Murray International Trust PLC

Annual Report and Accounts
31 December 2012

2012

Aberdeen

Contents

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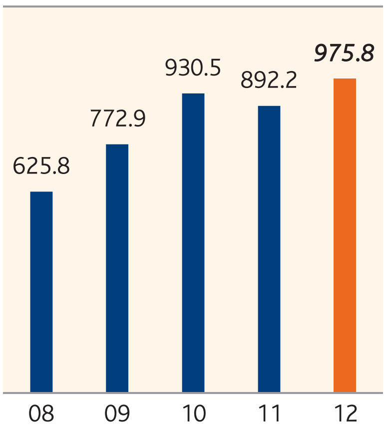
Financial Highlights

	2012	2011
Net asset value per Ordinary and B Ordinary share total return	**+14.0%**	–0.1%
Share price total return	**+19.0%**	+1.3%
Benchmark total return	**+11.4%**	–4.6%
Net asset value outperformance against the benchmark total return	**+2.6%**	+4.5%
Dividends per share[A]	**40.5p**	37.0p

[A] The proposed final dividend of 13.5p per Ordinary share is subject to shareholder approval at the Annual General Meeting.

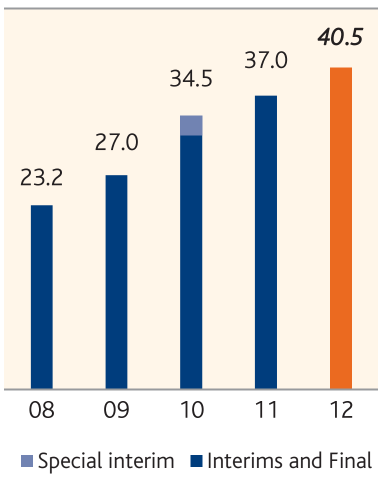
Net asset value per Ordinary and B shares

At 31 December – pence



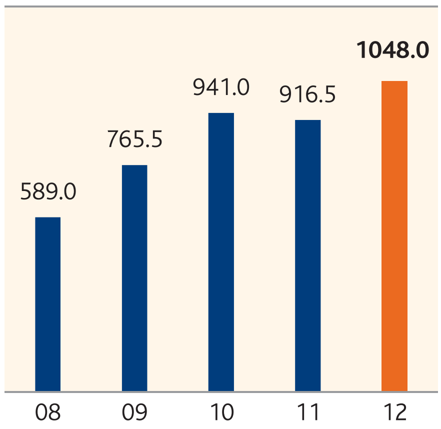
Dividends per share

pence



Mid-market price per Ordinary share

At 31 December – pence



Financial Calendar

11 April 2013	Annual General Meeting at the Radisson Blu Hotel, Glasgow at 12.30 p.m.
16 May 2013	Payment of proposed final dividend for 2012 (13.5p)
August 2013	Half yearly results announced
16 August 2013	Payment of first interim dividend
15 November 2013	Payment of second interim dividend
18 February 2014	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.

AIC

The Company is a member of the Association of Investment Companies.

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) (at the time of purchase). 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 gearing of 10.1% (calculated in accordance with AIC guidance) 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

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.

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 50 equity and 11 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 26 February 2013 consisted of 123,195,242 Ordinary shares of 25p (99.3% of the total share capital) and 908,713 B Ordinary shares of 25p (0.7% 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 2012, the Company had Total Assets* of £1,343.8 million and a Net Asset Value per Ordinary and B Ordinary share of 975.8p. (* See definition on page 64)

Borrowings

The borrowings are all drawn down in Japanese Yen and at 31 December 2012 represented the equivalent of £146.0 million or 10.1% 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 £1,192.2 million at 31 December 2012.

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 agreements 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 and the income derived from 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 Companies Act 2006 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

The Alternative Investment Fund Managers Directive will begin to be implemented from July with it being fully implemented in the UK by July 2014. 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 guidance, 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 the Company 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 27 and in note 3 on page 46.

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 accepts 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

Telephone: 0500 00 00 40 (open Monday - Friday 9am - 5pm) (free when dialling from a UK landline)
Email: inv.trusts@aberdeen-asset.com

Investor Warning

The Board has been made aware by Aberdeen Asset Management (Aberdeen) that some investors have received telephone calls from people purporting to work for Aberdeen, or third parties, who have offered to buy their investment trust shares. These may be scams which attempt to gain personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from an investor is required to release the supposed payment for their shares.

These callers do not work for Aberdeen and any third party making such offers has no link with Aberdeen. Aberdeen never makes these types of offers and does not 'cold-call' investors in this way. If investors have any doubt over the veracity of a caller, they should not offer any personal information, end the call and contact Aberdeen's investor services centre using the details provided under the Corporate Services heading on this page.

Suitable for Retail

The Company's shares are designed for private investors in the UK (including retail investors), professional-advised private clients and institutional investors who seek income and capital growth from investment in global markets and who understand and are willing to accept the risks of exposure to equities. Private investors should consider consulting an independent financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

Chairman's Statement

Kevin Carter
Chairman

Highlights

- Net Asset Value Total Return of 14.0%
- Benchmark Total Return of 11.4%
- Total Ordinary dividend increased by 9.5% compared with 2011
- Shares traded at a premium to net asset value per Ordinary share for the whole year
- £99m of new shares issued at a premium during the year

Performance

Positive capital gains over the period represented a significant and welcome recovery for global equity markets following last year's negative returns. With Western Central Banks uniformly creating liquidity through expanding sovereign balance sheets, equity prices were well supported. The difficult economic reality and decelerating corporate profit growth induced by austerity and deleveraging had little restraining influence on this wave of positive market sentiment. The total return on net asset value of 14.0% was ahead of the return of the benchmark index of 11.4%, and the share price total return of 19.0% reflected a slight expansion of the premium. The Investment Manager's Review in the Report contains an attribution analysis which shows the factors affecting net asset performance. The key positive influences were a significant overweight position in Asia ex Japan and excellent stock selection in Latin America.

Background

It is rational to assume that positive financial returns should be reflective of improving underlying economic fundamentals, but such logic offered no insight into financial returns in 2012. Weighed down by severe indebtedness and anaemic growth, most countries in the Developed World, at best, stagnated. Further contractions in living standards negatively impacted all consumer orientated economies as households attempted to rebuild their over-stretched balance sheets. Policy inertia also prevailed. Political brinkmanship with fiscal budget responsibilities in the United States was an example of such inertia. In Europe, where social tensions escalated in response to painful austerity measures, previously stated commitments to balance the books softened. Pressures to avoid systemic collapse produced a more accommodating tone towards debt repayment. Recurring periods of heightened uncertainty made for a rollercoaster ride for stock markets. Early year strength succumbed to summer weakness as risk aversion spiked higher, but once concerted quantitative easing took hold, liquidity propelled markets upwards towards year end. Perceived higher growth in Emerging Markets led to superior performance in numerous Asian markets, whilst Mexico stood out in capital return terms from Latin America. With corporate profit growth generally lagging broad market gains, valuations have become more expensive. As is often the case with liquidity driven markets, poorer quality financial assets experienced the strongest gains, but the Trust's positive total return from its portfolio of high quality equities and bonds was ahead of long term norms in both absolute and relative terms.

Dividends

In 2012 Trade Weighted Sterling appreciated by 4.0% thereby reducing the sterling value on translation of revenues arising from our 86% holding of non-UK assets. Nevertheless we were able to continue the trend of increasing the level of dividends paid and three interim dividends of 9.0p were declared (2011: three interims of 8.0p). Your Board is now recommending a final dividend of 13.5p (2011: 13.0p) which, subject to the approval of shareholders at the Annual General Meeting, will be paid on 16 May 2013 to shareholders on the register on 5 April 2013. Subject to the approval of the final dividend, the total Ordinary dividend for the year will amount to 40.5p, an increase of 9.5% from last year (2011: 37.0p). 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 2013 with new B Ordinary shares equivalent in Net Asset Value to the recommended final dividend for the year just ended.

Share issuance of £99 million at a premium occurred during the year. As I mentioned in my Interim Board Report, such issuance can have a dilutive effect upon the Company's earnings as the dividend paid on newly issued shares may not have been earned in full over the year. This is not always the case but depends, amongst other things, upon the timing of issuance and yield obtained on the stocks in which we subsequently invest. We seek to mitigate the impact of any subsequent revenue dilution by paying quarterly dividends, investing the proceeds of new shares promptly and by not issuing shares during the period immediately before a dividend is paid. The objective is to ensure that, in terms of overall returns to Shareholders, the premium received on issuing new shares more than covers any revenue dilution during the period. The Board tracks these effects and shareholders were comfortably advantaged in total return terms in the year under review through the operation of the share issuance programme. This is demonstrated in the attribution analysis on page 19 of the Report. We continuously review the merits of share issuance and the premium to net asset value at which this is conducted. Our primary concern in operating the issuance programme is to ensure that it remains in shareholders' best overall interests to continue with this activity.

Issue of New Shares

At the Annual General Meeting held in April 2012 shareholders renewed the annual authority 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 strong demand for the Company's shares resulting in the issue of 10.146 million new Ordinary shares representing 9.1% 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 2013. 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.

Gearing

At the year end total borrowings amounted to the equivalent of £146.0 million all drawn in Yen representing 10.1% of net assets. At the year end the proportion of net assets invested in equities was 104% (2011 - 105%).

Directorate

As I stated in the Half-Yearly Report last August, Ms Marcia Campbell joined the Board in April 2012 and I am now pleased to report that Ms Campbell has agreed to become Chairman of the Audit Committee with effect from the end of the AGM on 11 April 2013. Mr Shedden will stand down as Chairman of the Audit Committee from that date but will remain a member of the Audit Committee.

Annual General Meeting

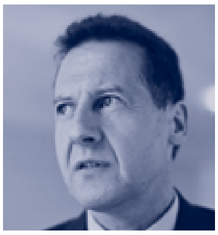
This year's Annual General Meeting will be held in Glasgow on 11 April 2013 at 12.30 p.m. at the Radisson Blu Hotel, 301 Argyle Street, Glasgow G2 8DL. As at previous AGMs, there will be a presentation from the Manager and an opportunity to meet the Directors and Manager and ask questions. I would be 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

Reviewing a year when so much happened yet arguably so little changed, our deep rooted concerns over the global investment backdrop remain unchanged. The bank and sovereign bailouts facilitated by quantitative easing in the Developed World leaves a growth restraining debt legacy that will persist for years. It is unclear what the impact on Central Bank credibility and integrity will be in the long run from these policies. Furthermore there is little in economic and financial history to guide judgments about the effects on currencies and capital markets of policies implemented on this scale. The challenge going forward will be to consolidate and preserve capital against such an uncertain backdrop, whilst simultaneously securing sustainable income growth. Sound balance sheets and strong business models characterise the holdings in the Trust's portfolio. These qualities, in combination with diversified sources of income growth, will continue to be features of the portfolio. We believe this approach offers the best formula for navigating the current circumstances.

Kevin Carter
Chairman
26 February 2013

Manager's Review



Bruce Stout
Senior Investment Manager

Background

"Not worth the paper it is written on". The derogatory inference of such diction translates into most languages around the world. A university degree awarded without passing exams, a licence granted where standards are not met or a certificate of excellence when only mediocrity prevails are familiar symptoms of the same disease. All compromise integrity and ultimately erode trust. Unfortunately such universal recognition of basic common sense remained distant from Western politicians and policymakers as they intensified their efforts to convert their currencies into confetti. For, without doubt, the process of quantitative easing, or printing money in straight-talking vernacular, dominated the economic landscape over the past twelve months. Extolling the virtues of fiscal prudence and economic austerity, Central Banks conducted the rhetoric of resolve and restraint, but behind the scenes the monetary printing presses provided the orchestral support for evolving events. Seemingly neither concerned nor embarrassed by flooding financial markets with extra liquidity, government balance sheets deteriorated further. Effectively paralysed by political campaigning in a Presidential election year, American policymakers watched impotently as outstanding liabilities reached record highs and external funding options evaporated. The issuing entity of US government debt, namely the US Federal Reserve, increasingly became the only purchaser of US government debt. Extending experimentation with unorthodox monetary policy also prevailed in the UK, and in Japan where policymakers flooded their domestic economy with billions of extra Yen. Even German resolve was ultimately broken. Devoid of proven policy measures to address escalating insolvency concerns over member states, the European Central Bank finally reneged on previous promises and joined the global gang of monetary junkies. Growing social resentment towards austerity and reluctance to implement unpopular debt-reduction policies lay behind such softening attitudes of Western Finance Ministers. As the pain of deleveraging within democracies increasingly threatened political tenure, the easy option was embraced. 2012 witnessed worrying acceptance to go down this path for the debt-infested developed world. By year end, unorthodox policy in the form of quantitative easing was being trumpeted as the New Orthodoxy. For any rational observer, such arrogance invokes unreserved revulsion. History dictates that currency debasement is always the end result for persistent printing of money because all respect, integrity and trust in the paper it is written on are eventually lost. Such economic vandalism must stop, and soon, if credibility is to be restored to the Western financial system. Thankfully not all nations displayed such economic irresponsibility. Prudent fiscal and monetary policy management enabled numerous countries in Asia and Latin America to prosper. Financed by abundant domestic savings and strong direct investment inflows, long term competitive fundamentals continued to improve. Here, traditional macro-economic management prevailed, ensuring positive longer term stability for rising real incomes, consumption and share of global output. Such trends again proved beneficial for overall investment returns.

Unperturbed by uncertainty and potentially destabilising debt dynamics, stock markets generally thrived on the rising wave of global liquidity. Regionally, Asia recorded the largest gains in Sterling terms as investors poured money into perceived growth assets. Somewhat ironically this occurred against a backdrop of slowing GDP growth for many Asian economies, but with market returns of +25%, +23% and +18% from Singapore, Hong Kong and China respectively, hope triumphed over reality. Artificial suppression of US and UK bond yields forced savers to seek out higher returning assets, contributing to above average returns of 11% and 10% from North America and UK equities. The quality underlying European equity returns was not great as rising liquidity fuelled speculation that many of Europe's most heavily indebted companies stood better chances of survival. Preferring to hold quality companies in defensive businesses cost relative performance, but solid capital gains enhanced overall returns. Domestic stock market strength in Japan was largely offset by currency weakness, resulting in yet another disappointing year for Japanese returns in Sterling terms. The +3.3% gain proved one of the lowest in the world. Total return diversity in Latin America witnessed one of the widest spreads ever recorded. Sustainable, improving domestic macro-economic fundamentals in Mexico undoubtedly contributed to the domestic market's rise of +24%, whereas slowing global growth and periodic rising risk aversion pressurised Brazilian equities to decline -4% in Sterling terms. Latin America's overall regional return of under 3% proved very disappointing relative to strong prevailing corporate fundamentals.

Performance

The Net Asset Value Total Return for the year to 31 December 2012 with net dividends reinvested was 14.0% compared with a return on the benchmark of 11.4%. A full attribution analysis is given on page 19 which details the various influences on portfolio performance. In summary, of the 175 basis points (before expenses) of performance above the benchmark, asset allocation added 2 basis points and stock selection contributed 173 basis points. Structural effects relating to the fixed income portfolio and gearing, net of borrowing and hedging costs, added a further 84 basis points of positive relative performance.

USA

In the operational and policy vacuum that accompanies a US Presidential election year, fundamental economic improvement is usually unlikely. From this perspective, the past twelve months did not disappoint. Eight years have elapsed since US house prices peaked and started falling yet recovery remained as elusive as ever. Unemployment remained stubbornly above eight per cent for the fourth consecutive year and real income growth contracted to its lowest level in a decade. Orthodox economic policy remained paralysed and redundant. Following a decade of excessive monetary and fiscal abuse, the world's biggest debtor nation edged closer towards insolvency as politicians repeatedly shirked budget responsibilities. Procrastination ruled as gridlock prevailed, keeping investors on edge throughout. The Achilles heel of fiscal sustainability centred on dwindling sources of foreign capital which previously financed debt liabilities amassed over forty years of running excessive budget and current account deficits. As ten year US Treasury bond yields declined to all time historical lows of 1.5%, financing from surplus foreign capital dried up. Without domestic savings to plug the gap, the Federal Reserve's Hobson's choice was to become buyer of last resort. Like vultures patiently waiting for a discarded carcass, the rating agencies looked set to savage US credit worthiness. In the event, further downgrades were not forthcoming.... for now! Unfortunately, in the absence of any fiscal retrenchment or consensual political will to resolve fundamental structural economic imbalances, greater uncertainty dominates the outlook going forward. Can America achieve meaningful fiscal adjustment without plunging the economy into recession? Will the $16.4 trillion debt ceiling be raised to accommodate such fiscal largesse? Can US sovereign debt withstand further downgrades without having a materially negative impact on domestic interest rates? Most important, how hard will such fiscal malaise impact growth, employment, confidence and US corporate profitability over the next few years. Patience is wearing thin and time is most certainly not on America's side. US investment exposure remained focused on truly international companies with significant earnings growth potential overseas. Within a North American regional context, a new position in Potash Corporation of Saskatchewan, the world's leading natural fertilizer company, was built up throughout the year.

UK

Economic inertia dominated the UK financial backdrop throughout 2012. Basking in smugness at Europe's pain, traditionalists sought solace in others discomfort, but as deleveraging gathered momentum, Europe's problem increasingly became the UK's problem. Given the similarity of debt-related structural weaknesses that exist, this was hardly surprising. Anaemic growth, declining living standards, high unemployment, bloated fiscal deficits and crippled banking systems are just some of the less salubrious characteristics Britain shares with its fellow Europeans. Unfortunately, all contributed to an undistinguished year for the UK economy. From an historical perspective, it proved very concerning indeed. UK base interest rates remained close to zero, the lowest level since the Bank of England's inception in 1694, some 319 years ago. Reflecting a stagnant economy, characterised by exhausted monetary policy and crippling debt-servicing obligations, responsible savers continued to be punished by the previous profligacy of others. Adding insult to injury, the largest trade deficit for decades provided evidence of slower export demand from Europe and inelasticity of rapidly rising energy imports. That Sterling stayed strong as external imbalances intensified was a mystery. The much publicised crusade to restore fiscal fundamentals yielded marginal improvements on yearly budget imbalances but the UK Plc's overall balance sheet expanded further. Total outstanding debt reached unprecedented levels, negatively impacted by the Monetary Policy Committee's obsession with printing money. Businesses struggled in such hostile conditions. Over fifty High Street retailers declared bankruptcy as trading conditions deteriorated. Exporters experienced margin erosion from fierce international price competition and households endured a torrid time as real disposable incomes were squeezed by higher food, energy and travel costs. Without growth, which for the beleaguered UK economy remains unforthcoming, an uncertain future in unfamiliar territory darkens investment prospects going forward. Portfolio exposure emphasised companies with extensive overseas earnings and growth potential, but overall cautiousness towards future prospects prevented any additional investment.

Europe

Previously labelled the epicentre of global systemic financial risk, the Eurozone surprised many sceptics by surviving intact for another twelve months. As sensational escape acts go, peripheral Europe's performance was nothing short of "Harry Houdini-esque" in proportions. Domestic bond markets in Spain, Portugal and Greece began the year discounting imminent default, yet somehow managed to survive. Their saviour proved to be a radical shift in direction of European Central Bank policy. German resilience crumbled as non-conventional bailout measures were introduced, completely contradicting previously held beliefs of thrift and prudence. Over one trillion Euros of "synthetic" liquidity was created through quantitative easing and unleashed upon the financial system. Designed to buy time for dysfunctional banks and insolvent sovereign debtors, such policy capitulation carried with it the passport to moral bankruptcy, yet dissenting voices were few and far between. Disorderly default was avoided, fears over Eurozone collapse subsided and some degree of functionality was restored to credit markets. But at what cost to the credibility of European policymakers and the promises they make? Whilst technocrats fought the fires threatening systemic financial meltdown, Rome, Madrid, Lisbon and Athens sometimes literally burned. An intensification of strikes, social unrest and violence reminded the watching world that punitive austerity does not sit comfortably with democracy. Deep social wounds reopened as unemployment reached record levels. Demands for less austerity and prolonged debt-servicing payment terms gathered momentum as union leaders, industrialists, academics and even the IMF publically voiced concerns over the severity of budget cuts. Clearly more imaginative thinking was, and still is, required on sustainable debt reduction over much longer timescales if economic progress is to be restored. Does democracy possess such patience? We will see. Not surprisingly confidence and sentiment towards Europe endured a torrid, roller-coaster ride as tensions ebbed and flowed. Market strength was significantly impacted by low quality financials recovering from the brink of extinction, so European portfolio performance lagged broader benchmarks. This was of little concern, since strategic focus was and will continue to be, on high quality companies such as Roche, Novartis and Nestlé where arguably macro-economic instability in Europe is less likely to be felt.

Latin America

With so much of the world suspended in macro-economic purgatory, it is comforting to reflect on a region where macro-economic orthodoxy prevails. In Latin America, active fiscal policy, active monetary policy and the credit cycle remained alive and well. Confidently negotiating a Presidential campaign and change of government in July, Mexican economic activity never missed a beat throughout. Guided by strong, independent Central Bank management, economic growth remained above trend, inflation stayed well under control, foreign exchange reserves climbed to record highs and sovereign bond yields trended lower. Financial market fiscal year returns showed the Mexican peso up 4% against Sterling and a +62% total return from portfolio exposure. Never as flamboyant nor extravert as many of its Latin American neighbours, Mexico again delivered a predictable result that the highly indebted developed world could only dream of. Potential energy sector reforms, proposals for a Free Trade Agreement with Brazil and transparent corporate earnings and dividend growth support interesting future investment opportunities. In Brazil, both monetary and fiscal policy remained in accommodative mode. The downward descent of interest rates continued unabated, improving the outlook for capital investment, bank lending and consumption. Commodity exports of iron ore and precious metals suffered from softening international demand, but fuelled by capital spending projects for the Football World Cup in 2014 and Olympics in 2016, infrastructure investment remained robust. Bouts of currency weakness and periodic, politically-induced risk aversion prevented positive financial returns in Sterling terms from Brazilian equities over the period but prospects are improving. Solid wage growth, near record employment levels, historically low interest rates and greater availability of credit suggest pro-cyclical forces are poised to gather momentum. Should the government adopt a more conciliatory attitude towards partially state-owned business interests, the picture may become even brighter. Either way, scope exists for corporate Brazil to surprise on the upside in 2013 in terms of earnings and dividends. Exposure was added to existing positions in Vale, one of the world's lowest-cost commodity producers, and Petrobras, Brazil's largest oil company. Strategic portfolio diversification through exposure to Latin America will remain a valued component of overall investment strategy going forward.

Japan and Asia

Uncertainty from enormous social and economic dislocations associated with the tsunami twenty four months ago still reverberated around Japanese society in 2012. The structural plight of Japan's deflationary economy deteriorated further following a brief period of respite from rebuilding and reconstruction. Economic growth declined, incomes and prices declined and exporters squealed as continued currency strength curbed their international competitiveness. Sustainable corporate profitability proved problematic to project against a backdrop of inflated comparisons with 2011's rebound. Corporate dividends remained essentially unchanged as companies contemplated an onerous and opaque outlook. Towards year end the Bank of Japan yielded to popular demands for action by flooding financial markets with increased liquidity through further debt monetisation (printing money). Such blatant policy manipulation in pursuit of a weaker Yen proved popular and successful in the short term, but carries with it great risk. Rising supply concerns coupled with rising bond yields could potentially destabilise the Japanese bond market. Given Japan's enormous outstanding public sector debt, funding risk from domestic savings could increasingly distort financial markets in future.

The scarcity of Western economic growth prompted many investors to focus on the East. Interpreting changing growth dynamics in China and India dominated macro-economic analysis, often to the detriment of progress being made elsewhere. Rising real incomes and consumption growth kept Malaysia, Thailand and Indonesia growing at rates not witnessed in the West since the 1950's! Sovereign wealth funds expanded from surplus savings, sovereign credit quality improved throughout the region and currencies remained competitive. The only real fly in the ointment was lower than expected corporate profit and dividend growth. Many Asian companies experienced margin pressure from intensely competitive global pricing. Weaker export markets in Europe and the United States negatively affected volumes, causing constraints on revenue growth. Asia's strict adherence to pay-out ratios on net earnings meant lower dividends from those companies worst affected. Despite this, equity markets rose strongly, based on increased liquidity and expanding valuations. Whilst partially justifiable on the basis that markets tend to "anticipate" better profits ahead, Asian equities are no longer cheap on an absolute or relative basis. The challenge for this year will be to secure both quality earnings and dividend growth at attractive prices.

Conclusion

Corruptio Optimi Pessima. "The worst of all is the corruption of the best". When sentiment towards an asset class becomes universally one dimensional, the dangers associated with change become extreme. To conventional wisdom it seems irrelevant that the United States and the UK possess the worst debt-related fundamentals ever in their history. To conventional wisdom these countries are perceived as the safest of safe havens, so never have their bond prices been so high and their bond yields so low. Yet never have they printed so much money with such blatant disregard for its integrity, nor possessed such hideously over-indebted fundamentals. What happens when such conventional wisdom of being perceived as "the best" wakes up to the reality of actually being amongst "the worst"? There is no precedent within fixed income history to assess the likely damage, but significant sums of money will be lost. Quite simply, sovereign bonds in the developed world appear ludicrously expensive relative to cripplingly negative fundamentals, yet no-one seems to care. A lethal cocktail of unparalleled levels of global debt and unparalleled global money printing, shaken and stirred by numerous financial indicators at multi-century highs/lows, suggests a global fixed income hangover is fast approaching. Perhaps the toughest investment strategy to implement going forward is how to preserve capital in a world of rising bond yields. That is the challenge for this year and beyond. Towards this end, gross assets will remain predominately exposed to equities, with continued emphasis on high quality companies. Balance sheet strength to fund internal growth and reward shareholders with increasing dividends remains extremely important for companies seeking to protect themselves from prevailing macro-economic hostilities. Such strategic exposure will remain at the core of capitalising on investment opportunities going forward.

Bruce Stout
Aberdeen Asset Managers Limited
Investment Manager
26 February 2013

Results

Financial Highlights

	31 December 2012	31 December 2011	% change
Total assets less current liabilities (before deducting prior charges)	£1,343,768,000	£1,176,582,000	
Equity shareholders' funds (Net Assets)	£1,192,243,000	£999,252,000	
Share price – Ordinary share (mid market)	1048.0p	916.5p	+14.3
Share price – B Ordinary share (mid market)	1107.5p	890.0p	+24.4
Net Asset Value per Ordinary and B Ordinary share	975.8p	892.2p	+9.4
Premium to Net Asset Value on Ordinary shares	7.4%	2.7%	
Gearing (ratio of borrowings less cash to shareholders' funds)			
Net gearing[A]	10.1%	13.9%	
Dividends and earnings per Ordinary share			
Revenue return per share	39.8p	43.6p	–8.7
Dividends per share[B]	40.5p	37.0p	+9.5
Dividend cover (including proposed final dividend)	0.98	1.18	
Revenue reserves[C]	£64,631,000	£62,886,000	
Ongoing charges[D]			
Excluding performance fee	0.71%	0.75%	
Including performance fee	1.02%	1.16%	

[A] Calculated in accordance with AIC guidance "Gearing Disclosures post RDR" (see definition on page 64).
[B] The figure for dividends per share reflects the years in which they were earned (see note 8 on pages 47 and 48) and assuming approval of the 13.5p (2011 – 13.0p) final dividend.
[C] The revenue reserve figure does not take account of the third interim and final dividends amounting to £10,915,000 and £16,631,000 respectively (2011 – £8,891,000 and £14,659,000).
[D] Ongoing charges are calculated in accordance with recent guidance issued by the AIC as the total of the investment management fee and administrative expenses divided by the average cum income net asset value throughout the year. The figures for 2011 have been restated accordingly.

Performance (total return)

	1 year % return	3 year % return	5 year % return	10 year % return
Share price[A]	+19.0	+53.3	+90.4	+410.3
Net asset value per Ordinary and B Ordinary share	+14.0	+42.0	+60.1	+293.2
Benchmark	+11.4	+22.2	+17.3	+125.6

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

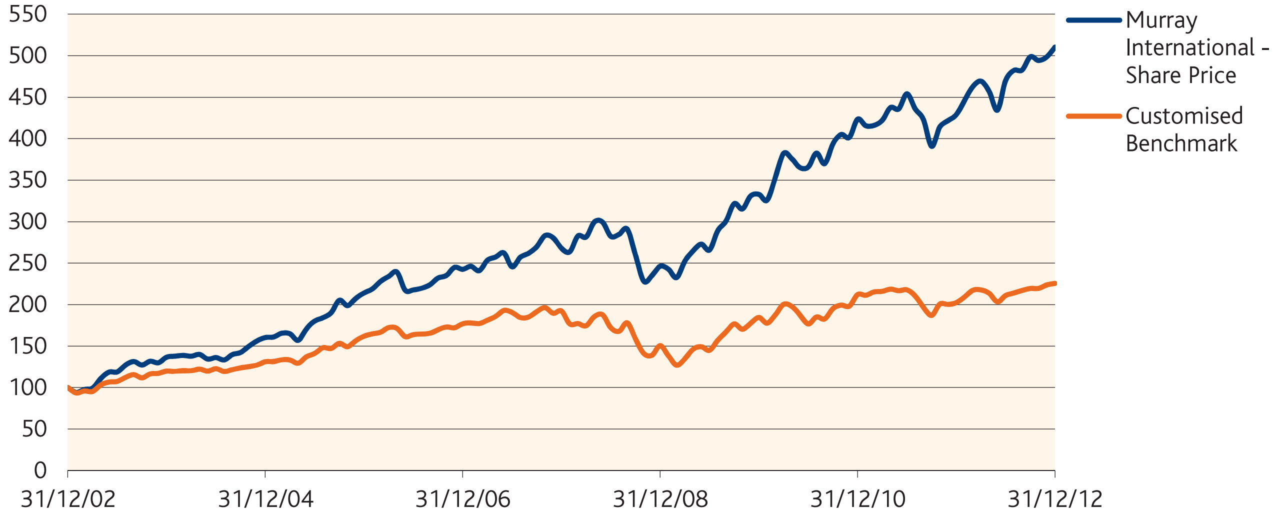
Dividends

	Rate	xd date	Record date	Payment date
1st interim	9.0p	11 July 2012	13 July 2012	16 August 2012
2nd interim	9.0p	10 October 2012	12 October 2012	15 November 2012
3rd interim	9.0p	02 January 2013	04 January 2013	18 February 2013
Proposed final	13.5p	03 April 2013	05 April 2013	16 May 2013
Total dividends	**40.5p**			

Performance

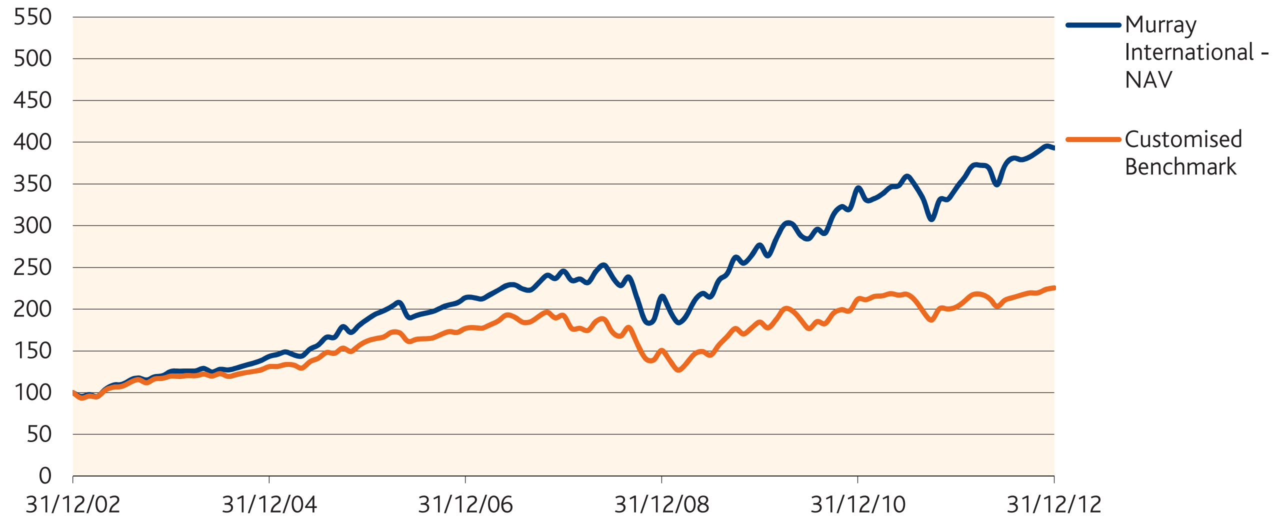
Share Price Total Return rebased to 100 (with net dividends reinvested)

Ten years to 31 December 2012



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

Ten years to 31 December 2012



Ten Year Financial Record

Year ended	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total revenue (£'000)	16,793	19,366	21,922	24,566	26,776	32,242	36,571	46,607	55,128	55,141
Per Ordinary share (p)										
Net revenue return[A]	13.1	15.6	17.4	19.5	21.0	24.7	29.2	38.2	43.6	39.8
Dividends[B]	16.3	16.3	17.3	19.0	21.0	23.2	27.0	34.5	37.0	40.5
Net asset value per Ordinary/B Ordinary share[C]	424.2	471.8	597.5	660.7	736.8	625.8	772.9	930.5	892.2	975.8
Shareholders' funds (£'000)	371,392	413,322	523,633	579,268	646,237	568,827	741,813	967,676	999,252	1,192,243

[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 page 51).

Investment Portfolio – Twenty Largest Investments

As at 31 December 2012

Company	Country	Valuation 2012 £'000	Total assets[A] %	Valuation 2011 £'000
1 (1) British American Tobacco[B]				
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	57,647	4.3	52,539
2 (9) 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	52,521	3.9	26,934
3 (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	51,824	3.9	44,259
4 (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	42,488	3.2	42,010
5 (6) Vale do Rio Doce[C]				
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	39,385	2.9	28,275
6 (5) 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	39,299	2.9	28,889
7 (-) Kimberly Clark de Mexico				
Kimberly Clark de Mexico manufactures, markets and distributes consumer, industrial and institutional hygiene products. The company produces diapers, toilet paper and facial tissues, that it distributes and sells throughout Mexico.	Mexico	36,223	2.7	21,235
8 (18) 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	35,721	2.7	22,167
9 (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	34,994	2.6	28,272
10 (12) 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	32,996	2.4	24,836
Top ten investments		**423,098**	**31.5**	

[A] See definition on page 64.

[B] Holding comprises UK and Malaysia securities split £34,331,000 (2011 – £33,610,000) and £23,316,000 (2011 – £18,929,000).

[C] Holding comprises equity and fixed income securities split £28,709,000 (2011 – £18,018,000) and £10,676,000 (2011 – £10,257,000).

Investment Portfolio – Twenty Largest Investments continued

Company	Country	Valuation 2012 £'000	Total assets[A] %	Valuation 2011 £'000
11 (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	32,148	2.4	29,083
12 (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	31,470	2.3	28,180
13 (-) Royal Dutch Shell				
Royal Dutch Shell, through numerous international subsidiaries and global partnerships, explores for and produces oil, gas and petroleum products. In addition to producing fuels, chemicals and lubricants, the company owns and operates petrol filling stations worldwide.	UK	29,580	2.2	21,227
14 (-) Fomento Economico Mexicano				
Fomento Economico Mexicano (FEMSA) produces, distributes and markets non-alcoholic beverages throughout Latin America as part of the Coca Cola system. The company also owns and operates OXXO convenience stores in Mexico and Colombia and holds a stake in the Heineken brewing company.	Mexico	29,114	2.2	21,067
15 (16) 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	28,361	2.1	23,459
16 (-) Singapore Telecommunications				
Singapore Telecommunications Limited is a communications company providing a diverse range of communications services including fixed-line telephony, mobile, data, internet, satellite and pay television. The company operates throughout the Asian Pacific region.	Singapore	27,922	2.1	20,548
17 (-) ENI				
ENI explores for and produces hydrocarbons in Italy, Africa, the North Sea, the Gulf of Mexico, Kazakhstan and Australia. In addition to producing and processing natural gas, the company owns and operates an extensive pipeline network.	Italy	27,816	2.1	14,166
18 (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	27,678	2.1	26,388
19 (-) Total				
Total is a fully integrated international energy company involved in exploration, production, refining, transportation and marketing of oil and natural gas.The company also operates a chemical division which produces polypropylene, polyethylene, polystyrene, rubber, paint, ink, adhesives and resins.	France	27,519	2.0	15,315
20 (-) Roche Holdings				
Roche Holdings develops and manufactures pharmaceutical and diagnostic products. The company produces prescription drugs in the areas of cardiovascular, respiratory diseases, dermatology, metabolic disorders, oncology and organ transplantation.	Switzerland	27,206	2.0	18,612
Top twenty investments		**711,912**	**53.0**	

[A] See definition on page 64.

The value of the 20 largest investments represents 53.0% (2011 – 48.3%) 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 2012

Company	Country	Valuation 2012 £'000	Total assets[A] %	Valuation 2011 £'000
Nordea	Sweden	25,839	1.9	21,951
Wing Hang Bank	Hong Kong	24,872	1.9	14,923
Daito Trust Construction	Japan	24,584	1.8	17,636
Casino	France	24,554	1.8	16,689
Zurich Financial Services	Switzerland	24,528	1.8	21,934
Potash Corporation of Saskatchewan	Canada	23,904	1.8	–
Banco Bradesco[D]	Brazil	23,707	1.8	23,616
China Mobile	China	23,639	1.8	20,738
Weir Group	UK	23,002	1.7	24,875
Public Bank	Malaysia	22,898	1.7	18,585
Top thirty investments		**953,439**	**71.0**	
Johnson & Johnson	USA	22,856	1.7	22,355
Petrobras ADR	Brazil	22,571	1.7	24,184
Novartis	Switzerland	22,395	1.6	15,151
Pepsico	USA	21,052	1.6	21,343
Hindustan Unilever	India	20,610	1.5	17,228
HSBC	UK	20,054	1.5	15,223
QBE Insurance Group	Australia	19,439	1.4	18,623
GDF Suez	France	15,901	1.2	9,680
Astellas Pharmaceutical	Japan	14,594	1.1	13,829
Canon	Japan	14,258	1.1	17,061
Top forty investments		**1,147,169**	**85.4**	
Nestlé	Switzerland	14,020	1.0	15,592
Wilson & Sons	Brazil	13,954	1.0	13,040
Centrica	UK	13,344	1.0	15,044
Portugal Telecom 4.5% 16/06/2025	Portugal	13,176	1.0	9,006
PTT Exploration and Production	Thailand	13,153	1.0	23,984
Vodafone Group	UK	12,974	1.0	15,028
AstraZeneca	UK	12,802	1.0	13,090
Swire Pacific B	Hong Kong	12,715	0.9	13,615
Oversea-Chinese Bank	Singapore	12,251	0.9	9,714
Belgacom	Belgium	11,408	0.8	12,836
Top fifty investments		**1,276,966**	**95.0**	
Hypermarcas 6.5% 20/04/2021	USA	10,653	0.8	9,137
Telefonica Emisiones 5.375% 02/02/2018	UK	10,498	0.8	9,758
Republic of Venezuela 8.5% 08/10/2014	USA	7,530	0.6	7,181
Republic of Indonesia 10% 15/02/2028	Indonesia	6,670	0.5	6,831
Republic of Indonesia 9.5% 15/07/2023	Indonesia	6,548	0.5	6,842
Federal Republic of Brazil 11% 17/08/2040	USA	3,082	0.2	3,410
General Accident 7.875% Cum Irred Pref	UK	2,938	0.2	2,616
Santander 10.375% Non Cum Pref	UK	2,647	0.2	1,819
Total investments		**1,327,532**	**98.8**	
Net current assets		**16,236**	**1.2**	
Total assets[A]		**1,343,768**	**100.0**	

[A] See definition on page 64.

[D] Holding comprises equity and fixed income securities split £14,319,000 (2011 – £14,382,000) and £9,388,000 (2011 – £9,234,000).

Summary of Net Assets

	Valuation 31 December 2012 £'000	%
Equities	1,243,725	104.3
Fixed income	83,807	7.0
Other net assets	16,236	1.4
Prior charges (see definition on page 64)	(146,189)	(12.3)
Other long term liabilities	(5,336)	(0.4)
Equity shareholders' funds	**1,192,243**	**100.0**

Summary of Investment Changes During the Year

	Valuation 31 December 2012 £'000	%	Appreciation/ (depreciation) £'000	Transactions £'000	Valuation 31 December 2011 £'000	%
Equities						
United Kingdom	177,556	13.2	3,785	7,494	166,277	14.2
North America	134,954	10.0	4,066	10,127	120,761	10.3
Europe ex UK	221,186	16.5	9,447	36,285	175,454	14.9
Japan	53,436	4.0	(1,700)	(7,482)	62,618	5.3
Asia Pacific ex Japan	351,319	26.1	35,321	21,209	294,789	25.1
Latin America	305,274	22.7	43,363	27,347	234,564	19.8
	1,243,725	92.5	94,282	94,980	1,054,463	89.6
Fixed income						
United Kingdom	16,083	1.2	2,043	(10,562)	24,602	2.1
Europe ex UK	13,176	1.0	4,084	86	9,006	0.8
Asia Pacific ex Japan	13,218	1.0	(466)	11	13,673	1.2
Latin America	41,330	3.1	1,438	673	39,219	3.3
	83,807	6.3	7,099	(9,792)	86,500	7.4
Other net assets	16,236	1.2	(19,383)	–	35,619	3.0
Total assets[A]	**1,343,768**	**100.0**	**81,998**	**85,188**	**1,176,582**	**100.0**

[A] See definition on page 64.

Attribution Analysis

Year to 31 December 2012

	Company		Benchmark		Contribution from:		
	Weight %	Return %	Weight %	Return %	Asset Allocation %	Stock Selection %	Total %
UK	14.3	6.7	40.0	10.6	0.2	–0.6	–0.4
Europe ex UK	20.0	10.5	11.7	17.8	0.2	–1.1	–0.9
North America	10.8	7.1	33.3	10.7	0.1	–0.3	–0.2
Japan	4.3	0.9	4.9	3.3	–	–0.1	–0.1
Asia Pacific ex Japan	28.3	16.4	7.4	17.7	0.5	0.4	0.9
Africa & Middle East	–	–	1.0	11.5	–	–	–
Latin America	22.3	22.7	1.7	2.9	–1.0	3.4	2.4
Gross equity portfolio return	100.0	13.2	100.0	11.4	0.0	1.7	1.7
FX Instruments, fixed interest, cash and gearing effect		1.7					
Net portfolio return		14.9					
Management fees and administrative expenses		–0.7					
Performance fee		–0.4					
Tax charge		–0.3					
Share issuance effect		0.7					
Technical differences		–0.2					
Total return		**14.0**		**11.4**			

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

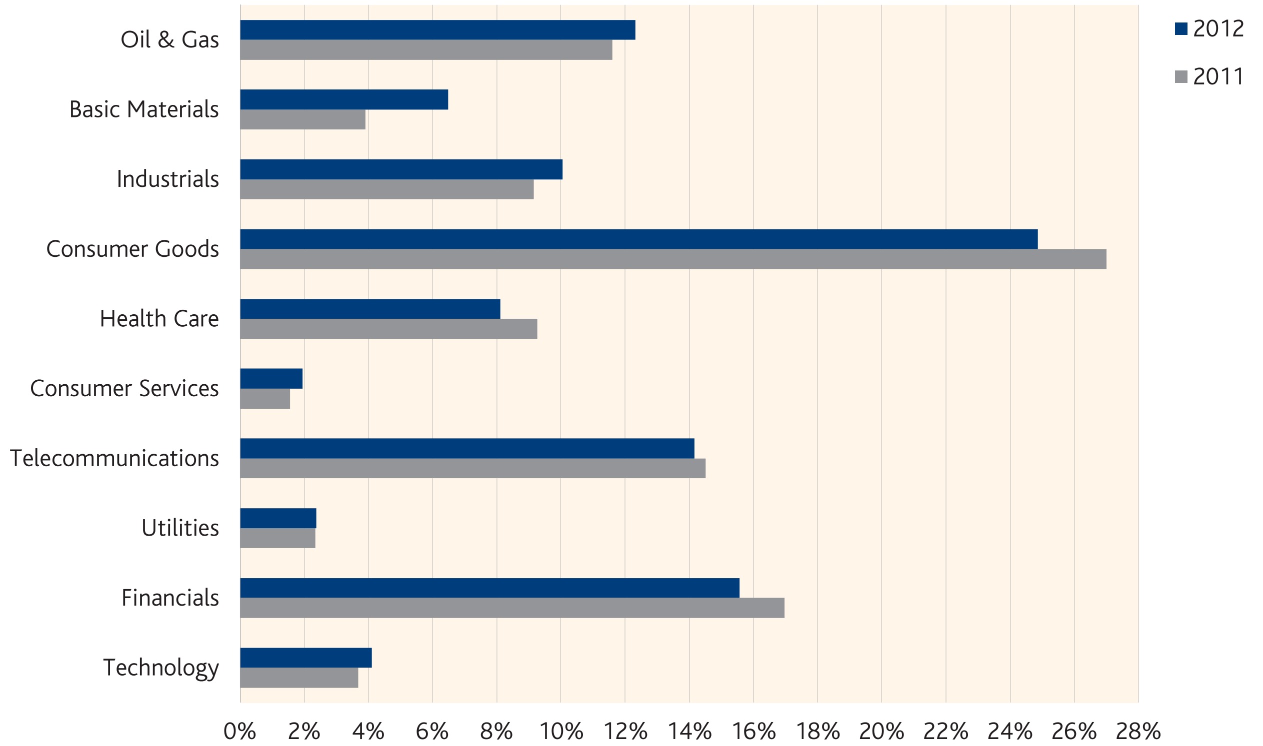
Year to 31 December 2012

Sector/Area	United Kingdom %	North America %	Europe ex UK %	Japan %	Asia Pacific ex Japan %	Latin America %	2012 Total %	2011 Total %
Oil & Gas	**2.2**	**–**	**4.2**	**–**	**3.5**	**1.7**	**11.6**	**10.4**
Oil & Gas Producers	2.2	–	4.2	–	3.5	1.7	11.6	10.4
Basic Materials	**–**	**1.8**	**–**	**–**	**–**	**4.2**	**6.0**	**3.5**
Chemicals	–	1.8	–	–	–	–	1.8	–
Industrial Metals & Mining	–	–	–	–	–	2.1	2.1	2.0
Mining	–	–	–	–	–	2.1	2.1	1.5
Industrials	**1.7**	**–**	**–**	**1.8**	**0.9**	**4.9**	**9.3**	**8.2**
Construction & Materials	–	–	–	1.8	–	–	1.8	1.5
General Industrials	–	–	–	–	0.9	–	0.9	1.2
Industrial Engineering	1.7	–	–	–	–	–	1.7	2.1
Industrial Transportation	–	–	–	–	–	4.9	4.9	3.4
Consumer Goods	**2.5**	**4.1**	**1.0**	**–**	**6.4**	**8.7**	**22.7**	**24.2**
Beverages	–	1.5	–	–	–	2.2	3.7	3.6
Food Producers	–	–	1.0	–	–	–	1.0	3.0
Personal Goods	–	–	–	–	4.7	2.7	7.4	6.9
Tobacco	2.5	2.6	–	–	1.7	3.8	10.6	10.7
Health Care	**1.0**	**1.7**	**3.7**	**1.1**	**–**	**–**	**7.5**	**8.3**
Pharmaceuticals & Biotechnology	1.0	1.7	3.7	1.1	–	–	7.5	8.3
Consumer Services	**–**	**–**	**1.8**	**–**	**–**	**–**	**1.8**	**1.4**
Food & Drug Retailers	–	–	1.8	–	–	–	1.8	1.4
Telecommunications	**1.0**	**2.4**	**0.9**	**–**	**6.8**	**2.1**	**13.2**	**13.0**
Fixed Line Telecommunications	–	2.4	0.9	–	–	2.1	5.4	5.8
Mobile Telecommunications	1.0	–	–	–	6.8	–	7.8	7.2
Utilities	**1.0**	**–**	**1.2**	**–**	**–**	**–**	**2.2**	**2.1**
Gas Water & Multiutilities	1.0	–	1.2	–	–	–	2.2	2.1
Financials	**3.8**	**–**	**3.7**	**–**	**5.8**	**1.1**	**14.4**	**15.2**
Banks	3.8	–	1.9	–	4.4	1.1	11.2	10.5
Nonlife Insurance	–	–	1.8	–	1.4	–	3.2	4.6
Real Estate	–	–	–	–	–	–	–	0.1
Technology	**–**	**–**	**–**	**1.1**	**2.7**	**–**	**3.8**	**3.3**
Technology Hardware & Equipment	–	–	–	1.1	2.7	–	3.8	3.3
Total equities	**13.2**	**10.0**	**16.5**	**4.0**	**26.1**	**22.7**	**92.5**	**89.6**
Fixed income	**1.2**	**–**	**1.0**	**–**	**1.0**	**3.1**	**6.3**	**7.4**
Total investments	**14.4**	**10.0**	**17.5**	**4.0**	**27.1**	**25.8**	**98.8**	**97.0**
Other net current assets							**1.2**	**3.0**
Total assets[A]							**100.0**	**100.0**

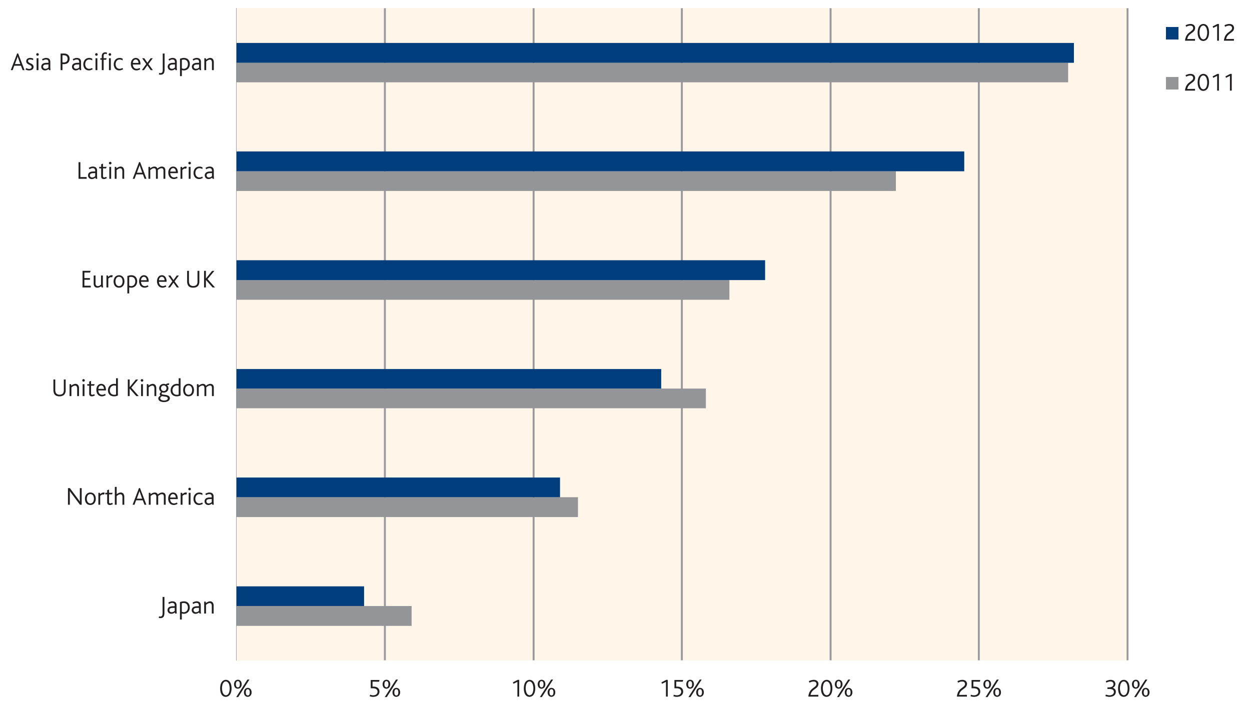
[A] See definition on page 64.

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 2012 had approximately £193.4bn of assets under management. It manages assets on behalf of a wide range of clients including 43 investment companies and other closed-ended funds, which had combined total assets of over £9.5bn.

The Manager has its headquarters in Aberdeen and invests globally, operating from over 30 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 and the Global Equity Team

Bruce Stout and Aberdeen's Global Equity team are responsible for managing the Murray International Trust PLC. The investment management team is responsible for the construction of global equity portfolios. 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 management team at Aberdeen led by 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 management team led by 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.

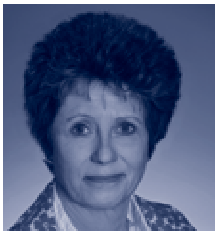
As well as market price risk inherent in all portfolio investment, Murray International Trust is also exposed to risk from movements in foreign exchange rates and changes in interest rates. Market price risk is managed by strict adherence to parameters set for portfolio construction. The foreign exchange 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

Your 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: 26 April 2012
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: 15,000 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: 26 April 2012
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 is 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: 26 April 2012
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 previously 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: 26 April 2012
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: 3,850 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 (now part of Pinsent Masons). He was until 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: 26 April 2012
Committee member: Audit Committee (Chairman until 11 April 2013), 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: 9,227 Ordinary shares

Marcia Campbell

Status: Independent Non-Executive Director
Relevant experience and other directorships: She was until recently operations director at Ignis Asset Management having previously been group operations director and CEO Asia Pacific at Standard Life. She is a director of CNP Assurances in France.
Length of Service: She was appointed a Director on 27 April 2012
Last re-elected to the Board: N/A
Committee member: Audit Committee (Chairman from 11 April 2013), 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: 5,338 Ordinary shares

Directors' Report

The Directors submit their Annual Report together with the financial statements of the Company for the year ended 31 December 2012.

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, Lady Balfour of Burleigh and M Campbell and were the only Directors who served during the year.

Political and Charitable Donations

The Company has not made any political or charitable donations in the year (2011 - nil).

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. In common with most investment trusts, the Company has no employees. The Company is registered in Scotland with number SC006705.

The Company has been approved by HM Revenue & Customs as an investment trust for the purposes of Section 1158 of the Corporation Tax Act 2010 for the year ended 31 December 2011. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 December 2012 so as to be able to continue to obtain approval as an investment trust under Section 1158 of the Corporation Tax Act 2010 for that year, although approval for that year would be subject to review were there to be an enquiry under the Corporate Tax Self Assessment regime.

Results and Dividends

The total gain attributable to equity shareholders for the year amounted to £138.8 million.

A final dividend for the year ended 31 December 2011 of 13.0p per Ordinary share was paid on 16 May 2012. Interim dividends of 9.0p each were paid on 16 August 2012, 15 November 2012 and 18 February 2013 making a total distribution to Ordinary shareholders of £46.9 million. The Directors are recommending a final dividend for the year ended 31 December 2012 of 13.5p per Ordinary share payable on 16 May 2013 to holders of Ordinary shares on the register at close of business on 5 April 2013.

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 2013. 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. 11 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 2012 was 975.8p (2011 – 892.2p).

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 26 April 2012, 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 any purchase of shares by the Company will be made from the 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. 14 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. 14 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 18,466,967 Ordinary shares and 136,216 B Ordinary shares as at 26 February 2013). Such authority will expire on the date of the 2014 Annual General Meeting or on 30 June 2014, 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 2012 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. 12 in the Notice of Annual General Meeting which will be proposed as an Ordinary Resolution will, if passed, give the Directors the necessary authority to allot the unissued share capital up to an aggregate nominal amount of £3,102,599 (equivalent to 12,319,524 Ordinary shares and 90,871 B Ordinary shares or 10% of the Company's existing issued share capital at 26 February 2013), 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 2014, 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. 13 will, if passed, also give the Directors power to allot for cash equity securities up to an aggregate nominal amount of £3,102,599 (equivalent to 12,319,524 Ordinary shares and 90,871 B Ordinary shares or 10% of the Company's existing issued share capital at 26 February 2013), 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. 12. This authority will also expire on the date of the 2014 Annual General Meeting or on 30 June 2014, 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. 12 and 13 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 No. 13 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 are sold at a premium to Net Asset Value of not less than 0.5%.

The Directors consider that the authorities granted above are in the best interests of the 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 82,215 shares, representing approximately 0.07% of the Company's issued share capital as at 26 February 2013.

Share Capital

The issued Ordinary share capital at 31 December 2012 amounted to 121,283,242 Ordinary and 899,997 B Ordinary shares. Details of the changes in share capital during the year are provided in note 14 to the financial statements. On 18 February 2013 the issued B Ordinary share capital increased to 908,713 B Ordinary shares following the capitalisation issue of 8,716 B Ordinary shares in lieu of the third interim dividend. Between 31 December 2012 and the date of this report, a further 1,912,000 new Ordinary shares were issued for cash at a premium to the prevailing net asset value.

Share Interests

At 31 December 2012 the following share interests in the Company above 3% had been notified:

	Ordinary shares of 25p	% of Ordinary capital
Brewin Dolphin	11,413,664	9.3
Speirs & Jeffrey	8,630,777	7.0
Aberdeen Asset Managers Savings Plans (non disretionary)	8,413,025	6.8
Rathbones	6,548,975	5.3
Investec	5,933,627	4.8
Alliance Trust Savings	4,281,739	3.4
Legal & General	3,738,559	3.0

	B Ordinary shares of 25p	% of B Ordinary capital
Speirs & Jeffrey	244,223	26.9

There have been no significant changes to the above information notified between 31 December 2012 and 26 February 2013.

Directors

The Directors who held office during the year under review together with their interests are shown below. With the exception of Ms Campbell 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 Ms Campbell. Ms Campbell was appointed during the year and she retires in accordance with the Articles of Association of the Company at the Annual General Meeting and, being eligible, offers herself for re-election. An appropriate resolution 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 Ordinary share capital of the Company (Directors do not have any beneficial interests in the B Ordinary share capital) were as follows:

	31 December 2012 Beneficial	1 January 2012 Beneficial*
K J Carter	15,000	10,000
Lady Balfour of Burleigh	1,300	1,300
J D Best	47,500	47,500
P W Dunscombe	3,850	1,350
A C Shedden	9,132	8,576
M Campbell**	5,338	-

* Or subsequent date of appointment
** Appointed 27 April 2012

Mr A C Shedden's beneficial holding increased to 9,227 Ordinary shares by the acquisitions of 18, 59 and 18 Ordinary shares on 22 January 2013, 19 February 2013 and 22 February 2013 respectively. With the exception of these further disclosures, the above holdings were unchanged at 26 February 2013, 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 2012, 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.

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 is 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.

Borrowing facilities of JPY8.225 billion are scheduled to be repaid in June 2013. As part of the going concern review the Directors have requested that the Manager initiate discussions with potential lenders in order to agree the terms of a replacement loan facility. At this stage it is too early to finalise the terms, although the Company expects to receive acceptable terms closer to the expiry date. 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. If acceptable terms are not forthcoming, any outstanding amounts will be repaid through the proceeds of sales from the Company's portfolio.

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 (2011 - 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 2006 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 37;
- 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

Subsequent to the period end the Audit Committee conducted a tender for audit services. The Company's policy is to conduct a regular review of its audit arrangements and the last tender had taken place in 2004. Following a detailed and rigorous process involving large and medium-sized audit firms which culminated in presentations from the shortlisted firms, the Board, on the recommendation of the Audit Committee has resolved to recommend to shareholders the reappointment of Ernst & Young LLP at the forthcoming Annual General Meeting.

The auditor, Ernst & Young LLP, has expressed its willingness to continue in office. Resolution No. 9 to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting, along with Resolution No. 10 to authorise the Directors to fix their remuneration. During the year the auditor received £26,000 (+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
26 February 2013

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.

In October 2010 the Association of Investment Companies ("AIC") 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 2012.

The Board

The Board consists of six 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 2012 the Board met six 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, two 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 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*	6 (6)	2 (2)	n/a	3 (3)
Lady Balfour of Burleigh	6 (6)	2 (2)	3 (3)	4 (4)
J D Best	6 (6)	2 (2)	3 (3)	3 (4)
P W Dunscombe	6 (6)	2 (2)	3 (3)	4 (4)
A C Shedden	6 (6)	2 (2)	3 (3)	4 (4)
M Campbell***	4 (4)	0 (0)	2 (2)	2 (2)

* Dr Carter is not a member of either the Audit Committee or the Remuneration Committee but attended all Committee meetings by invitation
** excluding B Ord capitalisation and allotment meetings
*** Appointed 27 April 2012

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. During the year, the Board also employed the services of Law Debenture Governance Services Limited to carry out an external evaluation of the Board's and individual Directors' performance. The external consultant held individual meetings with each Director, with the consultant's report on the outcome being discussed with the Chairman of the Board and the Board as a whole. It is the Board's intention to use an external consultant to assist in the Board's performance evaluation at least every three years. As part of the Directors' evaluation process the training needs of Directors, if any, were discussed and agreed.

The Board and Nomination Committee have also reviewed the Chairman's and Directors' other commitments and are satisfied that the Chairman and other Directors are capable of devoting sufficient time to the Company and contribute to the effective running of the Company. 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.

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
Ms M Campbell
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 an additional Director using the services of Fletcher Jones Limited as its external recruitment consultant. The Committee identified the specifications for the new Director 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 Ms Marcia Campbell as the preferred candidate due to her relevant experience and expertise. Ms Campbell was appointed to the Board on 27 April 2012.

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 twice during the year. The Committee also considered the re-election of all the Directors. The Committee concluded that the knowledge and experience of the Directors is greatly valued by the Board and recommended their 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 Ms M Campbell, will retire at the forthcoming Annual General Meeting and will offer themselves for re-election. Ms M Campbell was appointed during the year and will retire at the AGM and offer herself 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 until conclusion of AGM on 11 April 2013)
Ms M Campbell (Chairman from conclusion of AGM on 11 April 2013)
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
Ms M Campbell
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 27 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
Ms M Campbell
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.

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. Although the Articles of Association state that Directors must offer themselves for re-election at least once every three years, in accordance with corporate governance best practice, each Director submits for annual re-election. Any Director who seeks re-election beyond six years will be subject to particularly rigorous review to ensure that 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. The other Directors have discussed the re-election of Mr Shedden and, notwithstanding that he is in his twelfth 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.

Statement of Corporate Governance continued

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
26 February 2013

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
26 February 2013

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 six 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 2013 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 limit the aggregate of the fees payable to the Directors to £225,000 per annum. 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 2012 the Remuneration Committee carried out a review of the level of Directors' fees and it was agreed to maintain the current level of fees payable which are 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

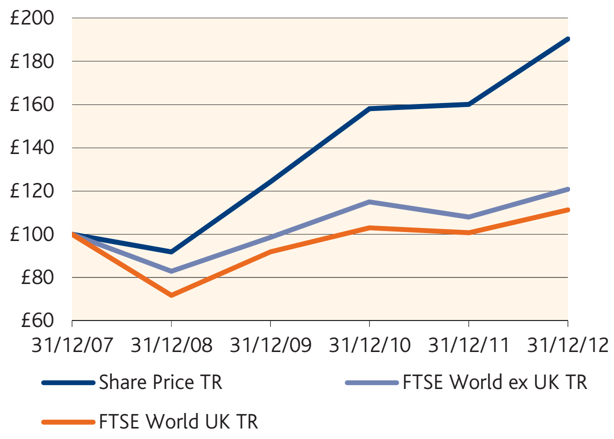
None of the Directors has a contract of service or contract for services and a Director may resign by notice in writing to the Board at any time; there are no set notice periods. All Directors are appointed for an initial period of three years; this period may be varied by mutual consent. The Articles 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 2007, 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.

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

Directors' Remuneration Report continued



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 2012 £	Year ended 31 December 2011 £
Chairman of the Board:		
K J Carter	40,000	32,150
Chairman of the Audit Committee: and Senior Independent Director:		
A C Shedden	27,000	24,000
Directors:		
Lady Balfour of Burleigh	22,000	20,000
J D Best	22,000	20,000
P W Dunscombe*	22,000	13,444
M Campbell**	14,911	N/A
J F H Trott***	-	12,456
Ella Brown****	-	2,722
Total	**147,911**	**124,772**

* Appointed 29 April 2011

** Appointed 27 April 2012

*** 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 26 February 2013 and signed on its behalf by:

Lady Balfour of Burleigh
Director
26 February 2013

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 2012 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 2012 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 2012 and of its profit 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
26 February 2013

Income Statement

	Notes	Year ended 31 December 2012 Revenue £'000	Capital £'000	Total £'000	Year ended 31 December 2011 Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	10	–	101,381	101,381	–	(37,470)	(37,470)
Income	2	55,141	–	55,141	55,128	–	55,128
Investment management fees	3	(1,763)	(4,116)	(5,879)	(1,585)	(3,698)	(5,283)
Performance fees	4	–	(3,246)	(3,246)	–	(3,830)	(3,830)
Currency gains/(losses)	18	–	692	692	–	(1,478)	(1,478)
Other expenses	5	(1,944)	–	(1,944)	(1,850)	–	(1,850)
Net return before finance costs and taxation		51,434	94,711	146,145	51,693	(46,476)	5,217
Finance costs	6	(1,246)	(2,911)	(4,157)	(1,261)	(2,944)	(4,205)
Return on ordinary activities before tax		50,188	91,800	141,988	50,432	(49,420)	1,012
Tax on ordinary activities	7	(3,532)	382	(3,150)	(3,632)	822	(2,810)
Return attributable to equity shareholders		**46,656**	**92,182**	**138,838**	**46,800**	**(48,598)**	**(1,798)**
Return per Ordinary share assuming full conversion of the B Ordinary shares (pence)	9	**39.8**	**78.5**	**118.3**	**43.6**	**(45.2)**	**(1.6)**

The total column of this statement represents the profit and loss account of the Company. The 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies.

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	**44,911**	**–**	**44,911**	**38,858**	**–**	**38,858**

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

Balance Sheet

	Notes	As at 31 December 2012 £'000	As at 31 December 2012 £'000	As at 31 December 2011 £'000	As at 31 December 2011 £'000
Non-current assets					
Investments listed at fair value through profit or loss	10		1,327,532		1,140,963
Current assets					
Debtors	11	5,169		9,450	
Cash and short term deposits		25,940		32,600	
		31,109		42,050	
Creditors: amounts falling due within one year					
Bank loans	12/13	(58,525)		–	
Other creditors	12	(14,873)		(6,431)	
		(73,398)		(6,431)	
Net current (liabilities)/assets			(42,289)		35,619
Total assets less current liabilities			1,285,243		1,176,582
Creditors: amounts falling due after more than one year					
Bank loans and Debentures	12/13	(87,664)		(171,808)	
Other creditors	12	(5,336)		(5,522)	
			(93,000)		(177,330)
Net assets			**1,192,243**		**999,252**
Capital and reserves					
Called-up share capital	14		30,546		28,000
Share premium account			282,240		185,712
Capital redemption reserve			8,230		8,230
Capital reserve	15		806,596		714,424
Revenue reserve			64,631		62,886
Equity shareholders' funds			**1,192,243**		**999,252**
Net Asset Value per Ordinary and B Ordinary share (pence)	16		**975.8**		**892.2**

The financial statements were approved and authorised for issue by the Board of Directors on 26 February 2013 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 2012

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 December 2011		28,000	185,712	8,230	714,424	62,886	999,252
Return on ordinary activities after taxation		–	–	–	92,182	46,656	138,838
Dividends paid	8	–	–	–	–	(44,911)	(44,911)
Issue of new shares		2,546	96,528	–	(10)	–	99,064
Balance at 31 December 2012		**30,546**	**282,240**	**8,230**	**806,596**	**64,631**	**1,192,243**

For the year ended 31 December 2011

		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**

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 2012 £'000	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000	Year ended 31 December 2011 £'000
Net cash inflow from operating activities	17		42,571		41,679
Returns on investments and servicing of finance					
Interest paid		(4,233)		(4,178)	
Net cash outflow from servicing of finance			(4,233)		(4,178)
Financial investment					
Purchases of investments		(162,382)		(196,704)	
Sales of investments		77,474		138,606	
Net cash outflow from financial investment			(84,908)		(58,098)
Equity dividends paid	8		(44,911)		(38,954)
Net cash outflow before financing			(91,481)		(59,551)
Financing					
Share issue	14	99,064		72,232	
Net cash inflow from financing			99,064		72,232
Increase in cash	18		**7,583**		**12,681**

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

Notes to the Financial Statements For the year ended 31 December 2012

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 a 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 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**	**2012 £'000**	**2011 £'000**
Income from investments:		
UK dividends	7,721	7,704
UK unfranked investment income	1,025	1,374
Overseas dividends	41,477	40,501
Overseas interest	4,913	5,535
	55,136	55,114
Interest:		
Deposit interest	5	10
Interest from HMRC	–	4
	5	14
Total income	**55,141**	**55,128**

Income from investments comprises:	**2012 £'000**	**2011 £'000**
Listed UK	8,746	9,078
Listed overseas	46,390	46,036
	55,136	**55,114**

3. Investment management fees	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000
Investment management fees	**1,763**	**4,116**	**5,879**	**1,585**	**3,698**	**5,283**

Details of the fee basis are contained in the Directors' Report on page 27.

4. Performance fees	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000
Performance fees	**–**	**3,246**	**3,246**	**–**	**3,830**	**3,830**

Details of the fee basis are contained in the Directors' Report on page 27.

5. Other expenses	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000
Shareholders' services[A]	757	–	757	720	–	720
Directors' remuneration	148	–	148	125	–	125
Irrecoverable VAT	67	–	67	76	–	76
Secretarial fees	100	–	100	100	–	100
Auditor's fees for:						
• Statutory audit	23	–	23	22	–	22
• Other assurance services	7	–	7	8	–	8
• Tax compliance	19	–	19	45	–	45
Other expenses	823	–	823	754	–	754
	1,944	**–**	**1,944**	**1,850**	**–**	**1,850**

[A] Includes registration, savings scheme and other wrapper administration and promotion expenses, of which £579,000 (2011 – £579,000) was payable to Aberdeen Asset Managers Limited (AAM) to cover marketing activities during the year. £145,000 was due to AAM at the year end (2011 – £nil).

6. Finance costs	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000
Bank loans and overdrafts	1,019	2,381	3,400	1,021	2,386	3,407
Swap contracts	225	526	751	238	554	792
Debenture Stock	2	4	6	2	4	6
	1,246	**2,911**	**4,157**	**1,261**	**2,944**	**4,205**

7. Taxation	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000
(a) Tax charge						
The tax charge comprises:						
Current UK tax	486	–	486	545	–	545
Tax relief to capital	382	(382)	–	822	(822)	–
Overseas tax	4,176	–	4,176	3,704	–	3,704
Overseas tax reclaimable	(1,026)	–	(1,026)	(894)	–	(894)
Double taxation relief	(486)	–	(486)	(545)	–	(545)
Total tax	**3,532**	**(382)**	**3,150**	**3,632**	**(822)**	**2,810**

(b) Factors affecting the tax charge for the year

The UK corporation tax rate was 26% until 31 March 2012 and 24% from 1 April 2012, giving an effective rate of 24.5% (2011 – 26.5%). The tax assessed for the year is lower than the effective corporation tax rate. The differences are explained below:

	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000
Return on ordinary activities before taxation	50,188	91,800	141,988	50,432	(49,420)	1,012
Tax thereon at an effective rate of 24.5% (2011 – 26.5%)	12,296	22,491	34,787	13,364	(13,096)	268
Effects of:						
Non taxable UK dividends	(1,892)	–	(1,892)	(2,041)	–	(2,041)
(Gains)/losses on investments not taxable	–	(24,838)	(24,838)	–	9,930	9,930
Currency (gains)/losses not taxable	–	(170)	(170)	–	392	392
Non taxable overseas dividends	(9,536)	–	(9,536)	(9,956)	–	(9,956)
Overseas tax reclaimable	(1,026)	–	(1,026)	(894)	–	(894)
Irrecoverable overseas tax suffered	4,176	–	4,176	3,704	–	3,704
Double taxation relief	(486)	–	(486)	(545)	–	(545)
Tax relief obtained by expenses capitalised	382	(382)	–	822	(822)	–
Expenses charged to capital available to be utilised	(2,517)	2,517	–	(2,774)	2,774	–
Excess management expenses	2,135	–	2,135	1,952	–	1,952
	3,532	**(382)**	**3,150**	**3,632**	**(822)**	**2,810**

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 £2,769,000 (2011 – £1,341,000) arising as a result of unutilised management expenses and loan relationship deficits of £12,039,000 (2011 – £5,311,000). Any excess management expenses will be utilised against any taxable income that may arise.

8. **Ordinary dividends on equity shares**	2012 £'000	2011 £'000
Amounts recognised as distributions paid during the year:		
Third interim for 2011 of 8.0p (2010 – 6.8p)	8,891	7,015
Special interim for 2011 of nil (2010 – 2.5p)	–	2,617
Final dividend for 2011 of 13.0p (2010 – 11.6p)	14,818	12,145
First interim for 2012 of 9.0p (2011 – 8.0p)	10,499	8,513
Second interim for 2012 of 9.0p (2011 – 8.0p)	10,703	8,664
Refund of unclaimed dividends	–	(96)
	44,911	**38,858**

In accordance with UK GAAP the third interim dividend and proposed final dividend for 2012 have not been included as liabilities in these financial statements. The proposed final dividend for 2012 is subject to approval by shareholders at the Annual General Meeting.

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 £46,656,000 (2011 – £46,800,000).

	2012 £'000	2011 £'000
Three interim dividends for 2012 of 9.0p (2011 – 8.0p)	32,117	26,068
Proposed final dividend for 2012 of 13.5p (2011 – 13.0p)	16,631	14,659
	48,748	**40,727**

Subsequent to the year end the Company has issued a further 1,912,000 Ordinary shares; therefore the amounts reflected above for the cost of the proposed final dividend for 2012 are based on 123,195,242 Ordinary shares in issue, being the number of Ordinary shares in issue at the date of this Report.

9. **Returns per share**	2012	2011
Returns have been based on the following figures:		
Weighted average number of Ordinary shares	116,468,656	106,560,813
Weighted average number of B Ordinary shares	883,841	850,690
Weighted average number of Ordinary shares assuming conversion of B Ordinary shares	**117,352,497**	**107,411,503**

	£'000	£'000
Revenue return attributable to equity shareholders	46,656	46,800
Capital return attributable to equity shareholders	92,182	(48,598)
Total return attributable to equity shareholders	**138,838**	**(1,798)**

10. **Investments listed at fair value through profit or loss**	2012 £'000	2011 £'000
Opening valuation	1,140,963	1,119,500
Opening investment holdings gains	(314,276)	(384,102)
Opening book cost	826,687	735,398
Movements during the year:		
Purchases	162,382	196,704
Sales – proceeds	(77,474)	(138,606)
Sales – realised gains	11,683	32,356
Amortisation of fixed income book cost	280	835
Closing book cost	923,558	826,687
Closing investment holdings gains	403,974	314,276
Closing valuation	**1,327,532**	**1,140,963**

The portfolio valuation	2012 £'000	2011 £'000
Listed on stock exchanges at bid valuation:		
United Kingdom:		
– equities	177,556	166,277
– fixed income	16,083	24,602
Overseas:		
– equities	1,066,169	888,186
– fixed income	67,724	61,898
Total	**1,327,532**	**1,140,963**

Gains/(losses) on investments	2012 £'000	2011 £'000
Realised gains based on book cost	11,683	32,356
Net movement in investment holdings gains	89,698	(69,826)
	101,381	**(37,470)**

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 gains/(losses) on investments in the Income Statement. The total costs were as follows:

	2012 £'000	2011 £'000
Purchases	301	414
Sales	71	186
	372	**600**

11. Debtors: amounts falling due within one year	2012 £'000	2011 £'000
Current taxation	916	1,175
Other debtors	52	167
Forward contracts	–	2,715
Prepayments and accrued income	4,201	5,393
	5,169	**9,450**

None of the above amounts is overdue.

12. Creditors	2012 £'000	2011 £'000
Amounts falling due within one year:		
Bank loans (note 13)	58,525	–
Swap contracts	315	1,151
Forward contracts	8,805	–
Accruals	5,753	5,280
	73,398	**6,431**

Amounts falling due after more than one year:	2012 £'000	2011 £'000
Bank loans and Debentures (note 13)	87,664	171,808
Accruals	5,336	5,522
	93,000	**177,330**

Management fees of £1,522,000 (2011 – £1,380,000) were outstanding at the year end to the Manager.

A performance fee of £8,768,000 (2011 – £8,710,000) was outstanding at the year end to the Manager. Of this amount, £5,336,000 (2011 – £5,522,000) 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	2012 £'000	2011 £'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:		
within one year		
– Yen 1,900,000,000 at 0.77657% – 4 June 2013	13,519	–
– Yen 6,325,600,000 at 0.77657% – 4 June 2013	45,006	–
in more than one year but no more than five years		
– Yen 1,900,000,000 at 0.86071% – 4 June 2013	–	15,890
– Yen 6,325,600,000 at 0.86071% – 4 June 2013	–	52,902
– Yen 2,300,000,000 at 2.03% – 16 February 2014	16,364	19,235
– Yen 8,400,000,000 at 3.17% – 14 May 2015	59,766	70,250
– Yen 1,600,000,000 at 2.82% – 15 May 2016	11,384	13,381
	146,189	**171,808**

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 2012 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 five 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 six months and the LIBOR rate under the loan and as reset under the swap should be identical to each other at every six month interval to preserve the "fixed" nature of the overall interest costs.

The Company currently has two fixed rate term loan facilities with The Royal Bank of Scotland plc, both of which are fully drawn down and have maturity dates of 16 February 2014 and 14 May 2015 respectively.

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 £1,192.2 million at 31 December 2012.

14. Share capital	2012 Number	2012 £'000	2011 Number	2011 £'000
Allotted, called up and fully paid:				
Ordinary shares of 25p each	121,283,242	30,321	111,131,628	27,783
B Ordinary shares of 25p each	899,997	225	866,687	217
	122,183,239	**30,546**	**111,998,315**	**28,000**

During the year 10,145,888 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 900p to 1031p and raised a total of £99,064,000, net of expenses. These expenses have been offset against the capital reserve.

In accordance with Article 131 of the Company's Articles of Association, 8,608 B Ordinary shares, 13,256 B Ordinary shares, 8,513 B Ordinary shares, and 8,659 B Ordinary shares were allotted by way of capitalisation of reserves on 17 February, 16 May, 16 August and 15 November 2012 respectively.

On 29 June 2012, 5,726 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 29 June 2012 was 905.01p 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.

Notes to the Financial Statements continued

15. Capital reserve	2012 £'000	2011 £'000
At 31 December 2011	714,424	763,031
Movement in fair value gains	101,381	(37,470)
Capitalised expenses (net of tax)	(9,891)	(9,650)
Issue of shares	(10)	(9)
Currency gains/(losses)	692	(1,478)
At 31 December 2012	**806,596**	**714,424**

Included in the total above are investment holdings gains at the year end of £403,974,000 (2011 – £314,276,000).

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	
	2012 p	2011 p	2012 £'000	2011 £'000
Basic				
Ordinary and B Ordinary shares (note 14)	**975.8**	**892.2**	**1,192,243**	**999,252**
Diluted				
Ordinary and B Ordinary shares (note 14)	**975.8**	**892.2**	**1,192,243**	**999,252**

17. Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities	2012 £'000	2011 £'000
Net return before finance costs and taxation	146,145	5,217
Add: (gains)/losses on investments	(101,381)	37,470
Add: currency (gains)/losses	(692)	1,478
Amortisation of fixed income book cost	(280)	(835)
Decrease in accrued income	1,192	589
Decrease in other debtors	115	968
Increase in accruals	363	157
Tax on unfranked income – overseas	(2,891)	(3,365)
	42,571	**41,679**

18. Analysis of changes in net debt	At 31 December 2011 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 December 2012 £'000
Cash and short term deposits	32,600	(14,243)	7,583	–	25,940
Forward contracts	2,715	(11,520)	–	–	(8,805)
Swap	(1,151)	836	–	–	(315)
Debt due within one year	–	9,790	–	(68,315)	(58,525)
Debt due after more than one year	(171,808)	15,829	–	68,315	(87,664)
	(137,644)	**692**	**7,583**	**–**	**(129,369)**

	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)**

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 five 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 six months and the LIBOR rate under the loan and as reset under the swap should be identical to each other at every six month interval to preserve the "fixed" nature of the overall interest costs. Details of borrowings at 31 December 2012 are shown in note 13.

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 2012	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	5.09	5.38	16,083	25,920	177,556
US Dollar	12.53	7.16	41,330	–	282,176
Euro	12.47	4.50	13,176	–	107,199
Other	12.86	9.75	13,218	20	676,794
Total assets			**83,807**	**25,940**	**1,243,725**
Liabilities					
Bank loans – Japanese Yen	1.53	2.06	(146,039)	–	–
Debenture Stock	–	–	(150)	–	–
Accruals	–	–	–	–	(5,336)
Total liabilities			**(146,189)**	**–**	**(5,336)**

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)**

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.

Forward currency contracts are measured at fair value. 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 2012	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	58,525	16,364	59,766	11,384	–	–	146,039
Debenture Stock[A]	–	–	–	–	–	150	150
Interest cash flows on bank loans and Debenture Stock	2,585	2,420	1,283	167	6	223	6,684
Interest cash flows on swaps	356	–	–	–	–	–	356
Cash flow on forward currency contracts	8,805	–	–	–	–	–	8,805
Cash flows on other creditors	5,752	2,755	1,769	812	–	–	11,088
	76,023	**21,539**	**62,818**	**12,363**	**6**	**373**	**173,122**

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**

[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 (£58,525,000) 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 the 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 2012 would increase/decrease by £259,000 (2011 – increase/decrease by £326,000). 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 £9,973,000 (2011 – increase/decrease by £7,438,000). 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 2012. 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 2012 the Company had a foreign currency contract, details of which are disclosed on page 58. During the year a loss of £14,614,000 (2011 – gain of £9,721,000) 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 2012 UK and overseas equity investments £'000	Net monetary assets £'000	Total currency exposure £'000	31 December 2011 UK and overseas equity investments £'000	Net monetary assets £'000	Total currency exposure £'000
US Dollar	282,176	–	282,176	246,111	–	246,111
Sterling	177,556	25,920	203,476	166,277	32,571	198,848
Euro	107,199	–	107,199	82,213	–	82,213
Hong Kong Dollar	94,222	–	94,222	74,112	–	74,112
Swiss Franc	88,148	–	88,148	71,290	–	71,290
Taiwan Dollar	75,020	14	75,034	51,055	28	51,083
Brazilian Real	65,777	–	65,777	57,299	–	57,299
Canadian Dollar	56,052	–	56,052	29,083	–	29,083
Malaysian Ringgit	46,214	–	46,214	37,514	–	37,514
Indonesian Rupiah	42,488	–	42,488	42,010	–	42,010
Singapore Dollar	40,173	–	40,173	30,262	–	30,262
Mexican Peso	36,223	–	36,223	22,833	1	22,834
Swedish Krone	25,839	–	25,839	21,951	–	21,951
Indian Rupee	20,610	–	20,610	17,228	–	17,228
Australian Dollar	19,439	–	19,439	18,623	–	18,623
Thailand Baht	13,153	–	13,153	23,984	–	23,984
Japanese Yen	53,436	(58,519)	(5,083)	62,618	–	62,618
Total	**1,243,725**	**(32,585)**	**1,211,140**	**1,054,463**	**32,600**	**1,087,063**

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.

	2012 Revenue £'000	2012 Equity[A] £'000	2011 Revenue £'000	2011 Equity[A] £'000
US Dollar	875	28,218	862	24,611
Euro	700	10,720	539	8,221
Hong Kong Dollar	286	9,422	252	7,411
Swiss Franc	339	8,815	248	7,129
Taiwan Dollar	242	7,502	207	5,105
Brazilian Real	222	6,578	242	5,730
Total	**2,664**	**71,255**	**2,350**	**58,207**

[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 loss at 31 December 2012 £'000
5 December 2012	**8 March 2013**	**20,000,000**	**140.45**	**8,805**

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 22, 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 2012 would have increased/decreased by £132,753,000 (2011 – increase/decrease of £114,096,000) 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 2012 was as follows:

	2012		2011	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Non-current assets				
Securities at fair value through profit or loss	1,327,532	1,327,532	1,140,963	1,140,963
Current assets				
Current taxation	916	916	1,175	1,175
Other debtors	52	52	167	167
Forward contracts	–	–	2,715	2,715
Accrued income	4,201	4,201	5,393	5,393
Cash and short term deposits	25,940	25,940	32,600	32,600
	1,358,641	**1,358,641**	**1,183,013**	**1,183,013**

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 £150,759,000 as at 31 December 2012 (2011 – £178,461,000) compared to an accounts value in the financial statements of £146,189,000 (2011 – £171,808,000) (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 Balance Sheet are grouped into the fair value hierarchy at the reporting date as follows:

As at 31 December 2012	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	1,243,725	–	–	1,243,725
Quoted preference shares	a)	5,585	–	–	5,585
Quoted bonds	b)	78,222	–	–	78,222
Total		1,327,532	–	–	1,327,532
Financial liabilities at fair value through profit or loss					
Foreign exchange forward contracts	c)	–	(8,805)	–	(8,805)
Derivatives	d)	–	(315)	–	(315)
Total		–	(9,120)	–	(9,120)
Net fair value		**1,327,532**	**(9,120)**	**–**	**1,318,412**

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 preference shares	a)	4,435	–	–	4,435
Quoted bonds	b)	82,065	–	–	82,065
Foreign exchange forward contracts	c)	–	2,715	–	2,715
Total		1,140,963	2,715	–	1,143,678
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**

a) Quoted equities and preference shares

The fair value of the Company's investments in quoted equities and preference shares has been determined by reference to their quoted bid prices at the reporting date. Quoted equities and preference shares 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 2013. 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 the 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 Brand 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 Brand provides a written summary quarterly to the Board.

If you have any questions about the Company, the Manager or performance, please telephone our Investor Services Department on 0500 00 00 40 (free when dialling from a UK landline). 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 £11,280 can be made in the tax year 2012/2013 and £11,520 in the tax year 2013/2014.

The annual ISA administration charge is £24 + VAT, calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the Plan prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the Plan, from the sale of investments held in the Plan. 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 (free when dialling from a UK landline) 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 (free when dialling from a UK landline)

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

Glossary of Terms and Definitions

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
Revenue return per share divided by dividends per share expressed as a ratio.

Dividend Entitlements
The Ordinary Shares carry the right to receive the revenue profits (including accumulated revenue reserves) of the Company available for distribution as dividend and determined to be distributed by way of interim and/or final dividend and at such times as the Directors may determine. At the same time as any interim or final dividend is declared on the Ordinary Shares the Directors shall resolve to capitalise an aggregate sum which shall be applied in paying up in full at par unissued B Ordinary Shares in the Company and that such B Ordinary Shares shall be allotted and distributed credited as fully paid up.

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.

Net Gearing/(Cash)
Net gearing/(cash) is calculated by dividing total assets (as defined below) less cash or cash equivalents by shareholders' funds expressed as a percentage.

Ongoing Charges
Ratio of expenses as percentage of average daily shareholders' funds calculated as per the AIC's industry standard method

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.

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 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.

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.

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.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the one hundred and fifth Annual General Meeting of Murray International Trust PLC (registered in Scotland under company number SC006705) will be held at 12.30 pm on 11 April 2013 at the Radisson Blu Hotel, 301 Argyle Street, Glasgow, G2 8DL 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, the Auditor's Report and audited financial statements for the year ended 31 December 2012.
2. To approve the Directors' Remuneration Report for the year ended 31 December 2012.
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 Ms M Campbell* as a Director of the Company.
8. To re-elect Dr K J Carter* as a Director of the Company.
9. To re-appoint Ernst & Young LLP as auditor of the Company.
10. To authorise the Directors to fix the remuneration of the auditor.
11. THAT
    (i) a final dividend of 13.5p per Ordinary share in respect of the year ended 31 December 2012 be paid on 16 May 2013 to holders of the Ordinary shares in the capital of the Company on the register at close of business on 5 April 2013;
    (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 shares of 25p 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 10 April 2018.

Special Business

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

Authority to Allot

12. 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 £3,102,599 (representing 10% of the total Ordinary and B Ordinary share capital of the Company in issue on 26 February 2013) during the period expiring on the date of the next Annual General Meeting of the Company or on 30 June 2014, 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

13. 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 12 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 2014, 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 £3,102,599 (representing 10% of the total Ordinary and B Ordinary share capital of the Company in issue on 26 February 2013); 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 treasury 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 12" were omitted.

Authority to Make Market Purchases of Shares

14. 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 18,466,967 Ordinary shares and 136,216 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 2014, 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.

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

40 Princes Street	By order of the Board
Edinburgh	Aberdeen Asset Management PLC
EH2 2BY	Secretary
8 March 2013	

NOTES:

(i) Only those shareholders registered in the register of members of the Company at 6.00 pm on 9 April 2013 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 (“the specified time”). If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of shareholders to attend and/or vote at the adjourned meeting. If the Meeting is adjourned for a longer period, 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/or vote at the adjourned meeting is 6.00 pm two days (excluding non working days) prior to the time of the adjourned meeting. Changes to entries on the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and/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 26 February 2013 (being the last practicable day prior to the publication of this Notice), the Company's issued share capital consisted of 123,195,242 Ordinary shares and 908,713 B Ordinary shares, carrying 89 votes each on a poll. Therefore, the total voting rights in the Company as at 26 February 2013 are 11,045,251,995.

(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 or 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 12.30 pm on 9 April 2013. 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 UK & Ireland ("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 12.30 pm on 9 April 2013. 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 system 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 12.30 pm on 9 April 2013.

(xii) The attendance at the Meeting of shareholders 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 shareholders 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) 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.

(xix) Details of resolutions 2 to 14 are shown in the Annual Report as follows:-

Resolution 2	Pages 37 and 38	Directors' Remuneration Report
Resolution 11	Page 25	Final dividend
Resolutions 3 to 8	Page 23 and 24	Directors
Resolutions 9 and 10	Page 39	Auditor
Resolutions 12 to 14	Pages 25 to 27	Authority to issue and effect buy backs of shares

Corporate Information

Directors
K J Carter (Chairman)
Lady Balfour of Burleigh CBE
J D Best
M Campbell (*appointed 27 April 2012*)
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 (free when dialling from a UK landline)

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
Pinsent Masons LLP

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 2012

121,283,242	Ordinary shares of 25p each
899,997	B Ordinary shares of 25p each

Capital History

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
16 May 2012	13,256 B Ordinary shares issued by way of capitalisation in lieu of final dividend
16 August 2012	8,513 B Ordinary shares issued by way of capitalisation in lieu of 1st interim dividend
15 November 2012	8,659 B Ordinary shares issued by way of capitalisation in lieu of 2nd interim dividend
18 February 2013	8,716 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
30 June 2012	5,726 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
Year ended 31 December 2012	10,145,888 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 11 April 2013 at 12.30 p.m. at the Radisson Blu Hotel, 301 Argyle Street, Glasgow, G2 8DL.

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	27 May 1997	448.0p	15 May 2009	582.5p
09 April 1981	77.5p	22 May 1998	502.0p	14 August 2009	617.5p
16 April 1982	74.5p	26 May 1999	439.9p	13 November 2009	697.5p
08 April 1983	82.5p	22 May 2000	490.0p	16 February 2010	684.0p
06 April 1984	85.2p	25 May 2001	469.5p	14 May 2010	742.0p
26 April 1985	112.5p	24 May 2002	427.5p	16 August 2010	756.0p
02 May 1986	162.5p	23 May 2003	297.5p	15 November 2010	777.0p
02 May 1987	182.5p	21 May 2004	340.0p	17 February 2011	850.0p
03 June 1988	162.5p	20 May 2005	420.0p	16 May 2011	886.0p
02 June 1989	213.5p	19 May 2006	580.0p	16 August 2011	849.0p
25 June 1990	235.5p	14 August 2007	644.0p	15 November 2011	884.0p
31 May 1991	217.5p	15 November 2007	675.5p	17 February 2012	975.0p
29 May 1992	232.5p	14 February 2008	712.0p	16 May 2012	898.5p
28 May 1993	282.5p	16 May 2008	730.0p	16 August 2012	1010.5p
31 May 1994	328.5p	14 August 2008	677.5p	15 November 2012	1025.0p
31 May 1995	343.5p	14 November 2008	537.5p	18 February 2013	1162.5p
28 May 1996	415.5p	16 February 2009	555.0p		

Aberdeen