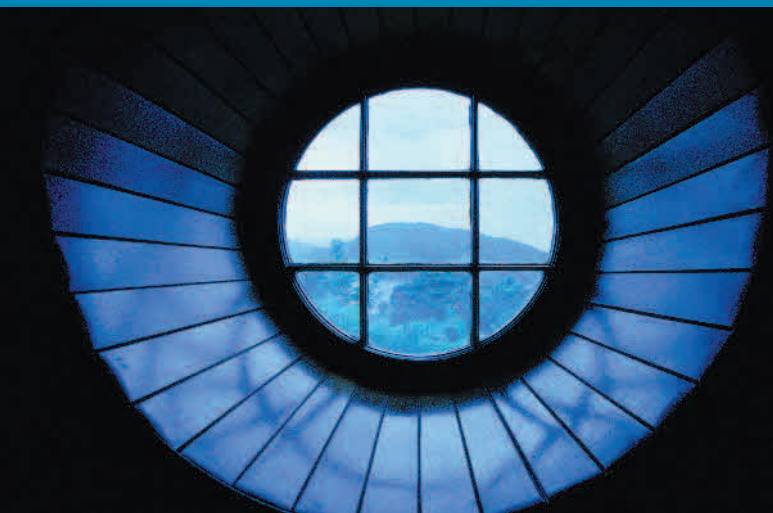


# 05

## Murray International Trust PLC

Interim Report  
Six months ended 30 June 2005





# Interim Report

## Objective

The primary aim of Murray International Trust PLC 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.

## Key Facts

	30 June 2005	30 June 2004 (restated)	31 December 2004 (restated)
Total assets less current liabilities*	£523,738,000	£454,272,000	£500,002,000
Equity Shareholders' interests	£437,929,000	£369,521,000	£413,322,000
Net Asset Value per Ordinary and B Ordinary share	499.7p	421.8p	471.8p
Total Return per Ordinary share	45.0p	8.8p	59.5p
Total Return per Ordinary share assuming full conversion of the B Ordinary shares	44.5p	8.7p	58.8p
Price of Ordinary share	480.0p	377.5p	436.5p
Price of B Ordinary share	425.0p	340.0p	380.0p
Discount to NAV on Ordinary shares	3.9%	10.6%	7.5%

\* Excluding loans due within one year

## Dividend Record for the year ending 31 December 2005

	Rate(p)	xd date	Record date	Payment date
1st interim	3.55	20 July 2005	22 July 2005	15 August 2005
2nd interim	3.55	19 October 2005	21 October 2005	16 November 2005
3rd interim	3.55	18 January 2006	20 January 2006	15 February 2006
Final dividend	Forecast final dividend of not less than 5.95p per Ordinary share payable in May 2006			

## Share Capital as at 30 June 2005

Ordinary shares of 25p each	86,556,123
B Ordinary shares of 25p each	1,087,799

On 23 May 2005, 39,600 B Ordinary shares were allotted by way of capitalisation of reserves in accordance with Article 131 of the Company's Articles of Association. The value for tax purposes to be placed on B Ordinary shares in lieu of cash dividends is 420p. On 30 June 2005, 64,518 B Ordinary shares were converted into a like number of Ordinary shares.

# Investment Review

For the six months ended 30 June 2005

## Background

Financial markets produced some solid gains over the six month period to 30 June 2005. In the first quarter markets were held back by fears of inflation and higher interest rates but once these fears had subsided somewhat, good returns were seen in both equity and bond markets in the second quarter. Over the whole period in sterling terms, the most notable market returns came from Asia ex-Japan and Latin America, up 13.4% and 18.7% respectively. The UK and European markets also managed to produce respectable returns of 8.2% and 6.4%. Although the US market struggled to make any progress in local currency terms, dollar strength against sterling boosted equity returns to 7.2%. Japanese market returns in sterling terms were relatively poor, with only modest gains.

## Performance

The Net Asset Value total return, with net income reinvested, for the six months to 30 June 2005 was 9.4% compared with a return of 7.6% on the composite benchmark (40% of the FTSE World-UK and 60% of the FTSE World ex UK Indices).

Asset allocation towards equities was broadly neutral for the portfolio over the period, with the negative effects of being overweight Japan offset by overweight exposure in Asia and Emerging Markets. Relative asset allocations in the US, UK and Europe had virtually no impact. Stock selection was positive in all geographic regions except for Japan, with Asia and Emerging Markets contributing significantly to outperformance. The total portfolio performance was also positively impacted by our allocation to bonds, resulting from our capital structure.

## Financial Statements for the six months ended 30 June 2005

Rather than adopting International Financial Reporting Standards ("IFRS"), the Board has elected to continue to adopt UK Generally Accepted Accounting Principles ("UK GAAP") and therefore to comply with the new Financial Reporting Standards issued as part of the programme to converge UK GAAP with IFRS. Figures for the 6 months ended 30 June 2004 and the year ended 31 December 2004 have been restated accordingly. Full details of the changes are provided in the Supplementary Information at the end of the Financial Statements.

## Dividends

At last year's Annual General Meeting shareholders approved three interim dividends of 3.55p per share in respect of the year ending 31 December 2005 payable on 15 August and 16 November 2005, and 15 February 2006. The Board intends to recommend that the final dividend in respect of the year ending 31 December 2005, payable in May 2006, will not be less than 5.95p.

## Outlook

Large debt-dependent deficits in the developed world suggest that a protracted period of sub trend economic growth is required to redress Government, trade and consumer imbalances, particularly in the United States and UK. Consequently the outlook for corporate profits and equity markets in such mature markets remains relatively unappealing. Conversely, the prospects for economic growth, earnings and dividends in the saving nations in Asia and Emerging Markets remain very attractive. It is increasingly likely that the global interest rate environment will be supportive of international capital flows which in turn should maintain superior relative economic growth and upward pressure on exchange rates in selective areas of the world. The portfolio will continue to emphasise exposure to regions and stocks where valuations relative to growth prospects are most attractive in order to achieve the company's investment objectives of capital growth and above average dividend yield.

By order of the Board  
**Aberdeen Asset Management PLC**  
Secretary

11 August 2005

# Summary of Investment Changes

For the six months ended 30 June 2005

	Valuation 31 December 2004*		Transactions £'000	Appreciation/ (depreciation) £'000	Valuation 30 June 2005	
	£'000	%			£'000	%
<b>Equities</b>						
United Kingdom	143,469	28.7	(11,926)	10,113	141,656	27.1
Americas	87,905	17.6	3,949	10,660	102,514	19.6
Europe & Africa	85,542	17.1	5,537	2,218	93,297	17.8
Japan	38,639	7.7	10,050	(589)	48,100	9.2
Middle East, Far East & Australasia	55,690	11.1	(205)	9,068	64,553	12.3
	<b>411,245</b>	<b>82.2</b>	<b>7,405</b>	<b>31,470</b>	<b>450,120</b>	<b>86.0</b>
<b>Fixed income</b>						
United Kingdom	61,809	12.4	(1,179)	734	61,364	11.7
Europe & Africa	25,341	5.1	(10,035)	(424)	14,882	2.8
Americas	5,140	1.0	6,713	1,007	12,860	2.5
Middle East, Far East & Australasia	4,957	1.0	(2,553)	237	2,641	0.5
	<b>97,247</b>	<b>19.5</b>	<b>(7,054)</b>	<b>1,554</b>	<b>91,747</b>	<b>17.5</b>
Other net liabilities	(8,490)	(1.7)	(6,845)	(2,794)	(18,129)	(3.5)
<b>Total assets**</b>	<b>500,002</b>	<b>100.0</b>	<b>(6,494)</b>	<b>30,230</b>	<b>523,738</b>	<b>100.0</b>

\* Opening position has been restated to reflect change in accounting practices (see note 1).

\*\* Represents total assets less current liabilities excluding loans due in less than one year.

# Summary of Net Assets

As at 30 June 2005

	Valuation 30 June 2005	
	£'000	%
Equities	450,120	102.8
Fixed income	91,747	20.9
Other net liabilities	(18,129)	(4.1)
Prior charges	(85,809)	(19.6)
<b>Equity Shareholders' funds</b>	<b>437,929</b>	<b>100.0</b>

# Twenty Largest Equity Investments

As at 30 June 2005

Security	Investment Area	Valuation	% of total
		£'000	assets
Atrium Underwriting	UK	19,772	3.8
September 2005 S&P Index Future*	USA	16,674	3.2
GlaxoSmithkline	UK	12,091	2.3
Petrobras	Brazil	10,243	2.0
Tenaris	Mexico	9,218	1.8
Vodafone Group	UK	8,704	1.7
Shell Transport & Trading**	UK & Netherlands	8,126	1.6
British American Tobacco**	UK & Malaysia	8,063	1.5
Resolution Life	UK	7,500	1.4
Aeropuertos del Sureste	Mexico	5,820	1.1
AstraZeneca	UK	5,778	1.1
BT Group	UK	5,520	1.1
ICICI Bank	India	5,404	1.0
Petrochina Co.	China	5,318	1.0
Aviva	UK	5,212	1.0
Hyundai Motor	South Korea	4,966	0.9
Unilever**	UK & Indonesia	4,854	0.9
ENI	Italy	4,595	0.9
Total	France	4,593	0.9
Samsung Electronics	South Korea	4,575	0.9
<b>Top twenty investments</b>		<b>157,026</b>	<b>30.1</b>

\* Provides exposure to the S&P 500 Index in the United States.

\*\* Holding also comprises associated companies.

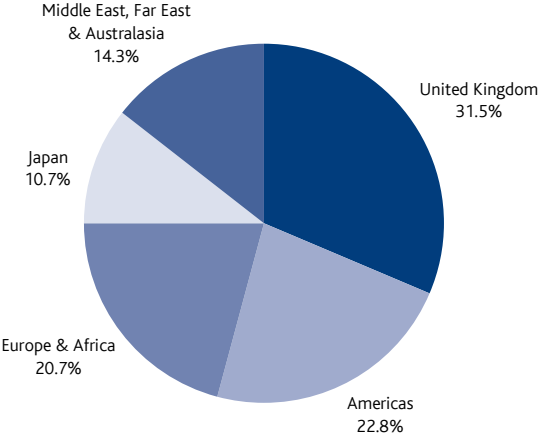
# Ten Largest Fixed Interest Investments

As at 30 June 2005

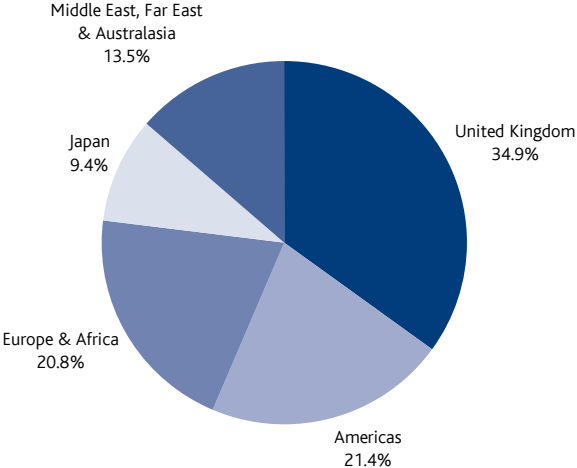
Security	Investment Area	Valuation	% of total
		£'000	assets
Government of Mexico 10.5% 14/07/2011	Mexico	4,071	0.8
Sunamerica Institutional Fund 5.375% 07/12/2009	International	3,604	0.7
General Accident 7.875% Cum Irrd Pref	UK	3,463	0.7
Government of Poland 8.5% 12/11/2006	Europe	3,332	0.6
Abbey National 10.375% Non Cum Irrd Pref	UK	3,299	0.6
PEMEX 7.75% 29/09/2049	Mexico	3,156	0.6
UK Treasury 5% 07/03/2012	UK	3,153	0.6
UK Treasury 9% 12/07/2011	UK	3,149	0.6
UK Treasury 4% 07/03/2009	UK	3,052	0.6
UK Treasury 6.25% 25/11/2010	UK	3,049	0.6
<b>Top ten investments</b>		<b>33,328</b>	<b>6.4</b>

# Distribution of Equity Investments

**As at 30 June 2005 (86.0% of total assets)**



**As at 31 December 2004 (82.2% of total assets - restated)**



# Statement of Total Return

For the six months ended 30 June 2005

	Six months ended 30 June 2005 (unaudited)		
	Revenue £'000	Capital £'000	Total £'000
Gains on investments	-	33,024	33,024
Income from investments	12,170	-	12,170
Other income	63	-	63
Investment management fees	(374)	(872)	(1,246)
Performance fees	-	(562)	(562)
Currency losses	-	(1,999)	(1,999)
Other expenses	(513)	-	(513)
<b>Net return before finance costs and taxation</b>	<b>11,346</b>	<b>29,591</b>	<b>40,937</b>
Finance costs of borrowing	(375)	(875)	(1,250)
<b>Return on ordinary activities before tax</b>	<b>10,971</b>	<b>28,716</b>	<b>39,687</b>
Tax on ordinary activities	(2,278)	1,563	(715)
<b>Return on ordinary activities after tax</b>	<b>8,693</b>	<b>30,279</b>	<b>38,972</b>
<b>Return per Ordinary share (pence)</b>	<b>10.0</b>	<b>35.0</b>	<b>45.0</b>
<b>Return per Ordinary share assuming full conversion of the B Ordinary shares (pence)</b>	<b>9.9</b>	<b>34.6</b>	<b>44.5</b>

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

The financial statements have been restated to reflect the change to accounting practices as set out in the accompanying notes.

All items in the above statement derive from continuing operations.

<b>Ordinary dividends on equity shares (£'000)</b>	<b>14,364</b>	<b>-</b>	<b>14,364</b>
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Six months ended 30 June 2004 (unaudited) (restated)			Year ended 31 December 2004 (audited) (restated)		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
-	3,155	3,155	-	45,340	45,340
10,376	-	10,376	19,088	-	19,088
159	-	159	278	-	278
(329)	(768)	(1,097)	(690)	(1,610)	(2,300)
-	-	-	-	(1,925)	(1,925)
-	(2,168)	(2,168)	-	(4,039)	(4,039)
(581)	-	(581)	(1,184)	-	(1,184)
9,625	219	9,844	17,492	37,766	55,258
(388)	(1,313)	(1,701)	(774)	(2,214)	(2,988)
9,237	(1,094)	8,143	16,718	35,552	52,270
(1,688)	1,208	(480)	(3,070)	2,264	(806)
<b>7,549</b>	<b>114</b>	<b>7,663</b>	<b>13,648</b>	<b>37,816</b>	<b>51,464</b>
<b>8.7</b>	<b>0.1</b>	<b>8.8</b>	<b>15.8</b>	<b>43.7</b>	<b>59.5</b>
<b>8.6</b>	<b>0.1</b>	<b>8.7</b>	<b>15.6</b>	<b>43.2</b>	<b>58.8</b>
<b>14,085</b>	<b>-</b>	<b>14,085</b>	<b>14,085</b>	<b>-</b>	<b>14,085</b>

# Balance Sheet

As at 30 June 2005

	As at 30 June 2005 (unaudited) £'000	As at 30 June 2004 (unaudited) (restated) £'000	At 31 December 2004 (audited) (restated) £'000
<b>Fixed assets</b>			
Investments	541,867	466,406	508,492
<b>Current assets</b>			
Debtors	4,593	4,694	3,348
Cash and short-term deposits	5,200	8,510	9,591
	9,793	13,204	12,939
<b>Creditors</b>			
Amounts falling due within one year	(35,977)	(25,338)	(21,429)
<b>Net current liabilities</b>	<b>(26,184)</b>	<b>(12,134)</b>	<b>(8,490)</b>
<b>Total assets less current liabilities</b>	<b>515,683</b>	<b>454,272</b>	<b>500,002</b>
<b>Creditors</b>			
Amounts falling due after more than one year	(77,754)	(84,751)	(86,680)
<b>Net assets</b>	<b>437,929</b>	<b>369,521</b>	<b>413,322</b>
<b>Capital and reserves</b>			
<i>Equity Shareholders' interests:</i>			
Called-up share capital	21,911	21,901	21,901
Share premium account	23	23	23
Capital redemption reserve	8,230	8,230	8,230
Capital reserves	382,209	314,239	351,941
Revenue reserve	25,556	25,128	31,227
<b>Equity Shareholders' funds</b>	<b>437,929</b>	<b>369,521</b>	<b>413,322</b>
<b>Net Asset Value per Ordinary and B Ordinary share (pence)</b>	<b>499.7</b>	<b>421.8</b>	<b>471.8</b>

The financial statements have been restated to reflect the change to accounting practices as set out in the accompanying notes.

# Cash Flow Statement

For the six months ended 30 June 2005

	Six months ended 30 June 2005 (unaudited) £'000	Six months ended 30 June 2004 (unaudited) £'000	Year ended 31 December 2004 (audited) £'000
Investment income received	10,865	8,982	18,400
Deposit interest received	58	156	275
Investment management fees paid	(1,746)	(1,082)	(2,275)
Secretarial fees paid	(50)	(49)	(99)
Cash paid to and on behalf of Directors	(50)	(38)	(78)
Other cash payments	(552)	(394)	(989)
<b>Net cash inflow from operating activities</b>	<b>8,525</b>	<b>7,575</b>	<b>15,234</b>
<b>Returns on investment and servicing of finance</b>			
Interest paid	(1,212)	(1,383)	(2,656)
Break costs on repayment of loan	-	(407)	(407)
<b>Net cash outflow from servicing of finance</b>	<b>(1,212)</b>	<b>(1,790)</b>	<b>(3,063)</b>
<b>Financial investment</b>			
Purchases of investments	(58,612)	(63,615)	(143,536)
Sales of investments	58,905	60,197	140,329
<b>Net cash inflow/(outflow) from financial investment</b>	<b>293</b>	<b>(3,418)</b>	<b>(3,207)</b>
<b>Equity dividends paid</b>	<b>(8,121)</b>	<b>(8,121)</b>	<b>(14,083)</b>
<b>Net cash outflow before financing</b>	<b>(515)</b>	<b>(5,754)</b>	<b>(5,119)</b>
<b>Financing</b>			
Loans repaid	-	(11,545)	(11,545)
Loans drawn down	-	11,545	11,545
<b>Net cash flow from financing</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Decrease in cash</b>	<b>(515)</b>	<b>(5,754)</b>	<b>(5,119)</b>

# Notes to the Financial Statements

## 1. Accounting policies

The accounts have been prepared under the historical cost convention, as modified to include the revaluation of investments and in accordance with applicable Accounting Standards and with the Statement of Recommended Practice for "Financial Statements of Investment Trust Companies".

For the accounting period beginning on 1 January 2005 the Company had the option to prepare its financial statements in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the International Accounting Standards Board ("IASB"). The Board has elected to continue to adopt UK Generally Accepted Accounting Principles ("UK GAAP") and therefore with the new Financial Reporting Standards issued as part of the programme to converge UK GAAP with IFRS. Figures for the six months ended 30 June 2004 and year ended 31 December 2004 have been restated accordingly.

The same accounting policies used for the year ended 31 December 2004 have been applied with the following exceptions:

- (a) Investments are measured initially at cost and are recognised at trade date. For financial assets acquired, the cost is the fair value of the consideration, with changes in fair value going to the profit and loss account. Subsequent to initial recognition investments are valued at fair value. For listed investments this is assumed to be bid market prices. Unlisted investments are valued by Directors at fair value, in line with the guidelines of the British Venture Capital Association.
- (b) Under FRS 21 "Events after the Balance Sheet Date", dividends should only be accrued in the accounts if they are a liability at the Balance Sheet date. As the final dividend for the year and the three interims for the current financial year are approved by Shareholders at the AGM each year, no provision has been made for the final dividend for the year ended 31 December 2003 or 31 December 2004.

The impact of these changes are shown below.

2. The financial information for the six months ended 30 June 2005 and 30 June 2004 comprises non-statutory accounts within the meaning of Section 240 of the Companies Act 1985. The financial information for the year ended 31 December 2004 has been extracted from published accounts that have been delivered to the Registrar of Companies and on which the report of the auditors was unqualified. The interim accounts have been prepared on the same basis as the annual accounts, with the exception of the disclosures in note 1 above.

	As at 31 December 2004 (audited) £'000	As at 30 June 2004 (unaudited) £'000	As at 31 December 2003 (audited) £'000
<b>3. Reconciliation of Balance Sheets</b>			
Net assets as previously reported	408,820	370,020	371,392
Restatement of investments at bid value	(645)	(499)	(591)
Reversal of provision of final dividend	5,147	-	5,142
Restated net assets	<b>413,322</b>	<b>369,521</b>	<b>375,943</b>

	Year ended 31 December 2004 (audited) £'000	Six months ended 30 June 2004 (unaudited) £'000
<b>4. Reconciliation of the Statement of Total Return</b>		
Total transfer to reserves per original reported Statement of Total Return	37,428	(1,372)
Add 2004 interim dividends on Ordinary shares	-	8,943
Add 2004 dividends on Ordinary shares	14,090	-
Change from mid to bid basis at 31 December 2003	591	591
Change from mid to bid basis at 31 December 2004	(645)	-
Change from mid to bid basis at 30 June 2004	-	(499)
Restated total transfer to reserves	<u>51,464</u>	<u>7,663</u>

Ordinary dividends on equity shares deducted from reserves are analysed below:

	Six months ended 30 June 2005 (unaudited) £'000	Six months ended 30 June 2004 (unaudited) £'000	Year ended 31 December 2004 (audited) £'000
Ordinary dividends on equity shares:			
2003 final dividend - 5.95p	-	5,142	5,142
2004 final dividend - 5.95p	5,147	-	-
Three interim dividends 10.65p (2004 - 10.35p)	9,217	8,943	8,943
	<u>14,364</u>	<u>14,085</u>	<u>14,085</u>

# Independent Review Report to Murray International Trust PLC

## **Introduction**

We have been instructed by the Company to review the financial information for the six months ended 30 June 2005 which comprises the Statement of Total Return, Balance Sheet and Cash Flow Statement. We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

## **Directors' responsibilities**

The Interim Report, including the financial information contained therein, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Report in accordance with the Listing Rules of the Financial Services Authority, which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

## **Review work performed**

We conducted our review in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied, unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

## **Review conclusion**

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2005.

## **Ernst & Young LLP**

Edinburgh  
11 August 2005

# Corporate Information

<b>Directors</b>	J F H Trott (Chairman) Lady Balfour of Burleigh D H Benson J D Best A C Shedden
<b>Secretary</b>	Aberdeen Asset Management PLC
<b>Registered Office</b>	123 St Vincent Street Glasgow G2 5EA Tel: 0141 306 7400 Registered in Scotland – Company Number 6705 Website: <a href="http://www.murray-intl.co.uk">www.murray-intl.co.uk</a>
<b>Points of Contact</b>	<i>The Chairman and Company Secretary</i> At the registered office of the Company  <i>Manager</i> Aberdeen Asset Managers Limited Customer Services Department: 0500 00 00 40  <i>Registrars</i> Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU Tel: 0870 162 3100
<b>Custodian Bankers</b>	JP Morgan Chase Bank
<b>Auditors</b>	Ernst & Young LLP
<b>Solicitors</b>	McGrigors
<b>Stockbroker</b>	UBS Arbuthnot
<b>Trustee of the Debenture Stockholders</b>	The Governor and Company of the Bank of Scotland

**Aberdeen Asset Managers Limited**

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Member of the Aberdeen Asset Management Group of Companies

