

The directors submit the financial statements for the period from incorporation on 18 January 1999 to 31 January 2000. During the period under review the company has followed the normal activities of an investment trust company. The manager's review includes all the information recommended for inclusion in an Operating and Financial Review (OFR).

Valuation

At the period end the total net assets attributable to ordinary shares were £349,268,000. Based on these figures, the net asset value per ordinary share was 109.96p.

Income and dividends

Gross revenue for the period was £7,087,000. The revenue return per share was 1.66p.

An interim dividend of 0.50p per share was paid on 6 October 1999. The board now recommends a final dividend payment of 0.92p per share which makes a total for the period of 1.42p. The final dividend is payable on 19 May 2000 to shareholders on the register on 24 March 2000. After provision for the dividend the sum of £808,000 will be transferred to the revenue reserve.

Shareholders

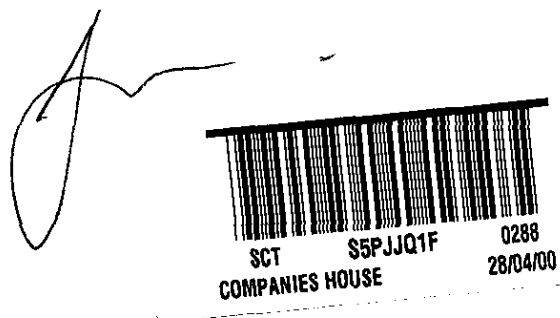
At 31 January 2000 there were 7,849 ordinary shareholders on the main register and a further 4,332 participants in the Martin Currie Savings Plan. These 12,181 holders can be analysed as follows:

Shareholders at 31 January 2000			
	% of shareholders	% of equity capital	
Individuals and trustees	65.7	26.3	
Insurance and investment companies	0.5	1.9	
Banks and nominee companies	27.4	59.7	
Other holders	6.4	12.1	
	100.0	100.0	

The company has been notified of the following interest in its ordinary share capital:

RBSTB Nominees Ltd (Martin Currie Savings Plan)	5.51%
DC Thomson	3.03%

As far as the company is aware, no other shareholder holds 3% or more of the company's ordinary share capital. This includes information received up to 13 March 2000.



Directors

Directors are appointed for specific terms subject to their election or re-election being approved by shareholders. Directors' shareholdings are shown in note 21 on page 25. The company has no service contracts with its directors.

In terms of the company's articles of association all of the directors shall retire at the first annual general meeting and offer themselves for re-election. The resolutions relating to the re-election of the directors are set out in the Notice of AGM on page 33.

Directors who served during the period are detailed on page 3.

Manager and secretaries

Under the terms of the Management Agreement, Martin Currie Investment Management Ltd (MCIM) is entitled to receive a basic investment management fee, payable quarterly in arrears, at the rate of 0.6 per cent. per annum (plus VAT) of Total Assets (as calculated in accordance with the terms of the Management Agreement). The annual rate of 0.6 per cent. on the first £500 million of Total Assets falls to 0.4 per cent. for the amount of Total Assets above £500 million.

Assets invested in the companies or funds which are managed by a member of the Martin Currie group, including the company's shareholding in Martin Currie Capital Return Trust, are excluded from Total Assets for the purpose of calculating the basic investment management fee.

MCIM is, in addition, entitled to a performance-related investment management fee, calculated and payable quarterly in arrears, up to a rate of 0.2 per cent. per annum (plus VAT) of Total Assets. The performance-related fee is calculated over the previous 12 month period on a graduated basis. The maximum performance-related fee of 0.2 per cent. per annum will only be paid if the percentage performance of Martin Currie Portfolio's net asset value exceeds the percentage performance of the capital return of the FTSE All-Share Index by at least two percentage points over the relevant period. In the period ending 31 January 2000 the maximum performance bonus of £643,000 (excluding irrecoverable VAT of £65,000) was payable.

MCIM also provides administrative and secretarial services to Martin Currie Portfolio under the Secretarial Agreement for which it receives an annual secretarial fee, payable quarterly in arrears, of £50,000 (plus VAT). From 1 May 2000 the annual secretarial fee will be adjusted annually in line with the UK Retail Prices Index. The secretaries fee payable to the period ended 31 January 2000 was £42,500 (excluding VAT).

Joe Scott Plummer is interested in this contract as chairman of Martin Currie Ltd, the parent company of MCIM.

An additional sum of £114,000 was paid by the company to finance a share of the costs of the Martin Currie Savings Plan.

Report of the directors

Corporate governance

The board of Martin Currie Portfolio and its standing committees meet regularly to consider the affairs of the company and to deal with those matters specifically reserved for its attention. Of the eight directors, all of whom are non-executive, seven are independent within the meaning of the Combined Code and one is chairman of MCIM and also of its parent company Martin Currie Limited. Martin Currie Portfolio does not employ a chief executive. The role of senior non executive director is fulfilled by the deputy chairman. Directors are chosen with a view to providing the board with a wide range of knowledge and experience to draw upon, both in terms of stock market investment and also general business. A nomination committee, comprising the chairman and the deputy chairman, identifies prospective candidates for new board appointments and makes recommendations for consideration by the full board. Directors are not appointed for a fixed term of office but the company's articles of association provide for one third of the board to retire by rotation at each annual general meeting, subject to the proviso that each director shall retire from office and may offer himself for re-election at least once every three years.

MCIM are employed as manager of the trust, including the provision of company secretarial and administrative services. The manager ensures that the board is supplied in a timely manner with the information necessary for it to discharge its duties effectively. A management engagement committee, comprising the chairman and deputy chairman, meets at least annually to review the services provided by the manager and secretaries, the level of their remuneration, and any other matters associated with the management agreement.

It is the policy of Martin Currie Investment Management Limited, as manager, to exercise the voting rights attaching to the securities in which they invest on all possible occasions, even in respect of routine resolutions. Unless they believe it to be against the best interests of shareholders to do so, it is the manager's policy to support the boards of the companies in which they invest.

In accordance with the company's articles of association, the remuneration of the directors may not exceed, in aggregate, £200,000 or such higher amount as may be determined by ordinary resolution of the company. The chairman and deputy chairman determine the remuneration of the non-executive directors, whilst the non-executive directors, acting together, make recommendations to the board concerning the remuneration of the chairman and the deputy chairman. Details of the chairman's remuneration, together with the aggregate remuneration of the board are disclosed in the notes to the financial statements. The members of the board do not have service contracts.

The manager provides a dedicated client services team which maintains regular contact with the company's shareholders, particularly major shareholders and reports regularly to the board. It is the company's policy to make full use of the annual general meeting as a means of communicating with its shareholders and to encourage their participation in the affairs of the company. Following the conclusion of the formal business of the meeting, the manager is asked to give a presentation to shareholders on the performance of the trust and deal with questions as necessary.

The directors' report contains a statement which sets out the extent of the directors' responsibilities in relation to the preparation of the accounts. The board as a whole approves the terms of the chairman's statement and manager's report, which form part of the annual and interim reports to shareholders, in order to ensure that they present a balanced and understandable assessment of the company's position and future prospects.

Report of the directors

The board is responsible for reviewing the effectiveness of the company's system of internal control, and has established procedures designed to meet the particular needs of the company, the risks to which it is exposed and which are consistent with the guidance provided by the Turnbull Committee. By their nature such procedures can provide reasonable, but not absolute, assurance against material misstatement or loss. As permitted by the London Stock Exchange, the company has complied with the Code provision D.2.1 on internal control by reporting on internal financial control in accordance with the guidance for directors on internal control and financial reporting that was issued in December 1994 (the Ruttman guidance), throughout the financial period. The directors monitor the investment performance of the company in comparison to its benchmark index and to comparable investment trusts at each board meeting. They also review the company's activities since the last board meeting to ensure that it adheres to its agreed investment policy and agreed investment guidelines and, if necessary, approve changes to such policy and/or guidelines.

The board confirms that it has reviewed the effectiveness of the company's system of internal financial controls as it operated during the period.

The board has a formally established audit committee with set terms of reference. The committee currently comprises the deputy chairman and at least two other directors who are independent of the manager. Members are clearly identified on page 3.

Other than as disclosed above, the company has complied with the provisions set out in Section 1 of the Combined Code on Corporate Governance, issued by the London Stock Exchange, throughout the period ended 31 January 2000.

Going concern

The directors, after making suitable enquiries, are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Directors' responsibility statement

The directors are required by UK company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the revenue for the period.

Suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements. Applicable accounting standards have been followed.

The directors are also responsible for maintaining adequate accounting records, which enable them to ensure that they comply with the Companies Act 1985, for safeguarding the assets of the company and for taking reasonable steps for preventing and detecting fraud and other irregularities.

Report of the directors

Tax status

The directors have conducted the affairs of the company so as to enable it to qualify as an investment trust within the meaning of the Income and Corporation Taxes Act 1988 in the period under review.

Year 2000

As a result of the steps taken in the run-up to Year 2000, the company has not experienced any problems with either internal systems or with any external suppliers' systems.

Share capital

During the period from 25 January 2000 to 31 January 2000 the company bought back 2,725,000 ordinary shares (nominal value of £136,250, being 0.9% of the issued share capital) on the London Stock Exchange for cancellation. The total consideration for these shares was £2.5 million. Since 31 January 2000, 2,700,000 shares have been bought back for cancellation.

Buying in shares at a large discount enhances the net asset value of the company and in conjunction with other measures may help to reduce the discount.

Management of financial risk

The major financial risks faced by the company are funding risk, interest rate risk, currency risk and stockmarket risk.

The board of Martin Currie Portfolio regularly reviews these risks and approves any decisions made by the manager on how overall risks are managed.

Funding - the company's financial instruments comprise investment, borrowings, cash and various items, such as trade debtors, trade creditors etc (as identified in the notes to the financial statements), that arise directly from its operations. The main purpose of those financial instruments is to raise finance for the company's operations.

Throughout the period under review, it has been the company's policy that no trading in derivatives transactions was undertaken. Notes 19 and 20 to the financial statements on page 25 give further details of the company's funding.

Fixed asset investments are valued at mid-market values which equate to their fair values. The fair value of all other current assets and liabilities is represented by their carrying values in the balance sheet. The information below and the notes to the financial statements give further details of the company's financial instruments and related uses.

Interest rate risk - from time to time the company finances its operations through bank borrowings. The company has borrowed in both sterling and yen, as shown in notes 11 and 12 to the financial statements. The board believes that one of the key advantages of investment trusts (as compared with unit trusts, for example) is the ability to take on borrowings with the objective of enhancing capital returns to shareholders. The current yen and sterling loans seek to take advantage of the low level of interest rates relative to the expected capital returns from UK and Japanese equity investments.

There are no fixed rate securities held as at 31 January 2000.

Report of the directors

Currency risk - although the company is based in the UK, 28.2% of its portfolio of investments are overseas stocks. As a result, the company's sterling balance sheet can be significantly affected by movements in the local currencies of these stocks.

The company's exposure to yen/sterling movements is hedged to an extent by the yen loan that is in place, but throughout the period under review no currency swaps have been taken out.

As well as the overseas investments, the company also has non-sterling cash deposits. These are detailed below and are included in the cash balance in note 10 to the financial statements.

All short-term debtors and creditors are denominated in sterling, with the exception of a broker payable of US\$56,000 and the ¥1,160m yen loan referred to in note 11.

Foreign currency exposure as at 31 January 2000		
	Investments £000	Cash £000
US dollars	49,157	-
Euro	25,962	1,482
Japanese yen	18,477	-
Hong Kong dollars	3,497	-
Swedish kroner	3,055	-
Swiss francs	1,567	-
	101,715	1,482

Stockmarket risk - after consideration of advice from the manager, the board decides the respective investment strategy required to fulfil the company's objectives.

The manager applies a global market preference to the creation of a model portfolio. It is the job of the management team associated with Martin Currie Portfolio to ensure that the trust's asset allocation reflects this.

Auditors

Ernst & Young, will be proposed for appointment as auditors in accordance with Section 385 of the Companies Act 1985.

The resolution for their appointment is set out in the Notice of AGM on page 33.

Report of the directors

Special business

Authorisation to issue shares

At the extraordinary general meeting of the company held on 28 January 1999, resolutions were passed which permitted the directors to allot new shares. The renewal of this authority is now sought by means of a special resolution at the annual general meeting.

The directors consider that the reasons for asking shareholders to approve such authorisation still apply, particularly as the company is now in the Martin Currie Savings Plan. Allotments of shares pursuant to this authority would enable the directors to issue shares for cash to take advantage of changes in market conditions that may arise in order to increase the amount of the company's issued share capital. The purpose of such increase would be to improve the liquidity of the market in the company's shares and to spread the fixed costs of administering the company over a wider base. The directors believe that this would increase the investment attractions of the company to the benefit of existing shareholders. They have no present intention of using this authority, if granted, and no issues of shares would be made which would dilute the net asset value per share of existing shareholders.

The resolution required to allot shares in this way is set out as resolution 12 in the notice of meeting. This resolution, if passed, will give your directors power to allot for cash equity securities of the company up to a maximum aggregate nominal amount of £794,075 (being an amount equal to 5% of the issued ordinary share capital of the company as at 31 January 2000) to investors under the Savings Plan or in other circumstances as if Section 89(1) of the Companies Act 1985 did not apply. (This Section requires, when shares are to be allotted for cash, such new shares first to be offered to existing shareholders in proportion to their existing holdings of shares, this entitlement being known as "pre-emption rights"). The calculation of the above figure is in accordance with the limits laid down by the London Stock Exchange and Investment Protection Committee guidelines, and the directors will not use the authority other than in accordance with these guidelines.

The authority contained in resolution 12 will continue until the annual general meeting of the company in 2001 and your directors envisage seeking the renewal of this authority in 2001 and in each succeeding year, subject to such renewals again being in accordance with the above guidelines.

Your directors will not make any issues of new ordinary shares unless they consider it advantageous to the company to do so, and no issue of ordinary shares will be made pursuant to the authorisation in resolution 12 which would effectively alter the control of the company without the prior approval of shareholders in general meeting.

Report of the directors

Authorisation to purchase own shares

At the extraordinary general meeting of the company on 29 October 1999, a resolution was passed which authorised the company to purchase its own shares in the market. This authority will expire at the conclusion of the forthcoming annual general meeting.

The directors consider that the reasons for asking shareholders to approve such authority still apply. The main purpose of any share buy-backs will be to enhance the net asset value of the remaining ordinary shares, as the shares will only be acquired at a cost which is less than their net asset value. Purchases should also provide liquidity for shareholders wishing to sell their ordinary shares and may have a beneficial effect on the discount at which the ordinary shares currently trade to their net asset value.

The resolution to authorise the company to purchase its own shares is set out in resolution 13. This resolution, if passed, will give the company the authority to purchase its own shares within guidelines established from time to time by the directors. Purchases will only be made for cash at a cost which is below the prevailing net asset value per ordinary share. Under the rules of the London Stock Exchange, the maximum price which may be paid is five per cent above the average of the market values of the ordinary shares for the five business days before the purchase is made. The minimum price payable will be 5p, being the nominal value of an ordinary share. Ordinary shares which are purchased will be cancelled. Purchases will be funded either by using available cash resources, by selling investments in the portfolio or by borrowings.

No ordinary shares will be purchased by the company during periods when the company would be prohibited from making such purchases by the rules of the London Stock Exchange.

The authority contained in resolution 13 will continue until the annual general meeting of the company in 2001 and your directors envisage seeking the renewal of this authority in 2001 and in each succeeding year.

By order of the board

Martin Currie Investment Management Ltd

Secretaries

Edinburgh, 7 April 2000



Report of the auditors

To the members of Martin Currie Portfolio Investment Trust

We have audited the accounts on pages 18 to 25, which have been prepared under the historical cost convention, as modified by the revaluation of investments and the accounting policies set out on page 21.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report. As described on page 12, 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 11 and 12 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.

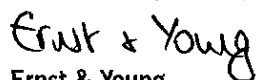
Basis of audit opinion

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 whether the accounting policies are appropriate to the group'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 net revenue for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young

Registered auditor

Edinburgh, 7 April 2000

Statement of total return (incorporating the revenue account)

For the period ended 31 January 2000

	Note	Revenue £000	Capital £000	Total £000
Net gains on investments - realised	16	-	1,294	1,294
- unrealised	16	-	27,925	27,925
Net currency losses	16	-	(1,258)	(1,258)
Income				
- franked	2	5,469	-	5,469
- unfranked	2	1,618	-	1,618
Investment management fee		(573)	(1,145)	(1,718)
Performance bonus		-	(708)	(708)
Other expenses	4	(682)	-	(682)
Net return before finance costs and taxation		5,832	26,108	31,940
Interest payable and similar charges	3	(263)	(527)	(790)
Return on ordinary activities before taxation		5,569	25,581	31,150
Taxation on ordinary activities	5	(237)	118	(119)
Return on ordinary activities after taxation for the financial period		5,332	25,699	31,031
Dividends in respect of equity shares: 1.42p per share	6	(4,524)	-	(4,524)
Transfer to reserves		808	25,699	26,507
Return per ordinary share	7	1.66p	8.02p	9.68p

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

No operations were acquired or discontinued in the period.

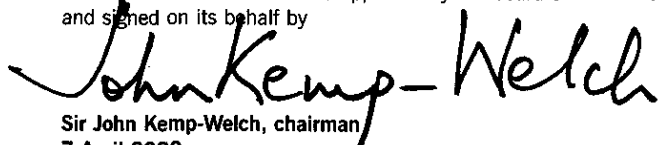
The notes on pages 21 to 25 form part of these financial statements.

Balance sheet

As at 31 January 2000

	Note	£000	£000
Fixed assets			
Investments at market value			
Listed on The Stock Exchange in the UK			259,176
Listed on stock exchanges abroad			101,715
	8		<u>360,891</u>
Current assets			
Debtors	9	15,965	
Cash in bank	10	13,273	
			<u>29,238</u>
Creditors			
Amounts falling due within one year	11	20,861	
			<u>8,377</u>
Net current assets			<u>8,377</u>
Total assets less current liabilities			<u>369,268</u>
Creditors			
Amounts falling due after one year	12		20,000
			<u>349,268</u>
Total assets attributable to share capital			<u>349,268</u>
Capital and reserves			
Called-up ordinary capital	13		15,881
Capital reserve	16		25,699
Share premium account	14		159,208
Capital redemption reserve	15		136
Special distributable reserve	15		147,536
Revenue reserve	16		808
			<u>349,268</u>
Equity shareholders' funds			<u>349,268</u>
Net asset value per ordinary share	7		<u>109.96p</u>

The notes on pages 21 to 25 form part of these financial statements.
The financial statements were approved by the board on 13 March 2000,
and signed on its behalf by



Sir John Kemp-Welch, chairman
7 April 2000

Statement of cash flow

For the period ended 31 January 2000

	Note	£000	£000
Operating activities			
Net dividends and interest received from investments		5,377	
Underwriting commission received		27	
Interest received from deposits		514	
Investment management fee		(1,296)	
Cash paid to and on behalf of directors		(51)	
Bank charges		(30)	
Other cash payments		(448)	
Net cash inflow from operating activities	18		4,093
Servicing of finance			
Interest paid		(388)	
Net cash outflow from servicing of finance			(388)
Capital expenditure and financial investment			
Payments to acquire investments		(167,765)	
Receipts from disposal of investments		129,482	
Exchange differences		(573)	
Net cash outflow from capital expenditure and financial investment			(38,856)
Equity dividends paid			(1,602)
Net cash outflow before use of liquid resources and financing			(36,753)
Management of liquid resources			
Financing			
Net cash acquired with Scottish Eastern Investment Trust scheme of reconstruction		24,180	
Repurchase of ordinary share capital		(1,385)	
Movement in short-term borrowings		6,001	
Movement in long-term borrowings		20,000	
Net cash inflow from financing			48,796
Increase in cash for the period	19		12,043

The notes on pages 21 to 25 form part of these financial statements.

Notes to the financial statements

1 Accounting policies

- a) The financial statements have been prepared in accordance with applicable accounting standards and the statement of Recommended Practice for Financial Statements of Investment Trust Companies (SORP). Disclosures have been included as required by Financial Reporting Standard 13 - Derivatives and Other Financial Instruments Disclosures.
- b) Income from equity investments is determined on the date on which the investments are quoted ex-dividend, or where no ex-dividend date is quoted, when the company's right to receive payment is established. Income from fixed interest securities is recognised on an effective yield basis. Franked investment income includes the relevant tax credit. Other income includes any taxes deducted at source. Scrip dividends are treated as unfranked investment income; any excess in value of the shares received over the amount of the cash dividend is recognised in capital reserves.
- c) Interest receivable and payable and management expenses are treated on an accruals basis.
- d) The management fee and finance costs are allocated two-thirds to capital and one-third to revenue in accordance with the board's expected long-term split of returns in the form of capital gains and income, respectively. The performance fee is allocated 100% to capital as it relates entirely to the capital performance of the trust.
- e) Realised and unrealised gains and losses on investments and exchange adjustments to overseas currencies are taken to capital reserve.
- f) Investments are valued at mid-market prices. These valuations also represent the fair value of the investments. Foreign currencies are translated at the rates of exchange ruling on the balance sheet date. Investments are recognised initially as at trade date of a transaction. Subsequent to this, the disposal of an investment is accounted for once again as at the trade date of the transaction.
- g) Revenue received and interest paid in foreign currencies are translated at the rates of exchange ruling on the transaction date.
- h) All financial assets and liabilities are recognised in the financial statements. Short term debtors and creditors have been excluded from the disclosures, other than the currency disclosures, as allowed by FRS13.

2 Income from investments

From listed investments
Equities
Convertibles/fixed interest

£000

6,441

105

6,546

Interest on deposits

514

Underwriting commission

27

7,087

3 Interest payable and similar charges

Interest payable on bank loans and overdrafts

Revenue
£000

Capital
£000

Total
£000

263

527

790

263

527

790

Notes to the financial statements

	£000
4 Administrative expenses	
Advertising	130
Auditors' fees	21
Bank charges	40
Directors' fees*	127
Legal fees	28
Printing and postage	58
Registration fees	26
Savings plan administration and advertising	114
Secretarial fee	43
Irrecoverable vat	36
Other	59
	<u>682</u>

* Included in directors' fees above was an amount of £21,100 paid to the chairman.

	Revenue £000	Capital £000	Total £000
5 Taxation on ordinary activities			
UK corporation tax	227	(118)	109
Overseas taxation	10	-	10
	<u>237</u>	<u>(118)</u>	<u>119</u>

	£000
6 Dividends on ordinary shares	
Interim of 0.50p	1,602
Proposed final of 0.92p	2,922
	<u>4,524</u>
Total 1.42p	

7 Returns and net asset value	
The returns and net asset value per ordinary share are based on the following figures:	
Revenue return	£5,332,000
Capital return	£25,699,000
Net assets attributable to equity shareholders	£349,268,000
Number of ordinary shares in issue as at 31 January 2000	317,629,570
Average number of ordinary shares in issue during period	320,333,618

Returns per ordinary share are calculated on the average number of ordinary shares in issue during the period and the net asset value is calculated on the number of ordinary shares in issue at the period end.

8 Investments	
Transferred in as part of the Scottish Eastern Investment Trust plc scheme of reconstruction	300,963
Purchases	174,867
Sales proceeds	(144,143)
Realised gains	1,294
Effective yield adjustment	(15)
	<u>332,966</u>
Cost as at 31 January 2000	332,966
Unrealised gains	27,925
	<u>360,891</u>
Valuation as at 31 January 2000	

There were no capital commitments relating to investments as at 31 January 2000.
There were no fixed interest securities held as at 31 January 2000.

Stock lending

No stock lending was undertaken during the period.

Notes to the financial statements

	£000
9 Debtors	
Dividends receivable	983
Due by brokers	14,744
Taxation recoverable	82
Other debtors	156
	<u>15,965</u>

10 Cash at bank	
On deposit - short-term	11,791
Euro bank account	1,482
	<u>13,273</u>

At the period end the company held cash investments of £13 million and had a number of undrawn overdraft facilities in sterling of £10 million. These resources are maintained to meet the projected cash outflow from debt repayment and working capital needs.

11 Creditors	
Amounts falling due within one year:	
Proposed final dividend	2,922
Interest accrued	402
Due to brokers	7,102
Other creditors	2,519
Bank overdraft	1,230
¥1,160m loan repayable June 2000 (interest rate fixed at 0.47%)	6,686
	<u>20,861</u>

12 Creditors	
Amounts falling due after one year:	
£10 million loan repayable August 2001 (interest rate fixed at 6.83125%)	10,000
£10 million loan repayable June 2004 (interest rate fixed at 6.61%)	10,000
	<u>20,000</u>

	£000
13 Called-up share capital	
Ordinary share 5p	
Authorised	50,000
Issued	
320,354,570 ordinary shares issued as part of the Scottish Eastern Investment Trust plc scheme of reconstruction.	16,017
2,725,000 ordinary shares bought back during the period.	(136)
	<u>15,881</u>

Ordinary shares in issue as at 31 January 2000

Ordinary shares were bought back between 25 and 31 January 2000 at prices between 89.9p and 91.5p. The total amount paid to buy back the shares was £2,465,000.

The nominal value of the shares bought back has been transferred to the capital redemption reserve.

Notes to the financial statements

	£000
14 Share premium	
320,354,570 ordinary shares issued as part of the Scottish Eastern Investment Trust plc scheme of reconstruction	309,208
Share premium cancelled and reclassified as special distributable reserve	<u>(150,000)</u>
	<u>159,208</u>
15 Special distributable reserve	
Share premium account cancelled and reclassified as special distributable reserve	150,000
2,725,000 ordinary shares bought back during the period	<u>(2,464)</u>
	<u>147,536</u>
Capital redemption reserve	
2,725,000 ordinary shares bought back during the period	<u>136</u>
	<u>136</u>
16 Movement in reserves	
Capital reserve	
Net realised gains on investments during the period	1,294
Net realised loss on currencies during the period	(1,258)
Capitalised expenses (see note below*)	<u>(2,262)</u>
	(2,226)
Unrealised appreciation on investments at 31 January 2000	<u>27,925</u>
Total capital reserve at 31 January 2000	<u>25,699</u>
*Capitalised expenses include two thirds of the basic management fee and finance costs which are allocated to capital reserve, net of associated tax relief, and the performance bonus which is allocated entirely to capital.	
Revenue reserve	
Transfer to revenue reserve for period	<u>808</u>
Total revenue reserve at 31 January 2000	<u>808</u>
17 Reconciliation of movements in shareholders' funds	
Revenue available for distribution	5,332
Dividends	<u>(4,524)</u>
	808
Other recognised gains for the period	<u>25,699</u>
Net addition to shareholders' funds	26,507
Issue of ordinary shares in the period	325,225
Repurchase of ordinary shares in the period	<u>(2,464)</u>
Closing shareholders' funds	<u>349,268</u>

Notes to the financial statements

	£000
18 Reconciliation of net revenue before interest payable and taxation to net cash inflow from operating activities	
Net revenue before interest payable and taxation	5,832
Increase in dividends receivable and other debtors	(1,139)
Increase in other creditors	1,439
Capitalised management expenses	(1,853)
Tax withheld from income on investments	(201)
Effective yield adjustment	15
	<u>4,093</u>
Net cash inflow from operating activities	<u>4,093</u>

	Cash flows £000	Exchange movements £000	At 31 January 2000 £000
19 Analysis of net debt			
Cash at bank and in hand	13,273	-	13,273
Bank overdraft	(1,230)	-	(1,230)
	<u>12,043</u>	<u>-</u>	<u>12,043</u>
Bank borrowings - falling due within one year	(6,001)	(685)	(6,686)
- falling due after one year	(20,000)	-	(20,000)
	<u>(13,958)</u>	<u>(685)</u>	<u>(14,643)</u>

	£000
20 Reconciliation of net cash flow to movement in net debt	
Decrease in cash in period	12,043
Cash inflow from increase in debt	(26,001)
	<u>(685)</u>
Exchange differences	<u>(685)</u>
Net debt at 31 January 2000	<u>(14,643)</u>

	31 January 2000
21 Director's shareholdings	
Sir John Kemp-Welch	69,004
Calum MacLeod	8,280
Peter Berry	13,800
Baroness Sarah Hogg	-
Douglas Kinloch Anderson	171,673
Norman Lessels	110,701
John Plant	-
Joe Scott Plummer	114,442

Directors who held office at the end of the period and their shareholdings are shown above.

Holdings include beneficial and family interests. Douglas Kinloch Anderson has a non-beneficial interest in 33,535 shares.

There have been no changes in these holdings up to 17 March 2000.

22 Participating interests

Name	Principal activity	Description of shares held	Issued capital £'000	Reserves £'000	Profit/(loss) for period £'000	Proportion of class held £'000	Valuation at 31/1/00 £'000
Martin Currie Capital Return Trust plc (accounts to 31/1/00)	Investment Trust	Ordinary shares	1,063	123,169	230	36%	148,525

Mr Peter Berry is a director of Martin Currie Capital Return Trust plc.