

To: London Stock Exchange

For immediate release  
17 March 2003

**Martin Currie Portfolio Investment Trust plc**  
**Results for the year ended 31 January 2003**

**Chairman's statement**

In another terrible period for global stockmarkets, the company's net asset value per share (NAV) fell by 27.5% in the 12 months to 31 January 2003. It will be small comfort to shareholders that this performance was somewhat better than that of the benchmark FTSE All-Share index, which declined by 31.0%. The company's share price fell by 28.3%, as the discount widened marginally, from 10.4% to 11.3%. Since it started trading in March 1999, the company's NAV has fallen by 35.8%, compared with the benchmark's loss of 39.4%. The Manager gives more information on the market conditions and performance in his report.

Earnings per share recovered the previous year's decline, to stand 7.8% above the level achieved in 2000/01. The Board, in line with its policy of increasing the dividend modestly more than the rate of inflation, is recommending a final dividend of 1.05p per share. This makes a total of 1.55p for the year, an increase of 3.3% on last year.

An Extraordinary General Meeting will follow this year's Annual General Meeting on 20 May 2003. At this meeting we shall ask shareholders to approve the cancellation of the company's share premium account. We are proposing this in anticipation of the opportunity shareholders will have to redeem their shares at NAV less applicable costs after the AGM in 2004.

If approved, this resolution will also grant the company additional flexibility to continue a programme of share buybacks. In the 12 months to 31 January 2003, 12,392,505 shares were repurchased, some 4.0% of those outstanding at the beginning of the period. In addition to enhancing the trust's NAV, the buybacks have also reduced the volatility of the discount to NAV in the company's share price.

In my interim statement, I expressed our appreciation for the contribution of Baroness Hogg, who retired from the Board in December. We were delighted, in January, to welcome Gillian Nott to the Board as a new independent director. Gillian has extensive experience of investment trusts and of financial services more widely, particularly representing the interests of individual shareholders.

After three years of losses, equities are, by any normal measurement, showing fundamental value but, for a number of well-publicised reasons, investors' confidence has been severely damaged and the situation in regard to the Middle East, as but one of many global uncertainties, has exacerbated negative sentiment. However as Tom Walker indicates in his review, this does present individual opportunities for us in seeking to improve returns to shareholders, but we also need a return of confidence to the markets.

## **Manager's report**

### **Review**

Although the world economy did grow in 2002, by around 2.5%, recovery was fragile and lacked momentum. Early in 2003, compounded by threat of war, confidence in the outlook for the world's major economies remains low.

Where cash was available, investors preferred property, shopping and, at the end of the year, repayment of debt, to investment in an asset class that has, at least on paper, lost them so much money over the last three years. Corporate scandals did not help. In the UK in particular, insurance companies were forced to sell equities. This exacerbated market falls.

This is the background to the 28% fall in the company's share price and net asset value per share decline, also of 28%, over the last 12 months. It gives me little satisfaction that the company's share price outperformed the benchmark (which fell by 31%), so I will keep my explanation of performance short.

As the year progressed, I became increasingly cautious. I raised cash and moved the portfolio into less risky sectors. Tobacco, in which the portfolio is overweight, rose by 5%. But it was one of only two industries in the FTSE All-Share index to rise over the year. The major industries fell sharply: oil and gas was down by 27%, telecoms by 31%, banks by 32% and pharmaceuticals by 35%. The World ex-UK index fell further than the UK market. So there was no refuge in overseas markets.

Martin Currie Capital Return Trust also fell in value, but outperformed significantly. As the company receives cash from its "A" share holding in Martin Currie Capital Return Trust, there will be an uplift in net asset value from the underlying realisations.

### **Outlook**

The pessimism of a year ago has deepened to a level that suggests a lot of bad news is now discounted. Dividend yields are higher than bank deposit rates; central banks and many governments are doing their utmost to boost liquidity and confidence. That liquidity, or cash, needs to find a home. When confidence returns, equities should appeal more than gold, bonds, property or bank deposits.

With ongoing economic gloom and the possibility of war, the short-term direction of the market is difficult to forecast. The company is fully invested but has scope to utilise borrowings more fully. I will take advantage of weakness in the market to invest in companies that I believe are undervalued and in which the company can make money once the uncertainty diminishes.

Though heightened, competitive pressures are not a new phenomenon- there will always be winners and losers in all sectors. Strong cash flow, a sound balance sheet and an improving outlook are the key qualities in the companies I am targeting.

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**Unaudited statement of total return (incorporating revenue account)**  
for the year ended 31 January 2003

		<b>Revenue £000</b>	<b>Capital £000</b>	<b>Total £000</b>
Losses on investments	- realised	-	(26,248)	(26,248)
	- unrealised	-	(55,333)	(55,333)
Currency gains		-	224	224
Income	- franked	6,038	5,909	11,947
	- unfranked	1,731	-	1,731
Investment management fee		(677)	(1,354)	(2,031)
Performance fee		-	(138)	(138)
Other expenses		(562)	-	(562)
<b>Net return before finance costs and taxation</b>		<b>6,530</b>	<b>(76,940)</b>	<b>(70,410)</b>
Interest payable and similar charges		(796)	(1,592)	(2,388)
<b>Return on ordinary activities before taxation</b>		<b>5,734</b>	<b>(78,532)</b>	<b>(72,798)</b>
Taxation on ordinary activities		(167)	-	(167)
<b>Return on ordinary activities after taxation for the financial year</b>		<b>5,567</b>	<b>(78,532)</b>	<b>(72,965)</b>
Dividends in respect of equity shares (1.55p per share)		(4,689)	-	(4,689)
<b>Transfer to/(from) reserves</b>		<b>878</b>	<b>(78,532)</b>	<b>(77,654)</b>
Return per ordinary share		1.80p	(25.40p)	(23.60p)

The final dividend for the year ended 31 January 2003 of 1.05p, if approved, will be paid on 23 May 2003 to shareholders on the register on 25 April 2003.

**Audited statement of total return (incorporating revenue account)**  
for the year ended 31 January 2002

	<b>Revenue £000</b>	<b>Capital £000</b>	<b>Total £000</b>
Losses on investments - realised	-	(35,031)	(35,031)
- unrealised	-	(43,357)	(43,357)
Currency gains	-	612	612
Income - franked	5,333	185	5,518
- unfranked	1,681	-	1,681
Investment management fee	(769)	(1,538)	(2,307)
Performance fee	-	-	-
Other expenses	(599)	-	(599)
<b>Net return before finance costs and taxation</b>	<b>5,646</b>	<b>(79,129)</b>	<b>(73,483)</b>
Interest payable and similar charges	(841)	(1,682)	(2,523)
<b>Return on ordinary activities before taxation</b>	<b>4,805</b>	<b>(80,811)</b>	<b>(76,006)</b>
Taxation on ordinary activities	(213)	86	(127)
<b>Return on ordinary activities after taxation for the financial year</b>	<b>4,592</b>	<b>(80,725)</b>	<b>(76,133)</b>
Dividends in respect of equity shares (1.50p per share)	(4,689)	-	(4,689)
<b>Transfer from reserves</b>	<b>(97)</b>	<b>(80,725)</b>	<b>(80,822)</b>
Return per ordinary share	1.47p	(25.83p)	(24.36p)

**Balance sheet**

	<b>31 January 2003</b>		<b>31 January 2002</b>	
	<b>Unaudited</b>		<b>Audited</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>				
Investment at market value		<b>206,887</b>		305,221
<b>Current assets</b>				
Debtors	<b>907</b>		4,845	
Cash in bank	<b>33,882</b>		21,622	
	<b>34,789</b>		<b>26,467</b>	
<b>Creditors</b>				
Amounts falling due within one year	<b>(10,642)</b>		(15,166)	
<b>Net current assets</b>		<b>24,147</b>		11,301
<b>Total assets less current liabilities</b>		<b>231,034</b>		<b>316,522</b>
<b>Creditors</b>				
Amounts falling due after one year		<b>(35,553)</b>		(35,575)
<b>Net assets</b>		<b>195,481</b>		<b>280,947</b>
<b>Capital and reserves</b>				
Called up ordinary capital		<b>15,009</b>		15,629
Share premium account		<b>159,208</b>		159,208
Capital redemption reserve		<b>1,008</b>		388
Special distributable reserve		<b>135,167</b>		142,979
Realised capital reserve		<b>(57,242)</b>		(34,043)
Unrealised capital reserve		<b>(59,915)</b>		(4,582)
Revenue reserve		<b>2,246</b>		1,368
<b>Equity shareholders' funds</b>		<b>195,481</b>		<b>280,947</b>
<b>Net asset value per ordinary share</b>		<b>65.12p</b>		89.88p

## Statement of cashflow

	Year to 31 January 2003		Year to 31 January 2002	
	Unaudited		Audited	
	£000	£000	£000	£000
<b>Operating activities</b>				
Net dividends and interest received from investments	12,51		6,756	
Underwriting commission received	27		-	
Interest received from deposits	845		735	
Investment management fee	(2,11)		(2,558)	
Cash paid to and on behalf of directors	(139)		(162)	
Bank charges	(35)		(53)	
Net taxation recovered	70		22	
Other cash payments	(929)		(660)	
<b>Net cash inflow from operating activities</b>		10,2		4
<b>Servicing of finance</b>				
Interest paid	(2,776)		(2,196)	
<b>Net cash outflow from servicing of finance</b>		(2,7		(2
<b>Capital expenditure and financial investment</b>				
Payments to acquire investments	(89,584)		(119,964)	
Receipts from disposal of investments	106,802		128,088	
<b>Net cash inflow from capital expenditure and financial investment</b>		17,2		8
<b>Equity dividends paid</b>		(4,6		(4
<b>Net cash inflow before financing</b>		20,6		5
<b>Financing</b>				
Repurchase of ordinary shares	(7,758)		-	
Movement in short-term borrowings	-		(12,478)	
Movement in long term borrowings	-		10,000	
<b>Cash outflow from financing</b>		(7,7		(
<b>Increase in cash for the year</b>		12,2		2