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PORTFOLIO

Martin Currie

Portfolio Investment Trust plc

Annual report

Year ended 31 January 2002

MARTIN · CURRIE

PORTFOLIO INVESTMENT TRUST

WELCOME

Welcome to the annual report for 2002. We have continued with the new style of report we introduced 12 months ago. I trust you find the information helpful in describing how we invest your money. For those reading about the trust for the first time, I hope it may persuade you to consider investing with us.

By law all annual reports have to contain a number of statutory sections. These may seem less than exciting but they are important. Where possible, we have tried to keep the use of technical terms to a minimum. This all means that the report is not short. But we have tried to be clear, informative and interesting because a sensible investment decision, we believe, is based on sound information.

As you will see, this year we have also produced a shorter summary annual report. We believe many shareholders may prefer to receive just this document in future, but if you want to receive both, please return the enclosed reply paid card.

Peter Berry

Peter Berry
Chairman

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IF YOU WANT TO FIND OUT HOW TO BUY SHARES IN THE TRUST, TURN TO PAGE 13 - OR VISIT OUR WEBSITE AT

WWW.MARTINCURRIEPORTFOLIO.COM

Martin Currie Portfolio Investment Trust is a member of the Association of Investment Trust Companies (AITC), an organisation which works with its 300 member companies to help investors learn more about investment trusts.

ABOUT THE TRUST

DESIGNED SPECIFICALLY FOR PRIVATE INVESTORS, MARTIN CURRIE PORTFOLIO INVESTMENT TRUST WAS LAUNCHED IN MARCH 1999. ITS OBJECTIVE IS TO ACHIEVE LONG-TERM CAPITAL GROWTH BY INVESTING IN A DIVERSIFIED PORTFOLIO OF UK AND INTERNATIONAL STOCKS.

BECAUSE THE TRUST IS AIMED MAINLY AT UK-BASED INVESTORS, WE INVEST PRINCIPALLY IN THE UK, AND MEASURE OUR PERFORMANCE AGAINST THE FTSE ALL-SHARE INDEX.

PRINCIPAL FEATURES

We seek to achieve our objective in four ways. The first three of these are summed up by our 70:20:10 investment policy:

Some 70% of the portfolio is invested in the UK, with a focus on blue chip companies

Some 10% of the portfolio is invested in unquoted companies through an investment in Martin Currie Capital Return Trust

Some 20% of the portfolio is invested internationally wherever we find opportunities for better returns

The fourth element of our strategy is that we will borrow funds at the right time to enhance investment returns.

KEY FACTS

Objective	Long-term capital growth
Portfolio focus	Worldwide
Benchmark	FTSE All-Share index
Total assets	£332 million
Capital structure	312,579,570 ordinary shares of 5p each entitled to one vote and two restricted voting deferred shares
Dividends paid	May and October

THE BENEFITS TO YOU

We think an investment in the trust carries four key benefits for shareholders:

- Making money for our shareholders is the absolute priority. Despite a difficult 12 month period, the trust has outperformed its benchmark since inception. From 22 March 1999 to 31 January 2002, the trust's net asset value has fallen by 11.4% against a 12.2% fall in the FTSE All-Share index.
- By investing in a diversified selection of UK and international companies, the trust can spread your risk, while giving you access to the potential gains from stockmarkets worldwide.
- Your investments are in the hands of experienced professionals. Martin Currie Investment Management Ltd is a long established, independent firm dedicated solely to fund management.
- You have the opportunity, subject to legal requirements, to sell back shares to the trust at net asset value (less costs) every five years, even if the share price in the market is lower. The first opportunity to do so will be after the annual general meeting of the company in 2004.

FINANCIAL HIGHLIGHTS

Key data

	As at 31 January 2002	As at 31 January 2001	% change
Net asset value per share	89.88p	115.74p	▼ 22.3
FTSE All-Share index	2,496.02	3,030.05	▼ 17.6
Share price	80.50p	101.00p	▼ 20.3
Discount	10.4%	12.7%	▼ 18.1

Total returns*

	Year ended 31 January 2002	Year ended 31 January 2001
Net asset value per share	▼ 21.0%	▲ 7.5%
FTSE All-Share index	▼ 15.6%	▲ 4.1%
Share price	▼ 18.8%	▲ 14.4%

Income

	Year ended 31 January 2002	Year ended 31 January 2001	% change
Revenue return per share	1.47p	1.67p	▼ 12.0
Dividend per share	1.50p	1.47p	▲ 2.0

Total expenses

	Year ended 31 January 2002	Year ended 31 January 2001
As a percentage of total assets	0.88%	0.96%
As a percentage of shareholders' funds	1.03%	1.12%

*For the definition of total returns, see page 33.

CHAIRMAN'S STATEMENT

TENTATIVE SIGNS OF GLOBAL ECONOMIC RECOVERY, MOST NOTABLY IN THE US, HAVE BEGUN TO RAISE INVESTORS' CONFIDENCE.

PETER BERRY

Following the strong performance that we reported in the company's first two annual reports, the last 12 months have proved disappointing. Including the events of 11 September, it has been a turbulent period for stockmarkets worldwide. Since inception in March 1999, the company's net asset value per share ("NAV") has fallen by 11.4%, modestly outperforming the FTSE All-Share index's loss of 12.2%. However, in the 12 months to 31 January 2002, the trust's NAV fell by 22.3%, whereas the index lost 17.6%. The share price over the 12 months fell by 20.3%. The discount has thus narrowed from 12.7% to 10.4%.

This underperformance was a result of our portfolio not being sufficiently defensive. We were positioned, albeit modestly, for economic recovery. However, the downturn in the US economy was deeper and lasted longer than we anticipated. This had a strong impact on European markets and corporate earnings. Additionally, our performance was held back by having holdings in overseas markets, which underperformed the UK market, and by the effect of the trust's gearing in falling markets.

Your board has declared a final dividend of 1.00p. This makes a total of 1.50p for the year and is up by 2.0% from last year. At 1.47p, earnings per share fell by 12.0%. We expect some revenue recovery from the portfolio and thus feel able to draw marginally on revenue reserves this year.

With this year's annual report, we have included a briefer Summary of key information about your trust and its performance. All the financial information in this summary is taken from the full statutory document but without much of the technical jargon we are obliged to include in the full report. We hope that you will find this a quicker and easier way to access the information you want. In future, if you wish us to continue to send you both documents, just return the postage paid reply card. Otherwise we will send you the Summary. It is entirely up to you.

I would like to take this opportunity to invite shareholders to the company's annual general meeting on 27 May 2002. We are holding this at 12.30pm in Martin Currie's offices in Saltire Court, Edinburgh. Following the company's formal business, our manager Tom Walker will present on the company's recent performance and the outlook for the year ahead. There will be time for questions, and afterwards you will be able to meet informally with the board and managers. I look forward to meeting a number of you there.

Calum MacLeod, our Deputy Chairman, will stand down at this year's AGM. He has been on the board since inception and, before that, was a director of Scottish Eastern Investment Trust. We will miss his wise counsel and wish him very well.

The manager's review summarises developments in the investment world over the last 12 months and suggests reasons for cautious optimism for the immediate future. Tentative signs of global economic recovery, most notably in the US, have begun to raise investors' confidence. We expect modest returns overall from equities this year, and so have positioned the company to benefit.

Peter Berry

Peter Berry
16 April 2002

DIRECTORS

1

1 PETER BERRY CMG
Peter (57), the Chairman, is executive chairman of The Crown Agents for Oversea Governments and Administrations. He is a non-executive director of Henderson TR Pacific Investment Trust plc and Kier Group plc and a trustee of the Charities Aid Foundation.

2 CALUM MACLEOD CBE
Calum* (66), the Deputy Chairman, is chairman of Aberdeen Development Capital PLC and Grampian Television and deputy chairman of SMG plc. He is also a director of Macdonald Hotels plc, and a number of other companies and he is a trustee of The Carnegie Trust for the Universities of Scotland.

3 BARONESS HOGG
Sarah (55) is chairman of 3i and Frontier Economics, and a director of P&O Princess Cruises, GKN and F&C Smaller Companies Investment Trust. She is a governor of the BBC, and a member of the House of Lords Select Committee on Economic Affairs. From 1990-95 she was head of the Prime Minister's Policy Unit.

4 DOUGLAS KINLOCH ANDERSON OBE
Douglas* (62) is executive chairman of Kinloch Anderson Limited. He was national president of the Royal Warrant Holders Association, president of The Edinburgh Chamber of Commerce and Master of the Edinburgh Merchant Company. He is also a director of Fidelity Special Values plc and Martin Currie Capital Return Trust plc.

5 JOHN PLANT FCA
John* (48) is a chartered accountant and is president and CEO of TRW Automotive. In 1991 he was made managing director of the electrical division of Lucas Industries and, following the merger to form LucasVarity, he was promoted to president, based in Michigan, USA. He joined TRW upon their acquisition of LucasVarity.

6 JOE SCOTT PLUMMER FCA
Joe (58) is chairman of Martin Currie Limited. He is a non-executive director of Candover Investments plc, and he has chaired the investment committee of the Candover 1994 UK Limited Partnership. He is also a non-executive director of The Merchants Trust plc.

7 BEN THOMSON
Ben* (39) is chief executive of the Edinburgh investment banking firm, Noble & Company. He joined Noble & Company in 1990 and became chief executive in 1996. Before joining Noble & Company, he worked at Kleinwort Benson in London.

The directors are all non-executive.
*Members of the audit committee.

MANAGER'S REPORT

TOM WALKER

BECAUSE OF THE HIGH LEVEL OF UNCERTAINTY, WE ARE MAINTAINING A BALANCE IN THE PORTFOLIO. WE FAVOUR THOSE COMPANIES THAT SHOULD BENEFIT FROM A CYCLICAL RECOVERY.

The events of 2001 will be remembered more than most in the history of financial markets. Above all, the terrorist attacks on the US, the biggest bankruptcy in history and an economic slowdown that prompted eleven successive cuts in US interest rates had repercussions around the world and continue to do so.

Although the FTSE All-Share index fell by 15.6% over the period, the UK was one of the best performing markets. By comparison, continental European markets fell by 24.5% and the Japanese market by 31.9% (FTSE World indices).

Despite the extent of their falls in 2000, technology stocks fell even further last year. In the year to 31 January 2002, the technology sector in the FTSE All-Share index fell 70.1% (it fell 37.4% in the previous year). At the other end of the range, the tobacco sector rose 35.2% (up 69% in the previous year). So for two years, the same two sectors, prime examples of aggressive cyclical and defensive stable industries, have performed very differently. What's more, the divergence was over 100 percentage points in both years.

There are a number of reasons for the company's underperformance over the year. The principal reason is that we expected economic recovery in 2001, positioned the portfolio accordingly and suffered from the extreme diversity in sectoral performance, illustrated by the technology and tobacco sectors.

In the UK it has been a tough time for manufacturing. Recently, the service sector has suffered too. Despite this, the UK economy has been relatively resilient to the global slowdown. Low interest rates, low unemployment and strong property prices have buoyed consumer confidence. Generous increases in public spending have been announced. So the UK has not seen the economic contraction experienced by the US.

That said, unemployment has started to rise, government finances are deteriorating and consumer borrowing is at record levels. The Bank of England's dilemma is that these are early warning signs of inflationary pressure, but the near term concern remains economic slowdown. So, despite a recent rise in inflation, they may prefer to wait and see before raising interest rates. We expect inflation to fall through the spring and summer and we believe our expectations for modest recovery in the economy in 2002 are consistent with non-inflationary growth.

Many of the above comments about the UK economy also apply to the US. Consumer confidence fell sharply, but remains stronger than the industrial recession would suggest. US economic growth at the end of the 1990's was greater than the UK's, and so had further to fall. We believe that the US economy will recover although quite modestly in 2002. Since the US economy remains the major influence on Europe and Asia's economic growth, this is the key forecast for the year ahead.

As political indecision continues, Japan has again been the worst performing market. Dire as Japan's economic situation is, it still seems likely that, since Mr. Koizumi has failed to administer the necessary reforms, it will get worse before it gets better. We have reduced our total exposure to Japan and have hedged the currency risk by borrowing in yen at very low rates of interest.

Because of the high level of uncertainty, we are maintaining a balance in the portfolio. We favour those companies that should benefit from a cyclical recovery. We believe well-financed market leaders in the technology sector will benefit from even a mild recovery. That is because of the extent to which their customers will have to rebuild inventories. Through specific growth oriented stocks, we are overweight financials. We also like industrials but remain underweight in consumer staples and retailers. During the last year, we reduced our exposure to the telecom sector.

We believe that now would be the wrong time to reverse our strategy of cautious positioning for market growth. The pessimism that currently prevails reflects the uncertain environment at present. However, the world economy is likely to recover in 2002, and when it does we expect that pessimism to dissipate and equity markets to move higher. Our bias towards growth and cyclical stocks, that counted so harshly against us last year, should be rewarded in that recovery.

T. M. Walker

Tom Walker

PORTFOLIO SUMMARY

Portfolio distribution — as at 31 January

	2002	2001
By region		
United Kingdom	66.8%	64.2%
International*	19.3%	23.3%
Martin Currie Capital Return Trust	13.9%	12.5%
	100.0%	100.0%
By sector		
Financials	25.7%	24.0%
Non-cyclical consumer goods	16.4%	11.6%
Resources	12.4%	9.0%
Cyclical services	10.9%	11.9%
Non-cyclical services	8.7%	14.9%
General industrials	3.7%	3.7%
Information technology	3.5%	8.1%
Utilities	3.0%	2.9%
Basic industries	1.2%	0.5%
Cyclical consumer goods	0.6%	0.9%
Martin Currie Capital Return Trust	13.9%	12.5%
	100.0%	100.0%
By asset class		
Equities	107.0%	107.2%
Cash	7.6%	5.1%
Less borrowings	(14.6%)	(12.3%)
	100.0%	100.0%

***International allocation**

	2002	2001
North America	12.4%	11.7%
Continental Europe	4.6%	6.1%
Japan	2.0%	2.9%
Pacific basin	0.3%	1.5%
Central and South America	-	1.1%

Largest holdings — as at 31 January 2002

	Market value £000	% of market value of total portfolio	Cumulative %
Martin Currie Capital Return Trust	42,398	13.89	
GlaxoSmithKline	17,310	5.67	
BP	16,911	5.54	
Vodafone	15,486	5.07	
HSBC Holdings	13,489	4.42	34.59
Royal Bank of Scotland	9,751	3.19	
Shell Transport & Trading	7,935	2.60	
Lloyds TSB Group	7,797	2.55	
AstraZeneca	7,163	2.35	
CGNU	6,068	1.99	47.27
Man Group	5,271	1.73	
Diageo	4,969	1.63	
Candover Investments	4,101	1.34	
BAE Systems	3,662	1.20	
Barclays	3,599	1.18	54.35
Henderson Absolute Return Portfolio	3,460	1.13	
Centrica	3,328	1.09	
GUS	3,249	1.06	
Legal & General Group	3,130	1.03	
British American Tobacco	3,112	1.02	59.68

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United Kingdom portfolio

	Sector	Market value £	Percentage of portfolio
GlaxoSmithKline	*Pharmaceuticals/biotechnology*	17,309,835	5.67
BP	*Oil & gas*	16,910,885	5.54
Vodafone	*Telecommunication services*	15,485,841	5.07
HSBC Holdings	*Banks*	13,489,453	4.42
Royal Bank of Scotland	*Banks*	9,751,223	3.19
Shell Transport & Trading	*Oil & gas*	7,934,818	2.60
Lloyds TSB Group	*Banks*	7,796,623	2.55
AstraZeneca	*Pharmaceuticals/biotechnology*	7,162,513	2.35
CGNU	*Life assurance*	6,067,532	1.99
Man Group	*Speciality & other finance*	5,271,360	1.73
Diageo	*Beverages*	4,968,720	1.63
Candover Investments	*Investment companies*	4,100,625	1.34
BAE Systems	*Aerospace & defence*	3,661,803	1.20
Barclays	*Banks*	3,598,859	1.18
Henderson Absolute Return Portfolio	*Investment companies*	3,460,000	1.13
Centrica	*Gas distribution*	3,327,750	1.09
GUS	*General retailers*	3,249,010	1.06
Legal & General Group	*Life assurance*	3,129,760	1.03
British American Tobacco	*Tobacco*	3,112,400	1.02
Compass Group	*Leisure, entertainment & hotels*	2,987,774	0.98
Imperial Tobacco	*Tobacco*	2,912,000	0.95
Anglo American	*Mining*	2,796,000	0.92
Cadbury Schweppes	*Food producers & processors*	2,775,500	0.91
Rio Tinto	*Mining*	2,734,811	0.90
British Sky Broadcasting	*Media & photography*	2,682,680	0.88
Hilton Group	*Leisure, entertainment & hotels*	2,583,955	0.85
BT Group	*Telecommunication services*	2,469,284	0.81
Cairn Energy	*Oil & gas*	2,453,561	0.80
Electrocomponents	*Support services*	2,339,960	0.77
Scottish & Southern Energy	*Electricity*	2,326,280	0.76
3i Group	*Investment companies*	2,298,000	0.75
Computacenter	*Software & computer services*	2,239,200	0.73
Tesco	*Food & drug retailers*	2,112,750	0.69
National Grid Group	*Electricity*	2,065,400	0.68
Kingfisher	*General retailers*	2,033,860	0.67
Schroder Ventures International	*Investment companies*	1,799,350	0.59
Provident Financial	*Speciality & other finance*	1,661,100	0.54
Alliance Unichem	*Health*	1,630,500	0.53
Shanks Group	*Support services*	1,548,500	0.51
Close Brothers Group	*Speciality & other finance*	1,545,000	0.51

PORTFOLIO

United Kingdom portfolio

	Sector	Market value £	Percentage of portfolio
Martin Currie Income & Growth Trust	*Investment companies*	1,540,000	0.50
Lattice Group	*Gas distribution*	1,506,088	0.49
Pearson	*Media & photography*	1,249,307	0.41
Tibbett & Britten Group	*Transport*	1,201,500	0.39
GKN	*Automobiles & parts*	1,110,278	0.36
Marshalls	*Construction & building materials*	1,109,200	0.36
Exeter Investment Group	*Speciality & other finance*	1,095,318	0.36
Intermediate Capital Group	*Speciality & other finance*	1,032,750	0.34
Anite Group	*Software & computer services*	994,500	0.33
AMEC	*Construction & building materials*	874,926	0.29
Expro International Group	*Oil & gas*	807,259	0.26
Informa Group	*Media & photography*	787,050	0.26
Ricardo	*Support services*	718,250	0.24
Ultra Electronics Holdings	*Aerospace & defence*	636,000	0.21
Xansa	*Software & computer services*	614,590	0.20
Axis-Shield	*Pharmaceuticals/biotechnology*	603,000	0.20
Highbury House Communications	*Media & photography*	172,126	0.06
Total United Kingdom investments		**203,836,617**	**66.78**

International portfolio

North America	Sector	Market value £	Percentage of portfolio
Target Corporation	*General retailers*	2,828,062	0.93
Pfizer	*Pharmaceuticals/biotechnology*	2,800,998	0.92
Ingersoll-Rand	*Engineering & machinery*	2,503,644	0.82
Cendant Corporation	*Leisure, entertainment & hotels*	2,349,961	0.77
Cisco Systems	*Information technology hardware*	2,241,562	0.73
American Home Products	*Pharmaceuticals/biotechnology*	2,196,052	0.72
American International Group	*Insurance*	2,173,398	0.71
Microsoft Corporation	*Software & computer services*	2,163,787	0.71
Chevrontexaco Corporation	*Oil & gas*	2,015,991	0.66
SBC Communications	*Telecommunication services*	1,987,370	0.65
Baxter International	*Health*	1,975,165	0.65
Air Products & Chemicals	*Chemicals*	1,799,866	0.59
Honeywell International	*Aerospace & defence*	1,783,592	0.58
JP Morgan Chase	*Banks*	1,674,432	0.55
Viacom	*Leisure, entertainment & hotels*	1,661,850	0.54
Walgreen	*Food & drug retailers*	1,540,225	0.50
Tyco International	*Diversified industrials*	1,492,252	0.49
Solectron Corporation	*Information technology hardware*	1,409,750	0.46
AOL Time Warner	*Leisure, entertainment & hotels*	1,172,807	0.39
Total North America investments		**37,770,764**	**12.37**

Continental Europe			
Aventis	*Pharmaceuticals/biotechnology*	2,648,490	0.87
Autostrade	*Transport*	2,604,072	0.85
ENI	*Oil & gas*	2,166,720	0.71
Munich Re	*Insurance*	2,108,333	0.69
Telecom Italia	*Telecommunication services*	1,783,373	0.58
ING	*Insurance*	1,764,950	0.58
TPG	*Transport*	989,618	0.33
Total Continental Europe investments		**14,065,556**	**4.61**

PORTFOLIO

International portfolio

Japan	Sector	Market value £	Percentage of portfolio
Martin Currie Absolute Return Japan Fund	*Speciality & other finance*	1,399,357	0.46
Canon	*Electronic & electrical equipment*	1,230,684	0.40
Konami	*Software & computer services*	1,021,594	0.33
Nomura Holdings	*Speciality & other finance*	853,550	0.28
Toyota Motor Corporation	*Automobiles & parts*	821,179	0.27
Credit Saison	*Speciality & other finance*	671,224	0.23
Total Japan investments		**5,997,588**	**1.97**

Pacific Basin			
PT Telekomunikasi Indonesia	*Telecommunication services*	**1,152,563**	**0.38**
Total international portfolio		**58,986,471**	**19.33**

Unquoted equities

	Market value £	Percentage of portfolio
Martin Currie Capital Return Trust	**42,398,065**	**13.89**
TOTAL PORTFOLIO	**305,221,153**	**100.0**

INVESTOR INFORMATION

THERE ARE A NUMBER OF WAYS IN WHICH YOU CAN HOLD SHARES IN MARTIN CURRIE PORTFOLIO INVESTMENT TRUST. OF COURSE, INVESTMENT TRUSTS - LIKE ANY LISTED COMPANY - CAN BE BOUGHT AND SOLD THROUGH A STOCKBROKER, SHARESHOP OR BANK. BUT THERE ARE OTHER WAYS TOO:

MARTIN CURRIE FundsCircle

If you want to buy more shares in the trust, then FundsCircle offers a simple way of doing so:

- Invest lump sums from **£500** - or save from **£50** a month
- Top-up from **£250** for existing investors
- **No** initial charge - apart from stamp duty
- **No** annual charge

MARTIN CURRIE FundsCircle ISA

If you want tax-free returns, then FundsCircle ISA could be right for you:

- **Low cost** and **tax efficient** way to hold shares in the trust
- Invest lump sums from **£1,000** - or save from **£50** a month
- **No** initial charge - apart from stamp duty
- **Low** annual charge of 1%

MARTIN CURRIE FundsCircle PEP

You can transfer existing PEPs with other managers to the trust through the FundsCircle PEP Transfer Service:

- **Low cost** and **tax efficient** way to hold shares in the trust
- **No** initial charge - apart from stamp duty
- **Low** annual charge of £30

SHARE EXCHANGE SERVICE

If you have shareholdings - large or small - in companies listed on the London Stock Exchange, you can exchange them for shares in Martin Currie Portfolio Investment Trust through FundsCircle or FundsCircle ISA.

With a low charge for selling your existing shares and no charge - except stamp duty - to buy shares through FundsCircle, we believe the share exchange service offers excellent value. And it's a good way of tidying up your portfolio.

For more details about all of these products, call free on **0808 100 21 25**.

KEEPING YOU INFORMED...

We want to make it easy for you to follow your investment and to keep up to date with news on the trust. We publish annual and interim reports each year. We know many of you want to monitor the price of your shares on a more regular basis. You can find the company's share price listed in:

- The Times
- The Daily Telegraph
- The Scotsman
- The Herald
- Financial Times

Or you can call the FT City Line on **0906 843 1748** for real-time prices.

...AND ONLINE

There's a website specifically for the trust. It includes price and performance statistics, online versions of the trust's annual, summary annual and interim report and ways in which you can invest. You will find this on **www.martincurrieportfolio.com**. You can also find information about the trust on Martin Currie's website - **www.martincurrie.com/its**.

TELL US WHAT YOU THINK

We also value your views and comments. You can write to Martin Currie's Investor Services team at the address on the back of this report or e-mail: **investorservices@martincurrie.com**.

INVESTOR INFORMATION

DIRECTORS

Peter Berry (Chairman)
Calum MacLeod (Deputy Chairman)
Baroness Hogg
Douglas Kinloch Anderson
John Plant
Joe Scott Plummer
Ben Thomson

MANAGER AND SECRETARIES

Tom Walker
Martin Currie Investment Management Ltd
Saltire Court
20 Castle Terrace
Edinburgh EH1 2ES

Telephone 0808 100 21 25
Fax 0131 222 2532

Regulated by the FSA and a member of the Investment Management Association

REGISTERED OFFICE

Martin Currie Portfolio Investment Trust plc
Saltire Court
20 Castle Terrace
Edinburgh EH1 2ES

Registered in Scotland No. 192761

REGISTRARS AND TRANSFER OFFICE

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Bourne House
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Beckenham
Kent BR3 4TV
Telephone 020 8639 2000

AUDITORS

Ernst & Young LLP
Ten George Street
Edinburgh EH2 2DZ

BANKERS

The Northern Trust Company
155 Bishopsgate
London EC2M 3XS

ASSOCIATION OF INVESTMENT TRUST COMPANIES (AITC)

AITC
Durrant House
8-13 Chiswell Street
London EC1Y 4YY

Telephone: 020 7282 5555

Martin Currie Portfolio Investment Trust is a member of the AITC.

KEY DATES

May	Annual general meeting
May	Final dividend payment date
September	Interim results announced
October	Interim report issued
October	Interim dividend payment date
March	Year-end results announced
April	Annual report issued

CAPITAL GAINS TAX

The company itself pays no capital gains tax. Individual investors might have a liability to tax on disposal of their shares.

OTHER INVESTMENT TRUSTS

Martin Currie manages nine other investment trusts:

Martin Currie Capital Return Trust
Martin Currie Enhanced Income Trust
Martin Currie European Investment Trust
Martin Currie High Income Trust
Martin Currie Income & Growth Trust
Martin Currie Japan Investment Trust
Martin Currie Pacific Trust
Premium Trust
Securities Trust of Scotland

DIRECTORS' REPORT

The directors submit the financial statements for the year to 31 January 2002. During the year under review the company has followed the normal activities of an investment trust company. The manager's report includes all the information recommended for inclusion in an Operating and Financial Review (OFR).

PRINCIPAL ACTIVITIES

The company carries on business as an investment trust. In the year under review, the directors have conducted the affairs of the company so as to enable it to qualify as an investment trust as defined in Section 842 of the Income and Corporation Taxes Act 1988 and as an investment company as defined in Section 266 of the Companies Act 1985. Under Corporation Tax Self Assessment ("CTSA") the Inland Revenue were no longer obliged to give written approval of compliance with Section 842 of the Income and Corporation Taxes Act 1988. However an agreement has been reached by the Association of Investment Trust Companies ("AITC") and the Inland Revenue that Section 842 approval may be given outwith the CTSA regime and that the Inland Revenue may grant approval in writing within three months of the application. The company is therefore in the process of seeking formal approval for the year ended 31 January 2002.

VALUATION

At the year end the net assets attributable to ordinary shares were £280,947,000 compared with £361,769,000 at the end of last year. Based on these figures, the net asset value per ordinary share was 89.88p compared with 115.74p.

INCOME AND DIVIDENDS

Gross revenue for the year was £7,014,000 (2001: £7,881,000). The revenue return per share was 1.47p (2001: 1.67p).

An interim dividend of 0.50p per share was paid on 26 October 2001. The board now recommends a final dividend payment of 1.00p per share which makes a total for the year of 1.50p. The final dividend is payable on 31 May 2002 to shareholders on the register on 2 April 2002. After provision for the dividend the sum of £97,000 will be transferred from the revenue reserve.

SHAREHOLDERS

At 31 January 2002 there were 7,404 ordinary shareholders on the main register and a further 4,687 participants in the Martin Currie FundsCircle (representing 6.2% of the issued share capital). These 12,091 holders can be analysed as follows:

Shareholders		**as at 31 January 2002**
	% of shareholders	% of equity capital
Individuals and trustees	75.9	21.8
Insurance and investment companies	0.3	1.3
Banks and nominee companies	20.6	68.5
Other holders	3.2	8.4
	100.0	**100.0**

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

Ordinary share capital	**as at 31 March 2002**
DC Thomson & Company Limited	3.1%

DIRECTORS' REPORT

DIRECTORS

Directors' shareholdings are shown in note 21 on page 32. The company has no service contracts with its directors.

Norman Lessels retired from the board on 24 May 2001.

Peter Berry and John Plant, being eligible, offer themselves for re-election at the AGM.

Calum MacLeod has indicated his intention to retire from the board at the AGM.

Directors who held office at the year end are detailed on pages 4 and 5.

MANAGERS AND SECRETARIES

Martin Currie Investment Management Ltd (MCIM) are employed as the managers and secretaries, of the company subject to 12 months notice of termination by either party.

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

Assets invested in 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 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 annum will only be paid if the percentage performance of Martin Currie Portfolio Investment Trust'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.

MCIM also provides administrative and secretarial services to Martin Currie Portfolio Investment Trust under the Secretarial Agreement for which it receives an annual secretarial fee. This fee is payable quarterly at the current rate of £52,236 (plus VAT) per annum. It is subject to an increase in May each year in line with the UK Retail Prices index. The secretarial fee for the year ended 31 January 2002 was £51,967 (excluding VAT).

Joe Scott Plummer is interested in the Management Agreement and the Secretarial Agreement as chairman of Martin Currie Ltd, the parent company of MCIM.

CORPORATE GOVERNANCE

The listing rules of the UK Listing Authority require listed companies to disclose, in relation to Section 1 of the Combined Code produced by the Committee on Corporate Governance in June 1998, how they have applied its principles and whether they have complied with its provisions throughout the accounting period.

The board of Martin Currie Portfolio Investment Trust plc 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 seven directors, all of whom are non-executive, six are independent within the meaning of the Combined Code and one is chairman of Martin Currie Investment Management Limited and also of its parent company Martin Currie Limited. Martin Currie Portfolio Investment Trust does not employ a chief executive. The Deputy Chairman fulfils the role of senior non-executive director.

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 nominations 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 specifically appointed for a fixed term of office. The company's articles of association currently 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 every three years. The nominations committee considers the re-appointment of those directors retiring by rotation.

The board has an agreed process for obtaining independent legal and professional advice if necessary at the company's expense.

Martin Currie Investment Management Limited are employed as the managers of the trust, including the provision of company secretarial and administrative services. The managers ensure 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 managers and secretaries, the level of their remuneration, and any other matters associated with the management agreement. In line with current industry best practice, that agreement allows for one year's notice of termination.

It is the policy of Martin Currie Investment Management Limited, as the managers, 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 managers' policy to support the boards of the companies in which they invest.

The managers always consider the environmental, social and ethical aspects of every company in which it may or does invest. Inevitably, standards vary from country to country, but the managers expect companies to conform to local 'best practice' at least.

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 recommend the remuneration of the other non-executive directors, whilst the other non-executive directors, acting together, make recommendations to the board concerning the remuneration of the Chairman and Deputy Chairman. As a matter of good practice, directors' fees are reviewed annually. Details of the Chairman's remuneration, and that of the other members of the board, are disclosed in the annual financial statements. The members of the board do not have service contracts.

The managers provide 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 trust's investment managers generally give a presentation on the performance of the trust and deal with questions from shareholders as necessary.

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. The board acknowledges that it is responsible for the company's system of internal control and for reviewing its effectiveness. It has therefore established an ongoing process designed to meet the particular needs of the company and manage the risks to which it is exposed. These procedures are consistent with the guidance provided by the Turnbull Committee. Based principally on the managers' existing risk-based system of internal control, this approach seeks to identify two broad categories of risk: inherent, driven by business type, and strategic, driven by business development. These are then used to create a risk assessment matrix which identifies the key functions carried out by the managers, the individual activities undertaken within those functions, the risks associated with each activity and the controls employed to minimise those risks. A residual risk rating is then applied. The risk assessment matrix is continually updated and the board is provided with two interims and an annual report, highlighting all material changes to the risk ratings and confirming the action, which has been, or is being, taken. Such procedures have been in place throughout the full financial year and up to the date of approval of the annual report and the board is satisfied with their effectiveness. Internal control procedures are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material mis-statement or loss. 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 meeting to ensure that they adhere to its agreed investment policy and approved investment guidelines and, if necessary, approve changes to such policy and/or guidelines.

The board has reviewed the need for an internal audit function and has decided that the systems and procedures employed by the managers, including their internal audit function and the work carried out by the trust's external auditors, provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the company's assets, is maintained. An internal audit function, specific to the trust, is therefore considered unnecessary.

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 managers. Members are clearly identified in the annual report.

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 UK Listing Authority, throughout the financial year ended 31 January 2002. Specifically, the Company does not comply with Code Provision: A.6.1 in that directors are not appointed for a fixed term of office. However, the nominations committee, which meets at least annually, is charged with specific responsibility for considering the rotation of directors and the renewal of the board.

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 year which give a true and fair view of the state of affairs of the company and of the revenue for the year.

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.

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 year under review.

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 Investment Trust regularly reviews these risks and approves any decisions made by the managers on how overall risks are managed.

Funding - the company's financial instruments comprise investments, borrowings, cash and various items, such as trade debtors, trade creditors, derivatives, etc (as identified in the notes to the financial statements), that arise directly from its operations. The main purpose of these financial instruments, excluding fixed asset investments, is to raise finance for the company's operations. Notes 19 and 20 to the financial statements on page 32 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 returns from UK and Japanese equity investments.

The company has a £15 million sterling loan taken out at a floating rate of LIBOR plus 0.6%. This loan matures in April 2004. The floating rate on this loan is reset every quarter. In addition, the company has entered into an interest rate swap to receive floating LIBOR and pay fixed 6.86% on a principal sum of £15 million. This swap expires in April 2004 and was entered into for the purpose of hedging the company's interest rate exposure in long-term borrowings. The valuation of the swap is shown in note 12 to the financial statements.

The company also has a £10 million multi-currency facility. A new ¥1,660 million loan (2001: ¥1,660 million) was taken out when the previous yen loan was repaid in June 2001. Of this new loan, ¥427.5 million was repaid during September 2001. The remainder will mature in June 2002. The interest rate is fixed at 0.65% (2001: 0.65%).

In addition, the company has two £10 million loans. The first will mature in August 2004 and has a fixed rate of interest of 5.92%. It was taken out when a previous £10 million was repaid in August 2001. The second will mature in June 2004 and has a fixed rate of interest of 6.61%.

The fair value of these balances is not considered to be materially different to their carrying values.

There are no fixed rate securities held as at 31 January 2002.

Financial liabilities — as at 31 January

Facility	2002 Currency 000	2002 Fixed rate	2002 Floating rate	2001 Currency 000	2001 Fixed rate	2001 Floating rate
Bank loan	¥1,232,500	0.65%	-	-	-	-
Bank loan	-	-	-	¥1,660,000	0.65%	-
Bank loan	-	-	-	£10,000	6.83%	-
Bank loan	£10,000	6.61%	-	£10,000	6.61%	-
Bank loan	£10,000	5.92%	-	-	-	-
Bank loan	£15,000	-	LIBOR+0.6%	£15,000	-	LIBOR+0.6%
Interest rate swap	£15,000	6.86%	-	£15,000	6.86%	-

Financial assets — as at 31 January

Facility	2002 Currency 000	2002 Fixed rate	2002 Floating rate	2001 Currency 000	2001 Fixed rate	2001 Floating rate
Interest rate swap	£15,000	-	LIBOR	£15,000	-	LIBOR

Currency risk - although the company is based in the UK, 19.3% (2001: 23.3%) of its portfolio of investments are international 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 year under review no currency swaps have been taken out.

The company is not speculating in currency and it is its policy that currency hedging against weakness of an investment currency is limited to the extent of the exposure to that currency and only into sterling.

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 broker payables totalling US$2,506,000 (2001: US$1,068,000), broker receivables of US$1,405,224 (2001: nil) and the ¥1,232.5 *million (2001: ¥1,660 million) loan referred* to in note 11.

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

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

Foreign currency exposure **as at 31 January**

	2002		2001	
	Investments £000	Cash £000	Investments £000	Cash £000
US dollars	37,771	-	52,296	394
Euro	14,066	-	20,036	-
Japanese yen	5,997	1,545	11,286	-
Indonesian rupiah	1,152	-	-	-
Hong Kong dollars	-	-	3,724	-
Canadian dollars	-	-	3,332	-
Swedish kroner	-	-	1,429	-
	58,986	1,545	92,103	394

AUDITORS

On 28 June 2001, Ernst & Young, the company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001.

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

The resolution for their re-appointment is set out in the notice of AGM.

SPECIAL BUSINESS

Authorisation to issue shares
At the annual general meeting of the company held on 24 May 2001 resolutions were passed which permitted the directors generally to allot equity shares and to allot such shares as if Section 89(1) of the Companies Act 1985 did not apply. (This Section requires where new shares are allotted by cash, such new shares are first offered to existing shareholders in proportion to their existing holding of shares, this entitlement to be known as *"pre-emption rights".) The renewal of this* authority for allotment without the application of pre-emption rights is now sought by means of a special resolution at the forthcoming annual general meeting.

Allotment 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 an increase would be to improve the liquidity of the market in the company's shares and to spread the fixed cost 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 issue of shares would be made except in accordance with the articles of association.

The resolution required to allot the shares in this way is set out as resolution 7 in the notice of meeting. The resolution, if passed will give the directors power to allot for cash equity securities of the company up to a *maximum of £781,448 (being an amount* equal to 5% of the issued share capital of the company as at 31 January 2002) without the application of pre-emption rights described above. The calculation of the above figure is in accordance with the limits laid down in the UK Listing Authority and Investment Protection Committee guidelines and the directors will not use this authority other than in accordance with the above guidelines.

The authority contained in resolution 7 will continue until the annual general meeting of the company in 2003 at which time the directors envisage seeking renewal of this authority in 2003 and in each succeeding year subject to such renewals again being in accordance with the above guidelines.

Authorisation to purchase own shares
At the annual general meeting of the company held on 24 May 2001, 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 8. 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 UK Listing Authority, 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 UK Listing Authority.

The authority contained in resolution 8 will continue until the annual general meeting of the company in 2003 and the directors envisage seeking the renewal of this authority in 2003 and in each succeeding year.

M. Woodward

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

16 April 2002

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MARTIN CURRIE PORTFOLIO INVESTMENT TRUST

We have audited the company's financial statements for the year ended 31 January 2002 which comprise the statement of total return, balance sheet, statement of cash flow, and the related notes 1 to 22. These financial statements have been prepared on the basis of the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the directors' responsibilities statement.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, 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 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 reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises: about the trust, financial highlights, chairman's statement, directors, manager's report, portfolio summary, portfolio, investor information, directors' report, glossary and notice of meeting. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 January 2002 and of its net revenue for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
Edinburgh

16 April 2002

STATEMENT OF TOTAL RETURN

	Note	For the year ended 31 January 2002 Revenue £000	Capital £000	Total £000	For the year ended 31 January 2001 Revenue £000	Capital £000	Total £000
Net (losses)/gains on investments - realised	16	-	(35,031)	(35,031)	-	9,557	9,557
- unrealised	16	-	(43,357)	(43,357)	-	10,850	10,850
Net currency gains/(losses)	16	-	612	612	-	(184)	(184)
Income - franked	2	5,333	185	5,518	5,917	-	5,917
- unfranked	2	1,681	-	1,681	1,964	-	1,964
Investment management fee		(769)	(1,538)	(2,307)	(741)	(1,482)	(2,223)
Performance bonus		-	-	-	-	(906)	(906)
Other expenses	4	(599)	-	(599)	(860)	(46)	(906)
Net return before finance costs and taxation		5,646	(79,129)	(73,483)	6,280	17,789	24,069
Interest payable and similar charges	3	(841)	(1,682)	(2,523)	(778)	(1,556)	(2,334)
Return on ordinary activities before taxation		4,805	(80,811)	(76,006)	5,502	16,233	21,735
Taxation on ordinary activities	5	(213)	86	(127)	(275)	168	(107)
Return on ordinary activities after taxation for the financial period		4,592	(80,725)	(76,133)	5,227	16,401	21,628
Dividends in respect of equity shares: 1.50p per share (2001: 1.47p per share)	6	(4,689)	-	(4,689)	(4,570)	-	(4,570)
Transfer (from)/to reserves		(97)	(80,725)	(80,822)	657	16,401	17,058
Return per ordinary share	7	1.47p	(25.83p)	(24.36p)	1.67p	5.24p	6.91p

The revenue column of this statement is the profit and loss account of the company.
All revenue and capital items in the above statement derive from continuing operations.
No operations were acquired or discontinued in the year.
The notes on pages 27 to 32 form part of these financial statements.

BALANCE SHEET

	Note	As at 31 January 2002 £000	£000	As at 31 January 2001 £000	£000
Fixed assets					
Investments at market value					
Listed on The Stock Exchange in the UK			246,235		302,791
Listed on stock exchanges abroad			58,986		92,103
	8		305,221		394,894
Current assets					
Debtors	9	4,845		4,966	
Cash at bank	10	21,622		18,687	
		26,467		23,653	
Creditors					
Amounts falling due within one year	11	(15,166)		(31,227)	
Net current assets/(liabilities)			11,301		(7,574)
Total assets less current liabilities			316,522		387,320
Creditors					
Amounts falling due after one year	12		(35,575)		(25,551)
Net assets			280,947		361,769
Capital and reserves					
Called-up ordinary capital	13		15,629		15,629
Share premium account			159,208		159,208
Capital redemption reserve	15		388		388
Special distributable reserve	14		142,979		142,979
Capital reserve	16		(38,625)		42,100
Revenue reserve	16		1,368		1,465
Equity shareholders' funds			280,947		361,769
Net asset value per ordinary share	7		89.88p		115.74p

The notes on pages 27 to 32 form part of these financial statements.
The financial statements were approved by the board on 11 March 2002,
and signed on its behalf by

P. F. Berry

Peter Berry, Chairman
16 April 2002

STATEMENT OF CASH FLOW

	Note	For the year ended 31 January 2002 £000	£000	For the year ended 31 January 2001 £000	£000
Operating activities					
Net dividends and interest received from investments		6,756		6,934	
Underwriting commission received		-		24	
Interest received from deposits		735		1,146	
Investment management fee		(2,558)		(3,466)	
Cash paid to and on behalf of directors		(162)		(138)	
Bank charges		(53)		(46)	
Other cash payments		(499)		(662)	
Net cash inflow from operating activities	18		4,219		3,792
Servicing of finance					
Interest paid		(2,196)		(2,266)	
Net cash outflow from servicing of finance			(2,196)		(2,266)
Taxation					
Net taxation recovered		22		-	
Taxation received			22		-
Capital expenditure and financial investment					
Payments to acquire investments		(119,964)		(175,627)	
Receipts from disposal of investments		128,088		172,943	
Exchange differences		(161)		(43)	
Net cash inflow/(outflow) from capital expenditure and financial investment			7,963		(2,727)
Equity dividends paid			(4,595)		(4,460)
Net cash inflow/(outflow) before financing			5,413		(5,661)
Financing					
Repurchase of ordinary share capital		-		(5,638)	
Movement in short-term borrowings		(12,478)		12,943	
Movement in long-term borrowings		10,000		5,000	
Net cash (outflow)/inflow from financing			(2,478)		12,305
Increase in cash for the period	19		2,935		6,644

The notes on pages 27 to 32 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).

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 is stated net of the relevant tax credit. Other income includes any taxes deducted at source. Gains or losses arising from the translation of income denominated in foreign currencies are recognised in the revenue reserve. 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 the trade date of the 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.

i) The valuation of interest rate swaps is included on the balance sheet. Periodic changes to this valuation are recognised as unrealised gains or losses in the statement of total return. Net interest payments or receipts arising from derivatives are accounted for as finance costs.

	2002 £000	2001 £000
2 Income from investments		
From listed investments		
Equities	6,279	6,708
Convertibles/fixed interest	-	3
	6,279	6,711
Interest on deposits	735	1,146
Underwriting commission	-	24
	7,014	7,881

In addition, during the year ended 31 January 2002, the trust received a capital dividend of £185,000. This related to the capital reorganisation of AstraZeneca and the creation of a new stand-alone subsidiary - Syngenta.

	2002 Revenue £000	2002 Capital £000	2002 Total £000	2001 Revenue £000	2001 Capital £000	2001 Total £000
3 Interest payable and similar charges						
Interest payable on bank loans and overdrafts	841	1,682	2,523	778	1,556	2,334

	2002 £000	2001 £000
4 Administrative expenses		
Auditors' fees	19	16
Bank charges	59	44
Directors' fees	123	119
FundsCircle administration	89	96
Irrecoverable VAT	9	53
Legal fees	4	2
Marketing	80	280
Printing and postage	88	72
Registration fees	26	32
Secretarial fee	56	56
Other	46	90
	599	860

No other expenses have been charged to capital (2001: £46,000). In 2001, this figure related to stamp duty arising from share buy-backs. Details of the Management and Secretarial Agreements are provided on page 16.

The Chairman's emoluments amounted to £25,000 (2001: £20,900). Mr Berry was appointed Chairman on 15 May 2000. The emoluments of the Deputy Chairman were £20,000 (2001: £19,250). The five other directors, who served on the board throughout the year, each received fees of £15,000 (2001: £14,500) per annum. Mr Lessels, who retired during the year, received fees of £2,800 (2001: £14,500).

	2002 Revenue £000	2002 Capital £000	2002 Total £000	2001 Revenue £000	2001 Capital £000	2001 Total £000
5 Taxation on ordinary activities						
UK corporation tax	213	(86)	127	275	(168)	107

The company has adopted the semi-proportional method for allocating tax relief between income and capital.

The revenue account tax charge for the year is lower than the standard rate of corporation tax in the UK for an investment trust company (30%). The differences are explained below.

	2002 £000	2001 £000
Return on ordinary activities before tax	4,805	5,502
Corporation tax at standard rate of 30%	1,442	1,651
Adjustments:		
UK dividends not taxable	(1,560)	(1,775)
Expenses not deductible	23	5
Overseas income taxed on receipts basis	(1)	3
Overseas tax written off	127	107
Relief for capital expenses	182	275
Other	-	9
Current year tax charge	213	275

	2002 £000	2001 £000
6 Dividends on ordinary shares		
Interim of 0.50p (2001: 0.50p)	1,563	1,538
Proposed final of 1.00p (2001: 0.97p)	3,126	3,032
Total 1.50p (2001: 1.47p)	4,689	4,570

7 Returns and net asset value

	2002	2001
The returns and net asset value per ordinary share are based on the following figures:		
Revenue return	£4,592,000	£5,227,000
Capital return	£(80,725,000)	£16,401,000
Net assets attributable to equity shareholders	£280,947,000	£361,769,000
Number of ordinary shares in issue as at 31 January	312,579,570	312,579,570
Average number of ordinary shares in issue during year	312,579,570	313,110,308

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

8 Investments

	Year ended 31 January 2002 £000	Year ended 31 January 2001 £000
Opening cost	355,568	332,966
Purchases at cost	117,140	175,300
Disposals at cost	(163,480)	(152,698)
Closing cost	309,228	355,568
Unrealised gains	(4,007)	39,326
Valuation as at 31 January	305,221	394,894

There were no capital commitments relating to investments as at 31 January 2002 (2001: nil).
There were no fixed interest securities held as at 31 January 2002 (2001: nil).
For interest rate risk and currency risk analyses in respect of investments refer to pages 19 and 20.

9 Debtors

	2002 £000	2001 £000
Dividends receivable	232	651
Due by brokers	4,417	4,056
Taxation recoverable	87	137
Other debtors	109	122
	4,845	4,966

10 Cash at bank

	2002 £000	2001 £000
Sterling bank account	20,077	18,293
Dollar bank account	-	394
Yen bank account	1,545	-
	21,622	18,687

11 Creditors

	2002 £000	2001 £000
Amounts falling due within one year:		
Proposed final dividend	3,126	3,032
Interest accrued	797	470
Due to brokers	3,951	6,775
Due to MCIM	558	808
Other creditors	215	372
Bank loan ¥1,232.5m - repayable June 2002 (interest rate fixed at 0.65%)	6,519	-
Bank loan ¥1,660m - repaid June 2001 (interest rate fixed at 0.65%)	-	9,770
Bank loan £10m - repaid August 2001 (interest rate fixed at 6.83%)	-	10,000
	15,166	31,227

For interest rate risk and currency risk analyses in respect of bank borrowings refer to pages 19 and 20.

NOTES TO THE FINANCIAL STATEMENTS

	2002 £000	2001 £000
12 Creditors		
Amounts falling due after one year:		
Bank loan £10m - repayable August 2004 (interest rate fixed at 5.92%)	10,000	-
Bank loan £10m - repayable June 2004 (interest rate fixed at 6.61%, 2001: 6.61%)	10,000	10,000
Bank loan £15m - repayable April 2004 (interest rate - incorporating effect of swap - fixed at 7.46%, 2001: 7.46%)	15,000	15,000
Interest rate swap	575	551
	35,575	25,551

For interest rate risk and currency risk analyses in respect of bank borrowings refer to pages 19 and 20.

	Year ended 31 January 2002 £000	Year ended 31 January 2001 £000
13 Called-up share capital		
Ordinary share 5p		
Authorised	50,000	50,000
Issued		
Opening ordinary shares	15,629	15,881
Ordinary shares bought back during the year - nil (2001: 5,050,000)	-	(252)
Closing ordinary shares	15,629	15,629
14 Special distributable reserve		
Opening special distributable reserve	142,979	147,536
Ordinary shares bought back during the year - nil (2001: 5,050,000)	-	(4,557)
Closing special distributable reserve	142,979	142,979
15 Capital redemption reserve		
Opening capital redemption reserve	388	136
Ordinary shares bought back during the year - nil (2001: 5,050,000)	-	252
Closing capital redemption reserve	388	388

	Year ended 31 January 2002			Year ended 31 January 2001		
	Realised £000	Unrealised £000	Total £000	Realised £000	Unrealised £000	Total £000
16 Movement in reserves						
Capital reserve						
Opening capital reserve	3,325	38,775	42,100	(2,226)	27,925	25,699
Net realised (losses)/gains on investments during the period	(35,031)	-	(35,031)	9,557	-	9,557
Net realised gain/(loss) on currencies during the period	612	-	612	(184)	-	(184)
Net unrealised (depreciation)/appreciation on investments and swap	-	(43,357)	(43,357)	-	10,850	10,850
Franked income	185	-	185	-	-	-
Capitalised expenses	(3,134)	-	(3,134)	(3,822)	-	(3,822)
Closing capital reserve	(34,043)	(4,582)	(38,625)	3,325	38,775	42,100

Capitalised expenses include two-thirds of the basic management fee and finance costs which are allocated to capital reserve, net of associated tax relief, stamp duty on share buy-backs, and the performance bonus which is allocated entirely to capital.

	Year ended 31 January 2002 £000	Year ended 31 January 2001 £000
Opening revenue reserve	1,465	808
Transfer (from)/to revenue reserve for period	(97)	657
	1,368	1,465
17 Reconciliation of movements in shareholders' funds		
Revenue available for distribution	4,592	5,227
Dividends	(4,689)	(4,570)
	(97)	657
Other recognised (losses)/gains for the year	(80,725)	16,401
Net (reduction)/addition to shareholders' funds	(80,822)	17,058
Opening shareholders' funds	361,769	349,268
Repurchase of ordinary shares in the period	-	(4,557)
Closing shareholders' funds	280,947	361,769
18 Reconciliation of net revenue before interest payable and taxation to net cash inflow from operating activities		
Net revenue before interest payable and taxation	5,646	6,280
Decrease in dividends receivable and other debtors	432	366
Decrease in other creditors	(379)	(311)
Capitalised management expenses	(1,538)	(2,388)
Other capitalised charges	-	(46)
Capitalised income	185	-
Tax withheld from income on investments	(127)	(109)
Net cash inflow from operating activities	4,219	3,792

NOTES TO THE FINANCIAL STATEMENTS

19 Analysis of net debt

	2002 As at 31 Jan 2001 £000	2002 Cash flow £000	2002 Exchange movement £000	2002 Other movements £000	2002 As at 31 Jan 2002 £000	2001 As at 31 Jan 2000 £000	2001 Cash flow £000	2001 Exchange movement £000	2001 Other movements £000	2001 As at 31 Jan 2001 £000
Cash at bank and in hand	18,687	2,935	-	-	21,622	13,273	5,414	-	-	18,687
Bank overdraft	-	-	-	-	-	(1,230)	1,230	-	-	-
	18,687	2,935	-	-	21,622	12,043	6,644	-	-	18,687
Bank borrowings										
- falling due within one year	(19,770)	12,478	773	-	(6,519)	(6,686)	(2,943)	(141)	(10,000)	(19,770)
- falling due after one year	(25,000)	(10,000)	-	-	(35,000)	(20,000)	(15,000)	-	10,000	(25,000)
	(26,083)	5,413	773	-	(19,897)	(14,643)	(11,299)	(141)	-	(26,083)

20 Reconciliation of net cash flow to movement in net debt

	2002 £000	2001 £000
Increase in cash in period	2,935	6,644
Cash inflow from increase in debt	2,478	(17,943)
Exchange differences	773	(141)
Movement in net debt during period	6,186	(11,440)
Opening net debt	(26,083)	(14,643)
Closing net debt	(19,897)	(26,083)

21 Directors' shareholdings

	2002	2001
Peter Berry	13,800	13,800
Calum MacLeod	8,754	8,280
Baroness Sarah Hogg	20,010	-
Douglas Kinloch Anderson	178,214	175,279
John Plant	-	-
Joe Scott Plummer	115,142	114,869
Ben Thomson	6,700	6,700

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 30,223 (2001: 33,535) shares.

There have been no other changes in these holdings up to 31 March 2002.

22 Participating interests

	Principal activity	Description of shares held	Issued capital £000	Proportion of class held %	Reserves £000	Transfer to revenue reserve £000
Martin Currie Capital Return Trust plc	Investment trust	Realisation (A)	671	46.4	138,676	4
(accounts to 31/7/01)		Continuation (B)	392	20.0		

The market capitalisation of Martin Currie Capital Return Trust as at 31 January 2002 was £115.2 million.

Mr Kinloch Anderson is a director of Martin Currie Capital Return Trust plc.

GLOSSARY

NET ASSET VALUE

The net asset value of an investment trust, usually expressed on a 'per share' basis, is the value of all its assets, less its liabilities. You arrive at the net asset value per share by dividing that figure of assets less liabilities by the number of shares. So the net asset value of a trust with assets of £10 million, liabilities of £2 million and 16 million ordinary shares would be 50 pence per share.

DISCOUNT AND PREMIUM

An investment trust is a company listed on the London Stock Exchange. By their nature, stockmarkets and share prices fluctuate. That's why an investment trust's share price is rarely the same as its net asset value per share. When the share price is below the net asset value it is trading at a discount. Share prices above the net asset value are at a premium.

GEARING

At its simplest, gearing is borrowing. Just like any other public company, an investment trust can borrow money to invest in additional stocks and shares for its portfolio. The effect of the borrowing on the shareholders' assets is called 'gearing'. If the trust's assets grow, the shareholders' assets grow proportionately more because the debt remains the same. But if the value of the trust's assets falls, the situation is reversed. So gearing has to be finely judged if it is to enhance, and not reduce, performance.

HEDGING

Adverse exchange rate movements can have a dramatic effect on the value of an overseas investment portfolio. Protecting against that risk - by locking into a fixed exchange rate - is known as hedging.

TOTAL RETURN

The combined effect of any dividend paid, together with the rise or fall in the share price, net asset value or index. Performance comparisons can then be made between trusts with different dividend policies. Any dividends (after tax) received by a shareholder are assumed to have been re-invested in either additional shares (ie share price total return) or the trust's assets (ie net asset value total return).

NOTICE OF MEETING

ORDINARY BUSINESS

Notice is hereby given that the third annual general meeting of Martin Currie Portfolio Investment Trust plc will be held at Saltire Court, 20 Castle Terrace, Edinburgh EH1 2ES, on Monday 27 May 2002 at 12.30pm to transact the following business:

1 To receive the report of the directors and the financial statements for the year ended 31 January 2002;

2 To re-elect Peter Berry as a director;

3 To re-elect John Plant as a director;

4 To declare a dividend;

5 To re-appoint Ernst & Young LLP as auditors;

6 To authorise the directors to fix the remuneration of the auditors for the year ending 31 January 2003;

and to transact any other ordinary business of the company.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions:

7 Special resolution
That the directors be and they are hereby empowered pursuant to section 95 of the Companies Act 1985 (the "Act") to allot equity securities (as defined in section 94 of the Act) pursuant to the authority conferred upon them at the annual general meeting of the company in 2001 as if section 89(1) of the Act did not apply to any such allotment provided that the power conferred by this resolution shall be limited to the allotment of equity securities having a nominal amount not exceeding in aggregate £781,448. Unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the annual general meeting of the company in 2003, save that the company may, before the expiry of any power contained in this resolution make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired. Provided that any allotment of securities pursuant to this resolution shall be at a price higher than the net asset value of the security concerned.

8 Special resolution
That the company be and it is hereby authorised in accordance with section 166 of the Companies Act 1985 to make market purchases (within the meaning of section 163 of the said Act) of ordinary shares provided that:

(i) the maximum number of ordinary shares hereby authorised to be purchased is 45,855,677;

(ii) the minimum price which may be paid for an ordinary share shall be 5 pence;

(iii) the maximum price which may be paid for an ordinary share shall be not more than 5 per cent. above the average of the market value of the ordinary shares for the 5 business days before the purchase is made; and

(iv) unless renewed, the authority hereby conferred shall expire at the conclusion of the annual general meeting of the company in 2003 save that the company may, prior to such expiry, enter into a contract to purchase ordinary shares which will or may be completed or executed wholly or partly after such expiry.

By order of the board
Martin Currie Investment Management Ltd
Secretaries
Registered office
Saltire Court
20 Castle Terrace
Edinburgh EH1 2ES

16 April 2002

NOTES

The report and financial statements are circulated to ordinary shareholders and shareholders only are entitled to attend or vote at the meeting. A member entitled to attend and vote may appoint a proxy or proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the company. To be valid, proxies must be lodged at the office of the registrars of the company not less than 48 hours before the time of the meeting. A form of proxy is enclosed. Appointment of a proxy will not preclude a member from attending and voting in person. There are no contracts between the company and the directors. A copy of the management and secretarial contracts with Martin Currie Investment Management Ltd, which are referred to in the directors' report, will be available for inspection at the meeting as will the register of directors' shareholdings.

HOW TO CONTACT US

If you want more information about the company, please contact Martin Currie's Investor Services team or visit the website.

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