
Deposit interest received		141	297
Investment management fees paid		(902)	(794)
Other cash payments		(569)	(449)
Net cash inflow from operating activities	18	138	424
Servicing of finance			
Interest paid on bank loans		(1,507)	(1,194)
Net cash outflow from servicing of finance		(1,507)	(1,194)
Taxation			
Income tax recovered		9	34
Advance corporation tax paid		–	(130)
Tax recovered/(paid)		9	(96)
Capital expenditure and financial investment			
Purchase of futures		(4,257)	(3,314)
Disposal of futures		7,999	4,841
Purchase of investments		(76,273)	(33,486)
Disposal of investments		57,562	43,120
Additional liquidation proceeds from NMS*		74	206
Net cash (outflow)/inflow from investing activities		(14,895)	11,367
Equity dividends paid		(520)	(520)
Net cash (outflow)/inflow before financing		(16,775)	9,981
Financing			
US \$15 million loan drawn down 6 July 1999		9,565	–
Share buybacks		(473)	–
Net cash inflow from financing		9,092	–
(Decrease)/increase in cash		(7,683)	9,981
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the year		(7,683)	9,981
Loans drawn down		(9,565)	–
Change in net debt resulting from cash flows		(17,248)	9,981
Currency (losses)/gains		(197)	95
Movement in net debt		(17,445)	10,076
Net debt at 1 February 1999		(2,419)	(12,495)
Net debt at 31 January 2000	17	(19,864)	(2,419)

*'NMS' – NM Smaller Australian Companies Trust plc.

The accompanying notes are an integral part of this statement.

1. Accounting Policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

a) Basis of accounting

The accounts are prepared under the historical cost convention modified to include the revaluation of fixed asset investments. The accounts have been prepared in accordance with applicable accounting standards and with the Statement of Recommended Practice 'Financial statements of investment trust companies' except where noted below under e) taxation.

b) Valuation of investments

Quoted investments are valued at middle market prices. A discount to the market price is applied as appropriate to reflect any restriction on sale. Unquoted investments are valued by the Directors on the basis of all information available to them at the time of valuation.

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 brought into account when the Company's right to receive payment is established.

Income from fixed interest securities, other investment income and deposit interest are included on an accruals basis.

Where the Company has elected to receive its dividends in the form of additional shares rather than cash the amount of the cash dividend is recognised as income.

d) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue account 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;
- Management fees payable have been allocated 25 per cent to revenue and 75 per cent to capital.

e) Taxation

Advance corporation tax ("ACT") payable on dividends paid or provided for up to April 1999 is written off, except when recoverability is considered to be reasonably certain and foreseeable.

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 dealt with in capital. If taxation had been calculated as required by the SORP the revenue charge would have been £284,000 and a credit to capital of £224,000 which the Directors consider would not fairly reflect net revenue after tax available for shareholders.

f) Foreign currencies

Overseas assets and liabilities are translated at the rate ruling at the balance sheet date. Profits or losses on retranslation of investments at the year end are included within unrealised appreciation/depreciation of investments and are taken to capital reserves.

g) Capital reserves

Capital reserve – realised

The following are accounted for in this reserve:

- gains and losses on the realisation of investments
- realised 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
- other receipts and payments of a capital nature

Capital reserve – unrealised

The following is accounted for in this reserve:

- increases and decreases in the valuation of investments held at the year end.

h) Rates of exchange

	31 Jan 2000	31 Jan 1999
Hong Kong Dollar	12.61	12.73
Indonesian Rupiah	12,027	14,703
Korean Won	1,821	1,930
Malaysian Ringgit	6.16	8.92
Philippine Peso	65.73	63.25
Singapore Dollar	2.76	2.78
New Taiwan Dollar	49.75	53.09
Thailand Baht	60.73	60.70
US Dollar	1.62	1.64

Notes to the Accounts

2. Income

	2000 £'000	1999 £'000
Income from investments		
Overseas dividends	1,547	1,377
Overseas scrip dividends	–	7
	1,547	1,384
Other income		
Deposit interest	141	297
Other income	9	–
	150	297
Total income	1,697	1,681
Total income comprises:		
Dividends	1,547	1,384
Other income	150	297
	1,697	1,681
Income from investments		
Listed overseas	1,547	1,384
	1,547	1,384

Liquidation proceeds of £74,000 (1999: £220,000) received from NMS have been credited to capital reserves.

3. Investment management fee

	2000 Revenue £'000	2000 Capital £'000	2000 Total £'000	1999 Revenue £'000	1999 Capital £'000	1999 Total £'000
Investment management fee	284	851	1,135	224	672	896

The Company's investment manager is Friends Ivory & Sime plc. The contract between the Company and Friends Ivory & Sime plc may be terminated at any date by either party giving one year's notice of termination. Friends Ivory & Sime plc receives a quarterly fee, payable in advance, equal to one-quarter of one per cent of the value of the total assets less current liabilities of the Company.

4. Other expenses

	2000 £'000	1999 £'000
Directors' fees	62	59
Auditors' remuneration for:		
– audit	8	8
– other services to the Company	4	3
Other	455	409
	529	479
Capital		
Expenses in relation to NMS payable to the auditors	–	14

5. Interest payable

	2000 Revenue £'000	2000 Capital £'000	2000 Total £'000	1999 Revenue £'000	1999 Capital £'000	1999 Total £'000
Interest payable on bank loans and overdrafts	401	1,204	1,605	299	897	1,196

6. Tax on ordinary activities

	2000 Revenue £'000	2000 Capital £'000	2000 Total £'000	1999 Revenue £'000	1999 Capital £'000	1999 Total £'000
UK corporation tax at 30% (1999: 31%)	136	(136)	–	226	(226)	–
Overseas taxation	–	60	60	–	60	60
	136	(76)	60	226	(166)	60

7. Dividends

	2000 Revenue £'000	2000 Capital £'000	2000 Total £'000	1999 Revenue £'000	1999 Capital £'000	1999 Total £'000
Dividends on equity shares:						
– ordinary – final proposed 0.40p per share (1999: 0.40p)	516	–	516	520	–	520

8. Return per ordinary share

	2000 Revenue p	2000 Capital p	2000 Total p	1999 Revenue p	1999 Capital p	1999 Total p
Basic	0.27	46.93	47.20	0.35	2.32	2.67

Basic revenue return per Ordinary Share is based on the net revenue on ordinary activities after taxation of £347,000 (1999: £453,000), and on 129,333,575 (1999: 130,028,750) Ordinary Shares, being the weighted average number of Ordinary Shares in issue during the year.

Basic capital return per Ordinary Share is based on net capital gains for the financial year of £60,696,000 (1999: £3,017,000), and on 129,333,575 (1999: 130,028,750) Ordinary Shares, being the weighted average number of Ordinary Shares in issue during the year.

There was no dilution of return per Ordinary Share at 31 January 2000 resulting from the potential exercise of the warrants in issue at that date (1999: same).

Notes to the Accounts

9. Investments

	2000 £'000	1999 £'000
Investments listed on recognised investment exchanges	150,737	72,836
Unlisted investments	578	572
	151,315	73,408

	Listed overseas £'000	Unlisted £'000	Total £'000
Opening book cost	81,858	1,188	83,046
Opening unrealised depreciation	(9,022)	(616)	(9,638)
Opening valuation	72,836	572	73,408
Movements in the year:			
Purchases at cost	77,806	–	77,806
Sales—proceeds	(59,533)	–	(59,533)
—realised gains and losses on sales	9,425	–	9,425
Increase in unrealised appreciation	50,203	6	50,209
Closing valuation	150,737	578	151,315
Closing book cost	109,556	1,188	110,744
Closing unrealised appreciation/(depreciation)	41,181	(610)	40,571
	150,737	578	151,315

	2000 £'000	1999 £'000
Realised gains and losses on sales	9,425	(22,700)
Increase in unrealised appreciation	50,209	25,292
Gains and losses on investments	59,634	2,592

10. Debtors

	2000 £'000	1999 £'000
Amounts due from brokers	2,205	234
Prepayments and accrued income	41	155
Other debtors	30	–
	2,276	389

11. Creditors: amounts falling due within one year

	2000 £'000	1999 £'000
Amount due to brokers	1,533	–
Proposed dividend	516	520
Loan interest	318	220
Unrealised loss on futures	578	–
Other creditors	135	45
	3,080	785

12. Creditors: amounts falling due after more than one year

	2000 £'000	1999 £'000
Long term US\$20 million loan maturing 10 June 2001 (see note (a) below)	12,339	12,174
Long term US\$5 million loan maturing 20 March 2003 (see note (b) below)	3,085	3,044
Long term US\$15 million loan maturing 10 July 2004 (see note (c) below)	9,254	–
	24,678	15,218

(a) Seven-year US\$20 million loan drawn down on 10 June 1994 at a fixed interest rate of 7.97 per cent.

(b) Seven-year US\$5 million loan drawn down on 20 March 1996 at a fixed interest rate of 7.11 per cent.

(c) Five-year US\$15 million loan drawn down on 6 July 1999 at a fixed interest rate of 7.07 per cent.

13. Called-up share capital

	2000 £'000
Authorised:	
176,000,000 Ordinary Shares of 12.50p each (1999: same)	22,000
Allotted, called-up and fully paid:	
130,028,750 Ordinary Shares of 12.50p each at 31 January 1999	16,254
Cancellation of 900,000 Ordinary Shares bought back by the Company	(113)
253 shares issued in respect of exercise of Series II Warrants	–
129,129,003 Ordinary Shares of 12.50p each at 31 January 2000	16,141

At 31 January 2000 there were 24,878,069 Series II Warrants in issue (1999: 24,878,322), each entitling the holder to subscribe for one Ordinary Share at a subscription price of 130p on any 31 May until 2002.

253 Series II Warrants were exercised on 31 May 1999.

14. Reserves

	Share Premium account £'000	Capital redemption reserve £'000	Warrant reserve £'000	Special reserve £'000	Merger reserve £'000	Capital reserve— realised £'000	Capital reserve— unrealised £'000	Revenue reserve £'000
At 31 January 1999	24,211	—	2,677	—	46,609	(10,447)	(9,638)	927
Exchange differences	—	—	—	—	—	(197)	—	—
Net gain on realisation of investments	—	—	—	—	—	9,425	—	—
Net gain/(loss) on futures	—	—	—	—	—	3,742	(578)	—
Transfer in relation to share buybacks	(24,211)	—	—	24,211	—	—	—	—
Share buybacks	—	113	—	(473)	—	—	—	—
Increase in unrealised appreciation	—	—	—	—	—	—	50,209	—
Management fees	—	—	—	—	—	(851)	—	—
Interest	—	—	—	—	—	(1,204)	—	—
Tax	—	—	—	—	—	76	—	—
Additional liquidation proceeds from NMS	—	—	—	—	—	74	—	—
Retained net deficit for the year	—	—	—	—	—	—	—	(169)
At 31 January 2000	—	113	2,677	23,738	46,609	618	39,993	758

15. Net asset value per share

The net asset value per share and the net asset value attributable to the Ordinary Shares at the year end are calculated in accordance with their entitlements set out in the Articles of Association as follows:

	Attributable net asset value per share		Attributable net asset value	
	2000 p	1999 p	2000 £'000	1999 £'000
Ordinary Shares (basic)	101.18	54.29	130,647	70,593

The movements during the year of the assets attributable to the Ordinary Shares were as follows:

	Ordinary Shares (basic) £'000
Total attributable net assets at beginning of year	70,593
Total recognised gains and losses for the year	61,043
Share buybacks made during period	(473)
Dividends appropriated in the year	(516)
Total attributable net assets at end of year	130,647

Basic net asset value per Ordinary Share is calculated on net assets of £130,647,000 (1999: £70,593,000), divided by 129,129,003 (1999: 130,028,750) Ordinary Shares, being the number of Ordinary Shares in issue at the year-end.

As at 31 January 2000 there were 24,878,069 (1999: 24,878,322) Series II Warrants in issue. There was no dilution of net asset value at that date (1999: same).

16. Reconciliation of movements in shareholders' funds

	2000 £'000	1999 £'000
Opening shareholders' funds	70,593	67,643
Total recognised gains and losses before dividends	61,043	3,470
Share buybacks made during period	(473)	–
Dividends in respect of equity shares	(516)	(520)
Closing shareholders' funds	130,647	70,593

17. Analysis of changes in net debt

	At 31 January 1999 £'000	Cash Flow £'000	Currency Movements £'000	At 31 January 2000 £'000
Cash at bank and on deposit	12,799	(7,683)	(302)	4,814
Long term US\$20 million loan maturing 10 June 2001	(12,174)	–	(165)	(12,339)
Long term US\$5 million loan maturing 20 March 2003	(3,044)	–	(41)	(3,085)
Long term US\$15 million loan maturing 10 July 2004	–	(9,565)	311	(9,254)
	(2,419)	(17,248)	(197)	(19,864)

18. Reconciliation of net revenue before finance costs and taxation to net cash inflow from operating activities

	2000 £'000	1999 £'000
Net revenue before finance costs and taxation	884	978
Investment management fee charged to capital	(851)	(672)
Scrip dividends	–	(7)
Decrease in prepayments and accrued income	114	155
Increase in other debtors	(30)	–
Increase in other creditors	90	30
Tax recovered	(9)	–
Tax on investment income	(60)	(60)
Net cash inflow from operating activities	138	424

19. Contingencies, guarantees and financial commitments

At 31 January 2000, the Company had no contingent liabilities in respect of any investments carrying an obligation for future subscription or underwriting commitments (1999: £nil).

20. Financial instruments

The Company's financial instruments comprise equity investments, cash at bank and on deposit, futures contracts, other liquid resources and borrowings. As an investment trust the Company holds a portfolio of financial assets in pursuit of its investment objective. The Company makes use of borrowings to achieve improved performance in rising markets. The downside risk of borrowings may be reduced by raising the level of cash balances held.

Fixed asset investments held (see note 9) are valued at middle market prices which equate to their fair values. The fair value of all other financial assets and liabilities is represented by their carrying value in the Balance Sheet. Short term debtors and creditors are excluded from disclosure as allowed by FRS 13, other than for currency disclosures.

21. 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 8 and 9. Derivatives may be used from time to time to hedge specific market risk or gain exposure to a specific market.

In the year to 31 January 2000 the Company entered into Hong Kong, Korean and Malaysian index futures contracts with a view to gaining additional exposure to those markets or to hedge investments already made in those countries. The futures contracts that were closed during the year realised a gain of £3,742,000.

At 31 January 2000, two index futures contracts that were used to hedge investments remained open; a Hong Kong dollar contract with an unrealised loss of £610,000 and a Korean won contract with an unrealised gain of £32,000.

22. Interest rate risk and liquidity risk

Floating rate

When the Company retains cash balances the majority of the cash is held in deposit accounts. The average interest rate on cash deposits, which are primarily US dollar based, held at 31 January 2000 was 5 per cent. The benchmark rate which determines the interest payments received on cash balances is the bank base rate.

At 31 January 2000, the Company did not hold any floating rate liabilities.

Fixed rate

The Company does not hold any fixed interest investments.

The Company does hold fixed interest liabilities that are denominated in US dollars.

At 31 January 2000, these were:

	\$'000	£'000	Average interest rate	Average period until maturity
US dollar loans	40,000	24,678	7.525%	2.73 years

Liquidity risk

In respect of liquidity risk, the Company's assets comprise mainly realisable securities. Short term flexibility is achieved where necessary through the use of overdraft facilities.

23. Foreign currency risk

The Company invests in overseas securities and holds foreign currency cash balances which gives 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 at 31 January 2000:

	Investments £'000	Cash £'000	Loans £'000
US Dollar	–	1,140	24,678
Hong Kong Dollar	58,087	2,318	–
Indonesian Rupiah	–	4	–
Korean Won	25,620	718	–
Malaysian Ringgit	8,423	227	–
Philippine Peso	2,486	–	–
Singapore Dollar	13,166	86	–
New Taiwan Dollar	33,746	239	–
Thailand Baht	9,787	4	–
Total	151,315	4,736	24,678

The Company has also hedged investments in Hong Kong and Korea by way of futures contracts as detailed in note 21. As at 31 January 2000 the futures contracts not yet closed were as follows:

	Hedged amount £'000	Unrealised gain/(loss) £'000
150 March 2000 KOSPI 200 Index sell contracts	(4,953)	32
240 February 2000 Hang Seng Index sell contracts	(14,844)	(610)
Total	(19,797)	(578)

Directors' Responsibility Statement and Report of the Auditors

Directors' Responsibility Statement

The Directors are required by law to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for that period.

They are also responsible for ensuring that adequate accounting records are maintained and that the assets of the Company are safeguarded and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The accounts have been prepared on a going concern basis, appropriate accounting policies have been used and consistently applied and reasonable and prudent judgements and estimates have been made in the preparation of the accounts. Applicable UK accounting standards have been followed.

Auditors' Report to the shareholders of Pacific Assets Trust plc

We have audited the accounts on pages 15 to 27 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 18 and 19.

Respective Responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report. As described above, this includes responsibility for preparing the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if 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 the information specified by law or the Listing Rules regarding Directors' remuneration and transactions with the Company is not disclosed.

We review whether the corporate governance statement on pages 12 and 13 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Stock Exchange, 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 either the Company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

Basis of Audit Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of

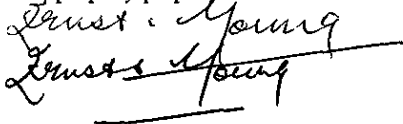
Directors' Responsibility Statement and Report of the Auditors

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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 31 January 2000 and of the revenue of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Handwritten signature of Ernst & Young in cursive script, with a horizontal line underneath.

ERNST & YOUNG
Registered Auditor
Edinburgh
29 February 2000

Shareholder Information

Total Number of Ordinary Shareholders

2000	1999
6,800	6,468

Annual General Meeting

The Annual General Meeting of Pacific Assets Trust plc will be held at One Charlotte Square, Edinburgh on Friday, 28 April 2000 at 12.30 pm.

Dividends

The ordinary 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 Lloyds TSB Registrars Scotland on request.

Series II Warrant Particulars

Each warrant entitles the holder to subscribe for one ordinary share at a subscription price of 130p. Warrants may be exercised on each 31 May until 2002. A reminder will be circulated to holders approximately one month prior to each exercise date.

Capital Gains Tax

To assist those who acquired their holding at 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 subdivision 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	48.5p

Share and Warrant Prices

The Company's Ordinary Shares and Warrants are listed on the London Stock Exchange under 'Investment Trusts'. Prices for both securities are given daily in the *Financial Times*, and for the Ordinary Shares in *The Times*, *The Daily Telegraph*, *The Scotsman*, *The Herald* 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 Lloyds TSB Registrars Scotland under the signature of the registered holder.

Daily Net Asset Value

The daily net asset value of the Company's shares can be obtained by contacting Friends Ivory & Sime Customer Services on 0131-220 4239.

ASSOCIATION OF INVESTMENT TRUST COMPANIES

The Company is a member of the Association of Investment Trust Companies ('AITC')

ZeroCharge™ investment plans and ISAs

We have recently introduced a number of cost-effective plans which will allow you to invest in the shares of Pacific Assets Trust without incurring any initial, annual or exit plan charges. All the running costs of the plans are borne by Pacific Assets Trust itself. Cost-effective, tax-efficient and flexible, the ZeroCharge™ investment plans include:

- An Individual Savings Account, for both lump sums and regular savings;
- Pep Transfer Plans where you can transfer your existing Pep investments without affecting their tax status; and
- An Investment Plan, for both lump sums and regular savings.

For more information on any of these plans, please call our Customer Services team on 0845 600 6166 (7 days a week, 24 hours a day) or visit our website, www.itszerocharge.co.uk.

Ivory & Sime TrustLink Products

We also have a range of products available through Ivory & Sime TrustLink which are designed to enable investors to build shareholdings in Pacific Assets Trust. These include a managed portfolio service offering a free lifetime guarantee.

Please contact your independent financial adviser for further information on any of these products.

The above has been approved by Friends Ivory & Sime plc which is a member of the Friends Provident Group and is regulated by IMRO. Stockmarkets 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.

Financial Calendar

28 APRIL 00	Annual General Meeting
12 MAY 00	Final dividend on Ordinary Shares paid
13 SEPTEMBER 00	Announcement of interim results for the six months ending 31 July 2000
SEPTEMBER 00	Posting of interim report for the six months ending 31 July 2000
FEBRUARY 2001	Announcement of annual results for the year ending 31 January 2001
APRIL 2001	Posting of annual review and report for the year ending 31 January 2001

Ten Year Record

31 JAN	SHAREHOLDERS' FUNDS £000	LOWER OF FULLY DILUTED AND BASIC NET ASSET VALUE PER ORDINARY SHARE*	SHARE PRICE*	DISCOUNT/ (PREMIUM)	SERIES II WARRANT PRICE	DIVIDENDS PER ORDINARY SHARE*
1991	36,044	43.17p	37.5p	13.1%	N/A	0.46875p†
1992	49,909	58.19p	54.75p	5.9%	N/A	0.25p
1993	68,921	78.47p	77.0p	1.9%	N/A	0.275p
1994	135,019	149.84p	141.5p	5.6%	N/A	0.3p
1995	95,579	106.48p	97.75p	8.2%	N/A	0.325p
1996	135,187	143.81p	144.25p	(0.3%)	46.5p	0.35p
1997	176,153	134.59p	123.75p	8.1%	29.0p	0.40p
1998	67,643	52.02p	47.5p	8.7%	6.75p	0.40p
1999	70,593	54.29p	40.75p	24.9%	2.25p	0.40p
2000	130,647	101.18p	83.50p	17.5%	6.75p	0.40p

*Figures restated to reflect the 4 for 1 share subdivision on 30 June 1995.

†Including 0.25p special dividend arising from high liquidity following an Offer of new shares.

Notice of Annual General Meeting

Notice is hereby given that the Fifteenth Annual General Meeting of Pacific Assets Trust Public Limited Company will be held at One Charlotte Square, Edinburgh, on 28 April 2000 at 12.30 pm for the following purposes:

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

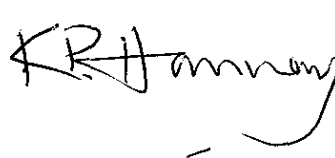

Ordinary Resolutions

1. That the Report and Accounts for the year to 31 January 2000 be received and that the payment of a final dividend for the year of 0.40p per share be approved.
2. That Mr T Clydesdale, retiring by rotation, be re-elected as a Director.
3. That Mr N M S Rich, retiring by rotation, be re-elected as a Director.
4. That Ernst & Young be re-appointed as Auditors and that the Directors be authorised to determine their remuneration.

Special Resolution

5. That the Company be authorised, in accordance with section 166 of the Companies Act 1985 (the "Act"), to make market purchases (within the meaning of section 163(3) of the Act) of Ordinary Shares of 12.5p each in the capital of the Company ("Shares"), provided that:
 - (a) the maximum number of Shares hereby authorised to be purchased shall be 19,356,438 or 14.99% of the number of shares in issue at the date of the meeting, whichever is the lower;
 - (b) the minimum price which may be paid for a Share shall be 12.5p;
 - (c) the maximum price (exclusive of expenses) which may be paid for a Share shall be 105 per cent of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the Shares for the five business days immediately preceding the date of purchase; and
 - (d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the Annual General Meeting of the Company to be held in 2001, save that the Company may, prior to such expiry, enter into a contract to purchase Shares under such authority which will or might be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to any such contract.

By Order of the Board



K P HANNAY
Secretary
One Charlotte Square
Edinburgh EH2 4DZ
8 March 2000

The final dividend if approved will be paid on 12 May 2000 to shareholders on the Register on 14 April 2000.

A member who is entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on their behalf. Such a proxy need not also be a member of the Company.

A Form of Proxy for use by Ordinary Shareholders is enclosed. In order to have effect, the Form of Proxy must be deposited at the Company's Registrars, Lloyds TSB Registrars Scotland, 117 Dundas Street, Edinburgh EH3 5ED at least 48 hours before the time of the meeting. Completion of the Form of Proxy will not prevent a Shareholder from attending the meeting and voting in person.

To have the right to attend and vote at this meeting a holder of ordinary shares must first have their name entered in the Register of Members not later than 48 hours prior to the meeting. Changes to the Register after that time shall be disregarded in determining the rights of any holder of ordinary shares to attend and vote at the meeting.

Directors

F R Noel-Paton (Chairman)*
T Clydesdale
I F H Grant
H M P Miles, OBE
D B Nichol
N M S Rich, CBE†

Secretary

K P Hannay, CA

Registered Office

One Charlotte Square
Edinburgh EH2 4DZ

Investment Managers

Friends Ivory & Sime plc
One Charlotte Square
Edinburgh EH2 4DZ
Tel No. 0131-465 1000
Telex No. 727242
Facsimile No. 0131-225 2375

Registrars and Transfer Office

Lloyds TSB Registrars Scotland
117 Dundas Street
Edinburgh EH3 5ED

Registrar's Shareholder Helpline

Tel No. 0870 6015366

Registrar's Broker Helpline

Tel No. 0906 5596025

For further information contact Friends Ivory & Sime
Customer Services on 0131-220 4239

*Chairman of the Nomination and
Remuneration Committees

† Chairman of the Audit Committee

Bankers

The Hongkong and Shanghai
Banking Corporation
1 Queens Road Central
Hong Kong
Bank of New York Europe Limited
67 Lombard Street
London EC3P 3DL

Auditors

Ernst & Young
Ten George Street
Edinburgh EH2 2DZ

Brokers

Merrill Lynch
20 Farringdon Road
London
EC1M 3NH
Bell Lawrie White & Co. Limited
7 Drumsheugh Gardens
Edinburgh EH3 7QH

Solicitors

Shepherd & Wedderburn WS
Saltire Court
20 Castle Terrace
Edinburgh EH1 2ET