Murray International Trust PLC

Annual Report and Accounts
31 December 2011

2011

Aberdeen

Contents

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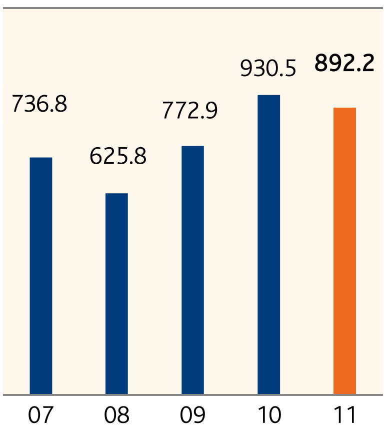
Financial Highlights

	2011	2010
Net asset value per Ordinary and B Ordinary share total return	**–0.1%**	+24.7%
Share price total return	**+1.3%**	+27.2%
Benchmark total return	**–4.6%**	+14.9%
Net asset value outperformance against the benchmark total return	**+4.5%**	+9.8%
Dividends per share[A]	**37.0p**	32.0p
Special interim dividend per share	**–**	2.5p

[A] The final dividend of 13.0p per Ordinary share is subject to shareholder approval at the Annual General Meeting.

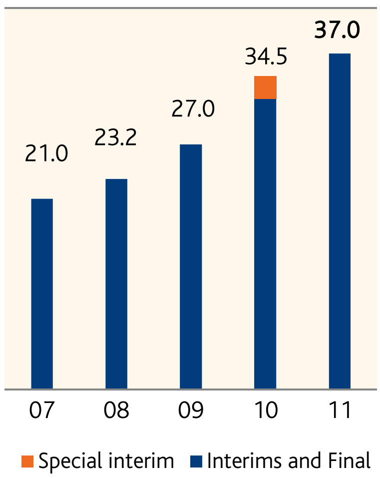
Net Asset Value per Ordinary and B shares

At 31 December – pence



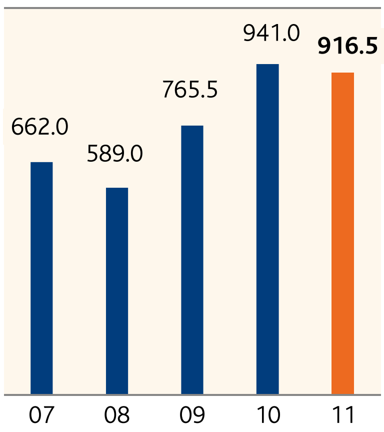
Dividends per Ordinary share

pence



Share price per Ordinary share

At 31 December – pence



Financial Calendar

26 April 2012	Annual General Meeting in London at 12.30 p.m.
16 May 2012	Payment of proposed final dividend for 2011 (13.0p)
August 2012	Half yearly results announced
16 August 2012	Payment of first interim dividend
15 November 2012	Payment of second interim dividend
18 February 2013	Payment of third interim dividend

Corporate Summary

The Company

Murray International Trust PLC (the "Company") is an investment trust traded on the London Stock Exchange and is a constituent of the FTSE Actuaries All-Share Index. Some 25,000 of its shareholders are private investors. Murray International Trust PLC offers the advantages of exposure to world markets. The Company is invested in a diversified portfolio of international equities and fixed income securities.

Benchmark

The Company's benchmark is a composite index made up as to 40% of the FTSE World UK Index and 60% of the FTSE World ex-UK Index.

Investment Objective

The primary aim of the Company is to achieve a total return greater than its benchmark by investing predominantly in equities worldwide. Within this objective the Manager will seek to increase the Company's revenues in order to maintain an above average dividend yield.

Investment Policy

Asset Allocation

The Company's assets are invested in a diversified portfolio of international equities and fixed income securities spread across a range of industries and economies. The Company's investment policy is flexible and it may, from time to time, hold other securities including (but not limited to) index-linked securities, convertible securities, preference shares, unlisted securities, depositary receipts and other equity-related securities. The Company may invest in derivatives for the purposes of efficient portfolio management. The Company's investment policy does not impose any geographical, sectoral or industrial constraints upon the Manager.

It is the investment policy of the Company to invest no more than 15% of its gross assets in other listed investment companies (including listed investment trusts). The Company currently does not have any investments in other investment companies.

Risk Diversification

The Manager actively monitors the Company's portfolio and attempts to mitigate risk primarily through diversification. The Company is permitted to invest up to 15% of its investments by value in any single stock (at the time of purchase).

Gearing

The Board considers that returns to shareholders can be enhanced by the judicious use of borrowing. The Board is responsible for the level of gearing in the Company and reviews the position on a regular basis. Any borrowing, except for short-term liquidity purposes, is used for investment purposes or to fund the purchase of the Company's own shares. Total gearing is not in normal circumstances to exceed 30% of Net Assets with cash deposits netted against the level of borrowings. At the year end there was net asset gearing of 13.9% (with cash deposits netted against borrowings) and particular care is taken to ensure that any bank covenants permit maximum flexibility of investment policy.

Changes to Investment Policy

Any material change to the investment policy will require the approval of the shareholders by way of an ordinary resolution at a general meeting. The Company will promptly issue an announcement to inform the shareholders and the public of any change of its investment policy.

Delivering the Investment Policy

The Directors are responsible for determining the investment policy and the investment objective of the Company. Day to day management of the Company's assets has been delegated to Aberdeen Asset Managers Limited ("AAM" or the "Manager"). The Manager invests in a diversified range of international companies in accordance with the investment objective.

The investment manager, Bruce Stout, has responsibility for portfolio construction across all regional segments. Working closely with the relevant underlying fund management teams in each case, portfolio construction is an interactive process. The Manager utilises a "Global Equity Buy List" which is constructed by each of the specialist country management teams. This list contains all buy (and hold) recommendations for each management team, which are then used as the investment universe. Stock selection is the major source of added value.

Top-down investment factors are secondary in the Manager's portfolio construction, with diversification rather than formal controls guiding stock and sector weights.

Market capitalisation is not a primary concern. The Company is permitted to invest up to 15% of its investments by value in any single stock (at the time of purchase).

A detailed description of the investment process and risk controls employed by the Manager is disclosed on page 22. A comprehensive analysis of the Company's portfolio is disclosed on pages 15 to 21 including a description of the twenty largest investments, the Portfolio of Investments by value, attribution analysis, distribution of investments and distribution of equity investments.

At the year end the Company's portfolio consisted of 53 equity and 12 bond holdings. The Manager is authorised by the Board to hold between 50 and 150 stocks in the portfolio.

History

Murray International Trust PLC started its life in 1907 as The Scottish Western Investment Company Limited. The Scottish Western of the early days was very highly geared but it was mainly invested in bonds, though the international spread resembled today's, with countries such as Argentina, China, Japan, Canada and many others appearing in the portfolio. Although the range of currencies was much smaller, multi currency or even gold-backed bonds were commonplace, as many of the era's bond certificates show.

The big move into equities came after the 1930s slump, when bond defaults forced the purchase of higher yielding equities to fund the costs of the Company's gearing. The Managers were not slow to spot an opportunity, but it started as Hobson's choice, and was only later hailed as brilliant foresight.

In 1929 just under 20% of the assets were in equities, in 1940 38%, in 1948 51% of the assets, which were still only £2.65 million. After deducting the preference shares (which were repaid in 1999) and debentures, the Company was effectively over 100% geared into equities by the start of the great post war boom.

After a number of amalgamations, the Company emerged as a generalist investment trust. However, there was an excess of trusts with a similar broad remit, so towards the end of the 1970s the Board defined the investment brief more narrowly as the achievement of growth in income and capital through a well diversified portfolio.

Symbolised by the name change from Murray Western to Murray International Trust PLC in 1984, the focus has since been on a relatively high yielding portfolio of equities in a well diversified mix of world markets.

In 2008 the Board circulated to all shareholders a short booklet to commemorate the centenary of the incorporation of the Company on 18 December 1907. Further copies are available on the website or from the Company Secretary.

Capital Structure

The Company's issued share capital as at 28 February 2012 consisted of 112,761,628 Ordinary shares of 25p (99.2% of the total share capital) and 875,295 B Ordinary shares of 25p (0.8% of the total share capital). The difference between the rights of the B Ordinary shareholders and those of the Ordinary shareholders is contained in the glossary on page 64.

Total Assets and Net Asset Value

At 31 December 2011, the Company had Total Assets* of £1,176.6 million and a Net Asset Value per Ordinary and B Ordinary share of 892.2p. (* See definition on page 64)

Borrowings

The borrowings are all drawn down in Japanese Yen and at 31 December 2011 represented the equivalent of £171.8 million or 13.9% of Net Assets (with cash deposits netted against the borrowings). The Company currently hedges most of the foreign currency exposure in respect of the liabilities attached to its borrowings. The Company's borrowing facilities are further detailed in note 13. Financial covenants contained within the relevant loan agreements provide, inter alia, that borrowings shall at no time exceed 40% of Net Assets and that the Net Assets must exceed £400 million. The Net Assets were £999.3 million at 31 December 2011.

If any of the financial covenants were to be breached, the lenders would be entitled, following the serving of notice to the Company, to declare the loans and all accrued interest, fees and other sums owed under the agreement to be immediately due and repayable.

Duration

The Company does not have a fixed life.

Principal Risks and Uncertainties

General

An investment in the shares is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise therefrom (which may be equal to the whole amount invested). Such an investment should be seen as long term in nature and complementary to existing investments in a range of other financial assets.

Changes in economic conditions (including, for example, interest rates and rates of inflation), industry conditions, competition, changes in the law, political and diplomatic events and trends, tax laws and other factors can substantially and adversely affect the value of investments and therefore the Company's performance and prospects.

Past performance of the Company, and of investments managed by the Manager, is not necessarily indicative of future performance.

The Shares

The market value of, and the income derived from, the shares can fluctuate and, notwithstanding the Board's discount and premium control policy, may not always reflect the Net Asset Value per share. There can be no guarantee that any appreciation in the value of the Company's investments will occur and investors may not get back the full value of their investment. No assurance can be given that any sale of the Company's investments would realise proceeds which would be sufficient to repay any borrowings or provide funds for any capital repayment to shareholders. Shareholders will bear the rewards and risks of the success or otherwise of the Company's investments.

The market value of the shares, as well as being affected by their Net Asset Value, also takes into account their dividend yield and prevailing interest rates, supply and demand for the shares, market conditions and general investor sentiment.

Borrowings

The Company may incur borrowings for investment purposes. Whilst the use of borrowings should enhance the total return on the shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the underlying return is falling, further reducing the total return on the shares. As a result, the use of borrowings by the Company may increase the volatility of the Net Asset Value and market price per share.

There is no guarantee that any borrowings of the Company would be refinanced on their maturity either at all or on terms that are acceptable to the Company.

Dividends

The Company will only pay dividends on the Ordinary shares (and a capitalisation issue for B Ordinary shares) to the extent that it has profits (including available reserves) available for that purpose, which will largely depend on the amount of income which the Company receives on its investments and the timing of such receipt. The amount of dividends payable by the Company may fluctuate.

If under UK law or accounting rules and standards applicable to the Company, there were to be a change to the basis on which dividends could be paid by companies, this could have a negative effect on the Company's ability to pay dividends.

Investment Objective and Strategy

There is no guarantee that the Company's investment objective will be achieved.

The Company may from time to time invest in other listed investment companies. As a consequence of these investments, the Company may itself be indirectly exposed to gearing through the borrowings from time to time of these other investment companies. The Company has a policy of not investing more than 15% of its gross assets in other listed investment companies. The Net Asset Value, which is a factor in determining the market value of the shares, will be linked to the underlying share price performance of any such other investment companies.

Debt Instruments

The Company invests in fixed interest investments issued by corporate bodies and sovereign issuers. Bonds are subject to credit, liquidity and interest rate risks and in the event of a default there is a risk that the Net Asset Value may be adversely affected. Adverse changes in the financial position of an issuer of bonds or in general economic conditions may impair the ability of the issuer to make payments of principal and interest or may cause the liquidation or insolvency of an issuer. There can be no assurance as to the levels of default and/or recoveries that may be experienced with respect to bonds. Debt instruments held by the Company may be affected by changes in market sentiment or changes in interest rates that will, in turn, result in increases and decreases in the market value of those instruments. When interest rates decline, the value of the Company's investments in fixed rate debt obligations can be expected to rise and, when interest rates rise or are expected to rise, the value of those investments can be expected to decline.

To the extent that the Company invests in sub-investment grade securities, the Company may realise a higher yield than the yield offered by investment grade securities, but investment in such securities involves a greater volatility of price and a greater risk of default by the issuers of such securities, with potential loss of interest payment and principal. Sub-investment grade securities will be subject, in the judgment of a ratings agency, to uncertainties in terms of their performance in adverse conditions and will be speculative with respect to an issuer's capacity to meet interest payments and repay principal in accordance with its obligations. There can be no assurance that an issuer will not default or that the Company will be able to recover its investments in defaulted fixed interest debt instruments.

As bond investments of the Company mature, it may be difficult for the Company to obtain replacement investments having similar financial characteristics.

Market Price Risk

The fair value of equity and other financial securities held in the Company's portfolio fluctuates with changes in market prices. Prices are themselves affected by movements in currencies and interest rates and by other financial issues including the market perception of future risks.

Foreign Currency Risks

The Company's investments are principally in overseas securities. The Company accounts for its activities and reports its results in pounds sterling. The Company currently hedges most of the foreign currency exposure in respect of the liabilities attached to its borrowings. Where the Company does not hedge its currency exposure, which is currently the case with the investment portfolio, the movement of exchange rates may have a favourable or unfavourable effect on the gains and losses experienced on investments which are made or realised in currencies other than pounds sterling.

Charges to Capital

The Company currently deducts part of the management charge from capital. This increases distributable income at the expense of capital growth, which will either be eroded or constrained. The maintenance of a high level of dividend may also diminish capital values.

Discount and Premium Control Policy

The Company operates a discount and premium control policy. The operation of the discount control element of this policy could lead to a significant reduction in the size of the Company over time, which would increase the Company's total expense ratio and prejudice the ability of the Company to pay satisfactory levels of dividend to shareholders. While the Company intends to issue new shares and to resell shares held in treasury at a small premium to the Net Asset Value per share where demand exceeds supply, this will be dependent upon the Company being able to issue new shares and to resell shares held in treasury at a premium, on market conditions generally at the relevant time, upon shareholders in general meeting conferring appropriate authorities on the Board to issue further shares and, where required under the Prospectus Rules, upon a prospectus having been approved by the Financial Services Authority and published. The ability of the Company to operate the discount control policy will depend on the Company being able to purchase its own shares, which will be dependent upon shareholders in general meeting conferring authority on the Board to purchase its own shares. The Directors will seek renewal of this authority from shareholders annually and at other times should this prove necessary. However, there can be no guarantee that requisite shareholder approvals will be obtained.

In accordance with the Listing Rules, the extent of each buy-back authority which will be sought by the Company from shareholders in general meeting will be limited to 14.99%, of the Company's issued share capital as at the date on which such authority is granted. In order to continue purchasing its own shares once any such authority has been exhausted, the Company would be required to seek a renewal of such authority from shareholders in general meeting.

The ability of the Company to purchase its own shares will be subject to the Act and all other applicable legislation, rules and regulations of any government, regulatory body or market applicable to the Directors or the Company and, in particular, will be dependent on the availability of distributable reserves.

Cessation of Investment Trust Status

The Company attempts to conduct its business so as to satisfy the conditions for approval as an investment trust under Part 24 Chapter 4 of the Corporation Tax Act 2010. In respect of each accounting period for which approval is granted, the Company will be exempt from United Kingdom taxation on its capital gains. Any breach of the tests that a company must meet to obtain approval as an investment trust company could lead to the Company being subject to tax on capital gains.

Tax and Accounting

Any change in the Company's tax status or in taxation legislation or accounting practice could affect the value of the investments held by the Company, affect the Company's ability to provide returns to shareholders or alter the post-tax returns to shareholders. Representations in this document concerning the taxation of investors are based upon current tax law and practice which are subject to change.

Any change in accounting standards may adversely affect the value of the Company's assets in its books of account or restrict the ability of the Company to pay dividends.

Regulatory

It is expected that the Alternative Investment Fund Managers Directive will enter into force in 2013. The Directive may have significant consequences for the Company (and all similar investment companies) which might materially increase compliance and regulatory costs. The Directive is subject to further implementation measures, and the Board will continue to monitor the progress and likely implications of the Directive.

Reliance Upon The Manager

The ability of the Company to successfully pursue its investment policy is significantly dependent upon the expertise of the Manager and the principal members of its management team. The Company does not currently have employees or own any facilities and depends on the Manager for the day to day management and operation of its business. The loss of any of the Manager's management team could reduce the Company's ability to pursue successfully its planned investment policy.

Reliance Upon Third Party Service Providers

The Company has no employees and the Directors have all been appointed on a non executive basis. The Company is therefore reliant upon the performance of third party service providers for its executive function. In particular, the Manager and the Secretary will be performing services which are integral to the operation of the Company. The failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company and could affect the ability of the Company to pursue successfully its investment policy.

Fluctuations In Operating Results

The Company may experience fluctuations in its operating results from period to period due to a number of factors, including changes in the values of investments made by the Company, changes in the amount of distributions, dividends or interest paid in respect of investments in the portfolio, changes in the Company's operating expenses, and general economic and market conditions. Such variability may lead to volatility in the market price of the shares and cause the Company's results for a particular period not to be indicative of its performance in a future period.

Share Dealing and ISA Status

Shares in Murray International Trust can be bought in the open market through a stockbroker. They can also be purchased through Aberdeen savings schemes and fully qualify for inclusion within tax-efficient ISA wrappers (see page 63).

Management Agreement Summary

The Company has an agreement with Aberdeen Asset Managers Limited, a wholly owned subsidiary of Aberdeen Asset Management PLC, for the provision of management services for a fee, as detailed in the Directors' Report on page 28 and in note 3 on page 46.

AIC

Murray International Trust is a member of the Association of Investment Companies.

Websites*

www.murray-intl.co.uk
www.aberdeen-asset.com

*The maintenance and integrity of the Murray International Trust PLC website is the responsibility of the Directors; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. Furthermore, legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Company Secretary

Aberdeen Asset Management PLC
Email: company.secretary@invtrusts.co.uk

Customer Services

Freephone: 0500 00 00 40 (open Monday - Friday 9am - 5pm) Email: inv.trusts@aberdeen-asset.com

Chairman's Statement

Kevin Carter
Chairman

Highlights

- Net Asset Value Total Return of -0.1%
- Benchmark Total Return of -4.6%
- Total Ordinary dividend increased by 15.6% compared with 2010
- Shares trading at a premium to net asset value per Ordinary share for the whole year
- £72m of new shares issued at a premium during the year

Performance

Against a backdrop of slowing global growth and widespread credit concerns, the main investment management priority that evolved during the year was simply to preserve capital. The total return on net asset value of -0.1% just about achieved this objective and was superior to the return on the benchmark of -4.6%. The share price total return was +1.3%, reflecting a slight increase in the premium to net asset value per share. The Investment Manager's Review in this Report contains an attribution analysis, which shows the factors affecting net asset performance. The key positive influence was strong stock selection across the board which more than offset predominantly negative contributions from regional asset allocation.

Background

What on the surface looked like a fairly small decline in equity markets in 2011 actually concealed a period of intense financial market volatility. Persistent negative sentiment and anaemic growth in the developed world, combined with escalating fears over sovereign solvency in many European nations, caused widespread uncertainty. Further angst was generated by a credit quality downgrade of United States debt, although, in the context of graver concerns elsewhere, this event failed to undermine the predominant flow of money into dollar based assets. Somewhat paradoxically, given the precarious state of prevailing fiscal fundamentals in the United States, US bonds and equities performed relatively well as investors sought refuge in familiar asset classes. Very little progress was made towards resolving the developed world's debt crisis as policymakers baulked at the prospective pain of austerity packages. New initiatives largely centred on printing more money or issuing more debt, essentially just trying to buy time. During periods of heightened anxiety and rising risk aversion, equities sold off sharply. Late summer proved particularly problematic for markets as Greece edged closer to insolvency, but fragile confidence was restored by the year end to keep the European Union intact, at least for now. Asia, Latin America and Emerging Markets faced different issues: trying to restrain growth and tame inflationary pressures. Using straightforward orthodox monetary and fiscal policies, objectives were largely achieved, leaving such regions well positioned to grow and prosper over the coming years. Unfortunately, prevailing negative sentiment meant such progress was largely ignored. By emphasising solid business fundamentals and good quality balance sheets in portfolio holdings, the Company managed to preserve capital and grow its dividend receipts. In a world where positive financial returns were hard to come by, this can be viewed as a satisfactory result.

Dividends

In 2011 we were able to continue the trend of increasing the level of dividends paid and three interim dividends of 8.0p were declared (2010: three interims of 6.8p). Your Board is now recommending a final dividend of 13.0p (2010: 11.6p final and special dividend of 2.5p) which, subject to the approval of shareholders at the Annual General Meeting, will be paid on 16 May 2012 to shareholders on the register on 10 April 2012. Subject to the approval of the final dividend, the total Ordinary dividend for the year will amount to 37.0p, an increase of 15.6% from last year (2010: 32p), excluding last year's special interim dividend. B Ordinary shares will receive their capitalisation issue of B Ordinary shares at the same time as each dividend is paid. Accordingly, subject to approval at the Annual General Meeting, B Ordinary shareholders will be issued on 16 May 2012 with new B Ordinary shares equivalent in Net Asset Value to the recommended final dividend for the year just ended.

Gearing

At the year end total borrowings amounted to the equivalent of £171.8 million all drawn in Yen representing 17.2% of net assets. At the year end the proportion of net assets invested in equities was 105% (2010 - 104%).

Issue of New Shares

At the Annual General Meeting held in April 2011 shareholders authorised Directors to issue up to 10% of the Company's issued share capital for cash at a premium to the prevailing asset value at the time of each issue. During the year we have continued to see a steady and strong demand for the Company's shares resulting in the issue of 7.9 million new Ordinary shares representing 7.7% of the Ordinary shares in issue at the start of the year. Given the continuing demand for the Company's shares, the Board will be seeking approval from shareholders to renew the authority to issue new shares for cash in 2012. As in previous years, to avoid diluting the asset value of existing shareholders, new shares will only be issued at a premium to net asset value. Resolutions to this effect will be proposed at the Annual General Meeting and the Directors strongly encourage shareholders to support this proposal.

Directorate

As stated in the Half-Yearly Report last August, during the year Mr Peter Dunscombe and Ms Ella Brown joined the Board and Mr John Trott retired as Chairman and as a Director. Ms Ella Brown subsequently resigned in June in order to pursue a career opportunity overseas. I would like to reiterate the Board's thanks to Mr Trott for his valuable contribution to the Company over many years.

Annual General Meeting

This year's Annual General Meeting will be held in London on 26 April 2012 at 12.30 p.m. at the London Chamber of Commerce and Industry, 33 Queen Street, London EC4R 1AP. As at previous AGMs, there will be a presentation from the Manager and an opportunity to meet the Directors and Manager and ask questions. I would be grateful if you would confirm your attendance by completing the notice that will accompany the Annual Report and returning it together with an indication of any particular questions.

Outlook

These are disturbing times for international financial markets. Given the chronic structural indebtedness of the developed world, it is not difficult to envisage a protracted period of low growth as problems are slowly addressed. Dependence on external financing to maintain solvency in those countries worst affected suggests markets may remain vulnerably exposed to changing sentiment. Against this backdrop, trying to forecast future returns is futile. Capital preservation and dividend growth remain core to the management philosophy for the Company's portfolio, so despite widespread uncertainty, nothing has changed in that respect. The investment strategy will continue to focus on holding high quality, globally diversified companies that offer solid growth prospects.

Kevin Carter
Chairman
28 February 2012

Manager's Review

Bruce Stout
Senior Investment Manager

Background

Can't pay, won't pay. Four small words that struck fear into the heart of global financial markets throughout 2011. For without doubt, the crisis of public sector indebtedness in the developed world proved to be the single most powerful factor influencing financial returns. The spectre of debt defaults, bankruptcies and insolvency cast dark shadows across the economic landscape, as the Western world's fifty year love affair with credit finally died from exhaustion. Intensification of financial gangrene spreading throughout public finances and excessively leveraged banking systems even ended the constant denial of policymakers. Realism prevailed and perceptions changed. The reality of Europe's unsustainable debt dynamics, muted growth, high unemployment and a future dominated by the need for debt reduction, frightened credit markets. Solvency concerns of various nations ebbed and flowed and attitudes towards funding future liabilities hardened. Perceptions changed markedly as traditional economic relationships broke down. The notion of a "risk free" rate of return, so long associated with short-term sovereign debt, was constantly questioned. At times, even bank deposit accounts failed to provide comfort for investors suffering from increasing mistrust and acute insecurity. In time honoured fashion, financial assets gravitated towards perceived safe havens. Bond markets in the United States and the UK received enormous cash inflows, driving yields down towards historical lows. Scant attention was paid to precarious fiscal fundamentals also prevailing in both these nations. Somewhat ironically, such capital flows became popularly portrayed as a flight to quality. It seemed what mattered most in an environment of systemic financial fragility was perceived security, not necessarily economic facts. Given the retreat to financial comfort zones, it was not surprising that economic stability and fiscal prudence in the developing world went largely unnoticed. Harshly labelled as high risk economies, many countries in Asia and Latin America refuted such unwarranted status and made solid progress. Responsible fiscal and monetary policies delivered budget surpluses, savings growth and declining inflation. These were impressive achievements by any account and more than a crumb of comfort in a world of crumbling confidence. Unfortunately, against a backdrop of prevailing uncertainties, no-one wanted to know.

Burdened by insecurities and fragile sentiment, returns from stock markets were predominantly negative. Regionally, Latin America recorded the largest decline in Sterling terms as local currency weakness compounded negative market returns. The region was down 19.6% over the period. Total returns from Asia and Japan were marginally less negative, coincidentally both declining by 12.9%. As usual, returns from within the Asian region were extremely varied, ranging from -36.8% in India and -21.5% in Taiwan to +10.1% in Indonesia and +3.3% in Malaysia. Such total return diversity once again highlighted the difficulties associated with generalising returns of global financial markets. As if to emphasise the point, Europe's decline of -14.7% arguably was much less than expected, or indeed justified, given its prominent role in fuelling international debt concerns. The UK market scraped out a respectable -2.3% total return based on perceived defensive characteristics. Somewhat ironically, given the severity and magnitude of prevailing negative fundamentals, the United States was the only major market to record positive returns. Consequently, North America produced a total return in Sterling terms of +1.2%, the first time the region has topped the list of regional returns since 1996 and only the fourth time over the past twenty five years.

Performance

The Net Asset Value Total Return for the year to 31 December 2011 with net dividends reinvested was -0.1% compared with a return on the benchmark of -4.6%. A full attribution analysis is given on page 19 which details the various influences on portfolio performance. In summary of the 587 basis points (before expenses) of performance above the benchmark, asset allocation deleted 432 basis points and stock selection contributed 1029 basis points. Structural effects relating to the fixed income portfolio, net of borrowing and hedging costs deleted a further 10 basis points of positive relative performance. Superior stock selection in all six regional areas was the over-riding reason for relative outperformance.

USA

Pushing on a string usually conjures up images of fruitless endeavour. When used to describe the efforts of US policymakers in 2011, it accurately depicts exactly the same picture. Despite monetary directives of effectively zero interest rates and roughly $2 trillion of additional liquidity through quantitative easing since August 2008, US economic activity remained extremely subdued. The economy essentially remained hostage to powerful deflationary forces. Contracting real incomes and stubbornly high unemployment intensified the pressure on household balance sheets. Property prices declined, consumer confidence evaporated and existing debt obligations intensified. Both orthodox and unorthodox policy initiatives proved wholly ineffectual. Consequently, the public and private debt dynamics of the United States moved into critical territory. Over twenty five per cent of all outstanding private sector mortgages reflected negative equity for homeowners. The arithmetic of compounding interest and failure to repay principal caused outstanding levels of credit card and personal debt to escalate further. For a consumer based society such as the United States, this proved particularly problematic. In response, at least consumers tried to tighten their belts. In the public sector, no such attempt at prudence was forthcoming. As politicians played political brinkmanship with the nation's debt ceiling and outstanding fiscal obligations surged towards 100% of GDP, the inevitable happened. US debt was downgraded by the rating agencies, citing grave concerns over fiscal management. This should have been taken as a real wake-up call for policymakers. Unfortunately, it went largely ignored. Indeed, with the eyes of the world fixed firmly on rapidly changing events in Europe, very little changed. A presidential election in 2012 and the unrealistic economic promises that typically accompany this event, suggests that such fiscal inertia will likely continue. Fortunately many US companies continue to thrive in international markets, largely immune from domestic difficulties. A new position in Pepsico, a worldwide operator of beverage, snack and food businesses was initiated during the period. Existing positions in Johnson & Johnson and Philip Morris, leading global consumer products companies, were also added to on weakness.

UK

Bereft of fiscal and monetary policy options, UK politicians and policymakers experienced a rough ride throughout 2011. Constant attempts were made to divert public attention away from domestic fragilities towards Europe's precarious predicament. Condemnation of Europe's "monetary inflexibility", "fiscal irresponsibility" and "bureaucratic rigidity" poured from the mouths of self-righteous opportunists. What is it that is said about throwing stones and glass houses? For beneath the veneer of Euro-bashing, the UK economy stagnated with many similar degenerative economic symptoms caused by over-indebtedness. Growth remained scarce as Government spending cuts and soaring food and energy prices eroded household spending power. Unemployment reached a seventeen year high as service and manufacturing industries felt the full brunt of economic headwinds. Credit contracted, consumer spending declined and the chronic imbalance between demand for money and supply of money was harshly exposed. Broad money supply turned negative for the first time since records began in 1983. Saving and debt reduction became over-riding household priorities. Statistics argued that in the absence of consecutive negative GDP growth, the UK was not in recession; in the real world of negative income growth, negative retail sales and numerous bankruptcies of major high street stores, the evidence suggested otherwise. With the UK embarking on the largest fiscal contraction in memory there appears no respite in sight. Long term structural reform of the nation's debt problems cannot be avoided. Neither can the pain that will accompany it. As the probability of prolonged sub trend growth in the UK increases, investment opportunities may increasingly diverge. It is difficult to envisage domestically focused companies prospering against a backdrop of anaemic demand and intense competition. Thankfully, numerous high quality businesses with expanding international presence remain domiciled in the UK. Prospects for Weir Group, Standard Chartered and British American Tobacco remain very encouraging and are likely to remain core holdings within the portfolio.

Europe

A toxic mixture of excessive sovereign indebtedness and escalating banking problems festered effervescently throughout the Eurozone over the period. Investor sentiment oscillated constantly between hope and fear, but neither offered supportive fundamentals for financial returns. Policy remained focused on monetary aid through enormous rescue packages and enforced fiscal austerity: essentially layering more debt on top of existing debt and buying time through stretching liabilities out into the future. European government budget deficits threatened, at times, to spiral out of control. Understandable reluctance by bond investors to purchase government debt of heavily indebted countries elevated bond yields towards breaking point. While the Greek government debt market crossed the point of no return, numerous emergency measures were required to keep Italy and Spain from suffering the same fate. By year end, the European Central Bank had virtually no choice but to aggressively expand its balance sheet in order to ease growing solvency concerns surrounding European banks. For the second consecutive year, the continent remained the epicentre of global systemic financial risk. The much hoped for end to the European debt crisis proved elusive as political influence stayed divided over future policy direction. Currently, the unsustainable combination of monetary union without fiscal union prevails, which suggests Europe will remain mired in uncertainty. The enormous task of restructuring debt obligations to manageable levels whilst simultaneously implementing pragmatic austerity measures, that won't cause economic depression, is a balancing act of immense proportions. Achieving it under the full glare of extremely nervous bond and equity markets only adds to the degree of difficulty. Hopefully, as the year progresses, Eurozone nations can move towards greater fiscal integration or fiscal union which would permit greater flexibility in future monetary policies and debt repayments. The process will likely be prolonged, painful and precarious, but does present a viable solution to the Eurozone's woes. Against such a difficult economic environment, exposure to European companies remained very defensive. Despite widespread market weakness, capital was preserved and dividend flows remain solid from holdings such as Nestle, Novartis and Roche in Switzerland. Such focus on defensive businesses will continue within the European portfolio.

Latin America

The dominant economic issues confronting Latin America's two largest economies, Mexico and Brazil, differed greatly from those prevailing elsewhere in the world. Flush with savings, well-funded pension schemes, plentiful resources of capital and commodities plus competitive manufacturing exports, the economic backdrop remained structurally sound. Policy directives, unburdened by debt or capital dependency, were free to address domestic priorities. Brazilian technocrats focused on engineering a slowdown in economic growth from the breakneck speed of 2010. A combination of prudent interest rate management combined with fiscal tightening delivered the desired results by year end. Inflationary pressures subsided, Brazil's primary fiscal surplus surged to record highs and the nation's net debt to GDP fell to thirty six per cent, its lowest level for fifteen years. Mexico's on-going economic decoupling from the United States became increasingly evident as its northern neighbour's woes failed to derail economic progress. Policymakers enjoyed a relatively inactive year as stable growth, inflation and fiscal finances continued to match conservative projections. With export orientated labour costs now lower than China, Mexico's international competitiveness has never been stronger. Despite such commendable macro-economic management, global concerns over the developed world's debt crisis unsettled financial markets in Latin America over the period. Rising risk aversion devalued Mexican and Brazilian currencies against Sterling by 12% and 13% respectively and equity market returns were negative. Such contagion from external financial shocks is not uncommon in Latin America, but history suggests domestic corporate fundamentals are unlikely to be materially affected. Generally, balance sheets remain pristine, growth tends to be financed from free cash flows and returning cash to shareholders through higher dividends is very much entrenched in corporate culture. Currency and equity market weakness provided excellent opportunities to add to existing holdings in tissue paper manufacturer Kimberly Clark de Mexico and seamless-pipe manufacturer Tenaris. A new holding was also initiated in Femsa, a leading beverage producer and convenience store operator based in Mexico. Following a tough year for financial returns in the region, valuations remain attractive for longer term capital and income growth.

Japan and Asia

It feels extremely uncomfortable analysing the investment backdrop in Japan given the scale of human tragedy that unfolded following the earthquake and tsunami in March. But putting emotion aside some observations are worth airing. Unfortunately, as the largest debtor nation in the world, Japan couldn't fiscally afford the money required to rebuild. In the event, more debt was issued, placing greater concerns on future solvency. Economic growth contracted for three quarters, but just managed to turn positive by year end. Companies worked hard to recover lost output from the disaster but were continually hindered by shortages of power and components. As the Yen traded upwards towards post-World War II highs and demand from Europe softened, export orientated manufacturers struggled to maintain profit margins. Deflationary pressures, which have blighted the economy for close to twenty years, showed no signs of abating, compounding an already treacherous business landscape. Unfortunately there appears no respite in sight. Seventeen years of zero interest rates and numerous expensive fiscal packages have failed to turn the deflationary tide, leaving Japan structurally weaker than ever. Where it goes from here remains as opaque as ever.

Elsewhere in Asia, policy objectives for 2011 were relatively straightforward too. Dampen inflationary pressures and simultaneously slow economic growth to sustainable levels. Given double digit growth rates and inflation scares which were so pronounced across the region this time last year, central bankers generally achieved success. Economic activity decelerated and inflation moderated in response to monetary tightening. Currencies slightly declined against the US dollar, reinforcing structural competitiveness, and real incomes/savings continued to expand. The one notable exception to the general trend was India where stubbornly high inflation persisted. Investors may have to wait longer before the tightening bias can be relaxed there, but elsewhere the outlook is encouraging. The potential for interest rate cuts and more manageable levels of growth are positive for the region and are reflected in current holdings of Asian financials, consumer goods and telecommunications companies in the portfolio.

Outlook

It is impossible to perpetually avoid the unavoidable as the debt infested developed world has finally discovered. Western central bankers may intellectually defend the rationale for near zero interest rates, pleading impotence towards the liquidity trap they created, but for the real world the economic consequences remain extremely harsh. Lenders won't lend for fear of credit risk; borrowers can't borrow because of punitive existing debts and low confidence; and savers can only watch as existing real wealth is eroded by inflation. What sort of financial landscape is this evolving before our very eyes? Economic maxims have been inverted. Credits became viewed as debts, assets became viewed as liabilities and illiquidity became viewed as insolvency. This interpretation became the reality that dominated economic life, but arguably just reflected the inevitable. Presidents or Prime Ministers can resign; governments, such as Greece or Italy, can tumble; austerity packages can be passed from here to eternity; and trillions of dollars can be promised. Unfortunately, none of this means the developed world's debt problems are over. Without competence, co-operation, credibility and belief, the crisis cannot even be properly addressed, never mind resolved. As denial finally succumbs to realism, at last progress can be made. Assuming there is no collective will to orchestrate systemic financial collapse throughout the world, the painful healing process may begin.

From an investment perspective, this backdrop will likely present many challenges, none more so than preserving and growing capital, plus securing sustainable dividend growth. Prevailing low interest rates threaten the real value of savings at a time when sovereign bond quality remains poor and bank deposits yield very little. Whilst corporate earnings risk is always heightened during periods of macro-economic uncertainty, the compelling argument for favouring equities over bonds still exists. A globally diversified company with a strong balance sheet, above average yield plus sustainable earnings and dividend growth remains inherently attractive, especially relative to bonds. Providing such exposure can be secured at attractive prices and at present it can, we will continue to focus on investment opportunities associated with such companies.

Bruce Stout
Aberdeen Asset Managers Limited
Investment Manager
28 February 2012

Results

Financial Highlights

	31 December 2011	31 December 2010	% change
Total assets less current liabilities (before deducting prior charges)	£1,176,582,000	£1,134,347,000	
Equity shareholders' funds (Net Assets)	£999,252,000	£967,676,000	
Share price – Ordinary share (mid market)	916.5p	941.0p	–2.6
Share price – B Ordinary share (mid market)	890.0p	835.0p	+6.6
Net Asset Value per Ordinary and B Ordinary share	892.2p	930.5p	–4.1
Premium to Net Asset Value on Ordinary shares	2.7%	1.1%	
Gearing (ratio of borrowing to shareholders' funds)			
Actual gearing ratio (net of cash)	13.9%	15.6%	
Dividends and earnings per Ordinary share			
Revenue return per share	43.9p	38.6p	+13.8
Dividends per share[A]	37.0p	32.0p	+15.6
Special interim dividend per share[A]	–	2.5p	
Dividend cover (including proposed final and special interim dividends)	1.19	1.12	
Revenue reserves[B]	£62,886,000	£54,944,000	
Operating costs			
Total expense ratio – excluding performance fee	0.74%	0.71%	
Total expense ratio – including performance fee	1.14%	1.18%	

[A] The figure for dividends per share reflects the years in which they were earned (see note 8 on page 48).
[B] The revenue reserve figure does not take account of the third interim, final and special interim dividends amounting to £8,891,000, £14,659,000 and £nil respectively (2010 – £7,015,000, £12,145,000 and £2,617,000).

Performance (total return)

	1 year % return	3 year % return	5 year % return	10 year % return
Share price[A]	+1.3	+74.2	+76.8	+232.0
Net asset value per Ordinary and B Ordinary share	–0.1	+60.1	+61.2	+170.0
Benchmark	–4.6	+34.4	+14.4	+51.1

Total return represents the capital return plus dividends reinvested.
[A] Mid to mid.

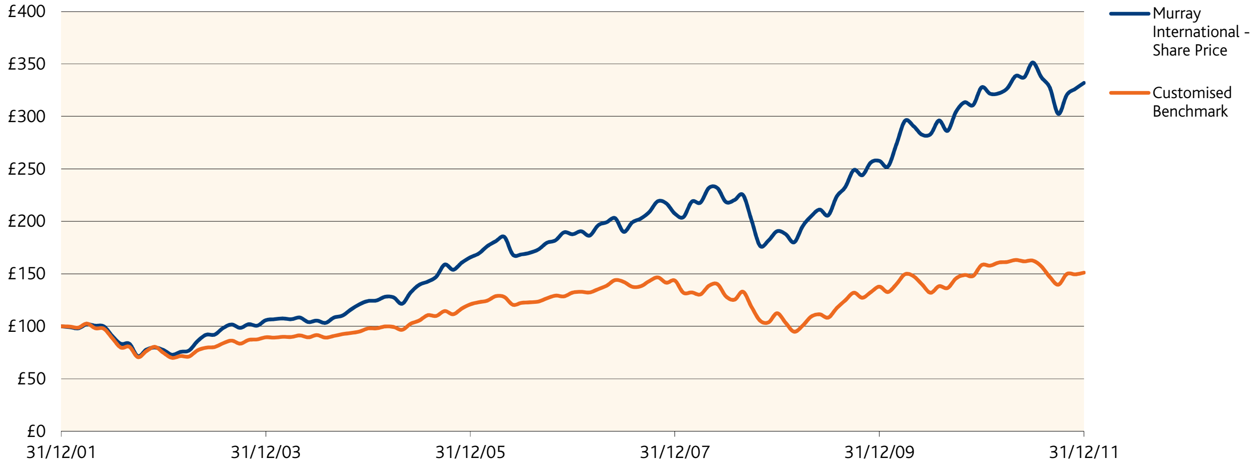
Dividends

	Rate	xd date	Record date	Payment date
1st interim	8.0p	13 July 2011	15 July 2011	16 August 2011
2nd interim	8.0p	12 October 2011	14 October 2011	15 November 2011
3rd interim	8.0p	04 January 2012	06 January 2012	17 February 2012
Proposed final	13.0p	04 April 2012	10 April 2012	16 May 2012
Total dividends	**37.0p**			

Performance

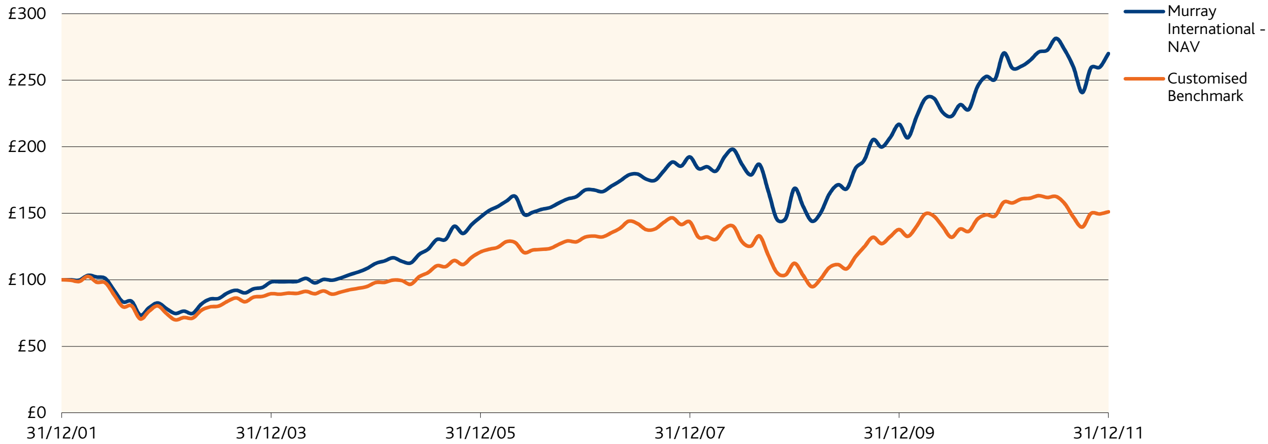
Share Price Total Return rebased to 100 (with net dividends reinvested)

Ten years to 31 December 2011



Net Asset Value Total Return rebased to 100 (with net dividends reinvested)

Ten years to 31 December 2011



Ten Year Financial Record

Year ended	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Total revenue (£'000)	17,518	16,793	19,366	21,922	24,566	26,776	32,242	36,571	46,607	55,128
Per Ordinary share (p)										
Net revenue return[A]	13.6	13.1	15.6	17.4	19.5	21.0	24.7	29.2	38.2	43.6
Dividends[B]	16.3	16.3	16.3	17.3	19.0	21.0	23.2	27.0	34.5	37.0
Net asset value per Ordinary/B Ordinary share[C]	352.8	424.2	471.8	597.5	660.7	736.8	625.8	772.9	930.5	892.2
Shareholders' funds (£'000)	308,748	371,392	413,322	523,633	579,268	646,237	568,827	741,813	967,676	999,252

[A] Net revenue return per Ordinary share have been based on the average Ordinary share capital during each year, including conversion of B Ordinary shares into Ordinary shares during each year (see note 9 on page 48).
[B] The figures for dividends per share reflect the dividends for the years in which they were earned and not the years they were paid.
[C] Net Asset Values per Ordinary and B Ordinary share have been calculated after deducting loans at nominal values and have not been adjusted for the B Ordinary scrip issues (see note 14 on pages 51 and 52).

Investment Portfolio – Twenty Largest Investments

As at 31 December 2011

Company	Country	Valuation 2011 £'000	Total assets[E] %	Valuation 2010 £'000
1 (1) British American Tobacco[A]				
British American Tobacco is the holding company for a group of companies that manufacture, market and sell cigarettes and other tobacco products. The group sells over 300 brands in approximately 180 markets around the world.	UK & Malaysia	52,539	4.5	39,858
2 (2) Souza Cruz				
Souza Cruz produces and sells cigarettes and other tobacco products in Latin America. Brand names include Lucky Strike, Carlton, Derby and Hollywood. The company also manufactures paper for cigarettes and packaging.	Brazil	44,259	3.8	38,828
3 (3) Unilever Indonesia				
Unilever Indonesia, the majority owned subsidiary of Unilever NV, manufactures soaps, detergents, margarine, oil and cosmetics. The company also produces dairy based foods, ice cream and tea beverages.	Indonesia	42,010	3.6	37,316
4 (-) Telus				
Telus is a telecommunications company providing a variety of communication products and services. The company provides voice, data, internet and wireless services to businesses and consumers throughout Canada.	Canada	29,083	2.5	14,614
5 (13) Taiwan Mobile				
Taiwan Mobile is the leading provider of cellular telecommunications services in Taiwan. Although predominantly a wireless network operator, the company also sells and leases cellular telephony equipment.	Taiwan	28,889	2.4	22,140
6 (5) Vale do Rio Doce[B]				
Vale is one of the world's largest, fully-integrated, natural resources companies. Based in Brazil, the company produces iron-ore, manganese, alloys, gold, nickel, copper, aluminium, potash and numerous other minerals. In addition to its mining assets, Vale also owns and operates railways and maritime terminals.	Brazil & USA	28,275	2.4	32,033
7 (-) Philip Morris International				
Spun out from the Altria Group in 2008, Philip Morris International is one of the world's leading global tobacco companies. It manufactures and sells leading recognisable brands such as Marlboro, Parliament and Virginia Slims.	USA	28,272	2.4	18,691
8 (8) Standard Chartered				
Standard Chartered is an international banking group operating principally in Asia, Africa, Latin America and the Middle East. The company offers its products and services to a wide range of customers in over fifty countries worldwide.	UK	28,180	2.4	26,681
9 (7) Aeroportuario del Sureste ADS				
Grupo Aeroporto del Sureste operates airports in Mexico. The company holds long-term concessions to manage airports in leading tourist resorts such as Cancun and Cozumel, plus cities such as Oaxaca, Veracruz and Merida.	Mexico	26,934	2.3	27,008
10 (-) Telefonica Brasil				
Telefonica Brasil provides fixed-line and wireless telecommunication services throughout the Brazilian State of Sao Paolo. The company provides voice, data, broadband and digital video to consumers, business and government entities.	Brazil	26,388	2.2	18,086
Top ten investments		**334,829**	**28.5**	

[A] Holding comprises UK and Malaysia securities split £33,610,000 (2010 – £22,172,000) and £18,929,000 (2010 – £17,686,000).

[B] Holding comprises equity and fixed income securities split £18,018,000 (2010 – £22,197,000) and £10,257,000 (2010 – £9,836,000).

Investment Portfolio – Twenty Largest Investments continued

Company	Country	Valuation 2011 £'000	Total assets[E] %	Valuation 2010 £'000
11 (14) Weir Group				
Weir Group, based in Glasgow, Scotland, is a leading global manufacturer and supplier of engineering products and services. The group produces valve pumps, compressors, turbines and gearboxes for various industrial uses.	UK	24,875	2.1	21,790
12 (17) PetroChina				
PetroChina explores, develops and produces crude oil and natural gas. The company also refines, transports and distributes crude oil and petroleum products, produces and sells chemicals, and transmits, markets and sells natural gas.	China	24,836	2.1	19,917
13 (9) Petrobras ADR[C]				
Petrobras, Brazil's leading energy group, produces oil and gas from extensive reserves throughout the country. It also produces a wide range of derivative products, petrochemicals and fuel alcohol.	Brazil	24,184	2.0	25,675
14 (10) PTT Exploration and Production				
PTT Exploration is a subsidiary of the Petroleum Authority of Thailand. The company produces oil and natural gas, and also explores and develops new crude oil and gas prospects.	Thailand	23,984	2.0	24,843
15 (-) Banco Bradesco[D]				
Banco Bradesco is one of the leading banks in Brazil. The bank attracts deposits and offers a full range of products such as business loans, personal credit, mortgages, lease financing and internet banking services. The company also offers credit cards, insurance and pension fund management.	Brazil	23,616	2.0	17,366
16 (6) Tenaris ADR				
Tenaris manufactures, markets and distributes welded and seamless pipe. The company produces casing, tubing, pipeline and mechanical tubes for the oil and gas and energy industries and for mechanical applications and distributes its products worldwide.	Mexico	23,459	2.0	28,156
17 (-) Johnson & Johnson				
Johnson & Johnson manufactures health-care products and provides related services for consumer, pharmaceutical, and medical devices and diagnostic markets. The company has many leading branded products that are sold throughout the world.	USA	22,355	1.9	15,404
18 (15) Taiwan Semiconductor Manufacturing				
Taiwan Semiconductor Manufacturing Company is one of the largest integrated circuit manufacturers in the world. The company is involved in component design, wafer manufacturing, assembly, testing and mask production of integrated circuits which are used in the computer, communication and electronics industries.	Taiwan	22,167	1.9	21,460
19 (11) Nordea				
Nordea Bank is a financial services group based in Sweden. The company provides deposit and credit services to both business and private individuals, plus a range of products in investment banking, securities trading and insurance. Nordea offers services throughout Scandinavia and the Baltic region.	Sweden	21,951	1.9	22,934
20 (-) Zurich Financial Services				
Based in Switzerland, Zurich Financial Services provides insurance based financial services. The company offers general and life insurance products and services for private individuals, corporations and multinational organisations.	Switzerland	21,934	1.9	18,091
Top twenty investments		**568,190**	**48.3**	

[C] Holding represents equity security (2010 holding comprised equity and fixed income securities, split £21,791,000 and £3,884,000).

[D] Holding comprises equity and fixed income securities split £14,382,000 (2010 – £17,366,000) and £9,234,000 (2010 – nil).

[E] See definition on page 64.

The value of the 20 largest investments represents 48.3% (2010 – 46.2%) of total assets. The figures in brackets denote the position at the previous year end. (-) denotes not previously in 20 largest investments.

Investment Portfolio – Other Investments

As at 31 December 2011

Company	Country	Valuation 2011 £'000	Total assets[E] %	Valuation 2010 £'000
Pepsico	USA	21,343	1.8	–
Kimberly Clark de Mexico	Mexico	21,235	1.8	21,358
Royal Dutch Shell	UK	21,227	1.8	18,295
Fomento Economico Mexicano	Mexico	21,067	1.8	–
China Mobile	China	20,738	1.8	14,118
Singapore Telecommunications	Singapore	20,548	1.7	14,598
Kraft Foods	USA	19,707	1.7	16,502
QBE Insurance Group	Australia	18,623	1.6	19,327
Roche Holdings	Switzerland	18,612	1.6	15,960
Public Bank	Malaysia	18,585	1.6	18,821
Top thirty investments		**769,875**	**65.5**	
Daito Trust Construction	Japan	17,636	1.5	14,011
Hindustan Unilever	India	17,228	1.5	15,576
Canon	Japan	17,061	1.4	17,220
Casino	France	16,689	1.4	19,189
Nestlé	Switzerland	15,592	1.3	15,758
Total	France	15,315	1.3	15,798
HSBC	UK	15,223	1.3	–
Novartis	Switzerland	15,151	1.3	15,439
Centrica	UK	15,044	1.3	17,243
Vodafone Group	UK	15,028	1.3	9,285
Top forty investments		**929,842**	**79.1**	
Wing Hang Bank	Hong Kong	14,923	1.3	22,143
ENI	Italy	14,166	1.2	14,926
Takeda Pharmaceutical	Japan	14,092	1.2	11,483
Astellas Pharmaceutical	Japan	13,829	1.2	12,897
Swire Pacific B	Hong Kong	13,615	1.2	17,082
Mapfre	Spain	13,529	1.1	11,752
AstraZeneca	UK	13,090	1.1	12,857
Wilson & Sons	Brazil	13,040	1.1	12,178
Belgacom	Belgium	12,836	1.1	13,671
Imperial Tobacco 5.5% 22/11/2016	UK	10,409	0.9	10,101
Top fifty investments		**1,063,371**	**90.5**	
Telefonica Emisiones 5.375% 02/02/2018	UK	9,758	0.8	10,170
Oversea-Chinese Bank	Singapore	9,714	0.8	12,315
GDF Suez	France	9,680	0.8	10,349
Hypermarcas 6.5% 20/04/21	USA	9,137	0.8	–
Portugal Telecom 4.5% 16/06/2025	Portugal	9,006	0.8	11,980
Republic of Venezuela 8.5% 08/10/2014	USA	7,181	0.6	6,515
Republic of Indonesia 9.5% 15/07/2023	Indonesia	6,842	0.6	5,959
Republic of Indonesia 10% 15/02/2028	Indonesia	6,831	0.6	5,692
Federal Republic of Brazil 11% 17/08/2040	USA	3,410	0.3	3,435
General Accident 7.875% Cum Irred Pref	UK	2,616	0.2	2,728
Santander 10.375% Non Cum Pref	UK	1,819	0.1	2,175
Consorcio Ara	Mexico	1,598	0.1	3,528
Total investments		**1,140,963**	**97.0**	
Net current assets		**35,619**	**3.0**	
Total assets[E]		**1,176,582**	**100.0**	

[E] See definition on page 64.

Summary of Net Assets

	Valuation 31 December 2011 £'000	%
Equities	1,054,463	105.5
Fixed income	86,500	8.7
Other net assets	35,619	3.6
Prior charges (see definition on page 64)	(171,808)	(17.2)
Other long term liabilities	(5,522)	(0.6)
Equity shareholders' funds	**999,252**	**100.0**

Summary of Investment Changes During the Year

	Valuation 31 December 2011 £'000	%	Appreciation/ (depreciation) £'000	Transactions £'000	Valuation 31 December 2010 £'000	%
Equities						
United Kingdom	166,277	14.2	1,761	4,496	160,020	14.1
North America	120,761	10.3	18,170	18,711	83,880	7.4
Europe ex UK	175,454	14.9	(40,421)	15,536	200,339	17.6
Japan	62,618	5.3	(1)	(5,486)	68,105	5.9
Asia Pacific ex Japan	294,789	25.1	(10,677)	(13)	305,479	27.1
Latin America	234,564	19.8	(4,180)	28,249	210,495	18.6
	1,054,463	89.6	(35,348)	61,493	1,028,318	90.7
Fixed income						
United Kingdom	24,602	2.1	(524)	(12,707)	37,833	3.3
Europe ex UK	9,006	0.8	(3,053)	79	11,980	1.1
Asia Pacific ex Japan	13,673	1.2	2,008	14	11,651	1.0
Latin America	39,219	3.3	(553)	10,054	29,718	2.6
	86,500	7.4	(2,122)	(2,560)	91,182	8.0
Other net assets	35,619	3.0	20,772	–	14,847	1.3
Total assets[A]	**1,176,582**	**100.0**	**(16,698)**	**58,933**	**1,134,347**	**100.0**

[A] See definition on page 64.

Attribution Analysis

Year to 31 December 2011

	Company		Benchmark		Contribution from:		
	Weight %	Return %	Weight %	Return %	Asset Allocation %	Stock Selection %	Total %
UK	15.8	5.8	40.0	–2.3	–0.6	1.3	0.7
Europe ex UK	16.6	–5.0	11.2	–14.6	0.1	1.1	1.3
North America	11.5	26.1	33.9	1.2	–1.6	2.1	0.6
Japan	5.9	4.8	5.3	–12.9	–0.1	1.1	1.0
Asia Pacific ex Japan	28.0	0.9	6.7	–12.9	0.6	1.6	2.2
Latin America	22.2	–6.5	2.9	–18.9	–2.8	3.0	0.2
Gross equity portfolio return	100.0	1.4	100.0	–4.6	–4.3	10.3	6.0
FX instruments		0.9					
Fixed interest, cash and gearing effect		–1.0					
Net portfolio return		1.3					
Management fees and administrative expenses		–0.7					
Performance fee		–0.4					
Tax charge		–0.3					
Share issuance effect		0.3					
Technical differences		–0.3					
Total return		**–0.1**		**–4.6**			

Benchmark is 40% FTSE World UK and 60% FTSE World ex UK

Notes to Performance Analysis

Selection effect – measures the effect of security selection within each category.

Allocation effect – measures the impact of over or underweighting each asset category, relative to the benchmark weights.

Share issuance – the enhancement to performance of new shares being issued at premium to NAV.

Technical differences – the impact of different return calculation methods used for NAV and portfolio performance

Source: AAM / Russell Mellon Analytical Services.

Distribution of Investments

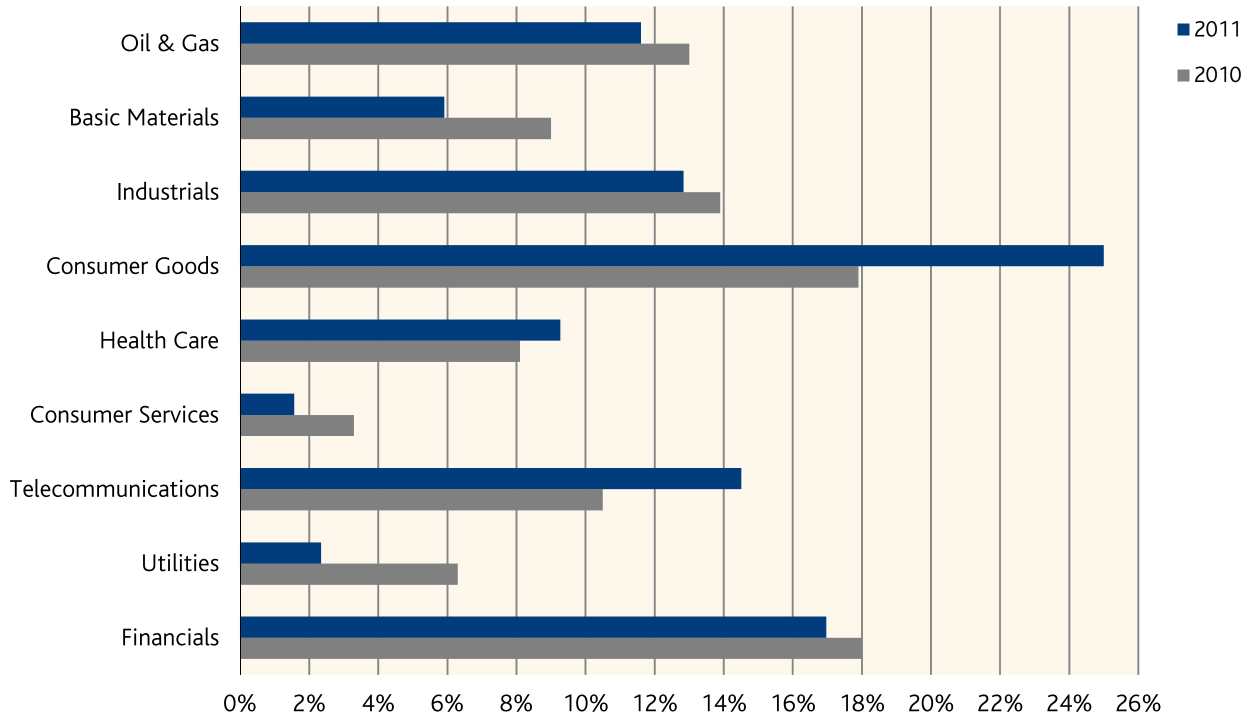
As at 31 December 2011

Sector/Area	United Kingdom %	North America %	Europe ex UK %	Japan %	Asia Pacific ex Japan %	Latin America %	2011 Total %	2010 Total %
Oil & Gas	**1.8**	**–**	**2.5**	**–**	**4.1**	**2.0**	**10.4**	**11.8**
Oil & Gas Producers	1.8	–	2.5	–	4.1	2.0	10.4	10.2
Oil Equipment & Services	–	–	–	–	–	–	–	1.6
Basic Materials	**–**	**–**	**–**	**–**	**–**	**5.3**	**5.3**	**8.2**
Forestry & Paper	–	–	–	–	–	1.8	1.8	1.9
Industrial Metals	–	–	–	–	–	3.5	3.5	4.5
Mining	–	–	–	–	–	–	–	1.8
Industrials	**2.1**	**–**	**–**	**2.9**	**3.1**	**3.4**	**11.5**	**12.6**
Construction & Materials	–	–	–	1.5	–	–	1.5	1.2
Electronic & Electrical Equipment	–	–	–	1.4	1.9	–	3.3	3.4
Industrial Engineering	2.1	–	–	–	1.2	–	3.3	4.5
Industrial Transportation	–	–	–	–	–	3.4	3.4	3.5
Consumer Goods	**2.9**	**5.9**	**1.3**	**–**	**6.7**	**5.6**	**22.4**	**16.2**
Beverages	–	1.8	–	–	–	1.8	3.6	–
Food Producers	–	1.7	1.3	–	5.1	–	8.1	7.6
Tobacco	2.9	2.4	–	–	1.6	3.8	10.7	8.6
Health Care	**1.1**	**1.9**	**2.9**	**2.4**	**–**	**–**	**8.3**	**7.4**
Health Care Equipment & Services	–	–	2.9	–	–	–	2.9	2.8
Pharmaceuticals & Biotechnology	1.1	1.9	–	2.4	–	–	5.4	4.6
Consumer Services	**–**	**–**	**1.4**	**–**	**–**	**–**	**1.4**	**3.0**
General Retailers	–	–	1.4	–	–	–	1.4	3.0
Telecommunications	**1.3**	**2.5**	**1.1**	**–**	**5.9**	**2.2**	**13.0**	**9.5**
Fixed Line Telecommunications	–	2.5	1.1	–	–	2.2	5.8	4.3
Mobile Telecommunications	1.3	–	–	–	5.9	–	7.2	5.2
Utilities	**1.3**	**–**	**0.8**	**–**	**–**	**–**	**2.1**	**5.7**
Electricity	–	–	–	–	–	–	–	2.3
Gas Water & Multiutilities	1.3	–	0.8	–	–	–	2.1	3.4
Financials	**3.7**	**–**	**4.9**	**–**	**5.3**	**1.3**	**15.2**	**16.3**
Banks	3.7	–	1.9	–	3.7	1.2	10.5	11.7
Nonlife Insurance	–	–	3.0	–	1.6	–	4.6	4.3
Real Estate	–	–	–	–	–	0.1	0.1	0.3
Total equities	**14.2**	**10.3**	**14.9**	**5.3**	**25.1**	**19.8**	**89.6**	**90.7**
Fixed income	**2.1**	**–**	**0.8**	**–**	**1.2**	**3.3**	**7.4**	**8.0**
Total investments	**16.3**	**10.3**	**15.7**	**5.3**	**26.3**	**23.1**	**97.0**	**98.7**
Other net current assets							**3.0**	**1.3**
Total assets[A]							**100.0**	**100.0**

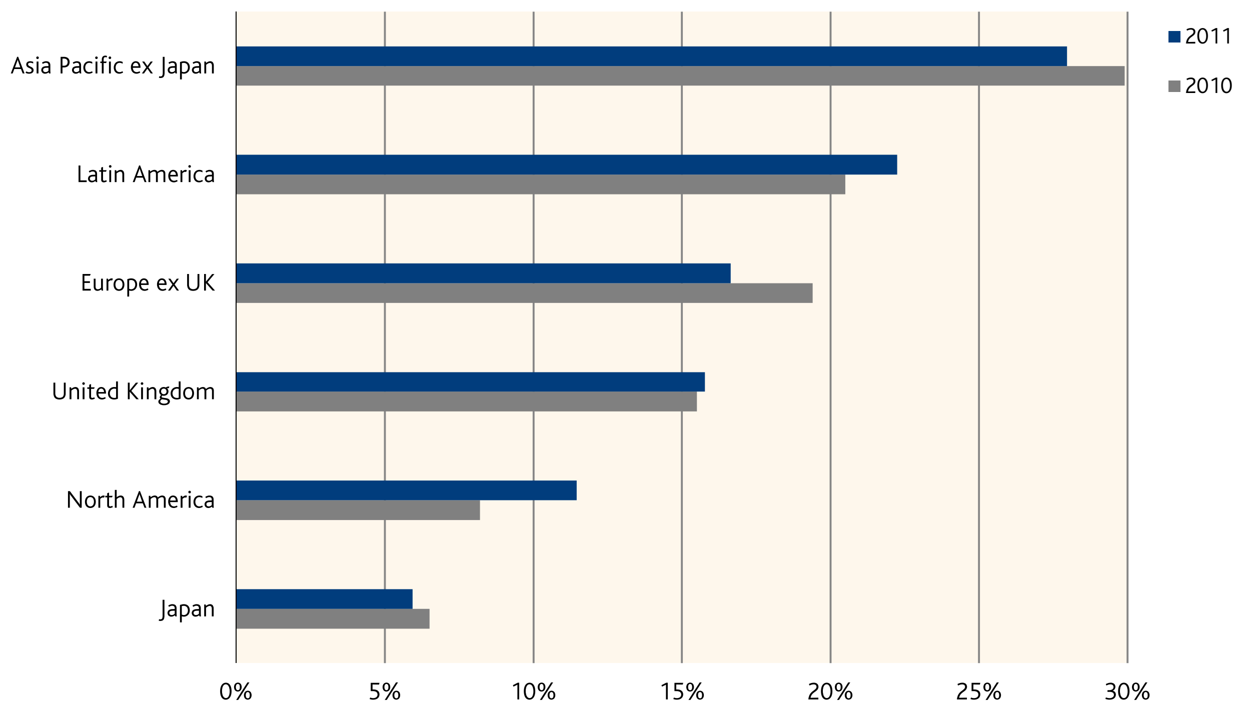
[A] See definition on page 64.

Distribution of Equity Investments

Total Equities Distribution by Sector



Total Equities Distribution by Geographic Region



Information about the Manager

Aberdeen Asset Managers Limited

The Company's Manager is Aberdeen Asset Managers Limited, a subsidiary of Aberdeen Asset Management PLC, whose group companies as at 31 December 2011 had approximately £173.9bn of assets under management. It manages assets on behalf of a wide range of clients including 40 investment companies and other closed-ended funds, which had combined total assets of over £8.6bn.

The Manager has its headquarters in Aberdeen and invests globally, operating from 31 offices in 26 countries. Its investment teams are generally based in the markets or regions in which they invest; in the UK its main investment centres are in London and Edinburgh.

Bruce Stout, Senior Investment Manager

Bruce Stout is a senior investment manager on the Global equities team. Bruce joined Aberdeen Asset Managers Limited (or acquired companies) in 1987 and has held a number of roles including investment manager on the emerging markets team.

The Investment Process, Philosophy and Style

Long term investment success demands a clear focus and a sound structure. The Aberdeen Asset Management Group ("AAM") has as its primary objective in managing Murray International Trust PLC the delivery of consistent outperformance against the benchmark based on the concept of seeking growth at a reasonable price.

To achieve this, a disciplined investment process has been developed. However, to meet the different performance objectives mandated for specific funds, there is built in flexibility.

Key decisions are implemented consistently across all funds and portfolio risk limits are set and closely monitored. A continuous watch is kept over critical factors that influence investment decisions, so that when views change, action is taken swiftly and decisively to reposition portfolios.

Asset Allocation

Based on the guidelines set by the AAM Investment Strategy Committee, and after consultation with relevant AAM area specialists, the investment manager of Murray International Trust PLC, Bruce Stout, recommends asset allocation to the Board. There is a "top down" influence to establish the economic overview and to identify potential investment themes. The approach is highly focused and portfolios are tightly constructed to provide the greatest scope for outperformance within the agreed risk parameters.

For Murray International Trust PLC, regional allocation of funds in line with guidelines set by the AAM Investment Strategy Committee is the first stage of the portfolio construction process. At this stage, house views on specific global sectors are also taken into account.

Established themes and trends are considered within the process of country allocation, which is also influenced by analysis of key data covering macroeconomic and monetary factors, value and performance.

Country selection is driven overall by short and medium term estimates of macroeconomics, politics and liquidity, and the market implications of those.

Stock Selection

The investment manager, Bruce Stout, has responsibility for portfolio construction across all regional segments. Working closely with the relevant underlying desks in each case, portfolio construction is an interactive process. The Manager utilises a "Global Equity Buy List" which is constructed by each of the specialist country desks. This list contains all buy (and hold) recommendations for each desk, which are then used as the investment universe. If a stock no longer meets the criteria to be included on the Buy List, it is sold within 30 days. This process enables the investment manager to better reflect top down themes that emerge from the global equity strategy and investment themes meetings that take place monthly.

Risk Controls

Integral to the investment process is regular provision, by a specialised team, of performance and risk analysis data to ensure that funds are operated within the terms of their mandate.

As well as market price risk inherent in all portfolio investment, Murray International Trust is also exposed to risk from movements in foreign exchange rates and changes in interest rates. Market price risk is managed by strict adherence to parameters set for portfolio construction. The foreign exchange risk involved may be hedged by the use of forward currency contracts. Interest rate risk lies with the portfolio holdings of fixed income securities and on-call deposits. Additionally, the Company has entered into an interest rate swap agreement to fix Yen 8.225 billion. A detailed risk profile of the Company is given in note 19 to the financial statements.

The Board of Directors

The Directors, all of whom are non-executive and independent of the Manager, supervise the management of Murray International Trust PLC and represent the interests of shareholders.

Kevin Carter

Status: Chairman and Independent Non-Executive Director
Relevant experience and other directorships: He was previously Managing Director and Head of EMEA Pension Advisory Group at JP Morgan Securities. Prior to that Dr Carter was Head of the European Investment Consulting Practice at Watson Wyatt and formerly CEO of Old Mutual Asset Managers in both the UK and the US. He is also a director of Lowland Investment Company plc
Length of Service: He was appointed a Director on 23 April 2009
Last re-elected to the Board: 30 April 2010
Committee member: Management Engagement Committee (Chairman) and Nomination Committee (Chairman)
Employment by the Manager: None
Other connections with Trust or Manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: 10,000 Ordinary shares

Lady Balfour of Burleigh CBE

Status: Independent Non-Executive Director
Relevant experience and other directorships: She taught politics and modern history at Oxford University, before moving to the Central Policy Review Staff in the Cabinet Office. She has worked for governments in many countries and for a number of public companies. She is chairman of the Nuclear Liabilities Fund and the Nuclear Liabilities Financing Assurance Board. Her other current directorships are The Scottish Oriental Smaller Companies Trust plc and Albion Enterprise VCT PLC
Length of Service: She was appointed a Director on 30 September 2003
Last re-elected to the Board: 30 April 2010
Committee member: Audit Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee (Chairman)
Employment by the Manager: None
Other connections with Trust or Manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: 1,300 Ordinary shares

James Best

Status: Independent Non-Executive Director
Relevant experience and other directorships: He is a Partner of Arkios Limited in London and was, until recently, Chairman of Kalahari Energy, a Botswana company active in alternative fuel. He has worked in New York, London and Singapore as a banker, most notably with UBS, HSBC and earlier with Credit Suisse
Length of Service: He was appointed a Director on 30 June 2005
Last re-elected to the Board: 28 April 2011
Committee member: Audit Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee
Employment by the Manager: None.
Other connections with Trust or Manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: 47,500 Ordinary shares

Peter Dunscombe

Status: Independent Non-Executive Director

Relevant experience and other directorships: He was until very recently head of pensions investment at the BBC Pension Trust and prior to that he was joint managing director at Imperial Investments Limited.
He is a member of the investment committees of The Pensions Trust, Reed Elsevier Pension Fund and St James's Place plc.

Length of Service: He was appointed a Director on 29 April 2011

Last re-elected to the Board: N/A

Committee member: Audit Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee

Employment by the Manager: None

Other connections with Trust or Manager: None

Shared Directorships with any other Trust Directors: None

Shareholding in Company: 1,350 Ordinary shares

Fred Shedden OBE

Status: Independent Non-Executive Director and Senior Independent Director

Relevant experience and other directorships: He is a former senior partner of McGrigors. He was until very recently a non-executive director of Iomart Group plc and was formerly chairman of Martin Currie Japan Investment Trust plc as well as a non executive director of The Equitable Life Assurance Society and The Standard Life Assurance Company.

Length of Service: He was appointed a Director on 23 October 2000

Last re-elected to the Board: 28 April 2011

Committee member: Audit Committee (Chairman), Management Engagement Committee, Nomination Committee and Remuneration Committee

Employment by the Manager: None

Other connections with Trust or Manager: None

Shared Directorships with any other Trust Directors: None

Shareholding in Company: 8,672 Ordinary shares

Directors' Report

The Directors submit their Annual Report together with the financial statements of the Company for the year ended 31 December 2011.

Business Review

A review of the Company's operations is given in the Corporate Summary on pages 2 to 6, the Chairman's Statement on pages 7 and 8 and the Manager's Review on pages 9 to 12. This includes a review of the business of the Company and its principal activities, likely future developments of the business, recommended final dividend and details of the issue of new shares during the year by the Company. The major risks associated with the Company are detailed in the Corporate Summary on pages 3 to 6 and in note 19 to the financial statements. Details of the risk management objectives and policies are provided in the Corporate Governance Statement internal controls report on page 34. Further details on how the portfolio is managed to achieve the risk management policies and objectives are disclosed in 'The Investment Process, Philosophy and Style' on page 22. The Key Performance Indicators for the Company including NAV and share price information are detailed on page 13.

The current Directors are K J Carter, J D Best, P W Dunscombe, A C Shedden and Lady Balfour of Burleigh and along with Ms Ella Brown (who was appointed to the Board on 29 April 2011 and resigned on 17 June 2011) and Mr J F H Trott (who retired from the Board on 28 April 2011) these were the only Directors who served during the year.

The Company does not make political donations or expenditures and has not made any donations for charitable purposes during the year and, in common with most investment trusts, the Company has no employees.

Principal Activity and Status

The Company is an investment company in accordance with Section 833 of the Companies Act 2006 and carries on business as an investment trust. The Company is registered in Scotland with number SC006705. In the opinion of the Directors of the Company, its affairs have been conducted in a manner to satisfy the conditions to enable it to continue to obtain approval as an investment trust under s1158 of the Corporation Tax Act 2010. HM Revenue & Customs will grant s1158 status, if requested, provided that the Company's affairs have been conducted in such a manner as to satisfy the conditions of that section. Approval for such status has been given by HM Revenue & Customs for the year ended 31 December 2010.

Results and Dividends

The total loss attributable to equity shareholders for the year amounted to £1.8 million.

Final and special dividends for the year ended 31 December 2010 of 11.6p and 2.5p per Ordinary share were paid on 16 May 2011. Interim dividends of 8.0p each were paid on 16 August 2011, 15 November 2011 and 17 February 2012 making a total distribution to Ordinary shareholders of £40.8 million. The Directors are recommending a final dividend for the year ended 31 December 2011 of 13.0p per Ordinary share payable on 16 May 2012 to holders of Ordinary shares on the register at close of business on 10 April 2012.

Whenever a cash dividend is paid on the Ordinary shares, a bonus issue of B Ordinary shares is made to the holders of B Ordinary shares. In connection with the final dividend the Directors will make a corresponding capitalisation issue of B Ordinary shares credited as fully paid. This capitalisation issue will be equivalent in asset value to the final dividend now recommended on the Ordinary shares but excluding any tax credit thereon. Subject to the approval of shareholders of the final dividend, definitive certificates in respect of the capitalisation issue will be posted on 16 May 2012. Fractional entitlements will be sold for the benefit of B Ordinary shareholders. The new B Ordinary shares will rank equally with the existing B Ordinary shares.

Resolution No. 10 to approve the final dividend will be proposed at the Annual General Meeting.

The Net Asset Value per Ordinary and B Ordinary share at 31 December 2011 was 892.2p (2010 – 930.5p).

Annual General Meeting

The Notice of Annual General Meeting is contained on pages 65 to 69 of the Annual Report.

Discount Management Policy and Special Business at Annual General Meeting

Share Buybacks

At the Annual General Meeting held on 28 April 2011, shareholders approved the renewal of the authority permitting the Company to repurchase its Ordinary shares.

The Directors wish to renew the authority given by shareholders at the previous Annual General Meeting. The principal aim of a share buyback facility is to enhance shareholder value by acquiring shares at a discount to Net Asset Value, as and when the Directors consider this to be appropriate. The purchase of shares, when they are trading at a discount to Net Asset Value per share, should result in an increase in the Net Asset Value per share for the remaining shareholders. This authority, if conferred, will only be exercised if to do so would result in an increase in the Net Asset Value per share for the remaining shareholders and if it is in the best interests of shareholders generally. Any purchase of shares will be made within guidelines established from time to time by the Board. It is proposed to seek shareholder authority to renew this facility for another year at the Annual General Meeting.

Under the Listing Rules, the maximum price that may be paid on the exercise of this authority must not be more than the higher of (i) an amount equal to 105% of the average of the middle market quotations for a share taken from the London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which the share is purchased; and (ii) the higher of the last independent trade and the current highest independent bid on the trading venue where the purchase is carried out. The minimum price which may be paid is 25p per share.

It is currently proposed that the purchase of shares by the Company will be made from the realised capital reserve of the Company. The purchase price will normally be paid out of the cash balances held by the Company from time to time.

Special Resolution No. 13 will permit the Company to buy back shares and to hold the shares bought back as treasury shares rather than cancel them immediately. The benefit of the ability to hold treasury shares is that such shares may be resold. This should give the Company greater flexibility in managing its share capital and improve liquidity in its shares. The Company would only sell on treasury shares at a premium to net asset value. When shares are held in treasury, all voting rights are suspended and no distribution (either by way of dividend or by way of a winding up) is permitted in respect of treasury shares. If the Directors believe that there is no likelihood of re-selling shares bought back, such shares would be cancelled.

Special Resolution No. 13 in the Notice of Annual General Meeting will renew the authority to purchase in the market a maximum of 14.99% of shares in issue at the date of the Annual General Meeting (amounting to 16,902,968 Ordinary shares and 131,206 B Ordinary shares as at 28 February 2012). Such authority will expire on the date of the 2013 Annual General Meeting or on 30 June 2013, whichever is earlier. This means in effect that the authority will have to be renewed at the next Annual General Meeting or earlier if the authority has been exhausted.

During the year ended 31 December 2011 and up to the date of this Report no share repurchases have taken place.

Issue of Shares

In terms of the Companies Act 2006 (the "Act") the Directors may not allot unissued shares unless so authorised by the shareholders. Resolution No. 11 in the Notice of Annual General Meeting, if passed, will therefore give the Directors the necessary authority to allot the unissued share capital up to an aggregate nominal amount of £2,840,923 (equivalent to 11,276,162 Ordinary shares and 87,529 B Ordinary shares or 10% of the Company's existing issued share capital at 28 February 2012), the latest practicable date prior to the publication of this Annual Report. Such authority will expire on the date of the next Annual General Meeting or on 30 June 2013, whichever is earlier. This means that the authority will have to be renewed at the next Annual General Meeting.

When shares are to be allotted for cash, Section 561 of the Companies Act 2006 provides that existing shareholders have pre-emption rights and that the new shares must be offered first to such shareholders in proportion to their existing holding of shares. However, shareholders can, by special resolution, authorise the Directors to allot shares otherwise than by a pro rata issue to existing shareholders. Special Resolution No. 12 will, if passed, also give the Directors power to allot for cash equity securities up to an aggregate nominal amount of £2,840,923 (equivalent to 11,276,162 Ordinary shares and 87,529 B Ordinary shares or 10% of the Company's existing issued share capital at 28 February 2012), the latest practicable date prior to the publication of this Annual Report, as if Section 561 of the Companies Act 2006 does not apply. This is the same nominal amount of share capital which the Directors are seeking the authority to allot pursuant to Resolution No. 11. This authority will also expire on the date of the 2013 Annual General Meeting or on 30 June 2013, whichever is earlier. This authority will not be used in connection with a rights issue by the Company.

The Directors intend to use the authority given by Resolutions No. 11 and 12 to allot shares and disapply pre-emption rights only in circumstances where this will be clearly beneficial to shareholders as a whole. As such, issues will only be made where shares can be issued at a premium of 0.5% or more to Net Asset Value. At present, shares are available under the savings plans operated by the Manager. In circumstances where the share price of the Company stands at a premium of 0.5% or more to Net Asset Value, it may be advantageous for the Company to allot new shares directly to participants in the savings plans or to other prospective purchasers. Such issues would only be made at prices greater than Net Asset Value, and would involve no dilution for existing shareholders. The issue proceeds would be available for investment in line with the Company's investment policy. No issue of shares will be made which would effectively alter the control of the Company without the prior approval of shareholders in general meeting. Resolution 12 will also disapply pre-emption rights on the sale of treasury shares as envisaged above. Once again, the pre-emption rights would only be disapplied where the treasury shares were sold at a premium to Net Asset Value of not less than 0.5%.

Increase in Articles Limit on Directors' Fees

Ordinary Resolution No. 14 will be proposed to increase the current cap on the aggregate amount of fees payable to Directors in any year, contained in the Articles of Association, to £225,000. The Board believes that to enable flexibility in respect of succession planning, and in particular to recruit new Directors from time to time, it is prudent to keep remuneration at or around market levels. The Board is therefore proposing to increase the Articles cap from £150,000 to £225,000. The cap was last increased, from £100,000 to the present limit, in 2006. The increase will also enable succession periods for retiring Directors by ensuring that any overlap of Directors' services does not breach the aggregate fees the Company is permitted to pay. The Directors' Remuneration Report on pages 37 and 38 contains further details of Directors' remuneration.

The Directors consider that (i) the authorities granted above and (ii) the increased limit for Directors' fees are in the best interests of the Company and shareholders taken as a whole and recommend that all shareholders vote in favour of the resolutions, as the Directors intend to in respect of their own beneficial holdings of Ordinary shares amounting in aggregate to 68,822 shares, representing approximately 0.06% of the Company's issued share capital as at 28 February 2012.

Share Capital

The issued Ordinary share capital at 31 December 2011 amounted to 111,131,628 Ordinary and 866,687 B Ordinary shares. Details of the changes in share capital during the year are provided in note 14 to the financial statements. On 17 February 2012 the issued B Ordinary share capital increased to 875,295 B Ordinary shares following the capitalisation issue of 8,608 B Ordinary shares in lieu of the third interim dividend. Between 31 December 2011 and the date of this report, a further 1.6 million new Ordinary shares were issued for cash at a premium to the prevailing net asset value.

Share Interests

At 31 December 2011 the following share interests in the Company above 3% had been notified:

	Ordinary shares of 25p	% of Ordinary capital
Brewin Dolphin	10,632,113	9.6
Speirs & Jeffrey	8,188,439	7.4
Aberdeen Asset Managers Savings Plans (non disretionary)	7,498,599	6.8
Rathbones	6,390,648	5.8
Legal & General	3,705,343	3.3
D C Thomson & Company Limited	3,699,600	3.3

	B Ordinary shares of 25p	% of B Ordinary capital
Speirs & Jeffrey	230,825	26.6

There have been no significant changes to the above information notified between 31 December 2011 and 28 February 2012.

Directors

The Directors who held office during the year under review together with their interests are shown below. With the exception of Messrs Trott and Dunscombe and Ms Brown all the Directors held office throughout the year under review.

In accordance with the recommendations of Principle 3 of the AIC's Code of Corporate Governance that the Directors of FTSE 350 companies should be subject to annual re-election by shareholders. All the members of the Board will retire at the forthcoming Annual General Meeting and will offer themselves for re-election with the exception of Mr Dunscombe. Mr P W Dunscombe was appointed during the year and he retires in accordance with the Articles of Association of the Company at the Annual General Meeting and, being eligible, offers himself for election. Appropriate will be proposed at the Annual General Meeting.

No contract or arrangement significant to the Company's business and in which any of the Directors is interested has subsisted during the year.

The interests of the Directors in the share capital of the Company were as follows:

	31 December 2011 Beneficial	1 January 2011 Beneficial*
K J Carter	10,000	3,000
Lady Balfour of Burleigh	1,300	1,300
J D Best	47,500	47,500
P W Dunscombe**	1,350	-
A C Shedden	8,576	8,052
Ella Brown***	n/a	-
J F H Trott****	n/a	35,000

* Or subsequent date of appointment
** Appointed 29 April 2011
*** Appointed 29 April 2011 and resigned 17 June 2011
**** Retired 28 April 2011

Mr A C Shedden's beneficial holding increased to 8,672 Ordinary shares by the acquisitions of 21, 55 and 20 Ordinary shares on 23 January 2012, 21 February 2012 and 22 February 2012 respectively. With the exception of these further disclosures, the above holdings were unchanged at 28 February 2012, being the nearest practicable date prior to the signing of this Annual Report.

Directors' Fees

A report on the Directors' Remuneration is set out on pages 37 and 38.

Manager and Company Secretary

Investment management services are provided to the Company by Aberdeen Asset Managers Limited. Company secretarial, accounting and administrative services are provided by Aberdeen Asset Management PLC.

For the year ended 31 December 2011, the management and secretarial fees payable to the Manager were calculated and charged on the following basis:

- an investment management fee payable to the Manager, Aberdeen Asset Managers Limited, of 0.5% per annum of the value of total assets, less unlisted investments and all current liabilities excluding monies borrowed to finance the investment objectives of the Company, averaged over the six previous quarters. A fee of 1.5% per annum is charged on the value of unlisted investments. The investment management fee is chargeable 30% against revenue and 70% against realised capital reserves; and
- included in the charge of 0.5% above is a secretarial fee of £100,000 per annum which is chargeable 100% to revenue.

In addition, the Manager was entitled to a performance fee on the following basis:

- a fee of 5% of the first 2% of any outperformance of the Company's net asset total return over that of its benchmark;
- a fee of 10% of any additional outperformance against the benchmark.

The total amount of the fee earned by the Manager in any one year (comprising the basic management fee and the performance fee) is capped at 0.8% of the average value of the Company's total assets less current liabilities. Any performance fee is paid in equal instalments over a four year period with any future underperformance offset against the fee payable.

No fees are charged in the case of investments managed or advised by Aberdeen Asset Management Group. The management agreement may be terminated by either party on the expiry of one year's written notice. On termination the Manager would be entitled to receive fees which would otherwise have been due up to that date.

The Board considers the continued appointment of the Manager on the terms agreed to be in the interests of the shareholders as a whole because the Aberdeen Asset Management Group has the investment management, secretarial, marketing and administrative skills required for the effective operation of the Company.

Corporate Governance

The Statement of Corporate Governance forms part of this Directors' Report and covers the Company's compliance with The UK Corporate Governance Code and is shown on pages 30 to 35.

Audit Committee

Details of the Audit Committee are contained in the Statement of Corporate Governance under the heading Audit Committee on page 32.

Directors' and Officers' Insurance

The Company purchases and maintains liability insurance covering the Directors and officers of the Company. The Company's Articles of Association provide an indemnity to the Directors out of the assets of the Company against any liability incurred in defending proceedings or in connection with any application to the Court in which relief is granted.

ISA Status

The Company intends to manage its affairs so as to be a fully qualifying investment for the stocks and shares component of an ISA.

Going Concern

In accordance with the Financial Reporting Council's guidance on Going Concern and Liquidity Risk issued in October 2009 the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Company's assets consist of a diverse portfolio of listed equity shares and bonds which in most circumstances are realisable within a very short timescale. The Directors are mindful of the principal risks and uncertainties disclosed on pages 3 to 6 and have reviewed forecasts detailing revenue and liabilities and the Directors believe that the Company has adequate financial resources to continue its operational existence for the foreseeable future and at least 12 months from the date of this Annual Report. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

Creditor Payment Policy

The Company's payment policy is to agree terms of payment before business is transacted, to ensure suppliers are aware of these terms and to settle bills in accordance with them. The Company did not have any trade creditors at the year end (2010 - none).

Financial Instruments

The Company's financial instruments comprise its investment portfolio, cash balances, loans and debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. The main risks that the Company faces arising from its financial instruments are disclosed in note 19 to the financial statements.

Accountability and Audit

Each Director confirms that, so far as he or she is aware, there is no relevant audit information of which the Company's auditor is unaware, and he or she has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Disclosure & Transparency Rules (DTRs)

The following further information is disclosed in accordance with the Companies Act and DTR 7.2.6:

- The Company's capital structure and voting rights are summarised in note 14;
- Details of the substantial shareholders in the Company are listed on page 27;
- The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and are summarised on page 33;
- Amendment of the Company's Articles of Association and powers to issue or buy back the Company's shares requires a special resolution to be passed by shareholders;
- There are; no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; no agreements which the Company is party to that might affect its control following a takeover bid;
- There are no agreements between the Company and its Directors concerning compensation for loss of office.

Directors' Conflicts of Interests

The Companies Act 2006 requires that a Director of the Company must avoid a situation in which he has, or might have, an interest that conflicts, or may conflict, with the interests of the Company. In the event that a conflict should arise the other Board members would consider that conflict and recommend whether or not each potential conflict should be authorised. The Board confirms that, as at the date of this Report, the Directors do not have any conflicts of interest which might require to be approved by the Board or otherwise recorded in the Company's Register of Conflicts.

Independent Auditor

The auditor, Ernst & Young LLP, has expressed its willingness to continue in office. Resolution No. 8 to appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting, along with Resolution No. 9 to authorise the Directors to fix their remuneration. During the year the auditor received £53,000 (+VAT) in relation to non-audit services, being the review of the B Ordinary share capitalisation issue calculations, agreed upon procedures in respect of the Half-Yearly Report and advice in connection with overseas withholding tax reclaims.

By order of the Board of Murray International Trust PLC

Aberdeen Asset Management PLC
Secretary
40 Princes Street,
Edinburgh EH2 2BY
28 February 2012

Statement of Corporate Governance

Introduction

The Company is committed to a high standard of corporate governance.

The UK Listing Authority requires all listed companies to describe how they have complied with the principles of the UK Corporate Governance Code published in May 2010 (the "Governance Code"), which is available on the Financial Reporting Council's website: www.frc.org.uk. The Governance Code covers the annual re-appointment of Directors, Board diversity, external evaluation, the Board's responsibilities in relation to risk, and a clear explanation of business model and strategy.

The Association of Investment Companies ("AIC") has also published a Code of Corporate Governance ("AIC Code") and a Corporate Governance Guide for Investment Companies ("AIC Guide") which are available on the AIC's website: www.theaic.co.uk. The AIC Code, as explained by the AIC Guide, addresses all of the principles set out in Section 1 of the Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment trusts.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Governance Code) will provide better information to shareholders.

Application of the AIC Code

The Board is accountable to the Company's shareholders for good governance and this statement describes how the principles identified in the AIC Code have been applied by the Company. Save for the exception noted below, the Company has complied with the provisions set out in the AIC Code and the relevant provisions of the Code throughout the year ended 31 December 2011.

The Board

The Board consists of five non-executive Directors, all of whom are considered to be independent of the Manager ("Aberdeen Asset Managers Limited" or the "Manager") and free of any relationship which could materially interfere with the exercise of their independent judgement on issues of strategy, performance, resources and standards of conduct. It should be noted that:

- the Chairman was independent on appointment and, in compliance with the AIC Code, continues to be so;
- the Company does not have an internal audit function (Governance Code Provision C3.5).

Biographies of the Directors appear on pages 23 and 24 of this report and indicate their range of high level industrial, commercial and professional experience, within an international perspective.

The Board sets the Company's values and objectives and ensures that its obligations to its shareholders are met. During the year ended 31 December 2011 the Board met seven times and there was a separate strategy meeting as well as three Board Committee meetings. The primary focus at regular Board Meetings is a review of investment performance and associated matters, including gearing, asset allocation, marketing and investor relations, peer group information and industry issues. Between these meetings, the Board maintains regular contact with the Manager. It has formally adopted a schedule of matters which are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues. These matters include:

- the maintenance of clear investment objectives and risk management policies.
- the monitoring of the business activities of the Company ranging from analysis of investment performance through to annual budgeting and quarterly forecasting and variance analysis.
- Companies Act requirements such as the approval of the interim and annual financial statements and approval and recommendation of the interim and final dividends respectively.
- setting the level of gearing which the Manager may operate.
- Board appointments and removals and the related terms (subject to appropriate shareholder approval).
- appointment and removal of the Manager and the terms and conditions of the management and administration agreements relating thereto.
- terms of reference and membership of Board Committees.
- Stock Exchange/UK Listing Authority/Financial Services Authority – responsibility such as approval of all circulars, listing particulars and approval of all releases concerning matters decided by the Board.

In addition there were three meetings of the Audit Committee, one meeting of the Remuneration Committee, one meeting of the Management Engagement Committee, three meetings of the Nomination Committee and two other Board Committee meetings.

The Chairman of the Company is a non-executive Director. Mr Shedden is the senior independent non-executive Director.

There is an agreed procedure for Directors to take independent professional advice, if necessary, at the the Company's expense. The Directors have access to the advice and services of the corporate Company Secretary through its appointed representatives who are responsible to the Board:

- for ensuring that Board procedures are complied with;
- under the direction of the Chairman, for ensuring good information flows with the Board and its committees, as well as facilitating induction and assisting with professional development as required; and,
- for advising through the Chairman on all corporate governance matters.

When a Director is appointed, an induction meeting is arranged by the Manager. Directors are provided, on a regular basis, with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise.

Directors have attended Board meetings and Committee meetings held during the year as shown below (with their eligibility to attend the relevant meeting in brackets):

	Regular Board	Nom. Com.	Audit Com.	Other Com.
K J Carter*	7 (7)	3 (3)	1 (1)	2 (2)
Lady Balfour of Burleigh	6 (7)	3 (3)	2 (3)	1 (1)
J D Best	7 (7)	3 (3)	3 (3)	0 (1)
P W Dunscombe**	4 (4)	1 (1)	2 (2)	1 (1)
A C Shedden	7 (7)	3 (3)	3 (3)	1 (1)
J F H Trott***	3 (3)	2 (2)	0 (0)	1 (1)
Ella Brown****	0 (0)	0 (0)	0 (0)	0 (0)

* Dr Carter was appointed Chairman on 28 April 2011 at which point he resigned from the Audit Committee but attended the remaining two meetings by invitation
** Appointed 29 April 2011
*** Retired 28 April 2011 and not a member of the Audit Committee
**** Appointed 29 April 2011 and resigned 17 June 2011

To enable the Board to function effectively and allow Directors to discharge their responsibilities, full and timely access is given to all relevant information. In the case of Board meetings, this consists of a comprehensive set of papers, including the Manager's review and discussion documents regarding specific matters. Directors have made further enquiries where necessary.

The Board and Committees have undertaken their annual performance evaluation, by means of general discussion and individual interviews between the Chairman and the other Directors, to ensure that all Directors have devoted sufficient time and contributed adequately to the work of the Board and Committees. As part of the Directors' evaluation process the training needs of Directors, if any, were discussed and agreed. The Chairman has been satisfactorily evaluated by his fellow Directors. The Board is satisfied with its current balance, performance and the contributions of its Directors during the year. The Board intends to undertake an externally facilitated evaluation of itself during the next year.

External Agencies

The Board has contractually delegated to external agencies, including the Manager and other service providers, certain services: the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the registration services and the day to day accounting and company secretarial requirements. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered in so far as they relate to the affairs of the Company. The Board receives and considers regular monitoring reports from the Manager in respect of the delegated service providers. In addition ad hoc reports and information are supplied to the Board as requested.

Committees

The composition of the Committees is shown below under the headings of each Committee. Terms of reference for each Committee are available on request and copies are also available on the Company's website.

Nomination Committee

A Nomination Committee has been established with written terms of reference copies of which are available upon request from the Company Secretary and also on the Company's website, and comprises the following members, all of whom are independent from any relationship that would interfere with impartial judgement in carrying out their responsibilities:

Dr K J Carter (Chairman of the Committee)
Lady Balfour of Burleigh
Mr J D Best
Mr P W Dunscombe
Mr A C Shedden

The Committee makes recommendations to the Board on the following matters:

- the identification and nomination of candidates to fill Board vacancies as and when they arise for the approval of the Board. The identification of such candidates is carried out in conjunction with the Board by an independent firm of consultants;
- plans for succession;
- the re-appointment of any non-executive Director at the conclusion of their specified term of office;
- the re-election by shareholders of any Director under the retirement by rotation provisions in the Company's Articles of Association;
- the continuation in office of any Director at any time; and

- the appointment of any Director to another office (e.g. Chairman of the Audit Committee) other than to the position of Chairman, the recommendation for whom would be considered at a meeting of the Board.

During the year the Nomination Committee initiated a search for two additional Directors using the services of an external recruitment consultant. The Committee identified the specifications for the new Directors including the requisite skills and experience that would complement the existing Board and having due regard for the benefits of diversity on the Board. The Committee considered several high quality candidates and identified Mr Peter Dunscombe and Ms Ella Brown as the preferred candidates due to their relevant investment experience and expertise. Mr Dunscombe and Ms Brown were both appointed to the Board on 29 April 2011. Subsequent to her appointment Ms Brown resigned from the Board in June 2011 in order to pursue an opportunity in asset management overseas. The Committee has retained the services of an external consultant to assist in the on-going process to search for a further new Director.

The Board's overriding priority in appointing new Directors to the Board is to identify the candidate with the best range of skills and experience to complement existing Directors. The Board recognises the benefits of gender diversity.

The Committee met three times during the year. The Committee also considered the re-election of Mr P W Dunscombe and the re-election of the other Directors at the Annual General Meeting. The Committee concluded that the knowledge and experience of the Directors seeking election and re-election is greatly valued by the Board and recommended their election/re-election at the forthcoming AGM.

In accordance with Principle 3 of the AIC's Code of Corporate Governance which recommends that the directors of FTSE 350 companies should be subject to annual re-election by shareholders, all the members of the Board, with the exception of Mr P W Dunscombe, will retire at the forthcoming Annual General Meeting and will offer themselves for re-election. Mr P W Dunscombe was appointed during the year and will retire at the AGM and offer himself for re-election.

Audit Committee

An Audit Committee has been established with written terms of reference, copies of which are available upon request from the Company Secretary and also on the Company's website, and comprises the following members, all of whom are independent and free from any relationship that would interfere with impartial judgement in carrying out their responsibilities:

Mr A C Shedden (Chairman of the Committee)
Lady Balfour of Burleigh
Mr J D Best
Mr P W Dunscombe

The terms of reference of the Audit Committee are reviewed and re-assessed for their adequacy on an annual basis. The work undertaken by the Audit Committee during the year under review, in accordance with those terms of reference included:

- the review of the effectiveness of the internal control environment of the Company – to assist in this the Company receives reports from the internal and external auditor on a regular basis;
- the review of the annual accounts and half yearly report;
- the review of the terms of appointment of the auditor together with their remuneration as well as non-audit services provided by the auditor. Although there is no fixed rotation in place for the Company's auditor, the Company's audit arrangements are reviewed on a periodic basis in order to confirm that the engagement terms remain in line with the market and competitive;
- the review of the scope and the results of the audit and the independence and objectivity of the auditor (it should be noted that the auditor, Ernst & Young LLP, changes the partner responsible for the audit every five years);
- the review of the auditor's management letter and the Manager's and Directors' responses;
- the review of the Manager's "whistleblowing" arrangements;
- the review of the management agreement; and
- meetings with representatives of the Manager.

Details of attendance at the Audit Committee meetings are shown on page 31.

The Board receives a letter from Ernst & Young LLP, its auditor, which notes that Ernst & Young has policies and procedures in place that instil professional values as part of its firm's culture and ensure that the highest standards of objectivity and independence and integrity are maintained. Accordingly, the Board confirms its belief that Ernst & Young is independent in accordance with the Governance Code.

Management Engagement Committee

As recommended by the AIC Code, a Management Engagement Committee has been established with written terms of reference, copies of which are available upon request from the Company Secretary and on the Company's website, comprising the following members, all of whom are independent and free from any relationship that would interfere with impartial judgement in carrying out their responsibilities:

Dr K J Carter (Chairman of the Committee)
Lady Balfour of Burleigh
Mr J D Best
Mr P W Dunscombe
Mr A C Shedden

The Committee meets annually in order to review matters concerning the management agreement which exists with Aberdeen Asset Managers Limited. Details of the management agreement are shown on page 28 of the Annual Report. There was one meeting of the Committee during the year which was attended by all the Committee members.

Remuneration Committee

The Company has appointed a Remuneration Committee, comprising the following members, which met once during the year:

Lady Balfour of Burleigh (Chairman of the Committee)
Mr J D Best
Mr P W Dunscombe
Mr A C Shedden

The Combined Code recommends that all the members of the Committee should be independent. The remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company. The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is detailed in the Directors' Remuneration Report on pages 37 and 38. There was one meeting of the Committee during the year which was attended by all the Committee members.

Directors' Terms of Appointment

All non-executive Directors are appointed for an initial term of three years, subject to re-election and Companies Act provisions and, in accordance with the existing Articles of Association, stand for election at the first Annual General Meeting following their appointment. The Articles of Association state that Directors must offer themselves for re-election at least once every three years. Any Director who seeks re-election beyond six years will be subject to particularly rigorous review to ensure their performance continues to be effective.

Policy on Tenure

The Board takes the view that independence is not necessarily compromised by length of tenure on the Board and that experience can add significantly to the Board's strength. In line with best practice, the Board's policy is for Directors who have been on the Board for more than nine years to retire at each subsequent Annual General Meeting and submit themselves for annual re-election. The other Directors have discussed the re-election of Mr Shedden and, notwithstanding that he is in his eleventh year of service with the Company, confirm that he remains independent. Accordingly the other Directors are very pleased to recommend to shareholders that they support the re-election of Mr Shedden.

Communication with Shareholders

The Company places a great deal of importance on communication with its shareholders. The Manager has an annual programme of meetings with institutional shareholders and reports back to the Board on these meetings.

The Company has adopted a nominee code, which ensures that, when its shares are held in the name of nominee companies and notification has been received in advance, nominee companies will be provided with copies of shareholder communications for distribution to their customers. Nominee investors may attend general meetings and speak at meetings when invited by the Chairman.

Participants in the Savings Plan, whose shares are held in the nominee names of the plan administrator, are given the opportunity to vote by means of a Letter of Direction enclosed with the Annual Report. The Letter of Direction is forwarded to the administrator of the Savings Plan, who will complete a proxy on behalf of the participants and forward it to the Company's registrar for inclusion in the voting figures. Those participants who attend the Annual General Meeting are given the opportunity to speak when invited by the Chairman. As required under the Code, the Annual Report is posted to shareholders at least twenty business days before the Annual General Meeting.

The Notice of Meeting sets out the business of the meeting and the resolutions are explained more fully in the Directors' Report on pages 25 to 27. Separate resolutions are proposed for each issue.

The Board is very conscious that the Annual General Meeting is an event for all shareholders and encourages them to attend and participate. The Manager makes a presentation to the meeting outlining the key investment issues that affect the Company. All shareholders have the opportunity to put questions at the Company's Annual General Meeting. The number of proxy votes is relayed to shareholders at the Annual General Meeting, after each resolution has been dealt with on a show of hands.

Shareholders also have direct access to the Company via the free shareholder information telephone service run by the Manager, and the Company and the Manager respond to letters from shareholders. The Manager meets regularly with major shareholders and reports back to the Board on these visits. A website from which the Company's reports and other publications can be downloaded is maintained on www.murray-intl.co.uk.

Accountability and Audit

The Directors' Statement of Responsibilities in respect of the financial statements is on page 36 and the Statement of Going Concern is included in the Directors' Report on page 28. The Independent Auditor's Report is on page 39.

Disclosure and Transparency Rules

Shareholders' attention is drawn to the further information on page 29 which is disclosed in accordance with the Companies Act 2006 and Rule 7.2.6 of the Disclosure and Transparency Rules.

Internal Control

The Board of Directors has overall responsibility for the Company's system of internal control and for reviewing its effectiveness. Following the Financial Reporting Council's publication of "Internal Control: Revised Guidance for Directors on the Combined Code" (the FRC guidance), the Directors confirm that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place for the full year under review and up to the date of approval of the financial statements, and this process is regularly reviewed by the Board and accords with the FRC Guidance.

The Board has reviewed the effectiveness of the system of internal control and, in particular, it has reviewed the process for identifying and evaluating the significant risks faced by the Company and the policies and procedures by which these risks are managed.

The Directors have delegated the investment management of the Company's assets to the Manager within overall guidelines and this embraces implementation of the system of internal control, including financial, operational and compliance controls and risk management. Internal control systems are monitored and supported by an internal audit function which undertakes periodic examination of business processes, including compliance with the terms of the management agreement, and ensures that recommendations to improve controls are implemented.

Risks are identified and documented through a risk management framework by each function within the Manager's activities. Risk is considered in the context of the FRC Guidance and includes financial, regulatory, market, operational and reputational risk. This helps the internal audit risk assessment model identify those functions for review. Any weaknesses identified are reported to the Company and timetables are agreed for implementing improvements to systems. The implementation of any remedial action required is monitored and feedback provided to the Company.

The key components designed to provide effective internal control for the year under review and up to the date of this Report are outlined below:

- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its investment performance;
- the Board and Manager have agreed clearly defined investment criteria;
- there are specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board. The Manager's evaluation procedure and financial analysis of the companies concerned include detailed appraisal and due diligence;
- as a matter of course the compliance department of Aberdeen Asset Managers continually reviews the Manager's operations;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers and monitoring reports are received from these providers when required;
- the Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place at the Manager, has decided to place reliance on the Manager's systems and internal audit procedures; and
- twice a year, at its Board meetings, the Board carries out an assessment of internal controls by considering documentation from the Manager, including its internal audit and compliance functions and taking account of events since the relevant period end.

In addition, the Manager ensures that clearly documented contractual arrangements exist in respect of any activities that have been delegated to external professional organisations.

The Head of Internal Audit of the Manager reports six monthly to the Audit Committee of the Company and has direct access to the Directors at any time.

The internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and, by their nature, can provide reasonable but not absolute assurance against material misstatement or loss.

Proxy Voting and Stewardship

The Financial Reporting Council (FRC) published "the UK Stewardship Code" for Institutional shareholders on 2 July 2010. The purpose of the Code is to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities.

The FRC is encouraging institutional investors to make a statement of their commitment to the Code. The Board has delegated responsibility for actively monitoring the activities of portfolio companies to the Manager. The Manager is responsible for reviewing, on a regular basis, the annual reports, circulars and other publications produced by the portfolio company, and for attending company meetings. The Manager, in the absence of explicit instruction from the Board, is empowered to use discretion in the exercise of the Company's voting rights. The Manager's policy is to vote all shares held by the Company.

The Board has reviewed, and endorses, the Manager's Corporate Governance Principles, which may be found on the Manager's website, at:
http://www.aberdeen-asset.com/doc.nsf/Lit/CorporateGovernanceGroupPrinciples

This sets out the Manager's framework on corporate governance, proxy voting and shareholder engagement in relation to the companies in which the Manager has invested or is considering investing. The Board has also reviewed the Manager's Statement of Compliance with the Code, which appears on the Manager's website, at:
http://www.aberdeen-asset.com/aam.nsf/AboutUs/governancestewardship

The Board receives from the Manager regular reports on the exercise by the Manager of the Company's voting rights.

Socially Responsible Investment Policy

The Board is aware of its duty to act in the interests of the Company. The Board acknowledges that there are risks associated with investment in companies which fail to conduct business in a socially responsible manner. The Manager considers social, environmental and ethical factors which may affect the performance or value of the Company's investments. The Directors, through the Company's Manager, encourage companies in which investments are made to adhere to best practice in the area of Corporate Governance. They believe that this can best be achieved by entering into a dialogue with company management to encourage them, where necessary, to improve their policies in this area. The Company's ultimate objective however is to deliver superior investment returns for its shareholders. Accordingly, whilst the Manager will seek to favour companies which pursue best practice in the above areas, this must not be to the detriment of the return on the investment portfolio.

By order of the Board of Murray International Trust PLC

Aberdeen Asset Management PLC
Secretary
40 Princes Street,
Edinburgh EH2 2BY
28 February 2012

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Statement of Corporate Governance that comply with that law and those regulations.

The financial statements are published on www.murray-intl.co.uk which is a website maintained by the Company's Manager. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors confirms that to the best of his or her knowledge:

- the financial statements, prepared in accordance with the applicable UK Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

For Murray International Trust PLC

Kevin Carter
Chairman
28 February 2012

Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of Section 421 of the Companies Act 2006. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in their report on page 39.

Remuneration Committee

The Company has five independent non-executive Directors. The Remuneration Committee, chaired by Lady Balfour of Burleigh, comprises the non-executive Directors, excluding the Chairman of the Company as detailed on page 33.

Policy on Directors' Remuneration

The Board's policy is that the remuneration of the Directors, all of whom are independent non-executive Directors, should reflect the experience of the Board as a whole, be fair and comparable to that of other investment trusts in the same AIC Sectors of Global Growth and Income and Global Growth, which also have a similar capital structure, and investment objectives. It is intended that this policy will continue for the year ending 31 December 2012 and subsequent years. Neither the Board nor the Remuneration Committee has been provided with advice or services by any person in respect of its consideration of the Directors' remuneration (although they expect, from time to time, to review the fees paid to the boards of directors of other investment trust companies).

The Company's policy is for the Directors to be remunerated in the form of fees, payable monthly in arrears, to the Director personally. The fees for the non-executive Directors are determined within the limits set out in the Company's Articles of Association, which currently limit the aggregate of the fees payable to the Directors to £150,000 per annum. The Directors are proposing an ordinary resolution at the forthcoming AGM (Resolution No. 14) to increase the current limit on the aggregate amount of fees payable to Directors in any year to £225,000. A further explanation of Resolution No. 14 appears in the Directors' Report on page 27. The Company's policy is that fees payable to the Directors should reflect the time spent by them on the Company's affairs and should be sufficient to enable candidates of a high quality to be recruited and retained. Non-executive Directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.

During the year ended 31 December 2011 the Remuneration Committee carried out a review of the level of Directors' fees. With effect from 1 January 2012 it was agreed to increase the level of fees payable as follows: £40,000 for the Chairman, £25,000 for the Audit Committee Chairman, £22,000 for other Directors with an additional £2,000 payable to the Senior Independent Director.

Directors' and Officers' liability insurance cover is held by the Company in respect of the Directors. This insurance is neither a benefit in kind nor does it form part of the Directors' remuneration.

The Company's Articles of Association provide an indemnity to the Directors out of the assets of the Company against any liability incurred in defending proceedings or in connection with any application to the Court in which relief is granted.

Directors' Service Contracts

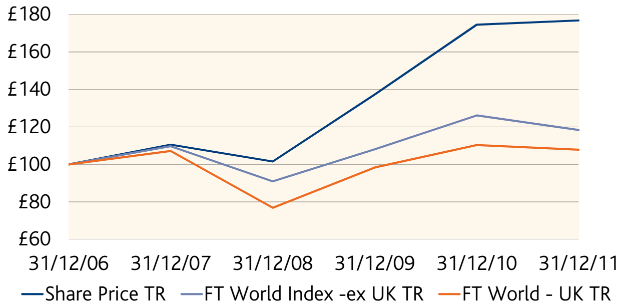
None of the Directors has a contract of service or contract for services and a Director may resign by notice in writing to the Board at any time; there are no set notice periods. All Directors are appointed for an initial period of three years; this period may be varied by mutual consent. The Articles of Association provide that, at the Annual General Meeting each year, one third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to one third) shall be subject to retirement by rotation. New Directors are required to retire and be subject to election at the first Annual General Meeting following their appointment and thereafter shall be obliged to retire by rotation, and offer themselves for re-election, at least every three years. No compensation is payable for loss of office. Notwithstanding the foregoing and in accordance with Principle 3 of the AIC's Code of Corporate Governance which recommends that the Directors of FTSE 350 companies should be subject to annual re-election by shareholders, all the members of the Board will retire annually at the Annual General Meeting and offer themselves for re-election.

Company Performance

The graph on the next page compares the total return (assuming all dividends are reinvested) to Ordinary shareholders, assuming a notional investment of £100 into the Company on 31 December 2006, compared with the total shareholder return on a notional investment made up of shares of the same kinds and number as those by reference to which the FTSE World-UK Index and FTSE World Index ex-UK are calculated. These indices were chosen for comparison purposes, as they are components of the Company's benchmark (40% FTSE World-UK Index and 60% FTSE World ex-UK Index) and are the benchmarks used for investment performance measurement purposes by most of the Company's peer group.

Directors' Remuneration Report continued

Please note that past performance is not a guide to future performance.



Directors' Emoluments for the Year (audited)

The Directors who served in the year received the following emoluments directly in the form of fees:

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Chairman of the Board:		
K J Carter*	32,150	20,000
Chairman of the Audit Committee: and Senior Independent Director:		
A C Shedden	24,000	24,000
Directors:		
Lady Balfour of Burleigh	20,000	20,000
J D Best	20,000	20,000
P W Dunscombe**	13,444	n/a
J F H Trott***	12,456	38,000
Ella Brown****	2,722	n/a
Total	**124,772**	**122,000**

* Appointed Chairman 28 April 2011

** Appointed 29 April 2011

*** Retired 28 April 2011

**** Appointed 29 April 2011 and resigned 17 June 2011

Approval

The Directors' Remuneration Report on pages 37 and 38 was approved by the Board of Directors on 28 February 2012 and signed on its behalf by:

Lady Balfour of Burleigh
Director
28 February 2012

Independent Auditor's Report to the Members of Murray International Trust PLC

We have audited the financial statements of Murray International Trust PLC for the year ended 31 December 2011 which comprise the Income Statement, Balance Sheet, Reconciliation of Movements in Shareholders' Funds, Cash Flow Statement and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement on page 36 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in Murray International Trust PLC's 2011 Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its loss for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and,
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- The part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- The information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- The Directors' statement on page 28 in relation to going concern;
- The part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- Certain elements of the report to the shareholders by the Board on Directors' remuneration.

Susan Dawe (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh
28 February 2012

Income Statement

	Notes	Year ended 31 December 2011 Revenue £'000	Capital £'000	Total £'000	Year ended 31 December 2010 Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	10	–	(37,470)	(37,470)	–	157,813	157,813
Income	2	55,128	–	55,128	46,607	–	46,607
Investment management fees	3	(1,585)	(3,698)	(5,283)	(1,294)	(3,018)	(4,312)
Performance fees	4	–	(3,830)	(3,830)	–	(3,945)	(3,945)
VAT recovered on investment management and performance fees	3	–	–	–	1,007	1,458	2,465
Currency losses	18	–	(1,478)	(1,478)	–	(1,681)	(1,681)
Other expenses	5	(1,850)	–	(1,850)	(1,645)	–	(1,645)
Net return before finance costs and taxation		51,693	(46,476)	5,217	44,675	150,627	195,302
Finance costs	6	(1,261)	(2,944)	(4,205)	(1,286)	(3,002)	(4,288)
Return on ordinary activities before tax		50,432	(49,420)	1,012	43,389	147,625	191,014
Tax on ordinary activities	7	(3,632)	822	(2,810)	(4,881)	2,019	(2,862)
Return attributable to equity shareholders		**46,800**	**(48,598)**	**(1,798)**	**38,508**	**149,644**	**188,152**
Return per Ordinary share (pence)	9	**43.9**	**(45.6)**	**(1.7)**	**38.6**	**150.0**	**188.6**
Return per Ordinary share assuming full conversion of the B Ordinary shares (pence)	9	**43.6**	**(45.2)**	**(1.6)**	**38.2**	**148.5**	**186.7**

The total column of this statement represents the profit and loss account of the Company.

A Statement of Total Recognised Gains and Losses has not been prepared as all gains and losses are recognised in the Income Statement.

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

No operations were acquired or discontinued in the year.

The accompanying notes are an integral part of these financial statements.

		£'000	£'000	£'000	£'000	£'000	£'000
Ordinary dividends on equity shares	8	**38,858**	**–**	**38,858**	**29,062**	**–**	**29,062**

The above dividend information does not form part of the Income Statement.

Balance Sheet

	Notes	As at 31 December 2011 £'000	As at 31 December 2011 £'000	As at 31 December 2010 £'000	As at 31 December 2010 £'000
Non-current assets					
Investments listed at fair value through profit or loss	10		1,140,963		1,119,500
Current assets					
Debtors	11	9,450		10,659	
Cash and short term deposits		32,600		10,765	
		42,050		21,424	
Creditors: amounts falling due within one year					
Other creditors	12	(6,431)		(6,577)	
		(6,431)		(6,577)	
Net current assets			35,619		14,847
Total assets less current liabilities			1,176,582		1,134,347
Creditors: amounts falling due after more than one year					
Bank loans and Debentures	12/13	(171,808)		(161,792)	
Other creditors	12	(5,522)		(4,879)	
			(177,330)		(166,671)
Net assets			**999,252**		**967,676**
Capital and reserves					
Called-up share capital	14		28,000		25,999
Share premium account			185,712		115,472
Capital redemption reserve			8,230		8,230
Capital reserve	15		714,424		763,031
Revenue reserve			62,886		54,944
Equity shareholders' funds			**999,252**		**967,676**
Net Asset Value per Ordinary and B Ordinary share (pence)	16		**892.2**		**930.5**

The financial statements were approved and authorised for issue by the Board of Directors on 28 February 2012 and were signed on its behalf by:

Kevin Carter

Director

The accompanying notes are an integral part of these financial statements.

Reconciliation of Movements in Shareholders' Funds

For the year ended 31 December 2011

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 December 2010		25,999	115,472	8,230	763,031	54,944	967,676
Return on ordinary activities after taxation		–	–	–	(48,598)	46,800	(1,798)
Dividends paid	8	–	–	–	–	(38,858)	(38,858)
Issue of new shares		2,001	70,240	–	(9)	–	72,232
Balance at 31 December 2011		**28,000**	**185,712**	**8,230**	**714,424**	**62,886**	**999,252**

For the year ended 31 December 2010

		Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 December 2009		23,996	50,693	8,230	613,396	45,498	741,813
Return on ordinary activities after taxation		–	–	–	149,644	38,508	188,152
Dividends paid	8	–	–	–	–	(29,062)	(29,062)
Issue of new shares		2,003	64,779	–	(9)	–	66,773
Balance at 31 December 2010		**25,999**	**115,472**	**8,230**	**763,031**	**54,944**	**967,676**

The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

The accompanying notes are an integral part of these financial statements.

Cash Flow Statement

	Notes	Year ended 31 December 2011 £'000	£'000	Year ended 31 December 2010 £'000	£'000
Net cash inflow from operating activities	17		41,679		33,968
Returns on investments and servicing of finance					
Interest paid		(4,178)		(4,506)	
Net cash outflow from servicing of finance			(4,178)		(4,506)
Corporation tax paid			–		(712)
Financial investment					
Purchases of investments		(196,704)		(211,140)	
Sales of investments		138,606		110,637	
Net cash outflow from financial investment			(58,098)		(100,503)
Equity dividends paid			(38,954)		(29,062)
Net cash outflow before financing			(59,551)		(100,815)
Financing					
Share issue	14	72,232		66,773	
Net cash inflow from financing			72,232		66,773
Increase/(decrease) in cash	18		**12,681**		**(34,042)**

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements For the year ended 31 December 2011

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable UK Law and Accounting Standards (UK Generally Accepted Accounting Practice) and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The financial statements have been prepared on a going concern basis.

(b) Income

Dividends receivable on equity shares (other than special dividends) are treated as revenue for the year on an ex-dividend basis. Where no ex-dividend date is available dividends are recognised on their due date. Provision is made for any dividends not expected to be received. Special dividends are credited to capital or revenue, according to their circumstances.

The fixed returns on debt securities are recognised on a time apportionment basis so as to reflect the effective yield on the debt securities and shares.

Interest receivable from cash and short-term deposits and interest payable is accrued to the end of the year.

(c) Expenses

All expenses are accounted for on an accruals basis and are charged to the Income Statement. Expenses are charged against revenue except as follows:

- transaction costs on the acquisition or disposal of investments are charged to the capital account in the Income Statement;
- expenses are charged to realised capital reserves where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In this respect the investment management fee has been allocated 30% to revenue and 70% to realised capital reserves to reflect the Company's investment policy and prospective income and capital growth. The performance fee has been charged 100% to realised capital reserves, as the fee will have arisen wholly or predominantly by virtue of the capital performance of the investments.

(d) Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the Balance Sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date.

Due to the Company's status as an investment trust company and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue within the Income Statement on the same basis as the particular item to which it relates using the Company's effective rate of tax for the year, based on the marginal basis.

(e) Investments

All investments have been designated upon initial recognition as fair value through profit or loss. This is done because all investments are considered to form part of a group of financial assets which is evaluated on a fair value basis, in accordance with the Company's documented investment strategy, and information about the grouping is provided internally on that basis.

Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are measured initially at fair value. Subsequent to initial recognition, investments are valued at fair value through profit or loss. For listed investments, this is deemed to be bid market prices or closing prices for SETS (London Stock Exchange's electronic trading service) stocks sourced from the London Stock Exchange.

Gains and losses arising from changes in fair value are included in net profit or loss for the period as a capital item in the Income Statement and are ultimately recognised in the capital reserve.

(f) Borrowings

Monies borrowed to finance the investment objectives of the Company are stated at the amount of the net proceeds immediately after issue plus cumulative finance costs less cumulative payments made in respect of the debt. The finance costs of such borrowings are accounted for on an accruals basis using the effective interest rate method and are charged 30% to revenue and 70% to realised capital reserves to reflect the Company's investment policy and prospective income and capital growth.

(g) Exchange rates

Transactions involving foreign currencies are converted at the rate ruling at the date of the transaction.

Translation of all other foreign currency balances including foreign assets and foreign liabilities is at the middle rates of exchange at the year end. Differences arising from translation are treated as capital gain or loss to capital or revenue within the Income Statement depending upon the nature of the gain or loss.

(h) Derivative financial instruments

Financial derivatives are measured by a third party at fair value based on an appropriate model. Changes in the fair value of derivative financial instruments are recognised in the Income Statement. If capital in nature, the associated change in value is presented as a capital item in the Income Statement.

2. Income

	2011 £'000	2010 £'000
Income from investments:		
UK dividends	7,704	5,990
UK unfranked investment income	1,374	1,351
Overseas dividends	40,501	31,525
Overseas interest	5,535	6,115
	55,114	44,981
Interest:		
Deposit interest	10	13
Interest from HMRC (see note 3)	4	1,613
	14	1,626
Total income	**55,128**	**46,607**

Income from investments comprises:	**2011 £'000**	**2010 £'000**
Listed UK	9,078	7,341
Listed overseas	46,036	37,640
	55,114	**44,981**

3. Investment management fees	Revenue £'000	2011 Capital £'000	Total £'000	Revenue £'000	2010 Capital £'000	Total £'000
Investment management fees	**1,585**	**3,698**	**5,283**	**1,294**	**3,018**	**4,312**

Details of the fee basis are contained in the Directors' Report on page 28.

On 5 November 2007, the European Court of Justice ruled that management fees should be exempt from VAT. HMRC announced its intention not to appeal against this case to the UK VAT Tribunal and therefore protective claims which have been made in relation to the Company have now been processed by HMRC.

The VAT charged on the investment management fees has been refunded in stages. An amount of £1,337,000 relating to the period 1 January 2004 to 30 September 2007 was recognised in the financial statements for the year to 31 December 2008. Further amounts of £1,643,000 and £822,000, were recognised in the financial statements for the year to 31 December 2010 which represented VAT charged on investment management fees for the periods 1 January 1990 to 3 December 1996 and 1 January 2001 to 31 December 2003, respectively. These repayments were allocated to revenue and capital in line with the accounting policy of the Company for the periods in which the VAT was charged.

An interest debtor relating to these reclaims of £1,613,000 was recognised in the financial statements for the year ended 31 December 2010 and £1,617,000 was received in the current year.

4. Performance fees	Revenue £'000	2011 Capital £'000	Total £'000	Revenue £'000	2010 Capital £'000	Total £'000
Performance fees	**–**	**3,830**	**3,830**	**–**	**3,945**	**3,945**

Details of the fee basis are contained in the Directors' Report on page 28.

5. Other expenses	Revenue £'000	2011 Capital £'000	Total £'000	Revenue £'000	2010 Capital £'000	Total £'000
Shareholders' services[A]	720	–	720	740	–	740
Directors' remuneration	125	–	125	122	–	122
Irrecoverable VAT	76	–	76	90	–	90
Secretarial fees	100	–	100	100	–	100
Auditor's fees:						
•fees payable to the Company's auditor for the audit of the annual accounts	22	–	22	22	–	22
•fees payable to the Company's auditor for agreed upon procedures in connection with the Half-Yearly Report	4	–	4	4	–	4
•fees payable to the Company's auditor for review of the B Ordinary share capitalisation	4	–	4	4	–	4
•fees payable to the Company's auditor for other services[B]	45	–	45	73	–	73
Other expenses	754	–	754	490	–	490
	1,850	**–**	**1,850**	**1,645**	**–**	**1,645**

[A] Includes registration, savings scheme and other wrapper administration and promotion expenses, of which £579,000 (2010 – £579,000) was paid to Aberdeen Asset Managers Limited (AAM) to cover marketing activities during the year. There were no sums due to AAM at the year end (2010 – £nil).

[B] Relates to tax services received for the recovery of overseas withholding tax.

6. Finance costs

	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000
Bank loans and overdrafts	1,021	2,386	3,407	1,079	2,520	3,599
Swap contracts	238	554	792	205	478	683
Debenture Stock	2	4	6	2	4	6
	1,261	**2,944**	**4,205**	**1,286**	**3,002**	**4,288**

7. Taxation

(a) Tax charge

	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000
The tax charge comprises:						
Current UK tax	1,367	(822)	545	2,677	(2,019)	658
Overseas tax	3,704	–	3,704	3,436	–	3,436
Overseas tax reclaimable	(894)	–	(894)	(740)	–	(740)
Double taxation relief	(545)	–	(545)	(656)	–	(656)
Prior year adjustment	–	–	–	164	–	164
Total tax	**3,632**	**(822)**	**2,810**	**4,881**	**(2,019)**	**2,862**

(b) Factors affecting the tax charge for the year

The UK corporaton tax rate was 28% until 31 March 2011 and 26% from 1 April 2011 giving an effective rate of 26.5% (2010 – 28%). The tax assessed for the year is lower than the effective corporation tax rate. The differences are explained below:

	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000
Return on ordinary activities before taxation	**50,432**	**(49,420)**	**1,012**	**43,389**	**147,625**	**191,014**
Tax thereon at an effective rate of 26.5% (2010 – standard rate of 28%)	13,364	(13,096)	268	12,149	41,335	53,484
Effects of:						
Non taxable UK dividends	(2,041)	–	(2,041)	(1,677)	–	(1,677)
Losses/(gains) on investments not taxable	–	9,930	9,930	–	(44,188)	(44,188)
Currency losses not taxable	–	392	392	–	471	471
Non taxable overseas dividends	(9,956)	–	(9,956)	(7,795)	–	(7,795)
Double taxation relief	(545)	–	(545)	(656)	–	(656)
Overseas tax reclaimable	(894)	–	(894)	(740)	–	(740)
Irrecoverable overseas tax suffered	3,704	–	3,704	3,436	–	3,436
Unutilised excess management expenses carried forward	–	1,952	1,952	–	363	363
Prior year adjustment	–	–	–	164	–	164
	3,632	**(822)**	**2,810**	**4,881**	**(2,019)**	**2,862**

No provision for deferred tax has been made in the current or prior accounting period.

The Company has not provided for deferred tax on capital gains or losses arising on the revaluation or disposal of investments as it is exempt from tax on these items because of its status as an investment trust company.

The Company has an unrecognised deferred tax asset of £1,341,000 (2010 – £nil) arising as a result of unutilised management expenses) and loan relationship deficits of £5,311,000 (2010 – £nil. Any excess management expenses will be utilised against any taxable income that may arise.

8. Ordinary dividends on equity shares	2011 £'000	2010 £'000
Third interim for 2010 of 6.8p (2009 – 5.6p)	7,015	5,314
Special interim for 2010 of 2.5p (2009 – nil)	2,617	–
Final dividend for 2010 of 11.6p (2009 – 10.2p)	12,145	9,990
First interim for 2011 of 8.0p (2010 – 6.8p)	8,513	6,832
Second interim for 2011 of 8.0p (2010 – 6.8p)	8,664	6,934
Refund of unclaimed dividends	(96)	(8)
	38,858	**29,062**

In accordance with UK GAAP the third interim dividend and proposed final dividend for 2011 have not been included as liabilities in these financial statements. The proposed final dividend for 2011 is subject to approval by shareholders at the Annual General Meeting.

The refund of unclaimed dividends for 2011 is an accrual relating to cash refunded after the period end.

We set out below the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Sections 1158–1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £46,800,000 (2010 – £38,508,000).

	2011 £'000	2010 £'000
Three interim dividends for 2011 of 8.0p (2010 – 6.8p)	26,068	20,781
Special interim dividend for 2011 of nil (2010 – 2.5p)	–	2,605
Proposed final dividend for 2011 of 13.0p (2010 – 11.6p)	14,659	12,085
	40,727	**35,471**

Subsequent to the year end the Company has issued a further 1,630,000 Ordinary shares; therefore the amounts reflected above for the cost of the proposed final dividend for 2011 are based on 112,761,628 Ordinary shares in issue, being the number of Ordinary shares in issue at the date of this Report.

9. Returns per share	2011	2010
Returns have been based on the following figures:		
Weighted average number of Ordinary shares	106,560,813	99,783,138
Weighted average number of B Ordinary shares	850,690	967,842
Weighted average number of Ordinary shares assuming conversion of B Ordinary shares	**107,411,503**	**100,750,980**

	£'000	£'000
Revenue return attributable to equity shareholders	46,800	38,508
Capital return attributable to equity shareholders	(48,598)	149,644
Total return attributable to equity shareholders	**(1,798)**	**188,152**

10. Investments listed at fair value through profit or loss	2011 £'000	2010 £'000
Opening valuation	1,119,500	860,106
Opening investment holdings gains	(384,102)	(246,835)
Opening book cost	735,398	613,271
Movements during the year:		
Purchases	196,704	211,140
Sales – proceeds	(138,606)	(110,637)
Sales – realised gains	32,356	20,546
Amortisation of fixed income book cost	835	1,078
Closing book cost	826,687	735,398
Closing investment holdings gains	314,276	384,102
Closing valuation	**1,140,963**	**1,119,500**

The portfolio valuation	2011 £'000	2010 £'000
Listed on stock exchanges at bid valuation:		
United Kingdom:		
– equities	166,277	160,020
– fixed income	24,602	37,833
Overseas:		
– equities	888,186	868,298
– fixed income	61,898	53,349
Total	**1,140,963**	**1,119,500**

(Losses)/gains on investments	2011 £'000	2010 £'000
Realised gains based on book cost	32,356	20,546
Net movement in investment holdings gains	(69,826)	137,267
	(37,470)	**157,813**

All investments are categorised as held at fair value through profit and loss and were designated as such upon initial recognition.

Transaction costs

During the year expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. These have been expensed through capital and are included within (losses)/gains on investments in the Income Statement. The total costs were as follows:

	2011 £'000	2010 £'000
Purchases	414	358
Sales	186	112
	600	**470**

11. Debtors: amounts falling due within one year	2011 £'000	2010 £'000
Current taxation	1,175	621
Other debtors	167	72
Forward contracts	2,715	3,984
Prepayments and accrued income	5,393	5,982
	9,450	**10,659**

None of the above amounts is overdue.

12. Creditors	2011 £'000	2010 £'000
Amounts falling due within one year:		
Swap contracts	1,151	1,804
Accruals	5,280	4,773
	6,431	**6,577**

Amounts falling due after more than one year:	2011 £'000	2010 £'000
Bank loans and Debentures (note 13)	171,808	161,792
Accruals	5,522	4,879
	177,330	**166,671**

Management fees of £1,380,000 were outstanding at the year end to the Manager (2010 – £1,189,000).

A performance fee of £8,710,000 was outstanding at the year end to the Manager (2010 – £7,740,000). Of this amount, £5,522,000 (2010 – £4,879,000) falls due after more than one year.

All financial liabilities are included at amortised cost or at fair value for swap and forward contracts.

13. Bank loans and Debentures	2011 £'000	2010 £'000
Secured by floating charge and repayable other than by instalments or at the Company's option:		
– 4% Debenture Stock	150	150
Unsecured bank loans repayable:		
in more than one year but no more than five years		
– Yen 1,900,000,000 at 0.86071% – 4 June 2013	15,890	14,899
– Yen 6,325,600,000 at 0.86071% – 4 June 2013	52,902	49,879
– Yen 2,300,000,000 at 2.03% – 16 February 2014	19,235	18,113
– Yen 8,400,000,000 at 3.17% – 14 May 2015	70,250	66,151
– Yen 1,600,000,000 at 2.82% – 15 May 2016	13,381	12,600
	171,808	**161,792**

The terms of these loans permit early repayment at the borrower's option which may give rise to additional amounts being either payable or repayable in respect of fluctuations in interest rates since drawdown. Since the Directors, currently, have no intention of repaying the loans early, they have been included in the accounts to 31 December 2011 at their principal amounts.

The Company currently has a fixed rate term loan facility with ING Bank N.V., which is fully drawn down and has a maturity date of 15 May 2016.

The Company currently has a loan facility with Barclays Bank, which is fully drawn down and has a maturity date of 4 June 2013. The rates for these loans drawn down have been fixed for 5 years through a swap. The swap is separate from the loan and under this the borrower either pays or receives the difference between LIBOR and the swap rate so that the actual rate paid is always the same. The interest charged on the loan is at LIBOR plus the margin. For Yen the LIBOR is re-set every 6 months and the LIBOR rate under the loan and as reset under the swap should be identical to each other at every 6 month interval to preserve the "fixed" nature of the overall interest costs.

The Company currently has a fixed rate term loan facility with The Royal Bank of Scotland plc, which is fully drawn down and has a maturity date of 16 February 2014.

The Company also has an additional JPY8,400,000,000 term loan facility with The Royal Bank of Scotland plc which expires on 14 May 2015. The full JPY8,400,000,000 facility (approx. £70,250,000) has been drawn down.

Financial covenants contained within the relevant loan agreements provide, inter alia, that borrowings shall at no time exceed 40% of net assets and that the net assets must exceed £400 million. The net assets were £999.3 million at 31 December 2011.

	2011		2010	
14. Share capital	**Number**	**£'000**	**Number**	**£'000**
Allotted, called up and fully paid:				
Ordinary shares of 25p each	111,131,628	27,783	103,162,856	25,791
B Ordinary shares of 25p each	866,687	217	833,912	208
	111,998,315	28,000	103,996,768	25,999
Unissued:				
Unclassified shares of 25p each	32,127,685	8,031	40,129,232	10,032
Authorised	**144,126,000**	**36,031**	**144,126,000**	**36,031**

During the year 7,966,775 Ordinary shares were issued pursuant to the Company's block listing facility. All of these shares were issued at a premium to net asset value, enhancing net assets per share for existing shareholders. The issue prices ranged from 841p to 957p and raised a total of £72,232,000, net of expenses. These expenses have been offset against the share premium account.

In accordance with Article 131 of the Company's Articles of Association, 6,672 B Ordinary shares, 13,156 B Ordinary shares, 7,563 B Ordinary shares, and 7,381 B Ordinary shares were allotted by way of capitalisation of reserves on 17 February, 16 May, 16 August and 15 November 2011 respectively.

On 24 June 2011, 1,997 B Ordinary shares were converted into a like number of Ordinary shares of 25p in accordance with Article 47 of the Company's Articles of Association. When the nominal value of the allotted and fully paid B Ordinary shares is less than £100,000 the Directors may, under the terms of Article 47(B), require the conversion of such shares into Ordinary shares. The net asset value at the conversion date of 24 June 2011 was 916.5p per share.

On a winding up of the Company, any surplus assets available after payment of all debts and satisfaction of all liabilities of the Company shall be applied in repaying the Ordinary and B Ordinary shareholders the amounts paid up on such shares. Any surplus shall be divided among the holders of Ordinary and B Ordinary shares pari passu according to the amount paid up on such shares respectively.

Voting rights

In accordance with the Articles of Association of the Company, on a show of hands, every member (or duly appointed proxy) present at a general meeting of the Company has one vote; and, on a poll, every member present in person or by proxy shall have 89 votes for every 25p nominal amount of Ordinary or B Ordinary shares held.

15. Capital reserve	2011 £'000	2010 £'000
At 31 December 2010	763,031	613,396
Movement in fair value gains	(37,470)	157,813
Capitalised expenses (net of tax)	(9,650)	(7,946)
VAT recovered on investment management and performance fees	–	1,458
Issue of shares	(9)	(9)
Currency losses	(1,478)	(1,681)
At 31 December 2011	**714,424**	**763,031**

Included in the total above are investment holdings gains at the year end of £314,276,000 (2010 – £384,102,000).

16. Net asset value per share

The diluted net asset value per share and the net asset value attributable to the Ordinary shares (including conversion of the B Ordinary shares), at the year end calculated in accordance with the Articles of Association were as follows:

	Net asset value per share		Net asset value attributable	
	2011 p	2010 p	2011 £'000	2010 £'000
Basic				
Ordinary and B Ordinary shares (note 14)	**892.2**	**930.5**	**999,252**	**967,676**
Diluted				
Ordinary and B Ordinary shares (note 14)	**892.2**	**930.5**	**999,252**	**967,676**

17. Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities	2011 £'000	2010 £'000
Net return before finance costs and taxation	5,217	195,302
Add: losses/(gains) on investments	37,470	(157,813)
Add: currency losses	1,478	1,681
Amortisation of fixed income book cost	(835)	(1,078)
Decrease/(increase) in accrued income	589	(2,819)
Decrease in other debtors	968	1,419
Increase in accruals	157	239
Tax on unfranked income – overseas	(3,365)	(2,963)
	41,679	**33,968**

18. Analysis of changes in net debt	At 31 December 2010 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 December 2011 £'000
Cash and short term deposits	10,765	9,154	12,681	–	32,600
Forward contracts	3,984	(1,269)	–	–	2,715
Swap	(1,804)	653	–	–	(1,151)
Debt due after more than one year	(161,792)	(10,016)	–	–	(171,808)
	(148,847)	**(1,478)**	**12,681**	**–**	**(137,644)**

	At 31 December 2009 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 December 2010 £'000
Cash and short term deposits	28,255	16,552	(34,042)	–	10,765
Forward contracts	(2,848)	6,832	–	–	3,984
Swap	(1,850)	46	–	–	(1,804)
Debt due within one year	(55,875)	(6,853)	–	62,728	–
Debt due after more than one year	(80,806)	(18,258)	–	(62,728)	(161,792)
	(113,124)	**(1,681)**	**(34,042)**	**–**	**(148,847)**

A statement reconciling the movement in net funds to the net cash flow has not been presented as there are no differences from the above analysis.

19. Derivatives and other financial instruments

Risk management

The Company's financial instruments, other than derivatives, comprise securities and other investments, cash balances, loans and debentures and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income. The Company also has the ability to enter into derivative transactions in the form of swap contracts, forward foreign currency contracts, futures and options, for the purpose of managing currency and market risks arising from the Company's activities.

The Manager has a dedicated investment management process, which ensures that the investment policy explained on page 22 is achieved. Stock selection procedures are in place based on the active portfolio management and identification of stocks. The portfolio is reviewed on a periodic basis by a Senior Investment Manager and also by the Manager's Investment Committee.

The Company's Manager has an independent Investment Risk department for reviewing the investment risk parameters of all core equity, fixed income and alternative asset classes on a regular basis. The department reports to the Manager's Performance Review Committee which is chaired by the Manager's Chief Investment Officer. The department's responsibility is to review and monitor ex-ante (predicted) portfolio risk and style characteristics using best practice, industry standard multi-factor models.

Additionally, the Manager's Compliance department continually monitors the Company's investment and borrowing powers and reports to the Manager's Risk Management Committee.

The main risks the Company faces from its financial instruments are (i) market risk (comprising interest rate risk, currency risk and other price risk), (ii) liquidity risk and (iii) credit risk.

The Board regularly reviews and agrees policies for managing each of these risks. The Manager's policies for managing these risks are summarised below and have been applied throughout the year. The numerical disclosures exclude short-term debtors and creditors, other than for currency disclosures.

(i) Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – interest rate risk, currency risk and other price risk.

Interest rate risk

Interest rate movements may affect:

– the fair value of the investments in fixed interest rate securities;

– the level of income receivable on cash deposits;

– interest payable on the Company's variable rate borrowings.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions.

The Board reviews on a regular basis the values of the fixed interest rate securities.

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Borrowings comprise fixed rate, revolving, and uncommitted facilities. The fixed rate Yen facilities are used to finance opportunities at low rates and, the revolving and uncommitted facilities to provide flexibility in the short-term. Current bank covenant guidelines state that the total borrowings will not exceed 40% of the adjusted net tangible assets of the Company. The Company currently has two loan facilities with Barclays Bank, which are fully drawn down and have maturity dates of 4 June 2013. The rates for these loans have been fixed for 5 years through a swap. The swap is separate from the loan and under this the borrower either pays or receives the difference between LIBOR and the swap rate so that the actual rate paid is always the same. The interest charged on the loan is at LIBOR plus the margin. For JPY, the LIBOR is re-set every 6 months and the LIBOR rate under the loan and as reset under the swap should be identical to each other at every 6 month interval to preserve the "fixed" nature of the overall interest costs. Details of borrowings at 31 December 2011 are shown in note 13 on pages 50 and 51.

Interest risk profile

The interest rate risk profile of the portfolio of financial assets and liabilities at the Balance Sheet date was as follows:

At 31 December 2011	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000	Non–interest bearing £'000
Assets					
Sterling	5.48	5.44	24,602	32,571	166,277
US Dollar	13.81	7.21	39,219	–	246,111
Euro	13.47	4.50	9,006	–	82,213
Other	13.84	9.75	13,673	29	559,862
Total assets	**–**	**–**	**86,500**	**32,600**	**1,054,463**
Liabilities					
Bank loans – Japanese Yen	2.53	2.09	(171,658)	–	–
Debenture Stock	–	–	(150)	–	–
Accruals	–	–	–	–	(5,522)
Total liabilities	**–**	**–**	**(171,808)**	**–**	**(5,522)**

At 31 December 2010	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000	Non–interest bearing £'000
Assets					
Sterling	6.50	5.44	25,174	10,638	160,020
US Dollar	13.97	7.59	36,329	1	218,482
Euro	14.47	4.50	11,980	–	112,159
Other	9.92	10.00	17,699	126	537,657
Total assets	**–**	**–**	**91,182**	**10,765**	**1,028,318**
Liabilities					
Bank loans – Japanese Yen	3.53	2.09	(161,642)	–	–
Debenture Stock	–	–	(150)	–	–
Accruals	–	–	–	–	(4,879)
Total liabilities	**–**	**–**	**(161,792)**	**–**	**(4,879)**

The weighted average interest rate is based on the current yield of each asset, weighted by its market value. The weighted average interest rate on bank loans is based on the interest rate payable, weighted by the total value of the loans. The maturity dates of the Company's loans are shown in note 13 to the financial statements.

The floating rate assets consist of cash deposits on call earning interest at prevailing market rates.

The non-interest bearing assets represent the equity element of the portfolio.

Short-term debtors and creditors have been excluded from the above tables.

SWAP forward currency contracts are measured at fair value, all other financial liabilities are measured at amortised cost.

Maturity profile

The table below shows the timing of cash outflows to settle the Company's financial liabilities at the Balance Sheet date.

At 31 December 2011	Within 1 year £'000	Within 1-2 years £'000	Within 2-3 years £'000	Within 3-4 years £'000	Within 4-5 years £'000	More than 5 years £'000	Total £'000
Bank loans	–	68,792	19,235	70,250	13,381	–	171,658
Debenture Stock[A]	–	–	–	–	–	150	150
Interest cash flows on bank loans and Debenture Stock	3,644	3,340	2,844	1,507	196	229	11,760
Interest cash flows on swaps	827	414	–	–	–	–	1,241
Cash flows on other creditors	5,280	2,620	1,944	958	–	–	10,802
	9,751	**75,166**	**24,023**	**72,715**	**13,577**	**379**	**195,611**

At 31 December 2010	Within 1 year £'000	Within 1-2 years £'000	Within 2-3 years £'000	Within 3-4 years £'000	Within 4-5 years £'000	More than 5 years £'000	Total £'000
Bank loans	–	–	64,778	18,113	66,151	12,600	161,642
Debenture Stock[A]	–	–	–	–	–	150	150
Interest cash flows on bank loans and Debenture Stock	4,059	4,060	3,432	2,622	1,837	413	16,423
Interest cash flows on swaps	714	714	357	–	–	–	1,785
Cash flows on other creditors	4,740	2,230	1,662	985	–	–	9,617
	9,513	**7,004**	**70,229**	**21,720**	**67,988**	**13,163**	**189,617**

[A] The Debenture Stock is perpetual and has therefore been disclosed as maturing after more than 5 years.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the Balance Sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

Of the total bank loans the interest rate on Yen 8,225,600,000 (£68,792,000) is fixed through a SWAP and forward currency contract, as detailed in note 13.

If interest rates had been 100 basis points higher or lower (based on current parameter used by Manager's Investment Risk Department on risk assessment) and all other variables were held constant, the Company's:

– revenue return for the year ended 31 December 2011 would increase/decrease by £326,000 (2010 – increase/decrease by £108,000). This is mainly attributable to the Company's exposure to interest rates on its floating rate cash balances. These figures have been calculated based on cash positions at each year end.

– equity reserves would increase/decrease by £7,438,000 (2010 – increase/decrease by £4,587,000). This is also mainly attributable to the Company's exposure to interest rates on cash balances and its fixed interest portfolio. These figures have been calculated based on cash and fixed interest portfolio positions at each year end.

In the opinion of the Directors, the above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently as part of the interest rate risk management process used to meet the Company's objectives. The risk parameters used will also fluctuate depending on the current market perception.

Foreign currency risk

A significant proportion of the Company's investment portfolio is invested in overseas securities and the Balance Sheet can be significantly affected by movements in foreign exchange rates. It is not the Company's policy to hedge this risk on a continuing basis but the Company may, from time to time, match specific overseas investment with foreign currency borrowings. A significant proportion of the Company's borrowings, as detailed in note 13, is in foreign currency as at 31 December 2011. The Manager seeks, when deemed appropriate, to manage exposure to currency movements on borrowings by using forward foreign currency contracts as a hedge against potential foreign currency movements. At 31 December 2011 the Company had a foreign currency contract, details of which are listed on page 58. During the year a gain of £9,721,000 (2010 – gain of £14,552,000) was realised.

The revenue account is subject to currency fluctuation arising on overseas income. The Company does not hedge this currency risk.

Currency risk exposure by currency of denomination:

	31 December 2011			31 December 2010		
	UK and overseas equity investments £'000	Net monetary assets £'000	Total currency exposure £'000	UK and overseas equity investments £'000	Net monetary assets £'000	Total currency exposure £'000
US Dollar	246,111	–	246,111	218,482	1	218,483
Sterling	166,277	32,571	198,848	160,020	10,638	170,658
Euro	82,213	–	82,213	112,159	–	112,159
Hong Kong Dollar	74,112	–	74,112	87,764	–	87,764
Swiss Franc	71,290	–	71,290	65,247	–	65,247
Japanese Yen	62,618	–	62,618	68,105	–	68,105
Brazilian Real	57,299	–	57,299	38,828	–	38,828
Taiwan Dollar	51,055	28	51,083	43,600	126	43,726
Indonesian Rupiah	42,010	–	42,010	37,316	–	37,316
Malaysian Ringgit	37,514	–	37,514	36,507	–	36,507
Singapore Dollar	30,262	–	30,262	37,803	–	37,803
Canadian Dollar	29,083	–	29,083	12,178	–	12,178
Thailand Baht	23,984	–	23,984	24,843	–	24,843
Mexican Peso	22,833	1	22,834	24,886	–	24,886
Swedish Krone	21,951	–	21,951	22,934	–	22,934
Australian Dollar	18,623	–	18,623	19,327	–	19,327
Indian Rupee	17,228	–	17,228	15,576	–	15,576
New Zealand Dollar	–	–	–	2,743	–	2,743
Total	**1,054,463**	**32,600**	**1,087,063**	**1,028,318**	**10,765**	**1,039,083**

The asset allocation between specific markets can vary from time to time based on the Manager's opinion of the attractiveness of the individual markets.

Foreign currency sensitivity

The following table details the Company's sensitivity to a 10% increase and decrease in sterling against the major foreign currencies in which the Company has exposure (based on exposure >5% of total exposure). The sensitivity analysis includes foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates.

	2011 Revenue £'000	2011 Equity[A] £'000	2010 Revenue £'000	2010 Equity[A] £'000
US Dollar	862	24,611	853	21,848
Euro	539	8,221	584	11,216
Hong Kong Dollar	252	7,411	219	8,776
Swiss Franc	248	7,129	106	6,525
Brazilian Real	242	5,730	187	3,883
Japanese Yen	236	6,262	184	6,811
Total	**2,379**	**59,364**	**2,133**	**59,059**

[A] represents equity exposures to the relevant currencies

Foreign exchange contracts

The following Japanese Yen forward contracts were outstanding at the Balance Sheet date:

Date of contract	Settlement date	Amount JPY '000	Contracted rate	Unrealised profit at 31 December 2011 £'000
9 December 2011	9 March 2012	20,000,000	119.36	2,715

The fair value of forward foreign currency contracts is based on forward exchange rates at the Balance Sheet date.

Other price risk

Other price risks (ie changes in market prices other than those arising from interest rate or currency risk) may affect the value of the quoted investments.

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular country or sector. The allocation of assets to international markets and the stock selection process, as detailed on page 2, both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on various stock exchanges worldwide.

Other price risk sensitivity

If market prices at the Balance Sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to Ordinary shareholders for the year ended 31 December 2011 would have increased/decreased by £114,096,000 (2010 – increase/decrease of £111,950,000) and equity reserves would have increased/decreased by the same amount.

(ii) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk is not considered to be significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of loan and overdraft facilities (note 13).

(iii) Credit risk

This is failure of the counterparty to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss.

The risk is not significant, and is managed as follows:

– where the Manager makes an investment in a bond, corporate or otherwise, the credit ratings of the issuer are taken into account so as to manage the risk to the Company of default;

– investments in quoted bonds are made across a variety of industry sectors and geographic markets so as to avoid concentrations of credit risk;

– transactions involving derivatives are entered into only with investment banks, the credit rating of which is taken into account so as to minimise the risk to the Company of default;

– investment transactions are carried out with a large number of brokers, whose credit-standing is reviewed periodically by the Manager, and limits are set on the amount that may be due from any one broker;

– the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports on a daily basis. In addition, both stock and cash reconciliations to the custodian's records are performed on a daily basis to ensure discrepancies are investigated on a timely basis. The Manager's Compliance department carries out periodic reviews of the custodian's operations and reports its finding to the Manager's Risk Management Committee.

– cash is held only with reputable banks with acceptable credit quality. It is the Manager's policy to trade only with A- and above (Long Term rated) and A-1/P-1 (Short Term rated) counterparties.

Credit risk exposure

In summary, compared to the amounts in the Balance Sheet, the maximum exposure to credit risk at 31 December 2011 was as follows:

	2011		2010	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Non-current assets				
Securities at fair value through profit or loss	1,140,963	1,140,963	1,119,500	1,119,500
Current assets				
Current taxation	1,175	1,175	621	621
Other debtors	167	167	72	72
Forward contracts	2,715	2,715	3,984	3,984
Accrued income	5,393	5,393	5,982	5,982
	1,150,413	**1,150,413**	**1,130,159**	**1,130,159**

None of the Company's financial assets is secured by collateral or other credit enhancements.

Fair values of financial assets and financial liabilities

The fair value of borrowings has been calculated at £178,461,000 as at 31 December 2011 (2010 – £171,396,000) compared to an accounts value in the financial statements of £171,808,000 (2010 – £161,792,000) (note 13). The fair value of each loan is determined by aggregating the expected future cash flows for that loan discounted at a rate comprising the borrower's margin plus an average of market rates applicable to loans of a similar period of time and currency. All other assets and liabilities of the Company are included in the Balance Sheet at fair value.

20. Fair value hierarchy

FRS 29 'Financial Instruments: Disclosures' requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

– Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (ie as prices) or indirectly (ie derived from prices); and

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy at 31 December 2011 as follows:

As at 31 December 2011	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	1,054,463	–	–	1,054,463
Quoted bonds	b)	86,500	–	–	86,500
Foreign exchange forward contracts	c)	–	2,715	–	2,715
Total		1,140,963	2,715	–	1,143,678

	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial liabilities at fair value through profit or loss					
Derivatives	d)	–	(1,151)	–	(1,151)
Total		–	(1,151)	–	(1,151)
Net fair value		**1,140,963**	**1,564**	**–**	**1,142,527**

As at 31 December 2010	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	1,028,318	–	–	1,028,318
Quoted bonds	b)	91,182	–	–	91,182
Foreign exchange forward contracts	c)	–	3,984	–	3,984
Total		1,119,500	3,984	–	1,123,484
Financial liabilities at fair value through profit or loss					
Derivatives	d)	–	(1,804)	–	(1,804)
Total		–	(1,804)	–	(1,804)
Net fair value		**1,119,500**	**2,180**	**–**	**1,121,680**

a) Quoted equities

The fair value of the Company's investments in quoted equities has been determined by reference to their quoted bid prices at the reporting date. Quoted equities included in Fair Value Level 1 are actively traded on recognised stock exchanges.

b) Quoted bonds

The fair value of the Company's investments in quoted bonds has been determined by reference to their quoted bid prices at the reporting date. Bonds included in Fair Value Level 1 include Government Bonds and Corporate Bonds.

c) Foreign exchange forward contracts

The fair value of the Company's investment in foreign exchange forward contracts has been determined in relation to models using observable market inputs and hence are categorised in Fair Value Level 2.

d) Derivatives

The fair value of the Company's investment in derivatives has been determined in relation to models using observable market inputs and hence are categorised in Fair Value Level 2.

21. Capital management policies and procedures

The investment objective of the Company is to achieve a total return greater than its benchmark by investing predominantly in equities worldwide.

The capital of the Company consists of equity, comprising issued capital, reserves and retained earnings. The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes :

– the planned level of gearing which takes into account the Investment Manager's views on the market;

– the level of equity shares in issue; and

– the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

Details of the Company's gearing facilities and financial covenants are detailed in note 13 of the financial statements.

Marketing Strategy

Murray International Trust PLC contributes to the Marketing Programme run by Aberdeen Asset Managers Limited ("AAM"), on behalf of a number of investment trusts under its management. The Company's contribution which is matched by AAM is £579,000 (plus VAT) for the year ending 31 August 2012. The marketing arrangements are reviewed on an annual basis by the Board.

The purpose of the Programme is to communicate effectively with existing shareholders and gain more new shareholders, thus improving liquidity and thereby enhancing the value and rating of the Company's shares. AAM's experience has also shown that well-targeted marketing of the Company's investment merits through packaged products, whether singly, or in conjunction with other trusts run by AAM, can be a cost-effective way of gaining new investors.

The Marketing Programme includes the following:

Investor Relations Programme

AAM runs an investor relations programme to existing and prospective institutional investors in investment trusts. Each month, institutional investors and prospects receive a Manager's report on your Company that includes detailed performance analysis.

Direct Response Advertising

The Manager advertises the packaged product availability of the Company in selected national press as well as the specialist financial titles.

Direct Mail

Periodic mail shots of information packs inviting named addressees to respond is a low-cost method of building awareness and investor databases. Target groups include existing holders of other AAM investment trusts as well as known buyers of investment trusts.

Newsletter

The "Bulletin" newsletter, an informed commentary on markets and investment trusts managed by AAM is distributed free of charge.

Public Relations

The Manager undertakes to brief journalists, write regularly through placed articles and ensure Company results and any corporate activity are brought to public attention.

Shareholder Services

AAM runs an investment help desk for retail enquirers and investors. Enquirers or investors will be sent any relevant literature on request and have queries answered immediately. The Marketing Programme is under the direction of AAM's Group Head of Marketing who has extensive experience in the marketing and communications of investment products. He is supported by a team of marketing professionals.

Internet

Murray International Trust PLC has a dedicated website: www.murray-intl.co.uk. This allows web users to access information on the Company's share price performance, capital structure, stock exchange announcements and monthly reports. The site is continuously being evaluated for improvement.

Investors in the Share Plan and ISA can now use AAM's secure system to view their valuations and transact on their Plan accounts.

The Board is committed to a close monitoring of the Marketing Programme. The Aberdeen Group Head of Marketing provides a written summary quarterly to the Board.

If you have any questions about your Company, the Manager or performance, please telephone our Investor Services Department on 0500 00 00 40. Alternatively, internet users may e-mail us on inv.trusts@aberdeen-asset.com or write to us at 10 Queen's Terrace, Aberdeen AB10 1YG.

The information on pages 62 and 63 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Services Authority

How to Invest in Murray International Trust PLC

Direct

Investors can buy and sell shares in Murray International Trust PLC directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively shares can be bought directly through Aberdeen's Investment Plan for Children, Aberdeen's Investment Trust Share Plan and Investment Trust ISA.

Aberdeen's Investment Plan for Children

Aberdeen Asset Managers Limited (AAM) runs an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including Murray International Trust PLC. Anyone can invest in the Children's Plan, including parents, grandparents and family friends. All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing AAM in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts.

Aberdeen's Investment Trust Share Plan

AAM runs a Share Plan (the "Plan") through which shares in Murray International Trust PLC can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing AAM in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

Stocks and Shares ISA

An investment of up to £10,680 can be made in the tax year 2011/2012 and £11,280 in the tax year 2012/2013.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £15 + VAT. The annual ISA administration charge is £24 + VAT, calculated six monthly and deducted from income. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

You can choose to transfer previous tax year investments to us which can be invested in Murray International Trust PLC while retaining your ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per trust of £250.

Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs may be changed by future legislation.

Keeping You Informed

For internet users, detailed data on Murray International Trust PLC, including price, performance information and a monthly fact sheet is available from the Trust's website (www.murray-intl.co.uk) and the TrustNet website (www.trustnet.co.uk). Alternatively you can call 0500 00 00 40 for trust information.

Literature Request Service

For literature and application forms for the Manager's investment trust products, please contact:

Telephone: 0500 00 40 00
Email: aam@lit-request.com

For information on the Investment Plan for Children, Share Plan, ISA or ISA Transfer please contact:

Aberdeen Investment Trust Administration
PO Box 11020
Chelmsford
Essex, CM99 2DB
Telephone: 0500 00 00 40

Details are also available on www.invtrusts.co.uk

Glossary of Terms and Definitions

Actual Gearing

Total Assets (as below) less all cash divided by shareholders' funds.

Asset Cover

The value of a company's net assets available to repay a certain security. Asset cover is usually expressed as a multiple and calculated by dividing the net assets available by the amount required to repay the specific security.

B Ordinary Shares

B Ordinary shares carry the same rights as the Ordinary shares. The difference is that B Ordinary shareholders receive their dividends by means of a capitalisation issue as opposed to a cash dividend. With effect from the payment of the final dividend in 2007, the capitalisation issue received by B Ordinary shareholders has been made every time a dividend is paid on the Ordinary shares. B Ordinary shareholders also have the right to convert their shares into Ordinary shares once a year. More details regarding this are shown on page 72.

Discount

The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.

Dividend Cover

Earnings per share divided by dividends per share expressed as a ratio.

Dividend Yield

The annual dividend expressed as a percentage of the share price.

Net Asset Value

The value of total assets less liabilities. Liabilities for this purpose included current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.

Potential Gearing

Total Assets including all debt being used for investment purposes divided by shareholders' funds.

Premium

The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.

Price/Earnings Ratio

The ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stock market's view of a company's prospects and profit growth potential.

Prior Charges

The name given to all borrowings including debentures, long term loans and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.

Total Assets

The total assets less current liabilities as shown on the Balance Sheet with the addition of Prior Charges (as defined above).

Total Expense Ratio

Ratio of expenses as percentage of average shareholders' funds calculated as per the industry standard Lipper Fitzrovia method.

Total Return

Total Return involves reinvesting the net dividend in the month that the share price goes xd. The NAV Total Return involves investing the same net dividend in the NAV of the Company on the date to which that dividend was earned, eg quarter end, half year or year end date.

Winding-Up Entitlements
On a winding up of the Company, any surplus assets available after payment of all debts and satisfaction of all liabilities of the Company shall be applied in repaying the Ordinary and B Ordinary shareholders the amounts paid up on such shares. Any surplus shall be divided among the holders of Ordinary and B Ordinary shares pari passu according to the amount paid up on such shares respectively.

Voting Rights

In accordance with the Articles of Association of the Company, on a show of hands, every member (or duly appointed proxy) present at a general meeting of the Company has one vote; and, on a poll, every member present in person or by proxy shall have 89 votes for every 25p nominal amount of Ordinary or B Ordinary shares held.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the one hundred and fourth Annual General Meeting of Murray International Trust PLC (registered in Scotland under company number SC006705) will be held at 12.30 pm on 26 April 2012 at the London Chamber of Commerce and Industry, 33 Queen Street, London EC4R 1AP for the following purposes:-

Ordinary Business

As ordinary business to consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:-

1. To receive the Directors' Report and audited financial statements for the year ended 31 December 2011.
2. To approve the Directors' Remuneration Report for the year ended 31 December 2011.
3. To re-elect Lady Balfour of Burleigh* as a Director of the Company.
4. To re-elect Mr J D Best* as a Director of the Company.
5. To re-elect Mr P W Dunscombe* as a Director of the Company.
6. To re-elect Mr A C Shedden* as a Director of the Company.
7. To re-elect Dr K J Carter* as a Director of the Company.
8. To re-appoint Ernst & Young LLP as auditor of the Company.
9. To authorise the Directors to fix the remuneration of the auditor.
10. THAT
    (i) a final dividend of 13.0p per Ordinary share in respect of the year ended 31 December 2011 be paid on 16 May 2012 to holders of the Ordinary shares in the capital of the Company on the register at close of business on 10 April 2012;
    (ii) the Directors be authorised, in substitution for the similar authority granted at last year's Annual General Meeting, to exercise all the powers of the Company to allot B Ordinary of 25p shares up to an aggregate nominal amount of £100,000 pursuant to Section 551 of the Companies Act 2006 provided that this authority shall expire on 25 April 2017.

Special Business

As special business to consider and, if thought fit, pass the following resolutions in the case of resolutions 11 and 14 as Ordinary Resolutions and in the case of resolutions 12 and 13 as Special Resolutions.

Authority to Allot

11. THAT the Directors be generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "**Act**") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("**Rights**") up to an aggregate nominal amount of £2,840,923 (representing 10% of the total Ordinary and B Ordinary share capital of the Company in issue on 28 February 2012) during the period expiring on the date of the next Annual General Meeting of the Company or on 30 June 2013, whichever is the earlier, but so that this authority, unless previously revoked, varied or renewed, shall allow the Company to make offers or agreements before the expiry of this authority which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares and grant Rights in pursuance of such an offer or agreement as if such authority had not expired.

Disapplication of Pre-emption Rights

12. THAT the Directors be and they are hereby empowered, pursuant to Sections 570 and 573 of the Act, to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority given in accordance with Section 551 of the Act by Resolution Number 11 as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:-
    (i) during the period expiring on the date of the next Annual General Meeting of the Company or on 30 June 2013, whichever is earlier, but so that this power shall, unless previously revoked, varied or renewed, enable the Company to make offers or agreements before the expiry of this power which would or might require equity securities to be allotted after the expiry of this power and the Directors may allot equity securities in pursuance of such an offer or agreement as if such power had not expired;
    (ii) up to an aggregate nominal amount of £2,840,923 (representing 10% of the total Ordinary and B Ordinary share capital of the Company in issue on 28 February 2012); and

(iii) in the circumstances detailed in the section headed "Issue of Shares" on pages 26 and 27 of the Annual Report and at a price not less than 0.5% above the net asset value per share from time to time (as determined by the Directors and excluding treasury shares).

This power applies to a sale of shares which is an allotment of equity securities by virtue of Section 560(3) of the Act as if in the first paragraph of this Resolution the words "pursuant to the authority given in accordance with Section 551 of the Act by Resolution Number 11" were omitted.

Authority to Make Market Purchases of Shares

13. THAT the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of fully paid Ordinary shares and B Ordinary shares of 25p each in the capital of the Company on such terms and in such manner as the Directors from time to time determine,

PROVIDED ALWAYS THAT:

(i) the maximum number of shares hereby authorised to be purchased shall be an aggregate of 16,902,968 Ordinary shares and 131,206 B Ordinary shares or, if less, the number representing 14.99% of the respective classes of shares in issue (excluding shares already held in treasury) as at the date of the passing of this Resolution;

(ii) the minimum price which may be paid for a share shall be 25p;

(iii) the maximum price (exclusive of expenses) which may be paid for a share shall be the higher of (i) an amount equal to 105% of the average of the middle market quotations for a share taken from, and calculated by reference to, the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the share is purchased; and (ii) the higher of the price of the last independent trade and the highest current independent bid at the time the purchase is carried out;

(iv) any purchase of shares will be made in the market for cash at prices below the prevailing net asset value per share (as determined by the Directors);

(v) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or on 30 June 2013, whichever is earlier, unless such authority is previously revoked, varied or renewed prior to such time;

(vi) the Company may make a contract or contracts to purchase shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of shares pursuant to any such contract or contracts notwithstanding such expiry above; and

(vii) any shares so purchased shall be cancelled or, if the Directors so determine and subject to the provisions of the Act and any applicable regulations of the United Kingdom Listing Authority, be held or otherwise dealt with as permitted by the Act as treasury shares.

14. THAT the limit on aggregate fees payable to Directors as set out in Article 83 be increased from £150,000 to £225,000.

* The biographies of the Directors are detailed on pages 23 and 24 of this Annual Report.

40 Princes Street
Edinburgh
EH2 2BY
14 March 2012

By order of the Board
Aberdeen Asset Management PLC
Secretary

NOTES:

(i) Only those shareholders registered in the register of members of the Company at 6.00 pm on 24 April 2012 shall be entitled to attend and/or vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. If the Meeting is adjourned the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is 6.00 p.m. two days (excluding non working days) prior to the time of the adjourned meeting. Changes to entries on the register of members after that time on 24 April 2012 shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.

(ii) Holders of Ordinary shares and B Ordinary shares are entitled to attend and vote at the Annual General Meeting or any adjournment thereof. If you wish to attend, there will be a members' register to sign on arrival.

(iii) As at 28 February 2012 (being the last practicable day prior to the publication of this Notice), the Company's issued share capital consisted of 112,761,628 Ordinary shares and 875,295 B Ordinary shares, carrying 89 votes each on a poll. Therefore, the total voting rights in the Company as at 28 February 2012 are 10,113,686,147.

(iv) A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him or her, provided that if two or more proxies are appointed, each proxy must be appointed to exercise the rights attaching to different shares. A Form of Proxy is enclosed with this Notice. A proxy need not be a shareholder of the Company. Completion and return of the Form of Proxy will not preclude shareholders from attending or voting at the Annual General Meeting, if they so wish. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the Form of Proxy are set out in the note to the Form of Proxy. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to the proxy. In the event that a Form of Proxy is returned without an indication as to how the proxy shall vote on the resolutions, the proxy will exercise his or her discretion as to whether, and if so how, he or she votes.

(v) To be valid, the Form of Proxy, together with the power of attorney or other authority, if any, under which it is executed (or a notarially certified copy of such power of authority) must be deposited with the Company's Registrar, for this purpose being PXS, 34 Beckenham Road, Beckenham BR3 4TU, as soon as possible, but in any event not later than 12.30pm on 24 April 2012. If you have any queries relating to the completion of the Form of Proxy, please contact Capita Registrars on 0871 664 0300 (calls cost 10p a minute plus network extras, lines are open 8.30 am to 5.30pm Mon-Fri). Capita Registrars cannot provide advice on the merits of the business to be considered nor give any financial, legal or tax advice. Alternatively, if the shareholder holds his or her shares in uncertificated form (i.e. in CREST) they may vote using the CREST System (see note (xi) below).

(vi) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at its registered office or the address specified in note (v) above before the commencement of the meeting or adjourned meeting at which the proxy is used.

(vii) Where there are joint holders of any share, any one of such persons may vote at any meeting, and if more than one of such persons is present at any meeting personally or by proxy, the vote of the senior holder who tenders the vote shall be accepted to the exclusion of the votes of other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company.

(viii) Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. Nominated Persons should also remember that their main point of contact in terms of their investment in the Company remains the shareholder who nominated the Nominated Person to enjoy information rights (or, perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that shareholder, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interests in the Company (including any administrative matter). The statement of the rights of shareholders in relation to the appointment of proxies in notes (iv) to (vi) does not apply to Nominated Persons. The rights described in these notes can only be exercised by shareholders of the Company.

(ix) Any corporation which is a shareholder may authorise such person as it thinks fit to act as its representative at this meeting. Any person so authorised shall be entitled to exercise on behalf of the corporation which he represents the same powers (other than to appoint a proxy) as that corporation could exercise if it were an individual shareholder (provided, in the case of multiple corporate representatives of the same corporate shareholder, they are appointed in respect of different shares owned by the corporate shareholder or, if they are appointed in respect of the same shares, they vote the shares in the same way). To be able to attend and vote at the Annual General Meeting, corporate representatives will be required to produce prior to their entry to the Meeting evidence satisfactory to the Company of their appointment.

(x) To allow effective constitution of the Annual General Meeting, if it is apparent to the Chairman that no shareholders will be present in person or by proxy, other than by proxy in the Chairman's favour, then the Chairman may appoint a substitute to act as proxy in his stead for any shareholder, provided that such substitute proxy shall vote on the same basis as the Chairman.

(xi) Notes on CREST Voting.
CREST Members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual, which is available to download from the Euroclear website (www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST system to be valid, the appropriate CREST message (a "**CREST proxy instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent RA10 by 12.30pm on 24 April 2012. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications Host) from which the issuer's agent is able to retrieve the message.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal systems timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or CREST sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s)) takes(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by a particular time. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual.

The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. In any case, a proxy form must be received by the Company's registrars no later than 12.30pm on 24 April 2012.

(xii) The attendance at the Meeting of members and their proxies and representatives is understood by the Company to confirm their agreement to receive any communications made at the Meeting.

(xiii) Shareholders are advised that unless otherwise provided, the telephone numbers and website addresses which may be set out in this Notice or the Form of Proxy/Letter of Direction are not to be used for the purpose of serving information or documents on the Company including the service of information or documents relating to proceedings at the Company's Annual General Meeting. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's shares already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result any person holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Services Authority.

(xv) In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the Annual General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.murray-intl.co.uk.

(xvi) Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the Annual General Meeting which is put by a shareholder attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.

(xvii) Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid out before the Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006 that the shareholders propose to raise at the Meeting. The Company may not require the members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later that the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on the website.

(xviii) Under Section 338 and Section 338A of the Companies Act 2006, shareholders meeting the threshold requirements in those sections have the right to require the Company (i) to give to the members of the Company entitled to receive notice of the Annual General Meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may properly be included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of the resolution only) it would if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 15 March 2012, being the date six clear weeks before the meeting, and (in the case of a matter to being included in the business only) must be accompanied by a statement setting out the grounds for the request.

(xix) Participants in the Aberdeen Share Plan, ISA and/or PEP are entitled to vote by completing the enclosed Letter of Direction and returning it to the Company's registrars.

(xx) Details of resolutions 1 to 14 are shown in the Annual Report as follows:-

Resolution 2	Pages 37 and 38	Directors' Remuneration Report
Resolution 10	Page 25	Final dividend
Resolutions 3 to 7	Page 23 and 24	Directors
Resolutions 8 and 9	Page 39	Auditor
Resolutions 11 to 13	Pages 25 to 27	Authority to issue and effect buy backs of shares
Resolution 14	Pages 27 and 37	Increase in Articles limit on Directors' fees

Corporate Information

Directors

K J Carter (Chairman)
Lady Balfour of Burleigh CBE
J D Best
P W Dunscombe
A C Shedden OBE

Secretaries and Registered Office

Aberdeen Asset Management PLC
40 Princes Street
Edinburgh EH2 2BY

Registered in Scotland as an investment company
Company Number SC006705

Points of Contact

The Chairman and Company Secretary
At the registered office of the Company

Manager

Aberdeen Asset Managers Limited
Customer Services Department: 0500 00 00 40

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Tel: 0871 664 0300
(calls cost 10p a minute plus network extras, lines are open 8.30am-5.30pm Mon-Fri)

Tel International: (+44 208 639 3399)

e-mail ssd@capitaregistrars.com
website www.capitaregistrars.com

Custodian Bankers

JPMorgan Chase Bank

Auditor

Ernst & Young LLP

Solicitors

McGrigors

Trustee of the Debenture Stockholders

Bank of Scotland plc

Broker

Oriel Securities Limited

Website

www.murray-intl.co.uk

The Company's Recent Capital History

Issued Share Capital at 31 December 2011

111,131,628	Ordinary shares of 25p each
866,687	B Ordinary shares of 25p each

Capital History

19 May 2006	32,876 B Ordinary shares issued by way of capitalisation issue
18 May 2007	12,572 B Ordinary shares issued by way of capitalisation issue in lieu of final dividend
14 August 2007	6,980 B Ordinary shares issued by way of capitalisation in lieu of 1st interim dividend
15 November 2007	6,772 B Ordinary shares issued by way of capitalisation in lieu of 2nd interim dividend
14 February 2008	6,724 B Ordinary shares issued by way of capitalisation in lieu of 3rd interim dividend
16 May 2008	12,264 B Ordinary shares issued by way of capitalisation in lieu of final dividend
14 August 2008	7,696 B Ordinary shares issued by way of capitalisation in lieu of 1st interim dividend
14 November 2008	7,664 B Ordinary shares issued by way of capitalisation in lieu of 2nd interim dividend
16 February 2009	8,660 B Ordinary shares issued by way of capitalisation in lieu of 3rd interim dividend
15 May 2009	16,280 B Ordinary shares issued by way of capitalisation in lieu of final dividend
14 August 2009	11,040 B Ordinary shares issued by way of capitalisation in lieu of 1st interim dividend
13 November 2009	10,116 B Ordinary shares issued by way of capitalisation in lieu of 2nd interim dividend
16 February 2010	8,344 B Ordinary shares issued by way of capitalisation in lieu of 3rd interim dividend
14 May 2010	14,872 B Ordinary shares issued by way of capitalisation in lieu of final dividend
16 August 2010	6,728 B Ordinary shares issued by way of capitalisation in lieu of 1st interim dividend
15 November 2010	7,308 B Ordinary shares issued by way of capitalisation in lieu of 2nd interim dividend
17 February 2011	6,672 B Ordinary shares issued by way of capitalisation in lieu of 3rd interim dividend
16 May 2011	13,156 B Ordinary shares issued by way of capitalisation in lieu of final and special interim
16 August 2011	7,563 B Ordinary shares issued by way of capitalisation in lieu of 1st interim dividend
15 November 2011	7,381 B Ordinary shares issued by way of capitalisation in lieu of 2nd interim dividend
17 February 2012	8,608 B Ordinary shares issued by way of capitalisation in lieu of 3rd interim dividend

B Ordinary Share Conversions

30 June 2006	27,869 Ordinary shares issued following the conversion of B Ordinary shares
30 June 2007	28,780 Ordinary shares issued following the conversion of B Ordinary shares
30 June 2008	12,770 Ordinary shares issued following the conversion of B Ordinary shares
30 June 2009	70,632 Ordinary shares issued following the conversion of B Ordinary shares
30 June 2010	290,732 Ordinary shares issued following the conversion of B Ordinary shares
30 June 2011	1,997 Ordinary shares issued following the conversion of B Ordinary shares

New Ordinary Share Issuance

Year ended 31 December 2008	3,163,450 Ordinary shares issued for cash
Year ended 31 December 2009	5,037,000 Ordinary shares issued for cash
Year ended 31 December 2010	7,975,500 Ordinary shares issued for cash
Year ended 31 December 2011	7,966,775 Ordinary shares issued for cash

Shareholder Information

Stock Exchange Codes

Class of security	SEDOL	ISIN
Ordinary shares of 25p each	0611190	GB0006111909
B Ordinary shares of 25p each	0611208	GB0006112089

Annual General Meeting

The Annual General Meeting will be held on 26 April 2012 at 12.30 p.m. at the London Chamber of Commerce and Industry, 33 Queen Street, London EC4R 1AP.

Market prices of allotted capital at 6 April 1965

41/2% Cumulative Preference shares of £1	62.5p
Ordinary shares of 25p (adjusted for scrip issue)	18.965p
31/4% Debenture stock 1967 or after	£46.50

Market prices of allotted capital at 31 March 1982

41/2% Cumulative Preference shares of £1	32p
Ordinary shares of 25p (adjusted for 1 for 2 scrip issue in April 1983)	54.5p
B Ordinary shares of 25p (adjusted for 1 for 2 scrip issue in April 1983)	53.5p
31/4% Debenture stock 1967 or after	£22.50

Electronic Communications

The Directors are keen to encourage the use of electronic communications. Any shareholders wishing to receive future communications from the Company electronically should contact Capita Registrars at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or Tel: 0871 664 0300 (calls cost 10p a minute plus network extras, lines are open 8.30am-5.30pm Mon-Fri).

Annual Conversion Opportunity for B Ordinary Shares

B Ordinary shares may be converted into Ordinary shares of the Company on 30 June in each year, by return of the B Ordinary share certificates, duly completed on the reverse no later than 23 June and no earlier than 26 May in any year, to the Company's registrar, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Uncertificated shareholders will require to give a stock withdrawal instruction, and advise the Company's registrar, Capita Registrars, of the request to convert, no less than one week and no more than five weeks prior to the relevant conversion date.

Income and Corporation Taxes Act 1988 Section 251(2)

The share prices for tax purposes to be placed on B Ordinary shares issued in lieu of cash dividends are:

11 April 1980	50.5p	28 May 1996	415.5p	14 November 2008	537.5p
09 April 1981	77.5p	27 May 1997	448.0p	16 February 2009	555.0p
16 April 1982	74.5p	22 May 1998	502.0p	15 May 2009	582.5
08 April 1983	82.5p	26 May 1999	439.9p	14 August 2009	617.5
06 April 1984	85.2p	22 May 2000	490.0p	13 November 2009	697.5
26 April 1985	112.5p	25 May 2001	469.5p	16 February 2010	684.0
02 May 1986	162.5p	24 May 2002	427.5p	14 May 2010	742.0
02 May 1987	182.5p	23 May 2003	297.5p	16 August 2010	756.0
03 June 1988	162.5p	21 May 2004	340.0p	15 November 2010	777.0
02 June 1989	213.5p	20 May 2005	420.0p	17 February 2011	850.0
25 June 1990	235.5p	19 May 2006	580.0p	16 May 2011	886.0
31 May 1991	217.5p	14 August 2007	644.0p	16 August 2011	849.0
29 May 1992	232.5p	15 November 2007	675.5p	15 November 2011	884.0
28 May 1993	282.5p	14 February 2008	712.0p	17 February 2012	975.0
31 May 1994	328.5p	16 May 2008	730.0p		
31 May 1995	343.5p	14 August 2008	677.5p		

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