2153 093

To invest either directly or indirectly in Pacific region stock markets and economies, excluding those of Japan and Australasia. To emphasise capital growth rather than income.

The company's performance was better than most of the region's stock markets but net assets per share fell by 13.8% in 1994 from 121.2p at the end of 1993 to 104.5p.*

The share price fell by 10.1% to 109.5p at the end of December 1994.

*Comparisons have been adjusted to reflect a bonus issue of one new share for each existing share.

Contents

Directors and Management

*† **Iain Dale, OBE** (Chairman) (age 54) joined the Board in 1990. He is a director of Chevalier International Holdings Ltd (Hong Kong) and Silvermines Group plc. He is also a member of the British Overseas Trade Board and an adviser to Mitsui & Co (UK) plc.

*† **Peter Berry,** (age 50) was appointed to the Board on 10 January 1994. He is Managing Director of the Crown Agents for Oversea Governments and Administrations and has lived and worked in several South East Asian countries.

*† **Wallace Clapperton,** CA (age 60) was appointed to the Board in 1992. He is Chairman of Scantronic Holdings PLC and a former director of Barclays de Zoete Wedd Securities Limited.

*† **Sir Kerry St. Johnston,** (age 63) joined the TR Pacific Board in 1987. He is a director of Diehl & St. Johnston Ltd., NM Smaller Australian Companies Trust PLC and Wilrig A.S. of Norway and is Chairman of NM Funds Management Europe Limited.

Michael Watt, (Manager) (age 48) was appointed to the Board in 1987. He is a director of TR Far East Income Trust PLC and of Henderson Touche Remnant Investment Trust Management Limited.

*Member of the Audit Committee
†Member of the Management Engagement Committee

Management
The portfolio is managed by **Michael Watt** who is head of Henderson Touche Remnant's Far East management team. He is assisted by **Heather Manners** (centre) a divisional director of Henderson Investment Management. **Diane Penfold** (left) acts as Company Secretary and is a director of Henderson Secretarial Services Limited, the corporate secretary to the company.

Dr Frank Chao, an influential Hong Kong businessman and President of the Wah Kwong Group, serves as local adviser to the company.

Chairman's Statement

"The best performing of all investment trusts since its formation in 1987."

This is my first Chairman's Statement for the Annual Report and Accounts and I am pleased to report that your company performed well above the average in a difficult environment.

Net assets per share fell by 13.8% from 121.2p to 104.5p over the year but this was much better than might have been expected given the poor performance of most stock markets in the Far East.

Helped by a high level of investment in South Korea and Taiwan whose stock markets advanced, TR Pacific achieved a creditable overall performance and remains the best performing of all investment trusts since its formation at the end of 1987.

New Zealand Listing

At the year end the company had 151 shareholders in New Zealand, its most significant overseas shareholding representing some 1.2 million shares. UK investment trusts have considerable attractions to New Zealand investors and the directors decided it would be in the company's interests to seek a listing there. Dealings in the company's shares commenced in New Zealand at the end of November.

Borrowings and New Capital

The company extended its borrowing facility over the year to US$25 million from US$15 million. The directors have reviewed the possibility of raising new capital in order to take advantage of a market recovery. This remains a firm intention when shareholders' best interests permit.

Management Agreement and Fee

From January 1995 a new management agreement has been adopted with Henderson Financial Management Limited and now includes a Performance Clause.

The new agreement coincides with a fee review. From January 1995, there is a single fee rate of 1% – a small reduction – based on the average capital values of assets on the last day of each of the two years preceding the calendar year in which the calculation is made. In addition, a sliding scale of fees has been agreed which will reduce rates as the company expands. Details are on page 21.

As previously reported at the interim stage the Board has decided to allocate 50% of the management fee, less any related tax relief, to the company's realised non-distributable reserves. The effect in 1994 is to raise revenue on ordinary activities after tax by £425,000 (1993: £222,000).

Revenue and Dividends

Gross revenue was very modest in relation to assets but advanced by 18.3% over 1994 to £2.76 million. Earnings per ordinary share declined to 0.344p from 0.520p (as restated) a decrease of 33.8%. The directors have declared a maintained dividend for the year of 0.175p. All comparisons have been adjusted to reflect the bonus issue, of one new share for each existing share, which was approved by shareholders at the 1994 Annual General Meeting.

Lord Remnant

One significant loss to the company was the retirement as Chairman of Lord Remnant who was a director of the company and its predecessors for 30 years. We will miss his sound guidance and vision. His efforts contributed greatly to TR Pacific's outstanding performance record.

I am grateful too to my fellow directors and management colleagues whose wisdom and advice has guided TR Pacific through a difficult year.

Prospects

1995 started shakily as Far East stock markets fell in the aftermath of financial instability in Mexico. The concern in Latin America spread to Emerging Markets and some currencies came under pressure. Despite their sound finances and relatively high savings ratios, Far East economies were not immune and share prices were badly hit. Following on from the serious stock market corrections in 1994 this has created good longer term buying opportunities.

As a Board, we continue to hold the view that the Pacific region contains the world's strongest long term investment prospects. We are faced with exciting opportunities in almost all countries.

Iain Dale

Iain Dale OBE
Chairman
6 March 1995

1994 Micropal Award Winner over one and five years.

Long Term Performance

Following a Scheme of Arrangement to shareholders of TR Pacific Basin Investment Trust PLC in 1987 the company was established and adopted its current policy. The following table shows the company's subsequent performance.

	Period to 31 Dec 1987	Year to 31 Dec 1988	Year to 31 Dec 1989	Year to 31 Dec 1990	Year to 31 Dec 1991	Year to 31 Dec 1992	Year to 31 Dec 1993	**Year to 31 Dec 1994**
(Loss)/Earnings per ordinary share (p)	(0.014)	0.177	0.262	0.264	0.519	0.366	0.520†	**0.344**
Net dividend (p)	–	0.100	0.125	0.125	0.350*	0.175	0.175	**0.175**
Imputed tax credit (p)	–	0.034	0.042	0.042	0.117*	0.059	0.044	**0.044**
Gross dividend (p)	–	0.134	0.167	0.167	0.467*	0.234	0.219	**0.219**
Total net assets (£'000)	27,626	40,284	66,986	44,348	53,546	76,803	162,392	**140,026**
Net asset value per ordinary share (p)	20.6	30.1	50.0	33.1	40.0	57.3	121.2	**104.5**

*Includes a special dividend of 0.225 pence (net) per ordinary share.

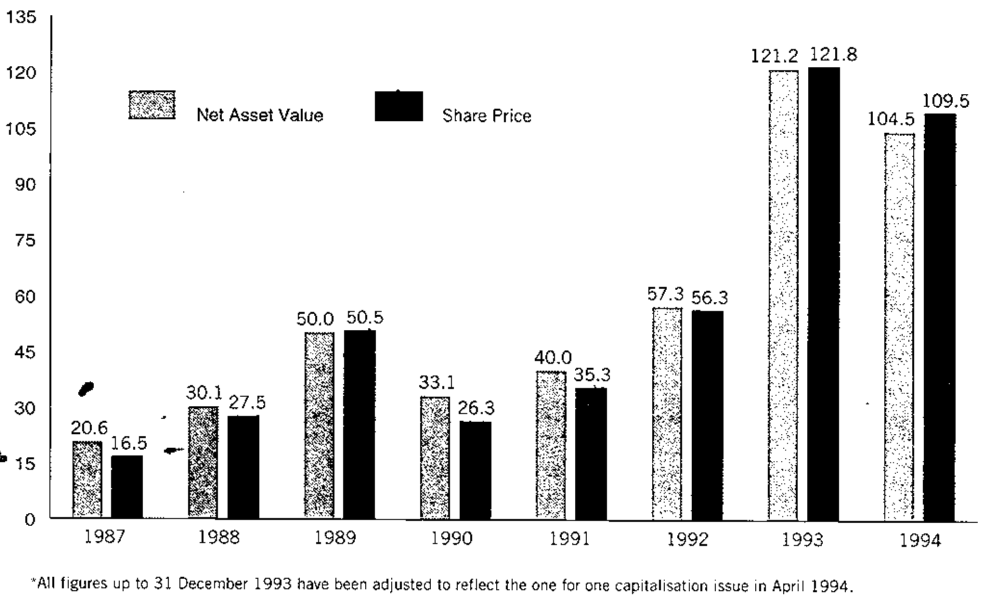
†Restated to reflect 50% of the management fee being charged to non-distributable reserves: earlier years have not been restated in this respect.

All figures up to 31 December 1993 have been adjusted to reflect the one for one capitalisation issue in April 1994.

Analysis of Net Asset Value and Share Price Performance*

(pence per share at 31 December)

"Substantial increases in share price and assets"



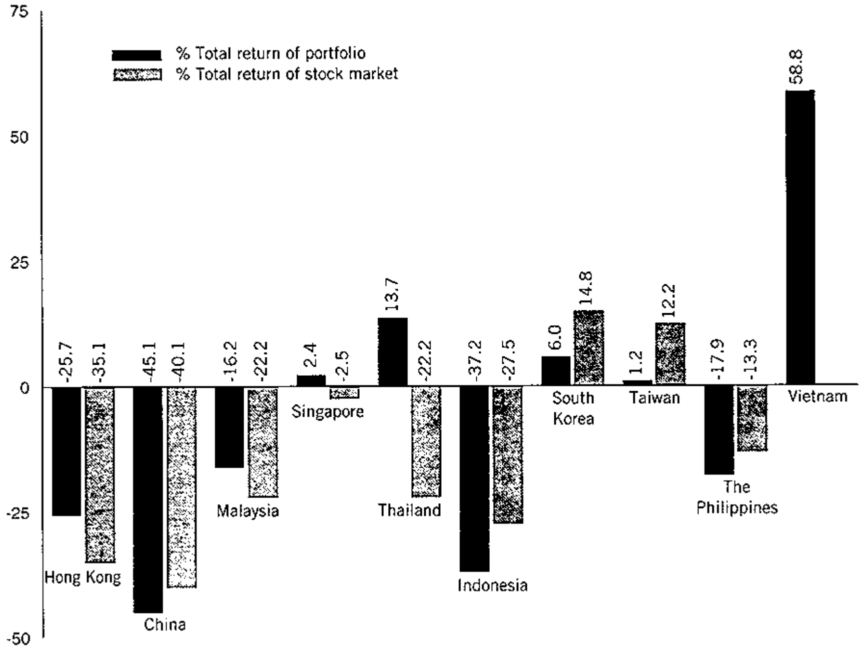
*All figures up to 31 December 1993 have been adjusted to reflect the one for one capitalisation issue in April 1994.

Portfolio Performance

1994 Portfolio Performance*

There continues to be no satisfactory benchmark index against which to make an overall performance comparison. The company's performance against individual stock markets is shown below compared with the total return of each stock market index.

"Outperforming stock markets"



*Source: The WM Co. Performances are compared against the FT-Actuaries indices. Elsewhere in this report local indices are used.

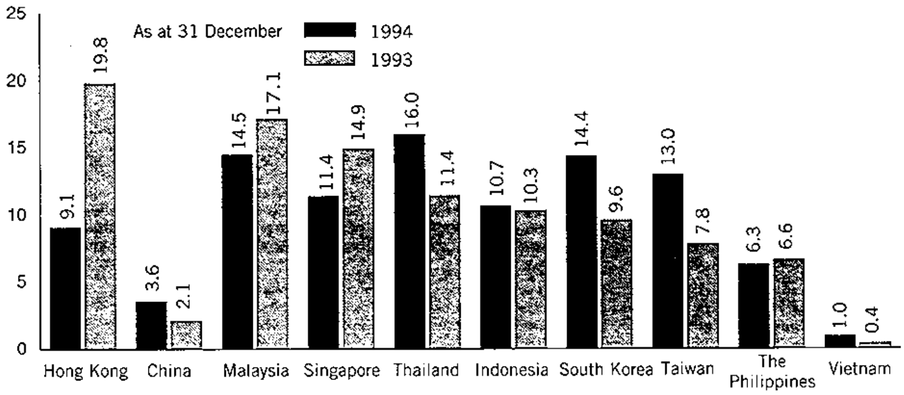
Portfolio Structure

Investment opportunities throughout the region continued to rise strongly and the portfolio was restructured to reflect this. Exposure to Hong Kong, previously the company's largest investment area, was more than halved to a strategically very low level as investment sentiment deteriorated.

The main beneficiaries from increased levels of investment were South Korea, Taiwan and Thailand where economic prospects improved. Net borrowings (as shown in the table on page 19) at the year end were £7.4 million and the company maintained a strategy of modest gearing.

Geographical Analysis %

"Exposure to Hong Kong reduced"



Stock Market Comparison

Following excessive enthusiasm in 1993, when all the region's stock markets rose strongly, most declined in 1994 as higher global interest rates adversely affected sentiment. Only South Korea and Taiwan advanced as economic prospects continued to improve. A fall of 5.4% in the sterling-US dollar exchange rate accentuated the declines to a UK based investor. The region's currencies remain linked either directly or indirectly to the US dollar. Only the Singapore dollar and the Philippine peso rose against sterling over the year.

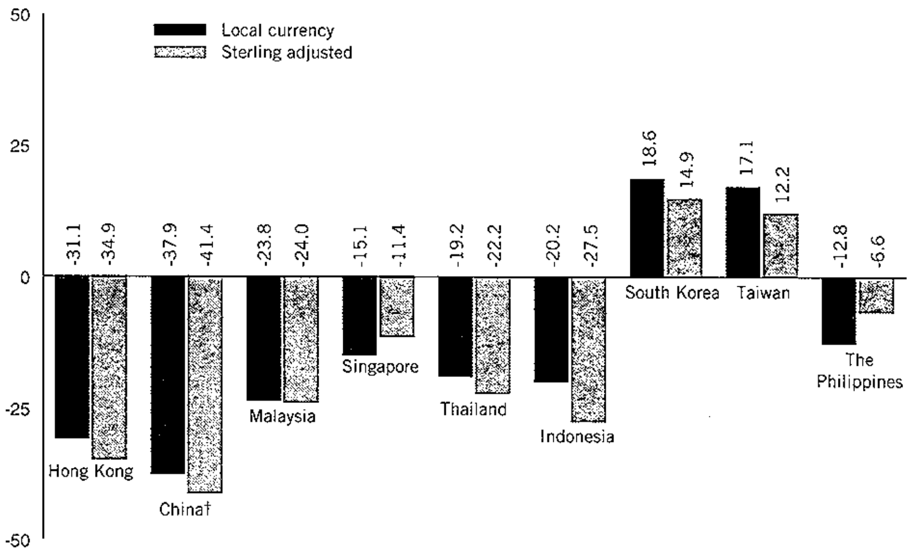
The worst stock market performances were seen in Hong Kong and China with a fall of 34.9% and 41.4% in sterling terms respectively. This is significant in portfolio terms as Hong Kong remains the region's most liquid stock market and is highly weighted in the region's indices. Indonesia, Malaysia and Thailand all suffered falls of over 20% in sterling terms. Relatively defensive stock market performances were achieved by the Philippines and Singapore, while the star performers of 1994 were definitely South Korea and Taiwan, whose indices advanced by almost 20% in local currency terms.

Valuations fell to attractive levels in most countries as stock markets declined but company profits continued to advance strongly. Far East stock markets entered 1995 on low ratings by recent standards.

"Strong performance from South Korea and Taiwan"

Stock Market Performance*

Year to 31 December 1994 (percentage change)



*TR Pacific also has an investment in The Vietnam Fund, which is listed in Dublin. Vietnam has no stock market at the present time.

†The local movements on the China B Index have been calculated with reference to a US$ denominated price index.

Sector Structure

"A substantial restructuring of the portfolio in 1994."

The first table on page 9 groups together the company's top twenty holdings, which account for 37.1% of total investments. The second table presents the sector distribution of investments at the end of 1994. The company's strategy is to emphasise attractive areas of investment from a sectoral perspective. In 1994 there was a restructuring of the portfolio as investment opportunities grew. This involved the reduction of the weightings in **collective investment vehicles** and **banks** which are often seen as proxies for direct investment. The rapid development of the region's stock markets now permits an increased emphasis on direct investment in well placed companies.

The **telecommunications** industry is one of the fastest growing in the region and one in which it is important to have a sizeable weighting given the sector's high exposure within most stock markets. There are three **telecommunications** companies in our top twenty – *Korea Mobile Telecom, Indosat* and *Telekom Malaysia. Korea Mobile Telecom* holds the franchises in **South Korea** for mobile telephones and paging services. It is growing very rapidly yet market penetration for mobile phones remains low at just 2%. *Indosat* was listed in 1994 and now represents a core holding in **Indonesia**. Here too telephone penetration remains very low and *Indosat* holds a number of key franchises. **Telecommunications** investment in the region is high, as part of the drive to improve all areas of infrastructure.

Construction spending is running at high levels across the region and city skylines are constantly changing. This is expected to continue over the long term as demonstrated in the "old and new" theme of this year's report. **Building materials & construction** and **housing** stocks have been favoured. There are four stocks in the top twenty, which will gain from this spending. **Malaysia** is hoping to become recognised as a developed country by 2020 and is now preparing itself for the Commonwealth Games in 1998. *United Engineers* and *Land & General* are beneficiaries of improvements made to the road system around the country and to the supply of housing needed for younger, smaller and more prosperous families. In **Thailand** much is being done by the government to develop the road system. This should have a very positive effect on profits for *Siam Cement* and *Tipco Asphalt* which provide much of the materials.

There has been a sharp increase in the commitment to **industrial** sectors. This reflects the view that prospects would improve for these sectors as the global economy recovers and is demonstrated by the strategic geographical realignment of the portfolio to **South Korea** and **Taiwan** which are the region's two most industrialised economies. Our largest investment in this sector is *Acer*, **Taiwan's** leading computer company, which has grown rapidly to become the world's ninth largest.

Both **property** sector investments in the table opposite, *Sun Hung Kai Properties* in **Hong Kong** and *City Developments* in **Singapore,** are closely aligned to these countries' **housing** sectors.

With the growth of prospective investments in the region the Board is determined not to lose sight of opportunities in smaller companies. As a group, large companies are believed to have outperformed again in 1994. Exposure to companies capitalised below US$1bn rose from 25% of the portfolio to 30%. The directors wish to maintain a positive stance with regard to smaller company investment in the belief that this area will remain the source of strong performance over the long term.

Sector Structure

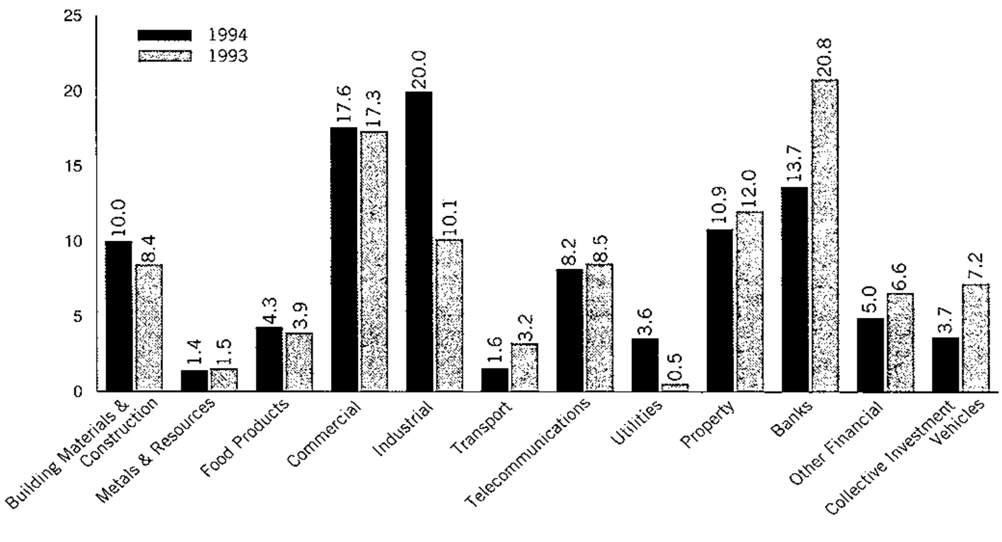
continued

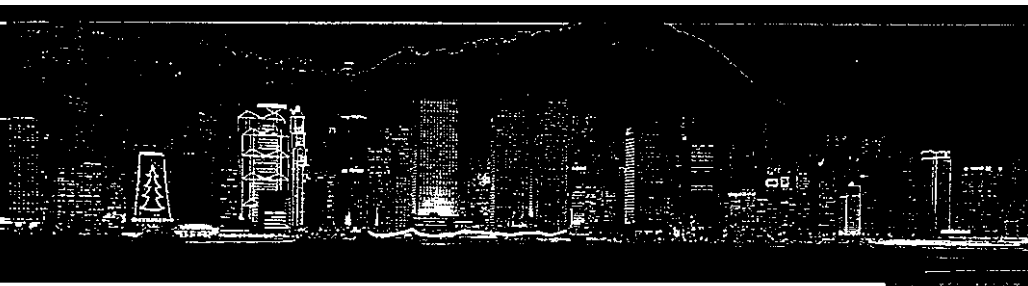
Twenty Largest Investments

These twenty investments represent 37.1% of total investments.

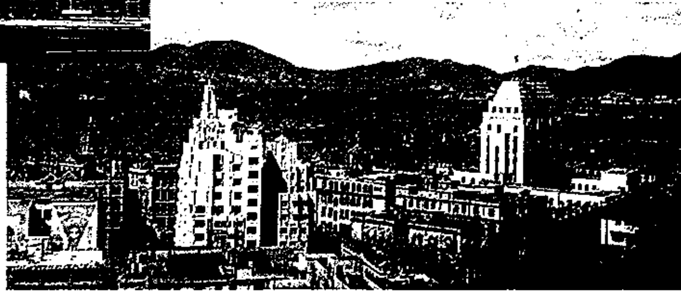
Company	Country	Sector	Value of Investment £'000
Keppel Corporation	Singapore	*Commercial*	3,897
Korea Mobile Telecom	South Korea	*Telecommunications*	3,376
United Engineers	Malaysia	*Building Materials & Construction*	3,166
Indosat	Indonesia	*Telecommunications*	2,964
Siam Commercial Bank	Thailand	*Banks*	2,941
City Developments	Singapore	*Property*	2,885
Hutchison Whampoa	Hong Kong	*Commercial*	2,844
Yukong	South Korea	*Commercial*	2,777
Siam Cement	Thailand	*Building Materials & Construction*	2,769
Industrial Finance Corporation	Thailand	*Banks*	2,737
Telekom Malaysia	Malaysia	*Telecommunications*	2,711
Land & General	Malaysia	*Property*	2,641
Development Bank of Singapore	Singapore	*Banks*	2,639
Overseas Chinese Banking Corporation	Singapore	*Banks*	2,603
Sun Hung Kai Properties	Hong Kong	*Property*	2,522
Acer	Taiwan	*Industrial*	2,438
Phatra Thanakit	Thailand	*Other Financial*	2,388
Singapore Press	Singapore	*Commercial*	2,288
Goldstar	South Korea	*Industrial*	2,097
Tipco Asphalt	Thailand	*Building Materials & Construction*	2,047

Sector Analysis %





Left: Hong Kong today.
Below right: The old Hong Kong and Shanghai Bank.



Hong Kong

"The trust halved its weighting in Hong Kong"

The Hang Seng Index fell by 31.1% in the year to December 1994, and by 34.9% in sterling terms. The market was vulnerable in the early months of the year, after rising by 116% in 1993, and in the first quarter of 1994 it fell by 24%. Against a background of rising interest rates, falling property prices and political uncertainty, the rest of the year failed to induce a recovery in investors' sentiment.

China is a factor of ever increasing importance to the Hong Kong economy and stock market, given that Hong Kong will revert to Chinese rule in 1997. The austerity programme necessitated by a high inflation rate curbed the liquidity flow from the mainland. By the end of 1995 Chinese inflation should be more under control, but the post-Deng political scene could be a source of concern. There may be renewed uncertainty regarding Sino-British relations over Hong Kong, as the Chinese will not want to appear conciliatory during an unsettled period.

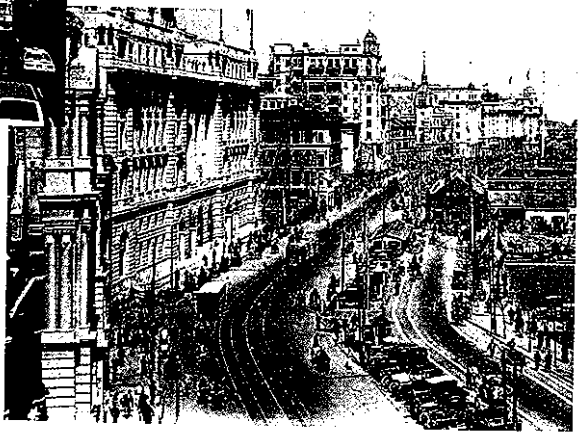
Sentiment in Hong Kong is suffering from the downgrading of company profit forecasts, which has meant any short term stock market rallies have been 'against the tide'. This is mainly because of a large exposure to property for companies in the Hang Seng Index. Given that it was a relatively risky place to be in 1994, the trust more than halved its weighting to 9.1%. Opportunities will be sought to increase its Hong Kong weighting during 1995 in order to reduce its current significantly underweight position. Hong Kong is still attractive from a longer term perspective, and once US interest rates peak, the stock market is expected to be on a firmer footing.

INVESTMENTS	%	£'000
Commercial		
Hutchison Whampoa	1.9	2,844
Li & Fung	0.9	1,377
Swire Pacific	1.1	1,594
Property		
Hopewell	0.9	1,327
Sun Hung Kai Properties	1.7	2,522
Banks		
Dao Heng Bank	1.2	1,813
HSBC Holdings	1.2	1,722
Collective Investment Vehicles		
* Hong Kong Venture Investment Trust	0.2	222
TOTAL HONG KONG INVESTMENTS	9.1	13,421

*Unlisted investment

Source: Datastream

China



Above: The Bund, Shanghai, today. Right: 1925.

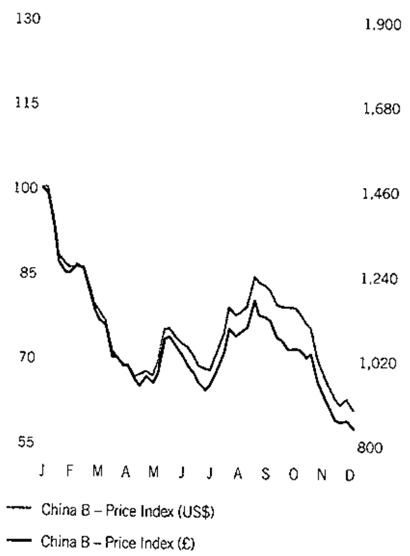
"Longer term outlook is ongoing substantial growth and volatility"

The austerity programme in China began to make an impact in 1994. With inflation of almost 30% it was clearly needed. The rate is expected to come down to around 20% by the end of 1995 and the economic growth rate should be a more manageable 9% after the 11.8% expansion achieved in 1994. The country continues to develop rapidly and the overall growth figures mask even higher levels in the more prosperous coastal regions. However, there remains some uncertainty over the strength of the reform programme in the event of the death of Deng Xiaoping, who initiated the process in 1979. There is a risk that reforms may slow during a period of political manoeuvring.

The combination of slowing growth and the uncertain political environment caused the China B Composite Index to fall 37.9%, or 41.4% in sterling terms over the year. This is a dramatic fall, accentuated by the weight of new issues and concerns over accounting standards and management. At the end of the year the trust's weighting in China stood at 3.6%, compared with 2.1% at the end of 1993. The longer term outlook for China is one of ongoing substantial growth and its economic reforms are expected to continue. Carefully chosen investments there are expected to prove rewarding but great volatility in investor sentiment remains probable. We hope to be in a position to raise the company's weighting further over the coming year.

INVESTMENTS	%	£'000
Industrial		
Qingling Motors	0.4	595
Utilities		
Huaneng Power International	1.2	1,787
Property		
Tian An China	0.5	689
Collective Investment Vehicles		
China North Industries	0.9	1,276
* SHK Pearl River Delta	0.6	929
TOTAL CHINA INVESTMENTS	3.6	5,276

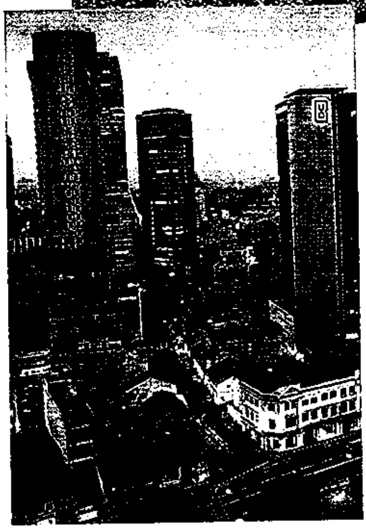
*Unlisted investment



Source: Datastream

Above: Kuala Lumpur – A street scene.

Malaysia



Above: Modern Kuala Lumpur at dusk.

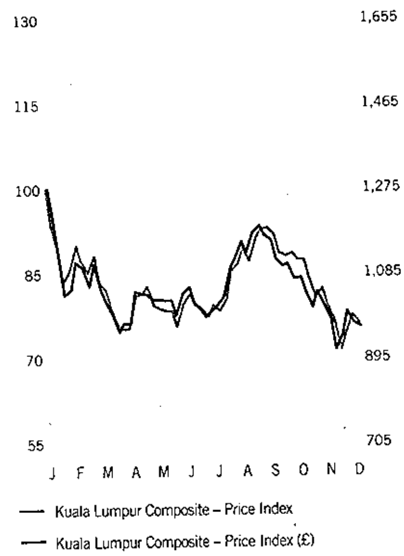
INVESTMENTS	%	£'000
Building Materials & Construction		
Renong	1.1	1,587
Sungei Way	0.9	1,261
United Engineers	2.1	3,166
Commercial		
Westmont	0.7	1,098
Industrial		
Nylex Berhad	1.2	1,757
Telecommunications		
Technology Resources Industries	1.0	1,521
Telekom Malaysia	1.8	2,711
Property		
Industrial Oxygen	0.6	801
Land & General	1.8	2,641
Banks		
AMMB Holdings	1.3	1,948
Other Financial		
Arab Malaysian Finance	0.9	1,304
Rashid Hussain	1.1	1,677
TOTAL MALAYSIA INVESTMENTS	14.5	21,472

"Infrastructural spending is expected to pick up"

The Kuala Lumpur Composite Index declined by 23.8% in 1994, and by 24.0% in sterling terms. Economic growth remained strong, at over 8% for the seventh year in succession but the stock market was hit by adverse reaction to its speculative surge in 1993. Although interest rates were kept low for the whole year investors were concerned that inflation was understated and would become more apparent in 1995. The balance of payments showed signs of deterioration as consumer spending and machinery imports rose.

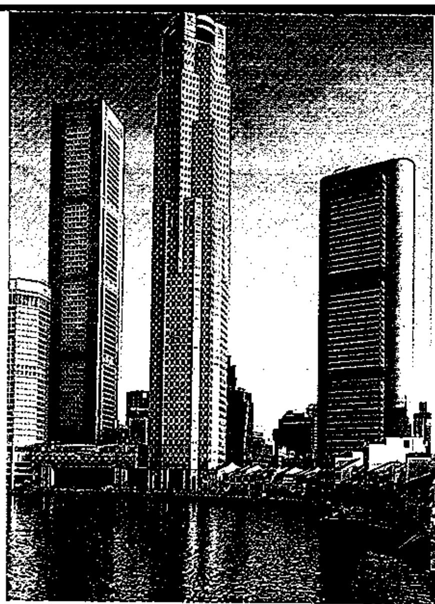
There will probably be a general election in the first half of 1995 but this is less likely to induce a market rally than it may have done if it had been called last year. Economic activity has probably peaked in the current cycle but consumption is expected to remain strong and infrastructure spending will pick up in the three years ahead of the 1998 Commonwealth Games.

The trust began 1994 with a 17.1% exposure in Malaysia, and ended the year with a portfolio weighting of 14.5%. As the economic cycle in Malaysia becomes more mature it is expected that investment there will become increasingly selective.



Source: Datastream

Singapore



Left: Singapore today. Below: During the Royal Tour 1953.

"Strong earnings growth"

The SES All Share Index fell by 15.1%, or 11.4% in sterling terms over 1994, which was a notably defensive performance. Posting a second year of double digit growth, the economy's healthy state enabled companies to register strong earnings expansion. Interest rates began rising even before those in the US so inflation is less of a concern than in neighbouring countries, and this is reflected in the appreciation of the Singapore dollar relative to most other currencies.

Longer term, Singapore's outlook is bright. It is steadily developing into a regional financial centre, and will gain from any uncertainties about Hong Kong's future. It will continue to benefit from strong economic growth in Malaysia, Indonesia and the rest of the region and from its political stability. At the year end the company's portfolio exposure to Singapore was 11.4% compared to 14.9% at the end of 1993. The reduction predominantly reflects a cut in the previously high weighting in the banking sector. It remains difficult to access Singapore's successful manufacturing sector due to the structure of the stock market.

INVESTMENTS	**%**	**£'000**
Commercial		
Keppel Corporation	2.6	3,897
Singapore Press	1.6	2,288
Transport		
Singapore International Airlines	0.8	1,175
Property		
Bukit Sembawang Estates	0.8	1,241
City Developments	2.0	2,885
Banks		
Development Bank of Singapore	1.8	2,639
Overseas Chinese Banking Corporation	1.8	2,603
TOTAL SINGAPORE INVESTMENTS	11.4	16,728

Source: Datastream

Below: New Row, The Main Street, 1911.

Thailand

Above: View over Bangkok from the Golden Mound.

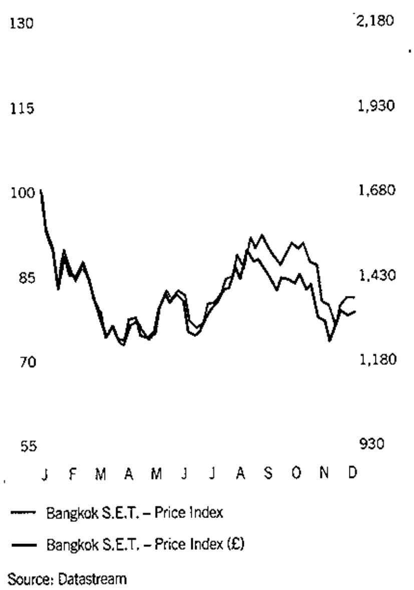
INVESTMENTS	%	£'000
Building Materials & Construction		
Siam Cement	1.9	2,769
Tipco Asphalt	1.4	2,047
Commercial		
Matichon Newspaper	0.9	1,340
Pizza Co	0.7	966
Siam Makro	0.8	1,243
Industrial		
Charoong Thai Wire & Cable	0.6	866
Hana Microelectronics	1.1	1,604
Telecommunications		
United Communication Industry	1.0	1,572
Utilities		
Electricity Generation Company	0.1	86
Property		
Land & Houses	1.3	1,864
Banks		
Industrial Finance Corporation	1.9	2,737
Siam Commercial Bank	2.0	2,941
Other Financial		
Phatra Thanakit	1.6	2,388
Securities One	0.7	1,054
TOTAL THAILAND INVESTMENTS	16.0	23,477

"Companies should achieve another strong rise in earnings"

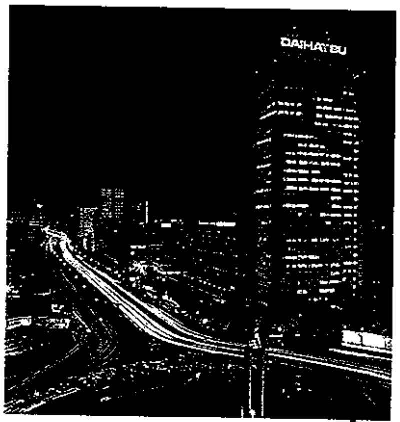
The Thai stock market fell in 1994 by 22.2% in sterling terms and by 19.2% in local terms. Several new listings and rights issues drained liquidity from the market and made the background of rising interest rates more painful. However, with economic growth of around 8.5% expected for 1995, companies should achieve another strong rise in earnings. Despite high growth, inflation is expected to be steady at around 5%.

The political scene in Thailand has become steadily healthier over the last few years. This has made the country look more attractive to foreign investors which is positive for the economy. Infrastructure spending is increasing and will lead to an easing of the internal distribution system which will help cut bottlenecks. The pace of development in the provinces remains extremely robust.

The trust increased its portfolio weighting to 16.0%, from 11.4%. Its performance against the Thai index was relatively strong reflecting a move into infrastructure related investments, and the portfolio held at the end of the year consisted of some very fast-growing companies.



Indonesia

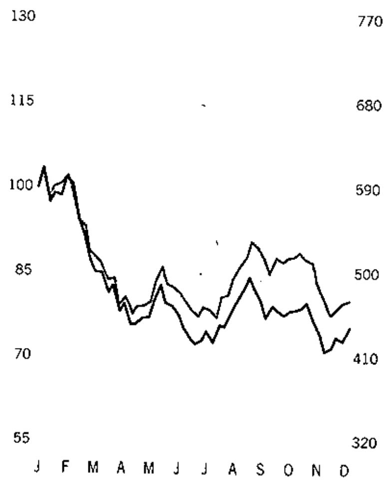


Left: Jakarta today and below: Batavia, chief town of the Netherlands East Indies Island of Java.

"Long term outlook encouraging with deregulation"

The Indonesian stock market was hit hard in 1994, falling 20.2% or 27.5% in sterling terms. Interest rates rose along with rates elsewhere, but also due to domestic pressures including a flood of new issues and rights issues which absorbed a high proportion of available capital. The economy and stock market are opening up to more foreign investment and the commitment to deregulation was underlined during the APEC meeting of world leaders in Jakarta. This is encouraging for the long term outlook.

The company's exposure to Indonesia was broadly stable at 10.7% of investments compared to 10.3% at the end of 1993. This disguised a considerable reorientation of the portfolio as new opportunities became available. The previous investments in collective investment vehicles were removed and most notable of the purchases was the acquisition of a significant stake in the recently issued telecommunications company Indosat. Even though inflation needs to be brought under control in the short term, high growth rates should be sustainable for several years and the stock market is attractively valued for this scenario.



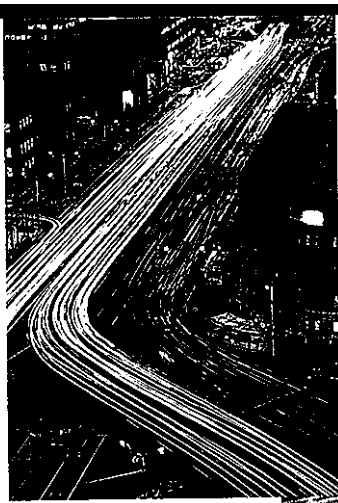
— Jakarta Composite – Price Index

— Jakarta Composite – Price Index (£)

Source: Datastream

INVESTMENTS	%	£'000
Building Materials & Construction		
Semen Gresik	0.8	1,129
Food Products		
Indofood	1.3	1,928
Mayora Indah	0.7	1,053
SMART	0.5	758
Industrial		
Astra International	1.0	1,466
Tjiwi Kimia	0.8	1,199
Mulia Industrindo	0.8	1,158
Voksel Electric	0.3	424
Telecommunications		
Indosat	2.0	2,964
Property		
Duta Anggada Realty	0.4	550
Jaya Real Property	1.0	1,527
Banks		
Bank International Indonesia	0.7	977
Other Financial		
Lippo Securities	0.4	576
TOTAL INDONESIA INVESTMENTS	10.7	15,709

South Korea

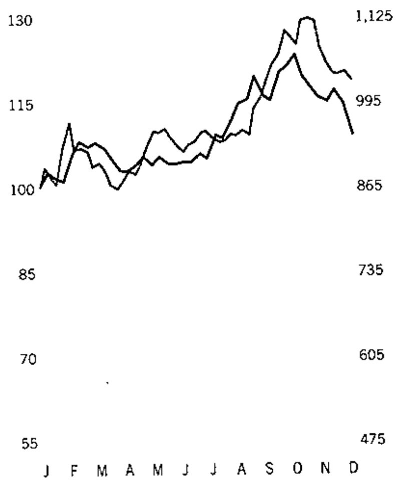


Left: Street scene in Seoul today, and below: August 1910.

"Recovery seems secure"

After an advance of just 28% in 1993 which was the region's worst performance, the South Korean stock market managed to rise by 18.6% in 1994, or 14.9% in sterling terms. This was the region's best performance and came on the back of a strong economic recovery and market deregulation. High economic growth meant that unemployment fell to an all-time low of 2% and the current account turned back into deficit, after recording a small surplus in 1993. Inflation rose, but because of local elections in June 1995, the government is not expected to allow inflation to get out of control and was pursuing a very tight monetary policy by the year end.

In December the limit on foreign investment in most Korean companies was raised from 10% to 12%. In 1995 this limit will be raised to 15%. Moves such as this will benefit the market in the longer term as international investors find it easier to buy Korean stock without paying a premium.



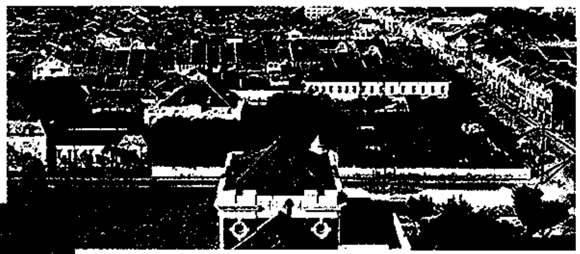
Source: Datastream

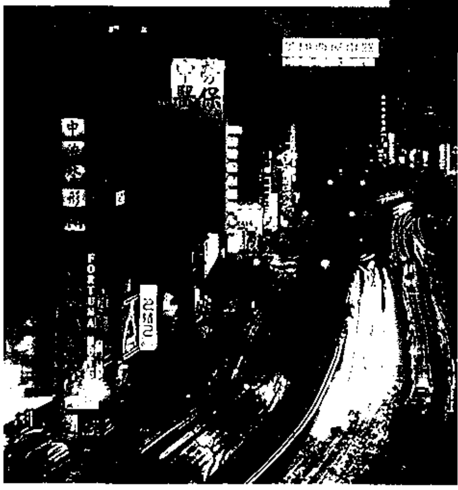
TR Pacific had a portfolio weighting of 14.4% in South Korea at the end of 1994, compared to 9.6% in 1993. South Korea's recovery appears secure as a result of strong trade competitiveness in relation to Japan, its major competitor in export markets. The global economic recovery is expected to provide continued attractive investment opportunities in Korean companies.

INVESTMENTS	%	£'000
Building Materials & Construction		
Tong Yang Cement	0.9	1,362
Commercial		
Daewoo Corporation	1.0	1,469
Yukong	1.9	2,777
Industrial		
Daewoo Heavy	1.4	1,994
Daelim Industrial	1.3	1,986
Goldstar	1.4	2,097
Goldstar Industrial Systems	1.0	1,439
Pohang Iron & Steel	1.3	1,866
Telecommunications		
Korea Mobile Telecom	2.3	3,376
Utilities		
Korea Electric Power	1.1	1,654
Banks		
Korea Long Term Credit Bank	0.4	626
Other Financial		
Daewoo Securities	0.3	451
Collective Investment Vehicles		
*SK One	0.1	179
TOTAL SOUTH KOREA INVESTMENTS	14.4	21,276

*Unlisted investment

Taiwan





Above: Downtown Taipei at night.
Above right: In 1950.

"Optimistic outlook buoyed by high management quality"

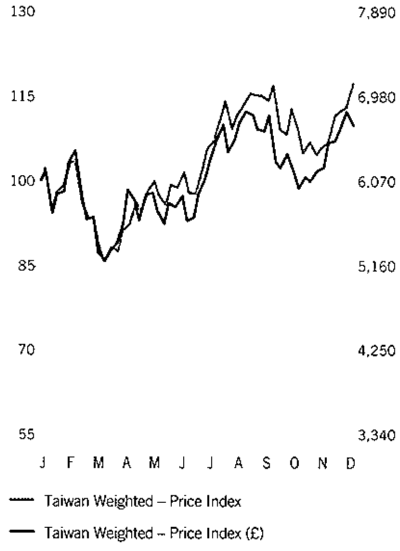
Taiwan achieved the region's second best performing stock market advance in 1994, rising by 17.1%, or 12.2% in sterling terms. Economic growth continued to pick up, to 6.5%, helped by strong exports, and inflation remained at low levels. Because of Taiwan's favourable stage in its economic cycle, the company raised its portfolio weighting from 7.8% to 13.0%.

An improving global economic outlook coincided with a high level of new issues in the international markets from leading Taiwanese companies. Once more, collective investment vehicles were reduced in favour of newly listed opportunities in the industrial and electronics sectors.

An important set of elections passed off in December in line with expectations. The results removed uncertainties for investors and led to a significant share price recovery at the year end. Taiwanese politics are concerned to a substantial degree with China. The mainland is Taiwan's largest export market (though still not officially) and the two markets will inevitably be intertwined further.

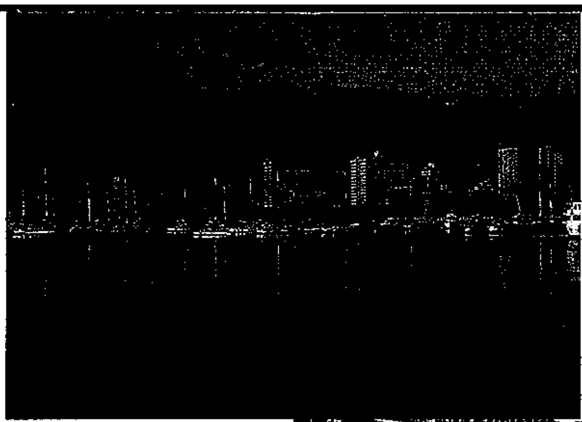
The company remains optimistic about Taiwanese companies' prospects and believes the quality of management is high by regional standards.

INVESTMENTS	%	£'000
Building Materials & Construction		
Pacific Construction	0.9	1,349
Metals & Resources		
China Steel Corporation	0.8	1,161
Tung Ho Steel	0.6	840
Commercial		
Far Eastern Department Stores	0.8	1,123
Industrial		
Acer	1.6	2,438
Hocheng Corporation	0.9	1,398
Kinpo Electronics	0.8	1,137
Nan Ya Plastic	1.0	1,427
Taiwan Semiconductor	0.7	1,008
Tecom	0.8	1,169
United Microelectronics	1.0	1,614
Yageo	0.5	803
Transport		
Evergreen Marine	0.8	1,126
Banks		
China Trust	0.8	1,139
Collective Investment Vehicles		
Taipei Fund	1.0	1,419
TOTAL TAIWAN INVESTMENTS	13.0	19,151



Source: Datastream

The Philippines



Above: Manila skyline.
Right: The old High Street, circa 1900.

"All-round improvement and renewed confidence"

The Philippines continued its remarkable economic improvement in 1994, with a growth rate in excess of 5% after 2.1% in 1993. The all-round improvement in its economic position helped limit the market's fall to 12.8%, or 6.6% in sterling terms despite its having achieved the region's strongest advance in 1993 with a rise of 154.4%. Much of the renewed confidence stems from the determined removal of the country's power shortages, which had badly affected production and investor sentiment in previous years. The political situation is now secure and the rate of inflation has fallen to a moderate level after a mid-year peak of almost 10%. The peso appreciated strongly against the US dollar over the year, but is unlikely to repeat the performance in 1995. One concern is the worsening trade balance, which is a result of the booming economy.

The company's weighting in the Philippines remained quite stable at 6.3% of the portfolio compared with 6.6% at the end of 1993. Once more holdings of collective investment vehicles were sold in favour of direct investments as new opportunities became available. We sold our significant investment in Philippine Long Distance Telephone Co. despite telecommunications being one of our most favoured sector investments because its growth prospects appeared relatively low.

INVESTMENTS	%	£'000
Food Products		
San Miguel Corporation	1.2	1,777
Universal Robina	0.6	842
Commercial		
Ayala Corporation	0.8	1,250
Benpres Holdings	1.1	1,650
Filinvest Cayman	0.7	1,084
Utilities		
Manila Electric	1.2	1,836
Banks		
Philippine National Bank	0.7	1,001
TOTAL PHILIPPINES INVESTMENTS	6.3	9,440

Source: Datastream

Left: Ho Chi Minh City.
Below: A boulevard in old Saigon.

Vietnam

"Opening up and high growth"

Vietnam's economy is continuing to reform. Inflation remained under control and a reduction in bottlenecks helped keep it below 10%. The international community is becoming increasingly supportive of Vietnam opening up and aid packages have been more forthcoming since the lifting of the US trade embargo. Growth was approximately 8% again in 1994 and this was aided by an increase of 60% in overseas visitors, many of whom come from other Asian countries, with whom relations have improved. Vietnam's entry to the Association of South East Asian Nations (ASEAN) was approved in July and it will become a full member by the end of 1995. The recent opening of a Liaison Office by the USA is the expected precursor of full diplomatic relations.

There is still no stock market in Vietnam. The authorities have indicated that they wish to see one set up in the next few years, but for the moment the only way to invest in the country is through funds. TR Pacific has been a shareholder in The Vietnam Fund since it was formed in 1991. Further investments are unlikely to be made at this stage because the lead time for a new fund to become invested has proved protracted.

INVESTMENTS	**%**	**£'000**
Collective Investment Vehicles		
The Vietnam Fund	1.0	1,435
TOTAL VIETNAM INVESTMENTS	1.0	1,435

Summary of the Total Portfolio

	£'000	**£'000**	**%**	**%**
Equities	136,596		97.6	
Securities with an equity element	10,789		7.7	
		147,385		105.3
US$ borrowings	(15,946)		(11.4)	
Current assets less other liabilities	8,587		6.1	
Net borrowings		(7,359)		(5.3)
Total net assets		140,026		100.0

Report of the Directors

The directors present the audited accounts of the company for the year ended 31 December 1994.

Principal Activities and Business Review

The company is an investment company as defined in Section 266 of the Companies Act 1985. It carries on the business of an investment trust and has been approved in respect of the year ended 31 December 1993 by H. M. Inspector of Taxes under Section 842 of the Income and Corporation Taxes Act 1988. The directors are of the opinion that the company has subsequently conducted its affairs in a manner which will enable it to continue to gain such approval. The company is not a close company and has no employees.

A review of the business is given in the Chairman's Statement and the Portfolio Review.

Revenue and Dividend

Gross revenue for the year rose from £2,330,000 to £2,756,000. Net revenue for the year after taxation was £461,000, compared to £697,000 in the previous year, a decrease of £236,000.

The directors recommend that, subject to approval at the Annual General Meeting, a final dividend of 0.175p per ordinary share be paid on 21 April 1995 to shareholders on the register at close of business on 9 March 1995. The balance of £226,000 for the year has been transferred to the revenue reserve.

Assets

At 31 December 1994 total net assets amounted to £140,026,000 and the net asset value per ordinary share was 104.5p, a decrease of 13.8% from the previous year.

Multi-currency Loan Facility

The company has a multi-currency loan facility which enables it to borrow up to the equivalent of US$25 million for five years on flexible terms. The facility was increased to this level from US$15 million in February 1994. At the year end the full amount of the loan had been drawn down. The facility is secured by a floating charge over the company's assets.

Donations

During the financial year donations of £2,667 were made to charitable causes.

Directors

The directors of the company at the date of this report, are as stated below and their interests in the capital of the company are as follows:

	31 December 1994†	31 December 1993
	Ordinary shares of 5p	
Beneficial interest:		
Iain Dale (Chairman)	**15,000**	2,280
Michael Watt	**64,000**	32,000
Sir Kerry St. Johnston	**21,391**	8,679
Peter Berry	**4,000**	2,000*
Wallace Clapperton	**25,000**	12,500

†Holdings reflect the one for one capitalisation issue in April 1994, where appropriate.
*Purchased 24 February 1994.

The only change which has been reported to 13 February 1995 is that Sir Kerry St. Johnston increased his beneficial shareholding to 21,506 shares. There have been no changes in the remaining directors' interests since the end of the financial year.

All of the above were directors throughout the year under review with the exception of Peter Berry who was appointed on 10 January 1994. The Lord Remnant was a director and the company's Chairman until 11 April 1994. Iain Dale succeeded Lord Remnant as Chairman.

Michael Watt is an executive of the management company and is remunerated by that company in respect of services provided to TR Pacific under the management agreement. There were no other contracts subsisting during or at the end of the year in which a director of the company is or was materially interested and which is or was significant in relation to the company's business.

Report of the Directors

continued

The director retiring by rotation at the forthcoming Annual General Meeting is Sir Kerry St. Johnston who, being eligible, offers himself for re-election.

Directors' and officers' liability insurance is maintained for the benefit of the directors.

Dr Frank Chao, who is resident in Hong Kong, acts as local adviser to the company.

New Zealand Listing

The company obtained a listing for its ordinary shares on the New Zealand Stock Exchange on 28 November 1994. New Zealand shareholders are now able to trade their shares more easily and, in addition, will receive dividends in New Zealand dollars. A branch register has been established and New Zealand shareholders may transfer their shares to the Auckland register by contacting the registrars in New Zealand, Registry Managers (New Zealand) Limited.

Management Company

Throughout the year under review investment management, accounting, secretarial and administrative services were provided to the company by Henderson Administration Group plc and its subsidiaries ("Henderson").

Until 31 December 1994 the annual management charge was 1.05% on quoted assets and 1.25% on unquoted assets on the average value of assets under management on the last day of each of the three years preceding the calendar year in respect of which the calculation was made. Investments in funds managed by Henderson were wholly excluded from the charge.

With effect from 1 January 1995 the management fee is 1% on assets up to and including £300 million, 0.75% on assets over £300 million, up to and including £600 million and 0.5% on assets above £600 million, based on the average value of assets on the last day of each of the two years preceding the calendar year in respect of which the calculation is made. Investments in funds managed by Henderson remain wholly excluded from the charge.

The fee is paid quarterly in advance from 1 January 1995. For 1995 the fee is capped at £1.5 million.

The management agreement may be terminated by either party, but in certain events the company will be required to pay compensation to Henderson of an amount of up to two years' management charges. Compensation is not payable if two years' notice of termination is given.

The charge in the accounts for the management fee has been allocated equally between revenue and capital with effect from 1 January 1994. The comparative figures for the year ended 31 December 1993 have been restated accordingly, but the opening reserves at 1 January 1993 have not been restated for the prior years' cumulative effect of this change in accounting policy (as required by Financial Reporting Standard No. 3) as, in the directors' opinion, it is impractical to do so.

Substantial Shareholdings

As at 13 February 1995 the only shareholder who had notified the company of an interest of 3% or over in the company's ordinary share capital was British Steel Pension Fund which held 21.3%.

Personal Equity Plan ("PEP")

The company partially qualifies for PEP purposes. A maximum amount of £1,500 per annum may be invested in the company via a PEP.

Share Capital

At the 1994 Annual General Meeting a one for one capitalisation issue was approved by shareholders and accordingly the issued share capital increased on 13 April 1994 to 134,006,820 ordinary shares of 5p each.

Authority to Allot Shares and Disapplication of Pre-emption Rights

An ordinary resolution will be proposed at the Annual General Meeting on 3 April 1995 to authorise the directors to allot ordinary shares of 5p each up to an

Report of the Directors

continued

aggregate nominal amount of £2,233,447 (equivalent to 44,668,940 ordinary shares of 5p each and one third of the company's issued ordinary share capital at the date of this report). This authority will lapse unless renewed at the company's Annual General Meeting in 1996.

If new ordinary shares are to be allotted wholly for cash, Section 89(1) of the Companies Act 1985 requires such new shares to be offered first to existing shareholders in proportion to their existing holding of ordinary shares. This entitlement is known as a "pre-emption right". In certain circumstances it is beneficial for the directors to allot shares wholly for cash otherwise than pro rata to existing shareholders, and the Companies Act 1985 provides for shareholders to give such power to the directors by waiving their pre-emption rights. A special resolution will be proposed at the Annual General Meeting which will, if passed, give the directors power to allot ordinary shares for cash on a non pre-emptive basis in connection with a rights issue or in any other case up to an aggregate nominal amount of £335,017 (equivalent to 6,700,341 ordinary shares of 5p and 5% of the company's issued ordinary share capital at the date of this report), as if section 89(1) of the Companies Act 1985 did not apply. This authority will lapse unless renewed at the company's Annual General Meeting in 1996.

The directors propose to use this authority to issue new shares to participants in the Henderson Touche Remnant Investment Trust Share Plan but only if the share price is at a premium to net asset value of at least 3%.

Auditors

A resolution proposing the re-appointment of Coopers & Lybrand as auditors and authorising the directors to determine their remuneration will be submitted to the Annual General Meeting.

By order of the Board

Diane Penfold, ACIS
Henderson Secretarial Services Limited
Secretary
6 March 1995

Analysis of Ordinary Shareholders

	Number of shareholders	%	Number of shares	%	Average holding
*Individuals	4,922	75.2	41,337,625	30.8	8,398
Banks	19	0.3	480,041	0.4	25,265
Nominee companies	1,270	19.4	50,377,212	37.6	39,667
Insurance companies	64	1.0	1,364,592	1.0	21,322
Pension funds	13	0.2	28,715,044	21.4	2,208,850
Investment trusts and funds	153	2.3	3,866,694	2.9	25,273
Commercial and industrial companies	87	1.3	4,547,378	3.4	52,269
†Other bodies	19	0.3	3,318,234	2.5	174,644
	6,547	100.0	134,006,820	100.0	

*Individuals includes members of the Henderson Touche Remnant Investment Trust Share Plan. Share Plan holders increased from 1,983 to 2,689 during 1994.

†Includes charities, local authorities, hospitals, colleges, etc.

Statement of Directors' Responsibilities in Respect of the Accounts

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the net revenue of the company for that period. In preparing those accounts, the directors are required to:

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

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

Report of the Auditors

to the members of TR Pacific Investment Trust PLC

We have audited the accounts on pages 24 to 32.

Respective responsibilities of directors and auditors

As described above the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of 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 company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1994 and of its net revenue, total recognised losses and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

COOPERS & LYBRAND
Chartered Accountants and
Registered Auditors
London
6 March 1995

Revenue Account

for the year ended 31 December 1994

		1994 £'000	As restated 1993 £'000
Notes 1 & 2	**Income from investments**		
	Franked	**45**	133
	Unfranked	**2,457**	2,082
	Bank interest receivable and other income	**254**	115
	Gross revenue	**2,756**	2,330
Notes 3 & 4	**Administrative expenses**	**993**	621
	Net revenue before interest payable and taxation	**1,763**	1,709
Note 5	**Interest payable**	**859**	547
	Net revenue on ordinary activities before taxation	**904**	1,162
Note 6	**Taxation on ordinary activities**	**443**	465
	Net revenue on ordinary activities after taxation	**461**	697
	Appropriations – dividend		
	Proposed final 0.175p (1993 – 0.175p)	**235**	235
Note 16	**Transfer to revenue reserve**	**226**	462
Note 7	**Earnings per ordinary share**	**0.344p**	0.520p

The notes on pages 28 to 32 form part of these accounts.

Balance Sheet

as at 31 December 1994

		1994 £'000	As restated 1993 £'000
Notes 1, 8, 9 & 10	**Fixed assets**		
	Investments	**147,385**	170,374
	Current assets		
Note 11	Debtors	**1,775**	1,382
	Cash at bank	**7,520**	2,059
		9,295	3,441
	Creditors		
Note 12	Amounts falling due within one year	**7,086**	1,284
	Net current assets	**2,209**	2,157
	Total assets less current liabilities	**149,594**	172,531
	Creditors		
Note 12	Amounts falling due after more than one year	**9,568**	10,139
	Total net assets	**140,026**	162,392
	Capital and reserves		
Note 13	Called up share capital	**6,700**	3,350
Note 14	Share premium account	**22,247**	25,597
Note 15	Other non-distributable reserves	**109,455**	132,047
Note 16	Revenue reserve	**1,624**	1,398
	Shareholders' funds	**140,026**	162,392

I L Dale } Directors
M J Watt

Iain Dale

Michael Watt

The accounts were approved by the directors on 6 March 1995.

The notes on pages 28 to 32 form part of these accounts.

Statement of Total Recognised Gains and Losses

for the year ended 31 December 1994

	1994 £'000	As restated 1993 £'000
Non-distributable profits and losses		
Realised gains on fixed asset investments	**31,497**	15,172
Net gain/(loss) on foreign exchange	**280**	(367)
Unrealised (depreciation)/appreciation on fixed asset investments	**(53,944)**	70,544
Net management charge allocated to capital	**(425)**	(222)
(Decrease)/increase in non-distributable reserves	**(22,592)**	85,127
Distributable profits		
Net revenue on ordinary activities after taxation	**461**	697
Total recognised (losses)/gains for the year	(22,131)	85,824

Reconciliation of Movement in Shareholders' Funds

	1994 £'000	As restated 1993 £'000
Net revenue on ordinary activities after taxation	**461**	697
Dividend	**(235)**	(235)
	226	462
(Decrease)/increase in non-distributable reserves	**(22,592)**	85,127
Net (reduction)/addition to shareholders' funds	**(22,366)**	85,589
Shareholders' funds at 1 January	**162,392**	76,803
Shareholders' funds at 31 December	140,026	162,392

Historical Cost Profits and Losses

There are no differences between the amounts reported in the Revenue Account and their historical cost equivalents.

The notes on pages 28 to 32 form part of these accounts.

Cash Flow Statement

for the year ended 31 December 1994

		1994 £'000	1994 £'000	1993 £'000	1993 £'000
Note 17	**Operating activities**				
	Cash received from investments	1,806		1,581	
	Bank interest and other income received	256		116	
	Management fees paid	(1,109)		(662)	
	Cash paid to and on behalf of directors	(64)		(47)	
	Other cash payments	(387)		(302)	
	Net cash inflow from operating activities		502		686
	Servicing of finance				
	Interest paid	(827)		(533)	
	Dividend paid	(235)		(235)	
	Net cash outflow from servicing of finance		(1,062)		(768)
	Taxation				
	UK corporation tax paid (including ACT)	(34)		(57)	
	UK income tax recovered	392		-	
	Net tax recovered/(paid)		358		(57)
	Investing activities				
	Purchase of investments	(76,373)		(38,550)	
	Sale of investments	75,949		34,669	
	Net cash outflow from investing activities		(424)		(3,881)
	Net cash outflow before financing		(626)		(4,020)
	Financing				
Note 18	Drawdown of multi-currency loan facility		6,729		1,527
Note 19	**Increase/(decrease) in cash and cash equivalents**		6,103		(2,493)

The notes on pages 28 to 32 form part of these accounts.

Notes to the Accounts

continued

6 Taxation

	1994 £'000	As restated 1993 £'000
Corporation tax at nil (1993: 33%)	–	210
Less: Relief for overseas withholding tax	–	(108)
Overseas withholding tax	**320**	261
Imputed tax	**9**	30
Tax relief on management fee recharge	**142**	109
Deferred tax credit	**(11)**	(37)
Adjustments in respect of prior years	**(17)**	–
	443	465

Deferred taxation arises in respect of short term timing differences on dividend receipts and interest payable. At 31 December 1994 the deferred debit balance of £21,000 (1993: £10,000) was included in taxation recoverable.

7 Earnings per ordinary share

The earnings per ordinary share are calculated on a net basis on earnings of £461,000 (1993 as restated: £697,000) and on the 134,006,820 ordinary shares in issue on 31 December 1994 (31 December 1993: 134,006,820 shares after adjusting for the 1:1 capitalisation issue in April 1994).

8 Investments

	1994 £'000	1993 £'000
Overseas listed – at market value	**146,055**	167,659
Overseas unlisted – at directors' current valuation	**1,330**	2,715
	147,385	170,374

Changes in investments are as follows:	
Valuation at 1 January 1994	170,374
Unrealised appreciation	(91,082)
Cost at 1 January 1994	79,292
Additions at cost	75,856
Disposals at cost	(44,901)
Cost at 31 December 1994	110,247
Unrealised appreciation	37,138
Valuation at 31 December 1994	**147,385**

9 Subsidiary undertaking

The company wholly owns a subsidiary undertaking, Interinvestment Finance Company Limited, which is registered in England and Wales and has not traded during the year. The cost of the investment (£100) in the subsidiary undertaking is included in unlisted investments. The aggregate capital and reserves of the company as at 31 December 1994 was £100.

10 Significant interest

The company has a significant interest of 15% in the ordinary share capital of SHK Pearl River Delta Investment Company Limited which is incorporated in Hong Kong.

Notes to the Accounts

continued

11 Debtors

	1994 £'000	1993 £'000
Securities sold for future settlement	595	146
Advance corporation tax	300	268
Taxation recoverable	781	787
Accrued dividend income	26	36
Other debtors	53	139
Prepayments	20	6
	1,775	1,382

12 Creditors

	1994 £'000	1993 £'000
Amounts falling due within one year:		
Securities purchased for future settlement	–	517
Multi-currency loan (secured)	6,378	–
Corporation tax payable	214	231
Overseas tax payable	–	5
Advance corporation tax payable	59	58
Proposed dividend	235	235
Other creditors	15	15
Accruals	185	223
	7,086	1,284
Amounts falling due after more than one year:		
Multi-currency loan (secured)	9,568	10,139

The multi-currency loan facility is secured by a floating charge over the assets of the company.

13 Called up share capital

	£'000
Authorised:	
At 1 January 1994 and 31 December 1994	
200,000,000 ordinary shares of 5p each	10,000
Issued, allotted and fully paid:	
At 1 January 1994 – 67,003,410 ordinary shares of 5p each	3,350
1:1 capitalisation issue during the year	3,350
At 31 December 1994 – 134,006,820 ordinary shares of 5p each	**6,700**

The 1:1 capitalisation was made to improve the marketability of the company's shares and represents a re-classification from the share premium account to share capital.

14 Share premium account

	£'000
At 1 January 1994	25,597
1:1 capitalisation issue during the year	(3,350)
At 31 December 1994	**22,247**

Notes to the Accounts

continued

15 Other non-distributable reserves

		Unrealised appreciation/(depreciation) of investments £'000	Other reserves £'000	Total £'000
	At 1 January 1994	91,082	41,187	**132,269**
Note 1(f)	Prior year adjustment	–	(222)	**(222)**
	As restated	91,082	40,965	**132,047**
	Unrealised depreciation of investments	(53,944)	–	**(53,944)**
	Realised gains on investments	–	31,497	**31,497**
	Net gain on foreign exchange	–	280	**280**
	Net management charge allocated to capital	–	(425)	**(425)**
	At 31 December 1994	37,138	72,317	**109,455**

Unrealised appreciation of £37,138,000 at 31 December 1994 (1993: £91,082,000) includes unrealised appreciation of £102,000 (1993: £924,000) relating to assets carried at directors' current valuation.

16 Revenue reserve

		£'000
	At 1 January 1994	**1,176**
Note 1(f)	Prior year adjustment	**222**
	As restated	**1,398**
	Retained for the year	**226**
	At 31 December 1994	**1,624**

17 Reconciliation of operating revenue to net cash inflow

	1994 £'000	As restated 1993 £'000
Net revenue before interest payable and taxation	**1,763**	1,709
Decrease in accrued income	**10**	47
Decrease/(increase) in other debtors	**72**	(98)
(Decrease)/increase in creditors	**(70)**	40
Management charge taken to non-distributable reserves	**(567)**	(331)
Tax on franked investment income included within income from UK companies	**(9)**	(30)
UK income tax deducted at source	**(377)**	(385)
Overseas withholding tax suffered	**(320)**	(266)
Net cash inflow from operating activities	**502**	686

18 Analysis of changes in financing during the period

	£'000	£'000
Balance at 1 January	**10,139**	8,375
Net drawdown during the year	**6,729**	1,527
Effect of foreign exchange (gain)/loss	**(922)**	237
Balance at 31 December	**15,946**	10,139

19 Analysis of changes in cash and cash equivalents during the year

	£'000	£'000
Cash balance at 1 January	**2,059**	4,682
Net cash inflow/(outflow)	**6,103**	(2,493)
Effect of foreign exchange rate loss	**(642)**	(130)
Cash balance at 31 December	**7,520**	2,059

Corporate Governance

In December 1992 the Cadbury Committee issued The Code of Best Practice on the Financial Aspects of Corporate Governance ("the Code").

During the year under review the company has complied with the Code, apart from the provision which relates to the commentary on internal controls in respect of which the guidance issued is not in force.

The directors believe that it is appropriate to continue to adopt the going concern basis in preparing the accounts as the assets of the company consist mainly of securities which are readily realisable.

The Board has an audit committee which meets annually with the company's auditors and a management engagement committee (in lieu of a remuneration committee) to discuss the appointment and remuneration of the management company. Both these committees have specific terms of reference and comprise all the independent non-executive members of the Board.

A schedule of matters to be specifically approved by the Board has been confirmed and individual directors may seek independent advice at the expense of the company within certain parameters.

Report by the Auditors on Corporate Governance

In addition to our audit of the accounts we have reviewed the directors' statement above concerning the company's compliance with the Code of Best Practice ("the Code"), insofar as it relates to the paragraphs of the Code which the London Stock Exchange has specified for our review. We carried out our review having regard to the bulletin 1994/1 'Disclosures relating to corporate governance (Revised)' issued by the Auditing Practices Board.

In respect of the paragraph of the Code specified for our consideration, we are required to draw attention to any aspects of the company's non-compliance with the Code of which we are aware and which the directors have not properly disclosed. We are not required to review, and have not reviewed, the effectiveness of the company's governance procedures.

As part of our review of the statement of compliance with the Code, we considered the directors' comments above on the adoption of the going concern basis for the accounts. These set out their judgement, at the date of preparation of their statement, that the company has adequate financial resources to continue in operational existence for the foreseeable future. The guidance for directors 'Going concern and financial reporting' notes that it is not possible to give any certainty in relation to going concern, because a judgement properly made at a particular date can be overtaken by subsequent events. We confirm that the directors' comments are consistent with the information of which we are aware based solely on our normal audit work on the accounts.

Through enquiry of certain directors and officers of the company, and examination of relevant documents, we have satisfied ourselves that the directors' statement appropriately reflects the company's compliance with the other paragraphs of the Code specified for our review.

Coopers & Lybrand

COOPERS & LYBRAND
Chartered Accountants and
Registered Auditors
London
6 March 1995

Notice of Meeting

Notice is hereby given that the eighth Annual General Meeting of TR Pacific Investment Trust PLC will be held at 3 Finsbury Avenue, London EC2M 2PA on Monday, 3 April 1995 at 12.30 pm for the purpose of transacting the following business of the company:-

Ordinary Business

1 To receive the Report of the Directors and Accounts for the year ended 31 December 1994.

2 To declare a dividend.

3 To re-elect Sir Kerry St. Johnston as a director of the company.

4 To re-appoint Coopers & Lybrand as the registered auditors of the company and to authorise the directors to determine their remuneration.

Special Business

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

5 *as an Ordinary Resolution:*

THAT the Board be and it is hereby generally and unconditionally authorised to exercise all powers of the company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985) up to an aggregate nominal amount of £2,233,447 PROVIDED THAT this authority shall expire at the conclusion of the next Annual General Meeting of the company after the passing of this resolution save that the company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Board may allot securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

6 *as a Special Resolution:*

THAT, subject to the passing of the previous resolution, the Board be and it is hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94 of the said Act) for cash pursuant to the authority conferred by the previous resolution as if sub-section (1) of Section 89 of the said Act did not apply to any such allotment, PROVIDED THAT this power shall be limited:

(a) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate to the respective numbers of ordinary shares held by them, subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to fractional entitlements or local or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever; and

(b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £335,017 and shall expire upon the renewal of this power or, if earlier, at the conclusion of the next Annual General Meeting of the company save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

By order of the Board

Diane Penfold, ACIS
For and on behalf of
Henderson Secretarial Services Limited
Secretary
6 March 1995

Notice of Meeting

continued

Notes:

i) A shareholder entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend and, on a poll, vote on his behalf. A proxy need not be a member of the company.

ii) To be valid the form of proxy must be completed and deposited at the office of the company's registrar not less than 48 hours before the time appointed for holding the meeting. A form of proxy for use at the above meeting is enclosed.

iii) The return of the form of proxy duly completed will not preclude a member from attending and voting at the meeting.

iv) In accordance with the requirements of the Companies Act 1985, the Register of Directors' Interests will be available for inspection at the meeting.

v) No director has a contract of service with the company.

Capital Gains Tax

Dealings in the company's ordinary shares commenced on 19 November 1987. Those shareholders who acquired shares in the company in exchange for their holding in TR Pacific Basin Investment Trust PLC were not liable to capital gains tax on the transfer, and the base cost of their holding in TR Pacific Basin Investment Trust PLC will be applicable to their holding of shares in the company allotted under the reconstruction. Accordingly, it may be helpful to shareholders to be aware of the price of the ordinary shares of TR Pacific Basin Investment Trust PLC on 31 March 1982, the start of the indexation allowance for inflation.

	31 March 1982
TR Pacific Basin Investment Trust PLC ordinary shares of 25p	50p*

*Adjusted for the 1985 capitalisation issue.

TR Pacific Investment Trust PLC ordinary shares of 5p	5p#

#Apportioned cost and adjusted for the 1994 capitalisation issue.

For those shareholders who have purchased shares through the Henderson Touche Remnant Investment Trust Share Plan ("the Share Plan") on a monthly basis, the Inland Revenue has introduced rules for calculating the capital gains tax liability (if any) on the sale of such shares. In addition to the normal statutory basis for calculating the capital gains tax liability, an optional basis has been introduced which allows taxpayers to aggregate the cost of the shares purchased monthly through the Share Plan during the company's accounting year and treat them as if they were a single investment made in the seventh month of that year, which in your company's case would be July. In this respect you are advised to keep a separate note of purchases made through the Share Plan since other purchases will not be eligible for the optional basis. Guidance notes prepared by the Association of Investment Trust Companies, which include a question and answer brief, should be read before you make a decision as to whether to opt for the optional basis and these are available free of charge from the Company Secretary at the Registered Office.

Charitable Project

"TR Pacific supports a kindergarten in Khon Kaen Province, North East Thailand."

For the past five years TR Pacific has supported a charitable project for the construction and operation of a kindergarten in North East Thailand. The kindergarten is located in Ban Laow Nok Chum, an isolated village in Khon Kaen Province, which is Thailand's poorest region. Its objective is to provide teaching, nutrition and recreational facilities for local children between the ages of 3 and 6 in an area where malnutrition is widespread.

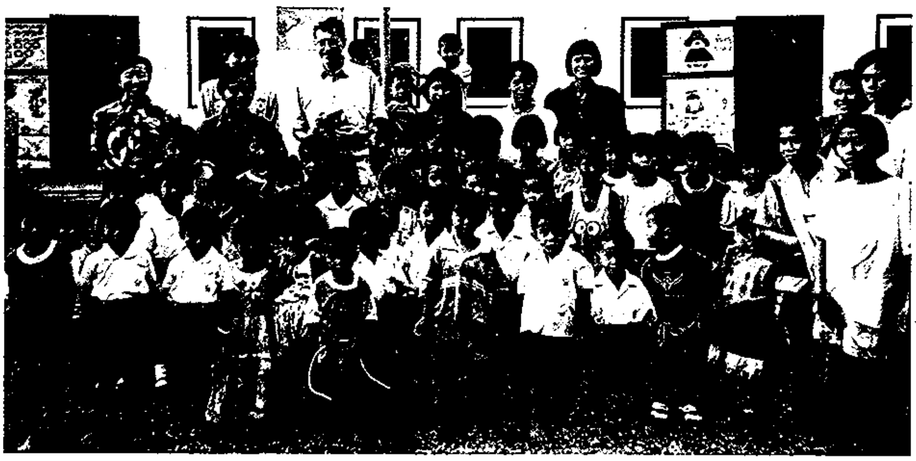
At the first stage the project was managed by Duang Prateep Foundation, a Thai charity based in the Bangkok slums, which operates a network of kindergartens in Bangkok. The company's involvement with Duang Prateep came at a time when it recognised that similar facilities were desperately needed in rural areas and TR Pacific was able to provide important seed finance for this new project. It soon became clear that Duang Prateep, being predominantly a Bangkok slum based charity, was not well positioned to manage rural projects. A new charity was therefore established, The Foundation for Rural Child Development, based in Khon Kaen, which concentrates exclusively on the provision of kindergartens and educational scholarships for children in the North East.

The kindergarten was officially opened in May 1991 with a register of 65 children. There has since been a notable improvement in their health and welfare.

The company's initial obligations were for three years and were met at a total cost of £9,240. This money was used to finance the construction of the building and other facilities, and the provision of equipment, teaching and other services for the first three years including a square meal each working day. Costs have since risen significantly due to high local inflation.

It is intended that the kindergarten become increasingly self sufficient as parents and the Thai Government will ultimately meet its operating costs. Alternating floods and droughts have resulted in parents' contributions being much less than expected. TR Pacific therefore agreed to continue to provide financial support for a further three years at which time the government has undertaken to finance the costs of teaching.

TR Pacific will review its policy on charitable projects in 1996 and will consider further such projects on their merits providing the company's financial commitment remains modest.



Directors, Officers and Other Information

Directors
Iain Dale, OBE (Chairman)
Peter Berry
Wallace Clapperton, CA
Sir Kerry St. Johnston
Michael Watt

Adviser
Dr Frank Chao

Investment Manager
Henderson Financial Management Limited
(a wholly owned subsidiary of Henderson Administration Group plc)
represented by Michael Watt

Secretary
Henderson Secretarial Services Limited
represented by Diane Penfold, ACIS

Registered Office
3 Finsbury Avenue
London EC2M 2PA
Telephone: 0171-638 5757
Telex: 884616
Fax: 0171-377 5742

Registered Number
Registered as an investment company in England No. 2153093

UK Registrars
Barclays Registrars
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU
Telephone: 0181-650 4866

New Zealand Registrars
Registry Managers (New Zealand) Limited
Level 3
277 Broadway
Newmarket, Auckland
New Zealand
Telephone: (New Zealand) 09 522 0022

Registered Auditors
Coopers & Lybrand
Plumtree Court
London EC4A 4HT

UK Stockbrokers
S G Warburg Securities Limited
1 Finsbury Avenue
London EC2M 2PA

New Zealand Stockbrokers
Craig & Co. Limited
BDO House
91-105 Customhouse Quay
P.O. Box 10-340
Wellington, New Zealand

Financial Calendar

Results and Dividend
Half year announced in August
Full year announced in February
Report and Accounts posted in March
Annual General Meeting held in London in April
Final Dividend announced February, paid April.

Information
The daily quotations for the company's ordinary shares can be found in the Financial Times, The Times, The Daily Telegraph, The Independent and The Evening Standard.

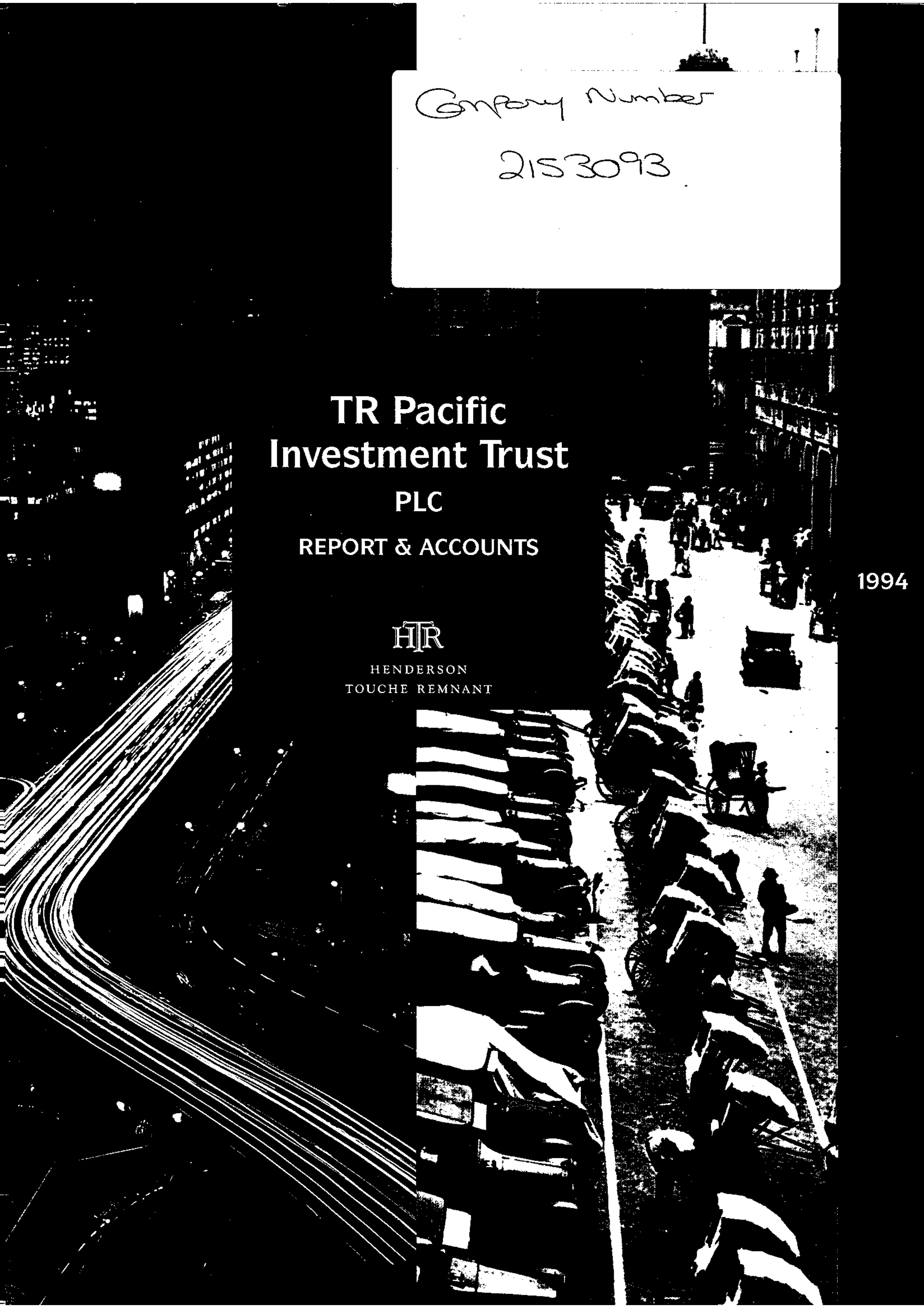
Company Number

2153093

TR Pacific Investment Trust PLC

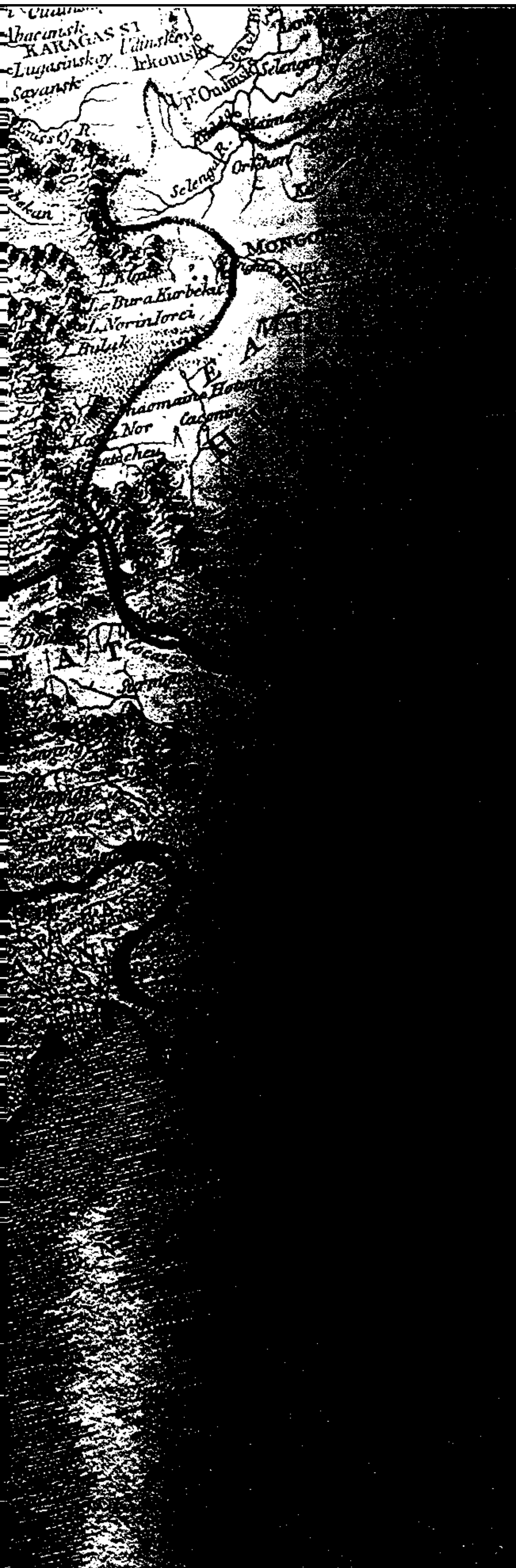
REPORT & ACCOUNTS

1994



HTR

HENDERSON TOUCHE REMNANT



Front Cover Images:
Modern Seoul
Raffles Place, Singapore, circa 1925.

Inside Front Cover,
Left: John Thomson
map of Asia, 1813.

This report has been designed not only to give shareholders the widest range of information about their company but to demonstrate the revolutionary change between the old and new Asia Pacific.