

07

Murray International Trust PLC

Annual Report and Accounts
31 December 2007



Contents

1	Financial Highlights
---	----------------------

Annual Report

2	Corporate Summary
4	Chairman's Statement
6	Manager's Review
9	Results
10	Performance
11	Investment Portfolio – Twenty Largest Investments
13	Investment Portfolio – Other Investments
15	Summary of Investment Changes During the Year
15	Summary of Net Assets
16	Attribution Analysis
17	Distribution of Investments
18	Distribution of Equity Investments
19	The Investment Process
20	Your Board of Directors

Directors' Reports and Financial Statements

22	Directors' Report
27	Statement of Corporate Governance
32	Statement of Directors' Responsibilities
33	Directors' Remuneration Report
35	Independent Auditors' Report to the Members of Murray International Trust PLC
37	Income Statement
38	Balance Sheet
39	Reconciliation of Movements in Shareholders' Funds
40	Cash Flow Statement
41	Notes to the Financial Statements for the year ended 31 December 2007

General Information

56	Marketing Strategy
57	How to Invest in Murray International Trust PLC
58	Glossary of Terms and Definitions
59	Information about the Manager
60	Corporate Information
61	Your Company's History
62	Shareholder Information

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your ordinary shares in Murray International Trust PLC, please forward this document, together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

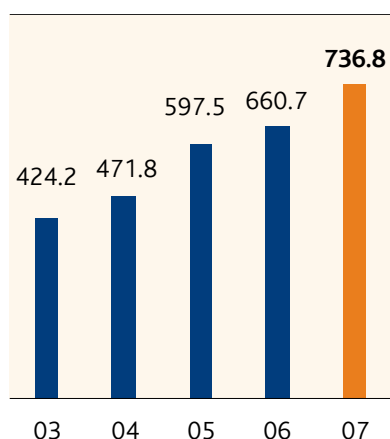
Financial Highlights

	2007	2006
Net asset value per Ordinary and B Ordinary share total return	+14.9%	+13.8%
Share price total return	+10.5%	+13.1%
Benchmark total return	+8.7%	+9.2%
Dividend per share ^A	21.0p	19.0p

^A Final dividend of 8.1p per Ordinary share is subject to Shareholder approval at the Annual General Meeting

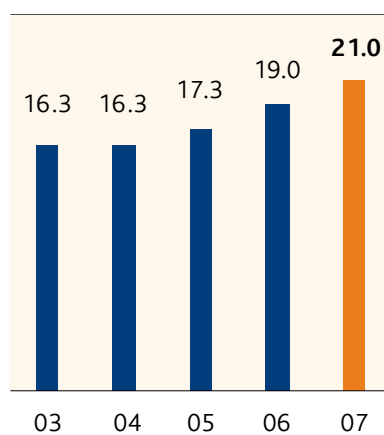
Net Asset Value per Ordinary and B Ordinary shares

At 31 December 2007 – pence



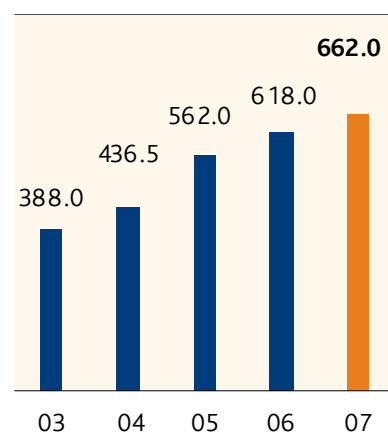
Dividends per Ordinary share

pence



Share price per Ordinary share

At 31 December 2007 – pence



Financial Calendar

22 April 2008	Annual General Meeting
16 May 2008	Payment of proposed final dividend for 2007 (8.1p)
August 2008	Half yearly results announced
14 August 2008	Payment of first interim dividend
14 November 2008	Payment of second interim dividend
16 February 2009	Payment of third interim dividend
February 2009	Final results announced for year ending 31 December 2008

Corporate Summary

The Company

Murray International Trust 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 is differentiated from other investment trusts in that it offers the advantages of exposure to world markets while maintaining the higher income generally associated with the UK equity market. The Company will be invested in a diversified portfolio of international equities and fixed income securities.

Benchmark

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

Investment Objective

The primary aim of Murray International Trust 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

The Company's assets are invested in a diversified portfolio of international securities and fixed income securities spread across a range of industries and economies.

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

Delivering the Investment Policy

The Directors are responsible for determining the investment policy and the investment objective of the Company. Day to day management of the Company's assets has been delegated to Aberdeen Asset Managers ("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 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. Stock selection is the major source of added value.

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

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

A detailed description of the investment process and risk controls employed by the Manager is disclosed on page 19. A comprehensive analysis of the Company's portfolio is disclosed on pages 11 to 14 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 93 holdings. The Manager is authorised by the Board to hold between 50 and 150 stocks in the portfolio.

The Board is responsible for determining the gearing strategy for the Company. Gearing is used selectively to leverage the Company's portfolio in order to enhance returns where and to the extent this is considered appropriate to do so. Total gearing is not in normal circumstances to exceed 30% of net assets. For this purpose sums held on cash deposit may be netted against the level of borrowings. At the year end there was gearing of 11.7% and particular care is taken to ensure that any bank covenants permit maximum flexibility of investment policy.

History

Murray International Trust 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 was just as great 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 all the rage, 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 trust's gearing. The Managers were not slow to spot an opportunity, but it started as Hobson's choice, and was only later trumpeted 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 in 1984, the focus has since been on a relatively high yielding portfolio of equities in a well diversified mix of overseas markets supported by a substantial UK component.

Shareholders will find further insight into the history of the Company in the accompanying booklet which has been commissioned to commemorate the centenary of the incorporation of the Company on 18 December 1907.

Capital Structure

The Company's issued share capital as at 6 March 2008 consisted of 86,612,772 Ordinary shares of 25p each and 1,097,074 B Ordinary shares of 25p each. The difference between the rights of the B Ordinary Shareholders and that of the Ordinary Shareholders is contained in the glossary on page 58.

Total Assets and Net Asset Value

At 31 December 2007, the Company had Total Assets* of £725.4 million and a Net Asset Value per Ordinary and B Ordinary share of 736.8p.

* See definition on page 58.

Borrowings

The borrowings at 31 December 2007 of £75.6 million represent 11.7% of Net Assets. Committed and uncommitted borrowing facilities to the Company are detailed in Note 13. Financial covenants contained within the relevant loan agreements provide, inter alia, that borrowings shall at no time exceed 50% of Net Assets and that the Net Assets must exceed £250 million. The Net Assets were £646.2 million at 31 December 2007.

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

Duration

The Company does not have a fixed life.

Risk

Many of the stocks in which the Company invests are exposed to the risk of political change, exchange controls, tax or other regulations which may affect their value and marketability. Currency fluctuations may also affect the value of the Company's investments and the income derived therefrom. Companies in emerging markets are not always subject to the equivalent accounting, auditing and financial standards of those in the United Kingdom. There may therefore be less supervision and regulation in this respect.

Currently 70% of the investment management fee and finance costs and 100% of the performance fee are taken out

of capital. This increases distributable income at the expense of capital growth, which will either be eroded or constrained. Maintaining a high level of dividend may also diminish capital value. In common with most investment trusts, Murray International Trust is able to borrow for investment purposes. The use of gearing is likely to lead to volatility in the Net Asset Value (NAV), meaning that a relatively small movement either down or up in value of the Company's total assets will result in a magnified movement in the same direction of that NAV. There is no guarantee that the market price of shares in investment trusts will fully reflect their underlying NAV.

The market prices of fixed interest stocks and, to a lesser extent, convertibles may be affected by changes in interest rates.

Share Dealing/PEP/ISA status

Shares in Murray International Trust can be bought in the open market through a stockbroker. They can also be purchased through Aberdeen savings schemes and fully qualify for inclusion within tax-efficient ISA wrappers (see page 57).

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 25 and in Note 3 on page 43.

AIC

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

Websites

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

Company Secretary

Aberdeen Asset Management PLC, 40 Princes Street, Edinburgh EH2 2BY

Email: company.secretary@invtrusts.co.uk

Customer Services

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

Chairman's Statement



J F H Trott
Chairman

Highlights

In its 100th year the Trust:

- produced a Net Asset Value Total Return of 14.9% versus a Benchmark Total Return of 8.7%;
- increased the total proposed dividend payment by 10.5% versus 2006; and
- remained cautious regarding the UK and US stock markets, but sanguine on Asia and Latin America.

Background

The economic factors affecting the decisions of our Manager in 2007 were very different from those existing in 1907 when the Trust was founded. Economies and stock markets are now affected by global events rather than being dominated by domestic conditions as was the case one hundred years ago. Globalisation as witnessed, for example, by increasing trade between nations, has been a force for good in overall terms but in 2007 we saw evidence of the downside of globalisation as the problem of sub prime loans in the United States affected banks throughout the world. The difficulties spread to a wider range of financial instruments with any form of structured product coming under suspicion. In the UK the problems of Northern Rock highlighted the reluctance of banks to lend to each other, which in turn led to sharp rises in interest rates in the inter-bank market. A prolonged period of very low interest rates and lax lending by banks over the last few years has led to a significant increase in indebtedness in both public and private sectors in the UK and US. Tough times are ahead for these indebted nations and it is clear that the balance of economic power is shifting to developing nations, such as China, India and Brazil and those fortunate enough to possess the resources of energy and raw materials which the rest of the world needs. Despite the uncertainty, equity markets performed relatively well but most of the improvement took place in the first half of the year. Weakness in Sterling also boosted overseas returns in our portfolio, the first time this has occurred in many years. Under the circumstances, the positive double-digit total return surpassed our expectations.

Performance

The total return on Net Asset Value was 14.9%, significantly ahead of the return on the benchmark index of 8.7% whilst the share price total return of 10.5% reflected a slight increase over the year in the level of discount at which the shares trade in the stock market. The Investment Manager's Report in the annual report contains an attribution analysis which shows the factors affecting net asset performance. Key positive influences were significant overweights in Asia ex Japan and Latin America. The large underweighting in the United States contributed positively to relative outperformance, while strong stock selection in the UK enhanced capital returns.

Dividends

I am pleased to report that revenue generation from the Company's portfolio has again remained strong during the year and we have been able to increase the level of the three interim dividends that have been paid to 4.3p (2006: 3.8p). Your Board is now recommending a final dividend of 8.1p (2006: 7.6p) which, subject to the approval of shareholders at the Annual General Meeting, will be paid on 16 May 2008 to shareholders on the register on 4 April 2008. If approved, the total dividend for the year will amount to 21.0p, an increase of 10.5% from last year (2006: 19p). B Ordinary shares now receive their capitalisation issue of B Ordinary shares at the same time as each dividend is paid. Accordingly, subject to approval at the AGM on 16 May 2008, B Ordinary shareholders will be issued with new B Ordinary shares equivalent in Net Asset Value to the recommended final dividend for the year just ended.

VAT on Management Fees Update

During the year under review the Association of Investment Companies ('AIC') announced its success in the case against HM Revenue and Customs ("HMRC"), which sought to remove VAT from the payment of investment trust management fees. The European Court of Justice has confirmed that investment trust management fees should be exempt from VAT in the same way as unit trusts and open ended investment companies and HMRC has recently advised that it does not intend to appeal this decision. Accordingly, VAT is now no longer charged by the Manager on management fees and in due course a rebate will be due to the Company in respect of the VAT paid since 2001. The timing and quantum of this repayment together with the status of pre-2001 VAT payments are being discussed with the Manager and are still to be determined. The Company will update shareholders in due course.

Centenary Year

As I have mentioned above, the Company is in its Centenary Year, having been incorporated originally in December 1907. We have marked this centenary with the publication of a

booklet tracing the life of the Company since launch and the key events that have affected it. Accompanying this Annual Report you will find a copy of this publication and further copies may be obtained by writing to the registered office of the Company. I hope that you find the booklet interesting and enjoyable.

Annual General Meeting ("AGM")

The AGM has been convened for Tuesday 22 April 2008 at 12.30 p.m. in the Strathclyde Suite of the Glasgow Royal Concert Hall and the Board looks forward to meeting shareholders. 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 accompanies this Annual Report and returning it together with an indication of any particular questions that you would like to ask.

Electronic Communications with Shareholders

At the last AGM shareholders authorised the Company to communicate to its shareholders electronically. The Board is keen to reduce the number of Annual Reports that are required to be printed each year and to reduce the associated cost and impact upon the environment. Accordingly, I would urge shareholders to consider whether they require a paper copy of the Annual Report and other mailings. If you do not need paper reports, you may advise the Company's registrars by completing the form that will accompany the Annual Report and in conjunction with the registrars, we will arrange for you to receive an e-mail notification when the Annual Report or other shareholder documents have been published on the Company's website. Those shareholders who elect for electronic communications will also be able to vote electronically on resolutions to be proposed at future AGMs. I would like to take this opportunity to reassure you that we will only use electronic communications to communicate to those shareholders who positively elect for such a method of communication. If you take no further action, you will continue to receive the usual paper copies by post.

Investment Objectives

The FSA Listing Rules require the Company to make clear to shareholders the investment policies of the Trust and how it hopes to meet its objective. We aim to achieve a total return greater than the Trust's benchmark by investing predominantly in equities worldwide. Within this objective the Manager seeks to increase the Company's revenues to maintain an above average dividend yield. Further information, including the Company's policies relating to asset allocation, risk diversification and gearing, as well as a description of the investment process adopted by the Manager, is included in this Annual Report and Accounts.

Circular

This year the Directors are proposing to make amendments to the Company's Articles of Association to reflect changes required as a result of the staged implementation of the Companies Act 2006. Accompanying this Annual Report and Accounts there is a circular which incorporates the Notice of Annual General Meeting and the resolutions to be proposed at that meeting and at separate Class Meetings of the Ordinary and B Ordinary shareholders. The proposed changes to the Memorandum and Articles are described in greater detail in the circular.

Outlook

Since the year end we have seen a sharp downward move in markets accompanied by increasing volatility. The increased liquidity of the Trust reflecting the Manager's cautious attitude towards markets, particularly the US and the UK in the second half of last year, has been of benefit to the Trust, with this liquidity being enhanced by a cash take-over of our largest holding Atrium. Corporate profits in the US and UK will remain under pressure as the excessive levels of debt in these two countries unwind. However, there may well come a stage when markets begin to discount current problems and start looking towards recovery. The Trust with its high level of liquidity will be in a position to take advantage of such conditions should they arise. Meanwhile, we expect growth rates in Asia and Latin America to remain positive although at somewhat lower levels than those seen recently. We are comfortable to remain well represented in these areas.

J F H Trott

Chairman

6 March 2008

Manager's Review

Background

Global equity markets endured some extremely hostile macro-economic conditions over the past twelve months, yet surprisingly still produced positive returns in Sterling terms. The year started brightly enough with surging corporate merger and acquisition activity providing the impetus for higher stock prices. For six months investors largely ignored deteriorating economic trends, most noticeably relentlessly rising oil prices and upward pressure on inflation. Somewhat ominously bond markets did not share the same sanguine expectations of stockmarkets. Rising yields throughout this period reflected increasing macro-economic concerns, and as borrowing costs rose, liquidity was drained from financial markets. In July the spectacular collapse of several US hedge funds highlighted escalating problems in credit markets, especially those connected with housing loans in the United States. Within a matter of weeks global credit markets had almost totally seized up. Stockmarkets declined sharply and investors held their breath in anticipation of what policy responses might be forthcoming. In the US, where declining house prices were having detrimental effects on asset quality, the Authorities were quick to react. Interest rates were cut three times over the balance of the year in an attempt to restore confidence. Short term this proved successful, but longer term structural imbalances of over-indebtedness, poor asset quality and uncompetitiveness remain unresolved. In the UK and Europe the Authorities were less accommodative towards the urgent need for liquidity in financial markets. Lack of prompt policy response contributed to severe difficulties for UK financial institutions. Pursuit of inflation fighting credibility blinded those respective Central Bankers from the severity of prevailing events, complacency which may come back to haunt those responsible over the coming twelve months. Somewhat ironically, Asia and Latin America observed the evolving global financial credit and asset quality problems from a relatively detached perspective, unhindered by the need for global capital and backed by enormous savings. Such financial muscle at a time of fragile global fundamentals may prove particularly advantageous for those regions over the coming years.

The spectrum of stockmarket returns that prevailed over the year was as divergent as ever. For the fifth consecutive year Latin America produced the strongest returns, up 50.2% in Sterling terms. Other notable positive contributions included double-digit returns from China, India and Thailand in Asia, plus respectable above average gains from Germany and France in Europe. The influence of Sterling on capital returns also proved significant, with the greatest impact felt in Europe and Brazil where Sterling depreciated by 8% and 16% respectively against the Euro and Real. Below average returns were recorded in the UK and USA, two countries in which well below benchmark exposure was maintained.

Performance

The Net Asset Value Total Return for the year to 31 December 2007 with net dividends reinvested was 14.9%, compared with a return on the benchmark of 8.7%. A full attribution analysis is given on page 16 which details the various influences on portfolio performance. In summary, of the 720 basis points (before expenses) of performance above the index, asset allocation contributed 950 basis points and stock selection -110 basis points. Structural effects relating to the fixed income portfolio, net of borrowing and hedging costs, deleted 120 basis points of relative performance, a reflection of the under performance of bonds relative to equities. Within the equity asset allocation, positive contributions came from our significant underweighting of North America and overweighting towards Asia and Latin America. There were also material contributions from superior stock selection in the UK.

USA

Amongst the numerous characteristics of the human psyche, perhaps the most complex to understand is denial. When something is painstakingly obvious, why is it so often rebuked? The investment climate in the United States throughout 2007 seemed to embrace an almost constant state of denial, for despite the worst deterioration in economic fundamentals for over a decade, US equity markets produced positive returns. Why this was so appears very irrational. Whilst fiscal laxity and structural indebtedness have dominated macro-economic imbalances in the US for years, the catalyst which caused greatest economic damage in 2007 was sharply declining property prices. As house prices fell, mortgage defaults and house repossessions spiked sharply upwards causing widespread downgrades in credit and asset quality. The asset class called "credit", which for the past six years had witnessed unprecedented growth, rapidly became reclassified as "liabilities". The resulting credit crunch immediately starved all financial institutions of available capital and the complex unwinding of multi tranche loans and so called structured financing began. The seriousness of this event cannot be over-emphasised, for it could potentially exert huge deflationary forces upon the US economy. The US Monetary Authorities immediate response was to cut interest rates, but the Central Bank will have to tread carefully if its credibility is to remain intact. There can be no justification for bailing out financial institutions that through indulgence of excessive risk-taking should be made to pay the free-market consequences of their actions. History also shows that lower interest rates can relieve liquidity problems but are virtually ineffectual when the issue is one of solvency. What is clear is that the US economy, and particularly the profits of domestic US companies, will face some strong headwinds in 2008. The current credit market dislocation occurs at a time when the US has never been more economically vulnerable

to global fund flows and foreign financing. This keeps us cautious on the prospects for the US market. There was very little portfolio activity over the past year, with total exposure remaining relatively constant. Positions in Microsoft and Quest were sold outright, whilst a new position in Kraft, a leading global food producer, was established.

UK

The rift between rhetoric and reality in the UK widened noticeably over the past twelve months. Talk of robust economic growth, controlled inflation, fiscal prudence and balanced budgets was not evident in economic performance. Indeed UK Central Bankers and Fiscal Financers may wish to quickly forget the events of 2007. In late Spring the MPC were being hauled across the coals to explain why consumer price inflation was above 3% and not responding appropriately to tighter monetary policy. Reasons of higher oil and food prices caused by global supply shortages, were offered and accepted. Strange therefore, that when such conditions persisted yet inflation fell to 2%, no comment was forthcoming. Perhaps the path of house price inflation, long the Achilles heel of UK monetary policy, was more influential than the Authorities cared to admit. Within the government sector, assurances of fiscal responsibility did not materialise into actions. Consequently the UK budget deficit maintained its relentless decline into the red for the eighth consecutive year. The timing of this malaise could not be worse given the sharp reduction expected in corporate tax receipts and Stamp Duty over the coming year. Fiscal responsibility is urgently required if global confidence in Sterling is to be maintained. The economy also reported its highest ever current account deficit since records began, not helped by the structural decline in oil reserves. Running such high twin deficits, primarily based on over-consumption and living beyond one's means, is clearly unsustainable in the long term. Debt-laden consumers are being forced to curtail spending and this combined with weaker property prices and falling real income growth suggests tough times lie ahead for the UK economy. Given these concerns, there was a further reduction of total UK asset exposure. Amongst the companies divested, the large holding in Atrium Underwriting was sold following its takeover by Ariel Holdings, and other positions in GlaxoSmithKline, Billiton, Morrisons and Scottish Power were sold outright. The residual exposure to UK equities will remain defensively positioned until such time as greater transparency of corporate profitability emerges.

Europe

Perhaps the most redeeming feature of possessing low expectations is the positive impacts that occur when they are exceeded. This notion typified the investment landscape in Europe last year. It would have proved virtually impossible to construct a compelling macro-economic case at the beginning of 2007 for the region. The headwinds that faced

the Eurozone economy, such as stronger currency, higher energy prices and fiscal tightening did indeed materialise in line with expectations. The European Central Bank had consistently signalled its desire for higher interest rates, and these also were ultimately forthcoming. Indeed the ECB, in typical conservative fashion, repeatedly declared stern words of warning emphasising "strong vigilance" towards inflation risks and "intolerance" towards latent pricing pressures. Such rhetoric seemed slightly excessive in a region where headline inflation remained below 2% for most of the year, but certainly contributed to the overall mood of caution. What periodically lifted the gloom and led to a very respectable 15.7% return in Sterling terms from the European index, was positive surprises in corporate profitability despite subdued economic conditions. This was partially attributable to increased overseas earnings within European corporates but also through disciplined cost control and capital management. Many European companies utilised balance sheet strength to acquire domestic competitors and foreign assets. Portfolio holdings, such as the German utility giant E.On and Portugal Telecom, delivered superior returns through a combination of acquisitions, asset disposals, higher dividends and return of capital to shareholders. Such value enhancing activity has become more pronounced in corporate Europe over the past few years, a trend that looks likely to continue. Within the portfolio, exposure to financials was reduced through divestment of Danske Bank, Fortis and ING Group. This reflected increasing concerns over global asset quality in general and future dividend growth in the companies concerned. Cash raised was predominately reinvested in existing holdings, such as Italian energy company ENI and French oil producer Total.

Japan

The economic enigma that is Japan continued to confuse global investors over the past twelve months. Inflationary and deflationary pressures remained at loggerheads causing wild fluctuations in sentiment almost on a monthly basis. Ongoing improvements in the labour market depicted not only ten year lows in unemployment but also emerging wage pressures in certain sectors of the economy. Land prices continued to rise and higher energy costs were persistent throughout. Counteracting such inflationary forces were weak retail sales and widespread discounting in sectors such as telecommunications. No wonder the Bank of Japan struggled to interpret such contradictory signals. Consequently having raised its target rate once in February to 0.5%, the BOJ was unable to implement any further policy directives for the rest of the year. Unfortunately this left the Japanese economy no nearer its desired state of a normalised interest rate with which to attract savings. Looking to the future, there is probably little to be gleaned from gazing into the macro-economic "tea-leaves" of Japan. More insight can be gained at the micro-economic level – what the corporates are witnessing. Well capitalised savings banks, such as Bank

of Kyoto and Sapporo Hokuyo, are well positioned to benefit from accelerating loan growth currently prevalent in some regions. Japanese pharmaceutical companies, Astellas and Takeda, remain dominant in various product sectors, serving a domestic market with ageing demographics envied throughout the industry. Such companies, and many others in Japan, continue to expand margins, develop innovative products and have global brand recognition. Such positive attributes deserve the attention of global investors, especially during periods of underperformance when valuation anomalies arise. Escalating capital outflows from Japanese retail investors desperately trying to escape a very low yielding environment has kept downward pressure on the market and perpetrated major weakness in the Yen. 2007 finally brought some respite to the beleaguered currency. Hopefully this year will bring some long overdue recognition to the equity market.

Asia and Emerging Markets

2007 witnessed the tenth anniversary of the Asian financial crisis, an event which chronically destabilised emerging markets in the late nineties. Ten years later and what a difference a decade makes. With economic reforms and improved corporate governance the region has evolved into an economic powerhouse no longer dependent on exports and foreign capital for growth. The past twelve months witnessed further progress along this path of transformation. Domestic demand driven growth based on positive demographics, rising real incomes and a generational change in individual's attitudes towards borrowing and consuming was evident throughout the region. What's more, Asian corporates capitalised on these trends to deliver superior returns to shareholders. The portfolio benefited from its exposure to banks in India, Singapore and Hong Kong and significant returns were also achieved from telecom companies in China and Taiwan. Indeed capital returns from China were so strong it was deemed prudent to divest completely from China Mobile and Petrochina when valuations became excessive. Although corporate conditions remained strong, crystallising profits usually proves prudent in the long term. In Latin America, fundamentals also continued to improve. Independent fiscal authorities in Brazil and Mexico kept a firm grip on public expenditures, whilst strong commodity prices flowed into burgeoning trade surpluses and foreign exchange reserves. Petrobras of Brazil, the largest portfolio holding, discovered more oil in one successful prospect last year than exists in the total reserves of Norway! No wonder the developed world remains in awe of Latin America's wealth of natural resources. Within the portfolio there was virtually no activity but overall exposure increased courtesy of very strong capital appreciation. Selective exposure will be maintained for the attractive earnings and dividend growth characteristics that exist in the region.

Outlook

It is the Manager's belief that tough challenges lie ahead for overall global economic growth in 2008, but interesting investment opportunities are likely to emerge ahead of any fundamental improvements. With 14.7% in fixed income and 6.3% in cash, the portfolio has ample liquidity to capitalise on weakness in equity markets should they arise. Domestic economic activity in the UK and US remains hostage to contracting property markets that will continue to deteriorate for the foreseeable future. Negative wealth effects associated with declining housing prices will exert a significant drag on consumption that could persist for several years to come. Whether both economies decline into recession or not is debateable, but downward pressure on corporate profitability will be negative for sentiment. Against this backdrop the outlook for these markets looks muted, although any significant dislocation or dividend cuts in the UK banking sector may present interesting investment opportunities. In Europe the environment of muted economic momentum coupled with low expectations will likely persist. Not ideal, but good for capitalising on companies that continue to deliver solid growth in profits and dividends. As usual, predicting the path to prosperity for Japan is particularly problematic. Corporate fundamentals remain appealing but the catalyst to rekindle domestic investors' interest in equities appears as elusive as ever. A strengthening Yen may at last provide some reward. In Asia and Latin America the most intriguing issue is about to be addressed. Namely can these emerging markets continue to grow against a backdrop of economic decline in the Developed World. Based on rising real incomes and numerous domestic growth opportunities, the Manager's view from an economic perspective is that they can. Their respective financial markets may experience increased volatility along the way, but any periods of over-extended weakness will be used to selectively add exposure to equities. Globalisation is increasingly presenting new opportunities in which to invest. In the year ahead the Manager will seek to capitalise upon them in pursuit of adding value for shareholders.

Bruce Stout

Investment Manager

6 March 2008

Results

Financial Highlights

	31 December 2007	31 December 2006	% change
Total assets less current liabilities (before deducting prior charges)	£725,427,000	£655,031,000	
Equity shareholders' funds (Net Assets)	£646,237,000	£579,268,000	
Share price – Ordinary share (mid market)	662.0p	618.0p	7.1
Share price – B Ordinary share (mid market)	660.9p	600.0p	10.2
Net Asset Value per Ordinary and B Ordinary share	736.8p	660.7p	11.5
Discount to Net Asset Value on Ordinary shares	10.2%	6.5%	
Gearing (ratio of borrowing to shareholders' funds)			
Actual gearing ratio	5.3%	12.4%	
Potential gearing ratio	11.7%	12.5%	
Dividends and earnings per Ordinary share			
Revenue return per share	21.2p	19.8p	7.1
Dividends per share ^A	21.0p	19.0p	10.5
Dividend cover (including proposed final dividend)	1.01	1.04	
Revenue reserves ^B	£38,024,000	£33,652,000	
Operating costs			
Total expense ratio	0.70%	0.80%	

^A The figures for dividends per share reflect the years in which they were earned (see note 8 on page 45).

^B The revenue reserve figure does not take account of the proposed third interim and final dividends amounting to £3,725,000 and £7,016,000 respectively (2006 – final of £6,580,000).

Performance (total return) and Key Performance Indicators

	1 year % return	3 year % return	5 year % return	10 year % return
Share price ^A	10.5	67.1	168.0	114.6
Net Asset Value per Ordinary and B Ordinary share	14.9	71.3	145.7	109.6

Total return represents the capital return plus dividends reinvested.

^A Mid to mid.

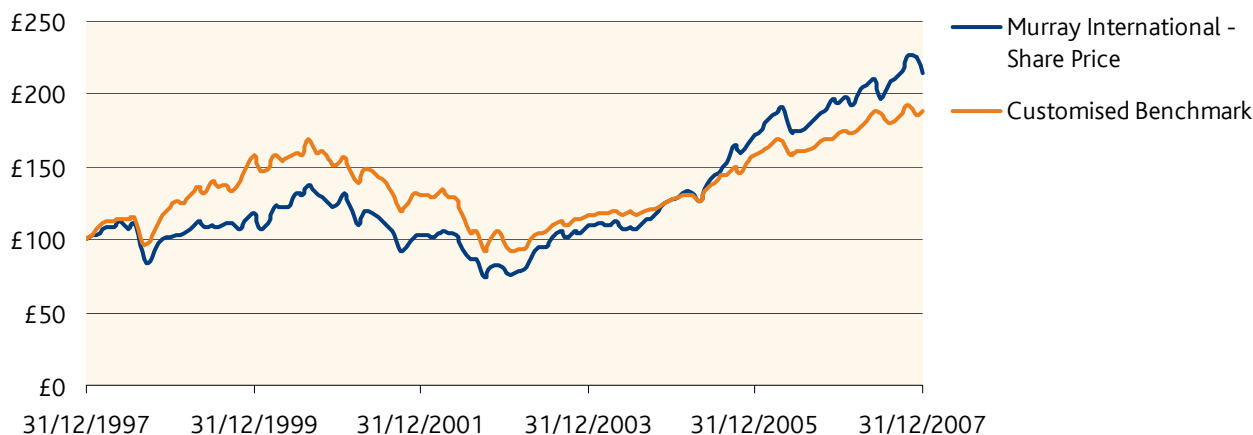
Dividends

	Rate	xd date	Record date	Payment date
1st Interim 2007	4.30p	4 July 2007	6 July 2007	14 August 2007
2nd Interim 2007	4.30p	3 October 2007	5 October 2007	15 November 2007
3rd Interim 2007	4.30p	2 January 2008	4 January 2008	14 February 2008
Proposed final 2007	8.10p	2 April 2008	4 April 2008	16 May 2008
Total dividend 2007	21.00p			

Performance

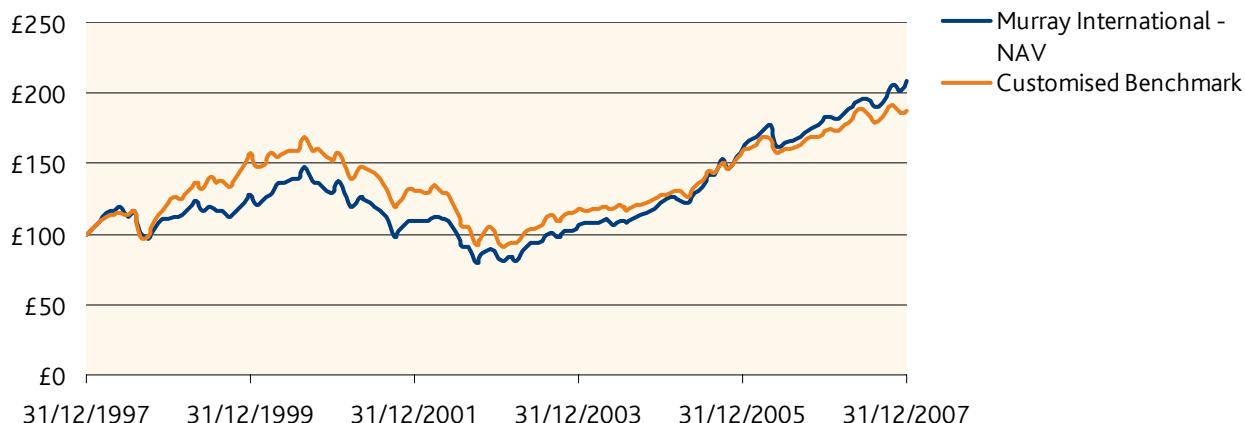
Share Price Total Return rebased to 100 (with net dividends reinvested)

Ten years to 31 December 2007



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

Ten years to 31 December 2007



Ten Year Financial Record

Year ended	1998 [£]	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total revenue (£'000)[£]	28,285	23,348	21,175	18,301	17,518	16,793	19,366	21,922	24,566	26,776
Per Ordinary share										
Net revenue return (p) [£]	15.5	14.3	13.5	13.5	13.6	13.1	15.6	17.4	19.5	21.0
Dividends (p) [£]	14.7	15.5	15.9	16.3	16.3	16.3	16.3	17.3	19.0	21.0
Net asset value per Ordinary/B Ordinary share (p) [£]	519.8	584.0	573.1	468.1	352.8	424.2	471.8	597.5	660.7	736.8
Shareholders' funds (£'000)	625,388	653,622	601,163	419,479	308,748	371,392	413,322	523,633	579,268	646,237

[£] The revenue figures for the years prior to 1999 have not been restated to reflect the changes in relation to Financial Reporting Standard 16 "Current Tax", and have been shown gross.

[£] 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 45).

[£] The figures for dividends per share reflect the dividends for the years in which they were earned and not the years they were paid.

[£] 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 annual B Ordinary scrip issue (see Note 15 on page 48).

[£] In respect of the year ended 31 December 1998, there was an additional exceptional distribution of 0.8p per share to reflect the saving made from the payment of a foreign income dividend.

Investment Portfolio – Twenty Largest Investments

As at 31 December 2007

Company	Country	Valuation 2007 £'000	Total assets ^B %	Valuation 2006 £'000
1 (2) Petrobras ADR^A Petrobras, Brazil's leading energy group, produces oil and gas from extensive reserves throughout the country. It also produces a wide range of derivative products, petrochemicals and fuel alcohol.	Brazil	36,822	5.1	22,003
2 (3) Resolution Life Resolution is the holding company for the Britannic group of companies, which specialise in asset management and the ownership and administration of closed life funds.	UK	22,784	3.1	20,528
3 (4) 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	17,928	2.5	20,348
4 (5) British American Tobacco^A British American Tobacco is the holding company for a group of companies that manufacture, market and sell cigarettes and other tobacco products. The group sells over 300 brands in approximately 180 markets around the world.	UK & Malaysia	17,534	2.4	12,585
5 (-) PTT Exploration PTT Exploration is a subsidiary of the Petroleum Authority of Thailand. The company produces oil and natural gas, and also explores and develops new crude oil and gas prospects.	Thailand	13,370	1.8	6,138
6 (18) 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	12,923	1.8	6,830
7 (8) Aeroportuario del Sureste ADS Grupo Aeroportuario 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	12,276	1.7	8,664
8 (-) Total Fina Total is a fully integrated global energy company. In addition to exploring for, producing, refining and marketing oil and natural gas, the company also operates a chemical division which produces polyethylene, polyethylene, paint, adhesives and resins.	France	11,046	1.5	5,155
9 (-) ENI Based in Italy, ENI is a truly global energy company with hydrocarbon production in Africa, the North Sea, the Gulf of Mexico and Kazakhstan. The company owns and operates gas pipelines, and also has a network of gasoline service stations.	Italy	10,750	1.5	5,500
10 (-) E.ON E.ON is a leading global utility company. The company generates, distributes and trades electricity and distributes gas and drinking water to industrial, commercial and residential customers. EON operates in Europe, the Americas and Asia.	Germany	10,687	1.5	6,333
Top ten investments		166,120	22.9	

Investment Portfolio – Twenty Largest Investments continued

Company	Country	Valuation 2007 £'000	Total assets ^B %	Valuation 2006 £'000
11 (-) Swire Pacific B Swire Pacific Limited is a Hong Kong based holding company with a wide portfolio of interest in the Asian region. Through its subsidiaries Swire operates in the real estate, aviation, beverage, industrial, trading and industrial businesses.	Hong Kong	10,643	1.5	6,220
12 (11) Vodafone Group Vodafone Group is a leading mobile telecommunications company, providing a range of services including voice and data communications. The company has subsidiaries and associates throughout the world.	UK	10,517	1.4	7,924
13 (20) Weir Group Weir Group, based in Scotland, is a leading global manufacturer of engineering products and services. The company manufactures and supplies valves pumps, compressors, turbines and gearboxes for various industrial uses.	UK	10,119	1.4	6,675
14 (-) Wing Hang Bank Wing Hang Bank is a full service financial services company which provides corporate banking, retail banking, foreign exchange and treasury services for a wide variety of clients.	Hong Kong	9,777	1.3	5,345
15 (-) Intesa Sanpaolo Intesa Sanpaolo attracts deposits and offers banking and financial services through an extensive branch network throughout Italy and offices elsewhere in Europe. The bank offers consumer credit, asset management, internet banking and merchant banking amongst its many services.	Italy	9,528	1.3	6,549
16 (-) Altria Group Altria Group is a holding company domiciled in the United States. The Company through its subsidiaries manufactures and sells cigarettes and other tobacco products, including such leading global brands as Marlboro, Parliament and Virginia Slims.	USA	9,105	1.3	6,130
17 (-) 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	9,026	1.2	5,062
18 (-) Reynolds American Reynolds American is the holding company for F J Reynolds Tobacco Company, a global cigarette manufacturer. The Company produces, markets and sells leading brands such as Camel, Salem and Winston.	USA	8,933	1.2	6,346
19 (-) Centrica Centrica plc, through various subsidiaries provides gas and energy related products and services to residential and business customers throughout the UK. Spun off from British Gas in 1997, the company also offers indirect telecom services.	UK	8,610	1.2	4,609
20 (-) Zurich Financial Services Based in Switzerland, Zurich Financial Services provides insurance based financial services. The company offers general and life insurance products and services for private individuals, corporations and multinational organisations.	Switzerland	8,404	1.2	3,515
Top twenty investments		260,782	35.9	

^A Holding comprises equity and fixed income securities or holdings in more than one country.

^B See definition on page 58.

The value of the 20 largest investments represents 35.9% (2006 – 32.8%) 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 2007

Company	Country	Valuation 2007 £'000	Total assets ^B %	Valuation 2006 £'000
Belgacom	Belgium	8,299	1.2	5,844
Parco	Japan	8,137	1.2	6,410
ICICI Bank	India	7,860	1.1	7,184
Portugal Telecom	Portugal	7,853	1.1	5,961
Intel	USA	7,750	1.1	5,174
Telecomunicacoes de Sao Paulo	Brazil	7,653	1.1	6,509
US Treasury Notes 4.5% 15/05/2017	USA	7,550	1.0	–
AstraZeneca	UK	7,358	1.0	6,860
Malayan Banking	Malaysia	7,337	1.0	5,592
QBE Insurance Group	Australia	7,296	1.0	5,793
Top thirty investments		337,875	46.7	
Public Bank	Malaysia	7,285	1.0	4,971
Kraft Foods	USA	7,283	1.0	–
Kimberly Clark de Mexico	Mexico	7,268	1.0	5,629
Oversea-Chinese Bank	Singapore	7,233	1.0	3,821
UK Treasury 4% 07/09/2016	UK	7,232	1.0	–
Taiwan Semiconductor Manufacturing	Taiwan	7,221	1.0	–
UK Treasury 4.75% 07/09/2015	UK	7,212	1.0	–
CLP Holdings	Hong Kong	7,198	1.0	5,677
Metro	Germany	7,161	1.0	5,515
UK Treasury 5% 07/03/2012	UK	7,161	1.0	5,443
Top forty investments		410,129	56.7	
Deutsche Postbank	Germany	7,153	1.0	6,889
BT Group	UK	7,091	1.0	7,236
Astellas Pharmaceutical	Japan	7,088	1.0	3,712
UK Treasury 5% 07/03/2008	UK	7,001	1.0	5,414
UK Treasury 4% 07/03/2009	UK	6,965	1.0	5,423
Nordea	Sweden	6,923	1.0	6,515
UK Treasury 6.25% 25/11/2010	UK	6,843	0.9	5,282
Taiwan Mobile	Taiwan	6,722	0.9	5,237
Wolseley	UK	6,678	0.9	–
UK Treasury 9% 12/07/2011	UK	6,658	0.9	5,213
Top fifty investments		479,251	66.3	
Wyeth	USA	6,654	0.9	6,235
Mapfre	Spain	6,632	0.9	–
Pemex Project Funding Master 7.75% 29/09/2049	USA	6,602	0.9	5,859
Amada	Japan	6,145	0.8	5,407
Seven & I Holdings	Japan	6,138	0.8	5,394
Koninklijke	Netherlands	6,122	0.8	4,862
Daito Trust Construction	Japan	6,104	0.8	5,141
Scottish & Southern Energy	UK	6,061	0.8	5,750
Mexico (Government of) 10.5% 14/07/2011	Mexico	5,999	0.8	6,188
Johnson & Johnson	USA	5,856	0.8	5,389
Saporo Hokuyo	Japan	5,817	0.8	–

Investment Portfolio – Other Investments continued

Company	Country	Valuation 2007 £'000	Total assets ^B %	Valuation 2006 £'000
Samsung Electronics Pref	South Korea	5,729	0.8	6,593
Aviva	UK	5,640	0.8	6,888
Casino	France	5,461	0.8	4,740
Orix	Japan	5,308	0.7	8,260
Hungary (Government of) 6.5% 12/08/2008	Hungary	5,236	0.7	4,765
Mitsubishi Tokyo Financial	Japan	5,154	0.7	6,304
Standard Chartered	UK	5,062	0.7	4,096
Kelda Group	UK	5,008	0.7	5,556
Peugeot	France	4,951	0.7	4,393
Canon	Japan	4,910	0.7	6,033
Consorcio Ara	Mexico	4,888	0.7	6,937
Commonwealth of Australia 6.25% 15/04/2015	Australia	4,813	0.7	4,520
Willis Group	USA	4,764	0.7	5,070
Bank Of Kyoto	Japan	4,749	0.7	5,712
Canadian National Railway	Canada	4,713	0.6	4,395
Premier Foods	UK	4,709	0.6	–
Toyota Motor Corporation	Japan	4,610	0.6	5,803
Telecom Corp of New Zealand	New Zealand	4,231	0.6	4,019
United Overseas Bank	Singapore	4,159	0.6	3,856
Indonesia Recapital Bond 13.15% 15/03/2010	Indonesia	3,996	0.6	3,033
Takeda Chemical	Japan	3,976	0.5	4,730
National Grid Transco	UK	3,659	0.5	3,234
Sunamerica Inst Funding 5.375% 07/12/2009	UK	3,458	0.5	3,478
Abbey National 10.375% Non Cum Pref	UK	2,967	0.4	3,464
General Accident 7.875% Cum Irrd Pref	UK	2,949	0.4	3,595
Tate & Lyle	UK	2,892	0.4	4,995
Marston's	UK	2,849	0.4	–
Federal Republic of Brazil 11% 17/08/2040	USA	2,679	0.4	2,711
Transco 5.375% NTS 07/12/2009	UK	2,489	0.3	2,482
HBOS 9.75% Non Cum IRRD Pref	UK	2,365	0.3	2,904
Scottish Power 6.625% 14/01/2010	UK	2,041	0.3	2,052
Pearson 10.5% 13/06/2008	UK	1,781	0.2	1,861
Total investments		679,577	93.7	
Net current assets before borrowings		45,850	6.3	
Total assets^B		725,427	100.0	

^A Holding comprises equity and fixed income securities or holdings in more than one country.

^B See definition on page 58.

Summary of Investment Changes during the year

	Valuation		Transactions £'000	Appreciation/ (depreciation) £'000	Valuation	
	31 December 2006 £'000	%			31 December 2007 £'000	%
Equities						
United Kingdom	151,209	23.1	(45,820)	14,456	119,845	16.5
North America	46,259	7.0	7,427	1,372	55,058	7.6
Europe ex UK	101,050	15.4	(2,276)	12,196	110,970	15.3
Japan	77,883	11.9	(28)	(9,718)	68,137	9.4
Asia Pacific ex Japan	117,725	18.0	(24,020)	28,108	121,813	16.8
Latin America	73,873	11.3	1,142	21,754	96,769	13.4
	567,999	86.7	(63,575)	68,168	572,592	79.0
Fixed income						
United Kingdom	57,512	8.8	10,245	(635)	67,122	9.3
North America	11,617	1.8	7,891	312	19,820	2.7
Europe ex UK	4,765	0.7	26	445	5,236	0.7
Asia Pacific ex Japan	7,553	1.2	1,127	128	8,808	1.2
Latin America	6,188	0.9	(119)	(70)	5,999	0.8
	87,635	13.4	19,170	180	106,985	14.7
Other net (liabilities)/assets ^A	(603)	(0.1)	46,569	(116)	45,850	6.3
Total assets^B	655,031	100.0	2,164	68,232	725,427	100.0

^A Figure for 2007 excludes bank loan of £18,662,000 which was shown as a current liability.

^B See definition on page 58.

Summary of Net Assets

	Valuation	
	31 December 2007 £'000	%
Equities	572,592	88.6
Fixed income	106,985	16.6
Other net assets	45,850	7.1
Prior charges	(75,593)	(11.7)
Other long term liabilities	(3,597)	(0.6)
Equity Shareholders' funds	646,237	100.0

Attribution Analysis

Year ended 31 December 2007

	Murray International Trust		Benchmark		Contribution from:		
	Weight %	Return %	Weight %	Return %	Asset allocation %	Stock selection %	Total %
UK	20.9	16.3	40.0	7.1	0.2	2.1	2.3
Europe ex UK	19.4	17.4	14.8	15.7	0.2	0.4	0.6
North America	9.6	5.6	31.3	5.6	0.8	(0.1)	0.8
Japan	11.9	(11.5)	5.7	(6.4)	(1.2)	(0.8)	(2.0)
Asia Pacific ex Japan	21.3	29.9	5.8	29.4	5.5	(2.0)	3.5
Latin America	16.9	33.1	2.4	40.2	3.9	(0.8)	3.2
Gross equity portfolio return	100.0	17.1	100.0	8.7	9.5	(1.1)	8.4
Fixed interest, cash and gearing effect		(1.2)		–			
Net portfolio return		15.9		8.7			
Management fees, expenses and tax		(1.0)		–			
Total return		14.9		8.7			

Benchmark is 40% FTSE World-UK Index and 60% FTSE World ex-UK Index.

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.

Management fees, expenses and tax – these reduce total assets and therefore reduce performance.

All contributions to returns from countries that are not included in the Benchmark are ascribed to asset allocation

Source: AAM / Russell Mellon Analytical Services.

Distribution of Investments

As at 31 December 2007

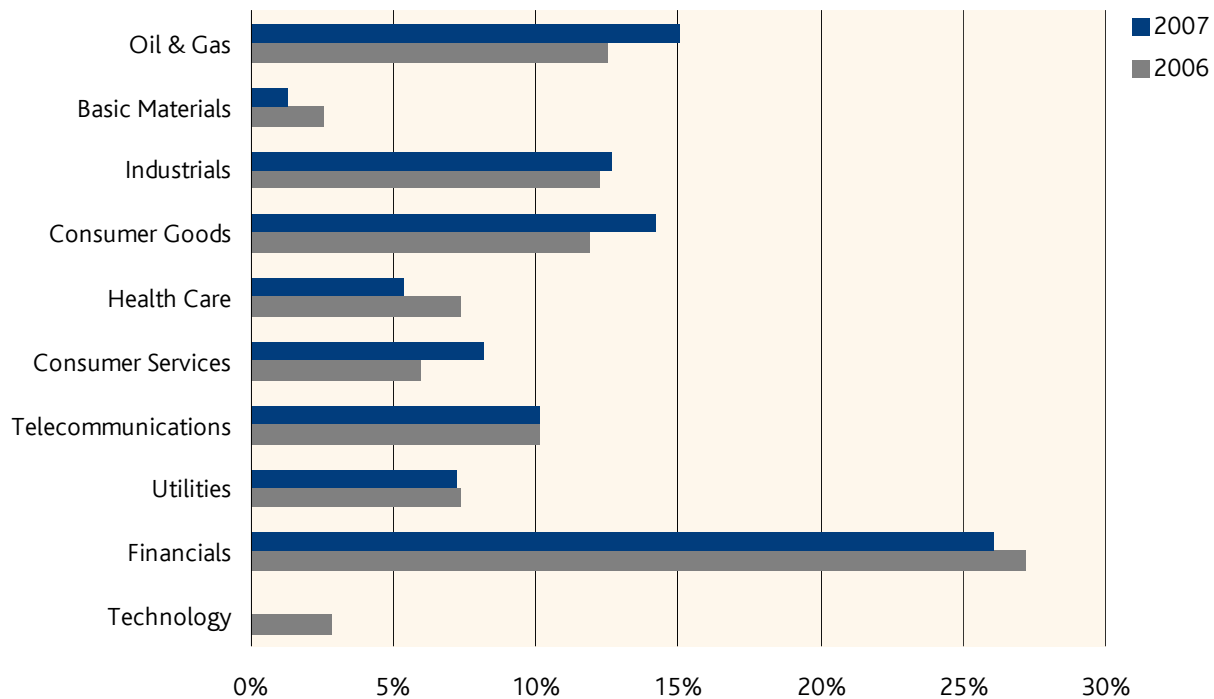
Sector/Area	United Kingdom %	North America %	Europe ex UK %	Japan %	Asia Pacific ex Japan %	Latin America %	2007 Total %	2006 Total %
Oil & Gas	–	–	3.0	–	1.8	7.1	11.9	10.8
Oil & Gas producers	–	–	3.0	–	1.8	7.1	11.9	10.8
Basic Materials	–	–	–	–	–	1.0	1.0	2.2
Chemicals	–	–	–	–	–	–	–	0.6
Forestry & Paper	–	–	–	–	–	1.0	1.0	0.9
Mining	–	–	–	–	–	–	–	0.7
Industrials	2.3	1.1	–	3.1	3.5	–	10.0	10.6
Construction & Materials	–	–	–	0.8	–	–	0.8	1.9
Aerospace & Defence	–	–	–	–	–	–	–	–
Electronic & Electrical Equipment	–	1.1	–	0.7	2.0	–	3.8	1.9
Industrial Engineering	1.4	–	–	1.6	1.5	–	4.5	4.2
Industrial Transportation	–	–	–	–	–	–	–	2.6
Support Services	0.9	–	–	–	–	–	0.9	–
Consumer Goods	2.5	3.5	0.7	0.6	2.1	1.8	11.2	10.3
Automobiles & Parts	–	–	0.7	0.6	–	–	1.3	3.0
Beverages	–	–	–	–	–	–	–	0.2
Food Producers	1.0	1.0	–	–	1.2	–	3.2	1.6
Tobacco	1.5	2.5	–	–	0.9	1.8	6.7	5.5
Health Care	1.0	1.7	–	1.5	–	–	4.2	6.4
Health Care Equipment & Services	–	–	–	–	–	–	–	0.5
Pharmaceuticals and Biotechnology	1.0	1.7	–	1.5	–	–	4.2	5.9
Consumer Services	0.4	0.6	1.7	2.0	–	1.7	6.4	5.2
Food & Drug Retailers	–	–	–	2.0	–	–	2.0	1.0
General Retailers	–	–	1.7	–	–	–	1.7	3.4
Media	–	–	–	–	–	–	–	0.2
Travel and Leisure	0.4	0.6	–	–	–	1.7	2.7	0.6
Telecommunications	2.5	–	3.0	–	1.4	1.1	8.0	8.8
Fixed Line Telecommunications	1.0	–	3.0	–	0.5	1.1	5.6	5.2
Mobile Telecommunications	1.5	–	–	–	0.9	–	2.4	3.6
Utilities	3.2	–	1.5	–	1.0	–	5.7	6.4
Electricity	0.8	–	1.5	–	1.0	–	3.3	4.8
Gas Water & Multiutilities	2.4	–	–	–	–	–	2.4	1.6
Financials	4.6	0.7	5.4	2.2	7.0	0.7	20.6	23.6
Banks	0.7	–	3.3	1.5	6.0	–	11.5	9.9
Non-life Insurance	–	0.7	2.1	–	1.0	–	3.8	4.6
Life Insurance	3.9	–	–	–	–	–	3.9	6.3
General Financial	–	–	–	0.7	–	–	0.7	2.8
Real Estate	–	–	–	–	–	0.7	0.7	–
Technology	–	–	–	–	–	–	–	2.4
Software & Computer Services	–	–	–	–	–	–	–	1.4
Technology Hardware & Equipment	–	–	–	–	–	–	–	1.0
Total equities	16.5	7.6	15.3	9.4	16.8	13.4	79.0	86.7
Fixed income	9.3	2.7	0.7	–	1.2	0.8	14.7	13.4
Total investments	25.8	10.3	16.0	9.4	18.0	14.2	93.7	100.1
Other net current assets/(liabilities) ^A							6.3	(0.1)
Total assets^B							100.0	100.0

^A Figure for 2007 excludes bank loan of £18,662,000 which is shown as a current liability.

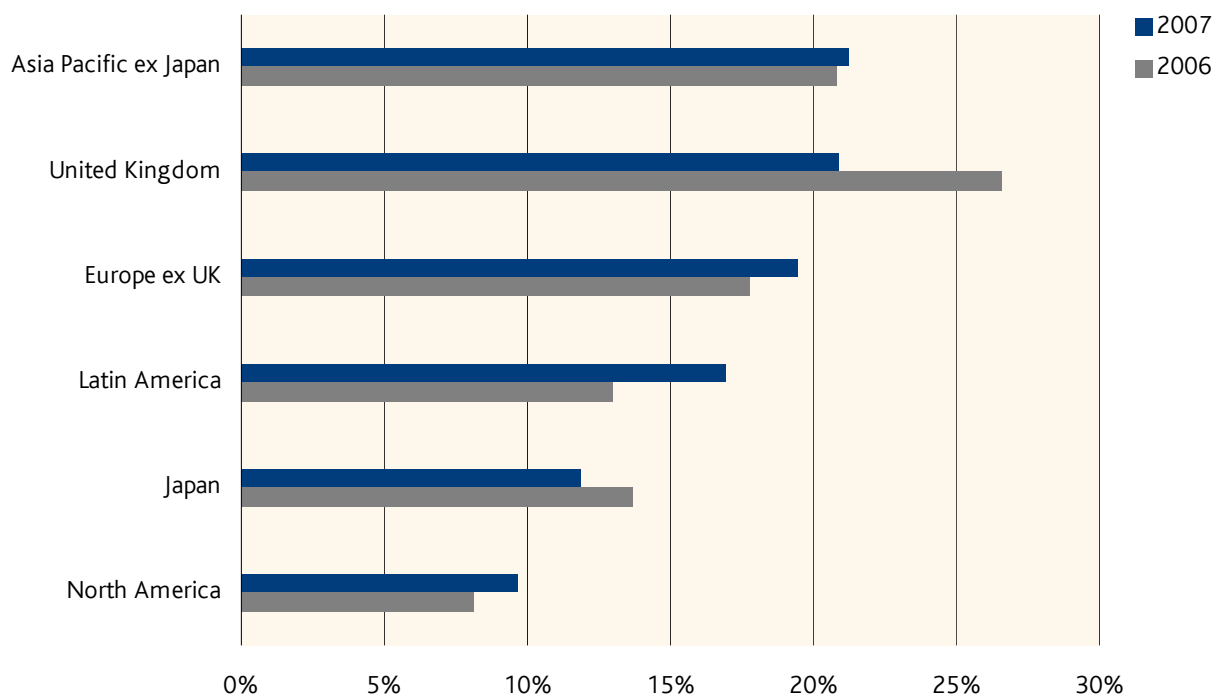
^B See definition on page 58.

Distribution of Equity Investments

Total Equities Distribution by Sector



Total Equities Distribution by Geographic Region



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 the delivery of consistent outperformance against the benchmark based on the concept of seeking growth at a reasonable price.

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

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

Asset Allocation

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

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

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

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

Stock Selection

The investment manager, Bruce Stout, has responsibility for portfolio construction across all regional segments. Working closely with the relevant underlying desks in each case, portfolio construction is an interactive process. The Manager utilises a “Global Equity Buy List” which is constructed by each of the specialist country desks. This list contains all buy (and hold) recommendations for each desk, which are then used as the investment universe. If a stock no longer meets

the criteria to be included on the Buy List, it is sold within 30 days. This process enables the investment manager to better reflect top down themes that emerge from the global equity strategy and investment themes meetings that take place monthly.

Risk Controls

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

As well as market price risk inherent in all portfolio investment, Murray International Trust is also exposed to risk from movements in foreign exchange rates and changes in interest rates. Market price risk is managed by strict adherence to parameters set for portfolio construction. The foreign exchange risk involved may be hedged by the use of forward currency contracts. Interest rate risk lies with the portfolio holdings of fixed income securities and on-call deposits. A detailed risk profile of the Company is given in Note 18 to the financial statements on pages 49 to 55.

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.



John Trott

Status: Chairman and Independent Non-Executive Director

Relevant experience and other directorships: He was formerly chairman of The Standard Life Assurance Company and The Brunner Investment Trust plc.

Length of Service: He was appointed a Director on 23 October 2000 and Chairman on 6 November 2002.

Age: 70

Committee member: Management Engagement Committee (Chairman), 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: 35,000 Ordinary shares



Lady Balfour of Burleigh

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. Her other current directorships are The Scottish American Investment Trust plc; The Scottish Oriental Smaller Companies Trust plc; The Nuclear Liabilities Fund Limited, Stagecoach plc and Close Enterprise VCT PLC.

Length of Service: She was appointed a Director on 30 September 2003.

Age: 62

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



David Benson

Status: Senior Independent Non-Executive Director

Relevant experience and other directorships: He is a senior adviser to Fleming Family Partners. He is also a non-executive director of Daniel Thwaites plc and chairman of the Trustees of the Edward James Foundation. He is also a director of Dover Corporation in the USA. He was formerly vice-chairman of Kleinwort Benson Group Plc and chairman of Charter Pan European Trust PLC.

Length of Service: He was appointed a Director on 25 October 1999.

Age: 70

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

Employment by the Manager: None

Other connections with Trust or

Manager: None

Shared Directorships with any other Trust Directors: None

Shareholding in Company: 4,000 Ordinary shares



James Best

Status: Independent Non-Executive Director

Relevant experience and other directorships: He is an investment banker with 30 years' experience in international capital markets and is now a partner of Arkios Ltd, a London merchant bank. He was previously Managing Director of UBS in London and Credit Suisse in Singapore.

Length of Service: He was appointed a Director on 30 June 2005

Age: 60

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

Employment by the Manager: None.

Other connections with Trust or

Manager: None

Shared Directorships with any other

Trust Directors: None

Shareholding in Company: 15,200 Ordinary shares



Fred Shedden

Status: Independent Non-Executive Director

Relevant experience and other directorships: He is a former senior partner of McGrigor Donald (now McGrigors). He is a non-executive director of The Equitable Life Assurance Society and Iomart Group plc. He was formerly chairman of Martin Currie Japan Investment Trust plc. He is also a Governor of Glasgow School of Art and a board member of the Glasgow Housing Association Limited.

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

Age: 63

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

Employment by the Manager: None

Other connections with Trust or

Manager: None

Shared Directorships with any other

Trust Directors: None

Shareholding in Company: 5,698 Ordinary shares

Directors' Report

The Directors submit their Annual Report together with the financial statements of the Company for the year ended 31 December 2007.

Business Review

A review of the Company's operations is given in the Corporate Summary on pages 2 and 3, the Chairman's Statement on pages 4 and 5 and the Manager's Report on pages 6 to 8. 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 2 and 3 and in Note 18 to the Financial Statements. Details of the risk management objectives and policies are provided in the Corporate Governance Statement internal controls report on pages 30 and 31. Further details on how the portfolio is managed to achieve the risk management policies and objectives are disclosed in 'The Investment Process' on page 19. The Key Performance Indicators for the Company including NAV and share price information are detailed on page 9.

The current Directors, Messrs J F H Trott, D H Benson, J D Best, and A C Shedden and Lady Balfour of Burleigh were the only Directors who served during the year.

The Company does not make political donations or expenditures and has not made any donations for charitable purposes during the year and, in common with most investment trusts, the Company has no employees. Directors' & Officers' liability insurance cover has been maintained throughout the year at the expense of the Company.

Principal activity and status

The Company is an investment company within the meaning of Part VIII of the Companies Act 1985 and carries on business as an investment trust. In the opinion of the Directors of the Company, its affairs have been conducted in a manner to satisfy the conditions to enable it to continue to obtain approval as an investment trust under Section 842 of the Income and Corporation Taxes Act 1988. HM Revenue & Customs will grant Section 842 status, if requested, provided that the Company's affairs have been conducted in such a manner as to satisfy the conditions of that section. Approval for such status has been given by HM Revenue & Customs for the year ended 31 December 2006.

Results and dividends

The total return attributable to equity Shareholders for the year amounted to £80,997,000.

A final dividend for the year ended 31 December 2006 of 7.6p per Ordinary share was paid on 18 May 2007. Interim dividends of 4.30p each were paid on 14 August 2007, 15 November 2007 and 14 February 2008 making a total distribution to Ordinary Shareholders of £17,753,000. The Directors recommend a final dividend for the year ended 31 December 2007 of 8.1p per Ordinary share payable on 16 May 2008 to holders of Ordinary shares on the register at close of business on 4 April 2008.

In line with the changes to the dividend procedures approved at the Annual General Meeting in 2006, 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 2008. Fractional entitlements will be sold for the benefit of shareholders. The new B Ordinary shares will rank equally with the existing B Ordinary shares.

Resolution No. 7 to approve the above distribution will be proposed at the Annual General Meeting, as printed in the Notice of Meeting contained in the circular accompanying the Annual Report.

The Net Asset Value per Ordinary and B Ordinary share at 31 December 2007 was 736.8p (2006 – 660.7p).

Special Business at Annual General Meeting

Share Buybacks

At the Annual General Meeting held on 26 April 2007, 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 buy-back 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 per cent. of the average of the middle market quotations for a share taken from the London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which the share is purchased; and (ii) the higher of the last independent trade and the current highest independent bid on the trading venue where the purchase is carried out. The minimum price which may be paid is 25p per share.

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

The Resolution seeking authority to buy back shares will permit the Company to hold 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. 10 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 12,983,255 Ordinary shares and 164,451 B Ordinary shares as at 6 March 2008). Such authority will expire on the date of the next Annual General Meeting or on 30 June 2009, 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 2007 and up to the date of this Report no share repurchases have taken place.

Issue of shares

In terms of the Companies Act 1985 (the "Act") the Directors may not allot unissued shares unless so authorised by the Shareholders. Resolution No. 8 in the Notice of Annual General Meeting, if passed, will therefore give the Directors the necessary authority to allot the unissued share capital up to an aggregate nominal amount of £1,096,373

(equivalent to 4,330,639 Ordinary shares and 54,854 B Ordinary shares or 5 per cent of the Company's existing issued share capital at 6 March 2008), 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 2009, 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 89(1) of the Companies Act 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. Resolution No. 9 will, if passed, also give the Directors power to allot for cash, equity securities up to an aggregate nominal amount of £1,096,373 (equivalent to 4,330,639 Ordinary shares and 54,854 B Ordinary shares or 5 per cent of the Company's existing issued share capital at 6 March 2008), the latest practicable date prior to the publication of this Annual Report, as if Section 89(1) of the Companies Act 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. 8. This authority will also expire on the date of the next Annual General Meeting or on 30 June 2009, 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. 8 and 9 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 per cent 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 per cent 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 9 will also disapply pre-emption rights on the sale of Treasury shares as envisaged above. Once again, the pre-emption rights would only be disapplied where the Treasury shares were sold at a premium to net asset value of 0.5 per cent.

The Directors consider that the above authorities are in the interests of the Company and Shareholders taken as a whole and recommend that all Shareholders vote in favour of the resolutions, as the Directors intend to in respect of their own beneficial holdings of Ordinary shares amounting in aggregate to 68,198 shares, representing approximately 0.08% of the Company's issued share capital.

Circular

Accompanying this Annual Report, shareholders will receive a circular which incorporates the Notice of Annual General Meeting as well as Notices of a separate Class Meeting of Ordinary shareholders and a Class Meeting of B Ordinary shareholders. The Directors are proposing amendments to the Articles of Association as a result of the continuing implementation of the Companies Act 2006.

Share Capital

The issued Ordinary share capital at 31 December 2007 amounted to 86,612,772 Ordinary and 1,090,350 B Ordinary shares. On 14 February 2008 the issued B Ordinary share capital increased to 1,097,074 B Ordinary shares following the capitalisation issue of 6,724 B Ordinary shares in lieu of the third interim dividend.

Share Interests

At 6 March 2008 the following share interests in the Company above 3% had been notified:

	Ordinary shares of 25p	Percentage of Ordinary capital
Rathbones	5,855,510	6.8
Aberdeen Asset Managers Savings Plans (non discretionary)	5,783,064	6.7
Speirs & Jeffrey	5,169,292	5.9
Brewin Dolphin	4,816,478	5.6
Legal & General Investment Management	4,016,147	4.6
Rensburg Sheppards	3,221,212	3.7
D C Thomson & Company Limited	2,700,000	3.1

	B Ordinary shares of 25p	Percentage of B Ordinary capital
T C Nominees Ltd of which the undernoted has a holding of 3% or over:	457,444	41.9
Carol Barrie Trust	247,990	22.7
The Hon Mrs C Baillie Hamilton Trust	207,501	19.0

Directors

The Directors, who held office during the year under review, are shown on pages 20 and 21 of the Annual Report and their interests are shown below. All the Directors held office throughout the year under review.

Mr J F H Trott, whose biography appears on page 20, having attained the age of 70, retires in accordance with the Articles of Association of the Company at the Annual General Meeting, and being eligible, offers himself for re-election. Mr D H Benson, whose biography appears on page 20 having reached the age of 70 and being required to retire by rotation in accordance with the Articles of Association, retires at the Annual General Meeting, and being eligible, offers himself for re-election.

Resolutions 3 and 4 to this effect will be proposed at the Annual General Meeting.

In accordance with the Articles of Association, Directors must offer themselves for re-election at least once every three years. For those Directors who are not seeking re-election at this time, it has been less than three years since their previous re-election.

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

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

	31 December 2007 Beneficial	1 January 2007 Beneficial
J F H Trott	35,000	15,000
Lady Balfour of Burleigh	1,300	1,300
D H Benson	4,000	4,000
J D Best	15,200	15,200
A C Shedden	5,611	5,139

Mr A C Shedden's beneficial holding increased to 5,698 Ordinary shares by the acquisition, through the Aberdeen Share Plan, of 31 Ordinary shares, 28 Ordinary shares and 28 Ordinary shares on 23 January 2008, 14 February 2008 and 22 February 2008 respectively. On 20 February 2008 Mr Best increased his interests to 22,200 Ordinary shares following the purchase of 7,000 Ordinary shares by his wife. In addition to the above, on 14 February 2008, Mr D H Benson informed the Company that he is deemed to have a non-beneficial interest in a further 4,250 Ordinary shares which are controlled by a Family Settlement Trust created by Mr D H Benson. With the exception of these further disclosures, the above holdings were unchanged at 6 March

2008, 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 33 and 34.

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 2007, the management and secretarial fees payable to the Manager were calculated and charged on the following basis:

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

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

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

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

No fees have been 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 is shown on pages 27 to 31.

Audit Committee

Details of the Audit Committee are contained in the Statement of Corporate Governance under the heading Audit Committee on page 28.

Directors' and Officers' Insurance

The Company purchases and maintains liability insurance covering the Directors and officers of the Company.

PEP and ISA Status

The Company intends to manage its affairs so as to be a fully qualifying investment trust for inclusion in a general PEP and also so that the Company's shares will be qualifying investments for the stocks and shares component of an ISA.

Going concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. The Company has adequate financial resources to enable it to continue in operational existence for the foreseeable future.

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.

Annual General Meeting and Class Meetings

The Notice of Annual General Meeting which will be held on 22 April 2008 is contained in the separate circular to shareholders accompanying the Annual Report and Accounts. Separate Notices convening class meetings of the Ordinary and B Ordinary shareholders are also contained in the circular.

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 18 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 auditors are 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 auditors are aware of that information. Additionally there are no important events since the year end.

Independent Auditors

The Auditors, Ernst & Young LLP, have expressed their willingness to continue in office. Resolution No. 5 to appoint Ernst & Young LLP as the Company's Auditor will be put to the forthcoming Annual General Meeting, along with Resolution No. 6 to authorise the Directors to fix their remuneration. The Auditors received £5,250 + VAT in relation to non-audit services undertaken during the year.

By order of the Board

Aberdeen Asset Management PLC

Secretaries

40 Princes Street,
Edinburgh EH2 2BY
6 March 2008

Statement of Corporate Governance

Introduction

The Company is committed to a high standard of corporate governance. Accordingly, the Board has put in place a framework for corporate governance, which it believes is appropriate for an investment trust and which enables it to comply with the Combined Code on Corporate Governance (the "Code") as appended to the Listing Rules. Additionally, the Association of Investment Companies (AIC) published a Code on Corporate Governance in July 2003 (as amended in February 2006) which complements the Code and represents a framework of best practice in certain areas of governance where the specific characteristics of investment companies suggest alternative approaches that may be preferable to those set out in the Code. There is a certain amount of overlap with the Code, although the focus of attention is on the points of difference.

Application of the Code

The Board is accountable to the Company's Shareholders for good governance and this statement describes how the principles identified in the Code have been applied by the Company. Save for the exception noted below, the Company has complied with the provisions set out in Section 1 of the Code throughout the year ended 31 December 2007.

The exception to compliance with the Code, which is explained more fully under the heading of "Internal Controls" is as follows:

- there is no separate internal audit function (C 3.5).

The Board

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

- the Chairman was independent on appointment and, in compliance with the AIC Code, continues to be so.

Biographies of the Directors appear on pages 20 to 21 of this report and indicate their high level and range of 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 2007 the Board met seven times and also held a Strategy Meeting. 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 and three other Board Committee meetings.

The Chairman of the Company is a non-executive Director. During the year Mr Benson was appointed 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.
- 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.

Statement of Corporate Governance continued

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):

	Board and Strategy Meetings Attended	Audit Committees attended	Management Engagement Committees attended
J F H Trott	7 (7)	0 (0)	1 (1)
Lady Balfour of Burleigh	6 (7)	3 (3)	1 (1)
D H Benson	6 (7)	3 (3)	1 (1)
J D Best	7 (7)	3 (3)	1 (1)
A C Shedden	6 (7)	3 (3)	1 (1)

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. The Chairman has been satisfactorily evaluated by his fellow Directors. The Board is satisfied with its current composition, 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 reports from the Manager on a regular basis. 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 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:

Mr J F H Trott (Chairman of the Committee)
Lady Balfour of Burleigh
Mr D H Benson
Mr J D Best
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 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.

The Committee recommended to the Board the nomination for re-election of Mr J Trott and Mr Benson, who are both seeking re-election after seven and eight years of service respectively and having attained the age of 70 since the last AGM. The Committee concluded that their knowledge and experience are greatly valued by the Board. Details of their other directorships are shown on page 20.

Audit Committee

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

Mr A C Shedden (Chairman of the Committee)
Lady Balfour of Burleigh
Mr D H Benson
Mr J D Best

The terms of reference of the Audit Committee are reviewed and re-assessed for their adequacy on an annual basis. These include:

- 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 auditors on a regular basis;
- the review of the annual accounts and interim report;
- the review of the terms of appointment of the Auditors together with their remuneration as well as the non-audit services provided by the Auditors (if applicable);
- the review of the scope and the results of the audit and the independence and objectivity of the Auditors (it should be noted that the Auditors, Ernst & Young LLP, change the partner responsible for the audit every five years);
- the review of the Auditors management letter and the management response;
- the review of the management agreement; and
- meetings with representatives of the Manager.

Details of attendance at the Audit Committee are shown on page 28.

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.

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 and on the Company's website, all of whom are independent and free from any relationship that would interfere with impartial judgement in carrying out their responsibilities:

Mr J F H Trott (Chairman of the Committee)
Lady Balfour of Burleigh
Mr D H Benson
Mr J D Best
Mr A C Shedden

It annually reviews matters concerning the management agreement which exists with Aberdeen Asset Managers Limited. Details of the management agreement are shown on page 25 of the Annual Report.

Details of attendance at the Management Engagement Committee are shown on page 28.

Remuneration Committee

Under the UK Listing Authority's Listing Rules 15.4.15R, where an investment trust has only non-executive Directors, the Code principles relating to Directors' remuneration do not apply. However, the Company does have a Remuneration Committee, comprising the following members:

Lady Balfour of Burleigh (Chairman of the Committee)
Mr D H Benson
Mr J D Best
Mr A C Shedden

The new 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 33 and 34.

Directors' Terms of Appointment

All non-executive Directors are appointed for an initial term of three years, subject to re-election and Companies Act provisions and, in accordance with the existing Articles of Association, stand for election at the first Annual General Meeting following their appointment. The Articles of Association state that Directors must offer themselves for re-election at least once every three years. Any Director who seeks re-election beyond six years will be subject to particularly rigorous review to ensure their performance continues to be effective. Any Director who reaches the age of 70 is currently subject to annual re-election. The Directors are proposing to amend this particular Article and shareholders' attention is drawn to the accompanying circular for further information on this.

Policy on Tenure

The Board takes the view that independence is not necessarily compromised by length of tenure on the Board and that experience can add significantly to the Board's strength. In line with best practice, the Board's policy is for Directors who have been on the Board for more than nine years to retire at each subsequent Annual General Meeting and submit themselves for annual re-election.

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 shares in Murray International Trust 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 21 to 24.

Separate resolutions are proposed for each issue.

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

Shareholders also have direct access to the Company via the free Shareholder information telephone service run by the Manager and the Company and the Manager responds 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 32 and the Statement of Going Concern is included in the Directors' Report on page 25.

The Independent Auditors' Report is on pages 35 and 36.

Internal Control

The Board of Directors of Murray International Trust has overall responsibility for the Company's system of internal control and for reviewing its effectiveness. The Directors confirm that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company, that has been in place for the full year under review and up to the date of approval of the Financial Statements, and that this process is regularly reviewed by the Board and accords with the Turnbull 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 Turnbull 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 Investment Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its investment performance;
- the Board and Investment Manager have agreed clearly defined investment criteria;
- specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board. The Investment 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 Investment Manager's operations;
 - written agreements are in place which specifically define the roles and responsibilities of the Investment Manager and other third party service providers;
 - the Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place at the Investment Manager, has decided to place reliance on the Investment 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 as an Institutional Investor

Responsibility for actively monitoring the activities of investee companies has been delegated by the Board to the Manager. The Manager is responsible for reviewing, on a regular basis, the annual reports, circulars and other publications produced by the investee company, and for attending company meetings. The Manager, in the absence of explicit instruction from the Board, is empowered to exercise discretion in the use of the Company's voting rights. The Manager's policy is to vote all shares held by the Company.

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 return for their clients. 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.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom Law and United Kingdom Generally Accepted Accounting Practice. Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the net return of the Company for that period. In preparing those financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records which 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 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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.

Directors' Remuneration Report

The Board has prepared this report, in accordance with the requirements of Schedule 7A to the Companies Act 1985. 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 Auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in their report on pages 35 and 36.

Remuneration Committee

The Company has five independent non-executive Directors. The Remuneration Committee, chaired by Lady Balfour of Burleigh, comprises the non-executive Directors, excluding the Chairman of the Company as detailed on page 29.

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 ended 31 December 2008 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 quarterly in arrears, to the Director personally or to a third party specified by him/her. The fees for the non-executive Directors are determined within the limits set out in the Company's Articles of Association, which currently limit the aggregate of the fees payable to the Directors to £150,000 per annum. The 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 2007 the Remuneration Committee carried out a review of the level of Directors' fees and concluded that the fees should be increased to £35,000 for the Chairman and £18,000 for each Director with an additional £2,000 payable to the Chairman of the Audit Committee and the senior independent Director with effect from 1 January 2008.

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.

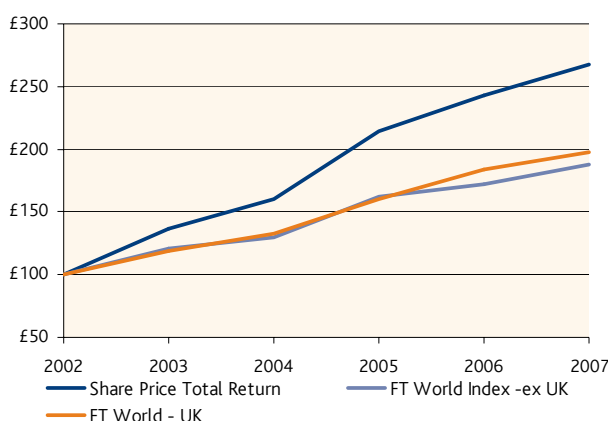
Directors' Service Contracts

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. Directors, therefore, shall retire and be subject to re-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. Any Director who attains the age of 70 or who has served on the board for more than nine years is subject to annual re-election. No compensation is payable for loss of office.

Company Performance

The graph below compares the total return (assuming all dividends are reinvested) to Ordinary Shareholders, assuming a notional investment of £100 into the Company on 31 December 2002, 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 Murray International's Trust 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 2007 £	Year ended 31 December 2006 £
Chairman of the Board:		
J F H Trott	30,000	30,000
Chairman of the Audit Committee:		
A C Shedden	18,000	18,000
Directors:		
Lady Balfour of Burleigh	17,000	17,000
D H Benson	17,000	17,000
J D Best	17,000	17,000
Total	99,000	99,000

Approval

The Directors' Remuneration Report on pages 33 and 34 was approved by the Board of Directors on 6 March 2008 and signed on its behalf by:

Lady Balfour of Burleigh

Director

6 March 2008

Independent Auditors' 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 2007 which comprise the Income Statement, Balance Sheet, Reconciliation of Movements in Shareholders' Funds, Cash Flow Statement and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 Auditors

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all

risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Corporate Summary, Chairman's Statement, Manager's Review, Results, Performance, Investment Portfolio - Twenty Largest Investments, Investment Portfolio - Other Investments, Summary of Investment Changes During the Year, Summary of Net Assets, Attribution Analysis, Distribution of Investments, Distribution of Equity Investments, Information about the Manager, The Investment Process, Your Board of Directors, Directors' Report, Statement of Corporate Governance, unaudited part of the Directors' Remuneration Report, Marketing Strategy, How to Invest in Murray International Trust PLC, Glossary of Terms and Definitions, Corporate Information, Your Company's History and Shareholder Information. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs

Independent Auditors' Report to the Members of Murray International Trust PLC continued

as at 31 December 2007 and of its net return for the year then ended;

- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP

Registered Auditor

Edinburgh

6 March 2008

Income Statement

	Notes	Year ended 31 December 2007			Year ended 31 December 2006		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	10	–	68,348	68,348	–	61,182	61,182
Income	2	26,776	–	26,776	24,566	–	24,566
Investment management fees	3	(966)	(2,253)	(3,219)	(910)	(2,124)	(3,034)
Performance fees	4	–	(2,151)	(2,151)	–	(2,565)	(2,565)
Currency losses		–	(3,550)	(3,550)	–	(4,087)	(4,087)
Other expenses	5	(1,251)	–	(1,251)	(1,313)	–	(1,313)
Net return before finance costs and taxation		24,559	60,394	84,953	22,343	52,406	74,749
Finance costs of borrowing	6	(609)	(1,422)	(2,031)	(610)	(1,424)	(2,034)
Return on ordinary activities before tax		23,950	58,972	82,922	21,733	50,982	72,715
Tax on ordinary activities	7	(5,550)	3,625	(1,925)	(4,603)	3,147	(1,456)
Return attributable to equity Shareholders		18,400	62,597	80,997	17,130	54,129	71,259
Return per Ordinary share (pence)	9	21.2	72.3	93.5	19.8	62.5	82.3
Return per Ordinary share assuming full conversion of the B Ordinary shares (pence)	9	21.0	71.4	92.4	19.5	61.8	81.3

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

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

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

No operations were acquired or discontinued in the year.

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

Ordinary dividends on equity shares (£'000)	8	14,028	–	14,028	15,623	–	15,623
--	---	---------------	---	---------------	---------------	---	---------------

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

Balance Sheet

	Notes	As at 31 December 2007		As at 31 December 2006	
		£'000	£'000	£'000	£'000
Non-current assets					
Investments listed at fair value through profit or loss	10		679,577		655,634
Current assets					
Debtors	11	4,376		3,694	
Cash and short term deposits		44,687		3,870	
		49,063		7,564	
Creditors: amounts falling due within one year					
Bank loans	12/13	(18,662)		–	
Other creditors	12	(3,213)		(8,167)	
		(21,875)		(8,167)	
Net current assets/(liabilities)			27,188		(603)
Total assets less current liabilities			706,765		655,031
Creditors: amounts falling due after more than one year					
Bank loans and debentures	12/13	(56,931)		(72,159)	
Other creditors	12	(3,597)		(3,604)	
			(60,528)		(75,763)
Net assets			646,237		579,268
Capital and reserves					
Called-up share capital	14		21,926		21,919
Share premium account			22		22
Capital redemption reserve			8,230		8,230
Capital reserve – realised			366,239		298,874
Capital reserve – unrealised			211,796		216,571
Revenue reserve			38,024		33,652
Equity Shareholders' funds			646,237		579,268
Net Asset Value per Ordinary and B Ordinary share (pence)	15		736.8		660.7

The financial statements were approved and authorised for issue by the Board of Directors on 6 March 2008 and were signed on its behalf by:

J F H Trott

Director

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

Reconciliation of Movements in Shareholders' Funds

For the year ended 31 December 2007

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Revenue reserve £'000	Total £'000
Balance at 31 December 2006	21,919	22	8,230	298,874	216,571	33,652	579,268
Return on ordinary activities after taxation	–	–	–	67,372	(4,775)	18,400	80,997
Dividends paid (see note 8)	–	–	–	–	–	(14,028)	(14,028)
Issue of new shares	7	–	–	(7)	–	–	–
Balance at 31 December 2007	21,926	22	8,230	366,239	211,796	38,024	646,237

For the year ended 31 December 2006

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Revenue reserve £'000	Total £'000
Balance at 31 December 2005	21,911	23	8,230	286,597	174,727	32,145	523,633
Return on ordinary activities after taxation	–	–	–	12,285	41,844	17,130	71,259
Dividends paid (see note 8)	–	–	–	–	–	(15,623)	(15,623)
Issue of new shares	8	(1)	–	(8)	–	–	(1)
Balance at 31 December 2006	21,919	22	8,230	298,874	216,571	33,652	579,268

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 2007		Year ended 31 December 2006	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	16		19,666		17,879
Returns on investments and servicing of finance					
Interest paid		(1,998)		(2,233)	
Net cash outflow from servicing of finance			(1,998)		(2,233)
Corporation tax paid			(414)		–
Financial investment					
Purchases of investments		(135,699)		(100,174)	
Sales of investments		179,642		108,267	
Net cash inflow from financial investment			43,943		8,093
Equity dividends paid			(17,317)		(15,404)
Net cash inflow before financing			43,880		8,335
Financing					
Expense of share issue		–		(1)	
Loans repaid		–		(7,708)	
Loans drawn down		–		7,708	
Net cash outflow from financing			–		(1)
Increase in cash	17		43,880		8,334

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

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' (issued in 2003 and revised in December 2005). 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. The Directors believe this is appropriate for the reasons outlined in the Directors' Report on page 25.

(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 per cent to revenue and 70 per cent 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 predominately 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

Notes to the Financial Statements continued

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 unrealised 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 allocated to years over the term of the debt at a constant rate on the carrying amount and are charged 30 per cent to revenue and 70 per cent to realised capital reserves to reflect the Company's investment policy and prospective income and capital growth.

(g) Exchange rates

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

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

(h) Derivative financial instruments

Financial derivatives are measured at fair value. 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.

	2007 £'000	2006 £'000
2. Income		
Income from investments:		
UK dividends	5,679	5,956
UK unfranked investment income	2,815	2,368
Overseas dividends	15,009	13,656
Overseas interest	2,660	2,480
	26,163	24,460
Interest:		
Deposit interest	613	106
Total income	26,776	24,566
Income from investments comprises:		
Listed UK	8,494	8,324
Listed overseas	17,669	16,136
	26,163	24,460

	2007			2006		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
3. Investment management fees						
Investment management fees	902	2,104	3,006	821	1,916	2,737
Irrecoverable VAT	64	149	213	89	208	297
	966	2,253	3,219	910	2,124	3,034

Details of the fee basis are contained in the Directors' Report on page 25.

In 2004, the Association of Investment Companies ("AIC") and JPM Claverhouse Investment Trust plc launched a case against HM Revenue & Customs ("HMRC") in which they claimed that management fees charged to UK investment trusts should be exempt from VAT. On 28 June 2007, the European Court of Justice found in favour of the AIC/Claverhouse case in respect of the specific questions referred to it by the UK VAT Tribunal. HMRC accepted this judgement in November 2007. Your Company is taking appropriate steps to reclaim the relevant VAT that has been paid on management fees since 2001. The timing and quantum of this repayment, together with the status of pre-2001 VAT payments, are being discussed with the Manager and are still to be determined. On the basis of this, no contingent asset has been disclosed.

The irrecoverable VAT charged during the year has been affected as a consequence of the above ruling. The Company was charged VAT on fees for the quarters to 31 March, 30 June and 30 September 2007, but no VAT was charged for the quarter to 31 December 2007.

	2007			2006		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
4. Performance fees						
Performance fees	–	2,523	2,523	–	2,341	2,341
Irrecoverable VAT	–	(372)	(372)	–	224	224
	–	2,151	2,151	–	2,565	2,565

Details of the fee basis are contained in the Directors' Report on page 25.

The irrecoverable VAT charged during the year has been affected as a consequence of the VAT ruling detailed in note 3. There has been no VAT charged for the 2007 performance fee and for any elements of previous years fees still outstanding, VAT previously accrued has been written off.

	2007			2006		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
5. Other expenses						
Shareholders' services*	592	–	592	559	–	559
Directors' remuneration	99	–	99	99	–	99
Irrecoverable VAT	71	–	71	72	–	72
Secretarial fees	100	–	100	100	–	100
Auditors fees:						
– statutory audit	20	–	20	19	–	19
– interim review	5	–	5	4	–	4
Other expenses	364	–	364	460	–	460
	1,251	–	1,251	1,313	–	1,313

* Includes registration, savings scheme and other wrapper administration and promotion expenses, of which £474,000 (2006 – £435,000) was paid to Aberdeen Asset Managers Limited (AAM) to cover marketing activities during the year. There were no sums due to AAM at the year end (2006 – £nil).

Notes to the Financial Statements continued

	2007			2006		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
6. Finance costs of borrowing						
Bank loans and overdrafts	590	1,376	1,966	591	1,378	1,969
Debenture Stock	19	46	65	19	46	65
	609	1,422	2,031	610	1,424	2,034

	2007			2006		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
7. Taxation						
(a) Tax charge						
The tax charge comprises:						
Current UK tax	5,247	(1,559)	3,688	3,541	(3,147)	394
Overseas tax	1,316	–	1,316	1,456	–	1,456
Double taxation relief	(1,230)	(2,066)	(3,296)	(394)	–	(394)
Current tax charge	5,333	(3,625)	1,708	4,603	(3,147)	1,456
Deferred tax	217	–	217	–	–	–
Total tax	5,550	(3,625)	1,925	4,603	(3,147)	1,456

(b) Factors affecting the tax charge for the year

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 30% (2006 – 30%).

The differences are explained below:

	2007 Revenue £'000	2006 Revenue £'000
Revenue on ordinary activities before taxation	23,950	21,733
Revenue on ordinary activities multiplied by the applicable rate of corporation tax of 30% (2006 – 30%)	7,185	6,520
Effects of:		
Non taxable UK dividends	(1,704)	(1,787)
Tax relief on overseas tax suffered	66	(85)
Movement in income accruals taxable on receipt	3	(45)
Current tax charge	5,550	4,603

Deferred tax is assessed at a rate of 28% due to a change in the expected tax rate when the liability is due to be settled.

The Company has utilised all prior year unutilised management expenses and unrelieved foreign tax, which amounted to £2,027,000.

	2007 £'000	2006 £'000
8. Ordinary dividends on equity shares		
2005 final dividend of 6.65p	–	5,756
2006 final dividend of 7.60p	6,580	–
First interim of 4.30p (2006 – 3.80p)	3,724	3,289
Second interim of 4.30p (2006 – 3.80p)	3,724	3,289
Third interim for 2006 of 3.80p	–	3,289
	14,028	15,623

The proposed final dividend for 2007 is subject to approval by Shareholders at the Annual General Meeting. In accordance with UK GAAP the third interim and proposed final dividend for 2007 have not been included as liabilities in these financial statements.

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 Section 842 of the Income and Corporation Taxes Act 1988 are considered. The revenue available for distribution by way of dividend for the year is £18,400,000 (2006 – £17,130,000).

	2007 £'000	2006 £'000
Three interim dividends for 2007 of 4.30p (2006 – 3.80p)	11,173	9,867
Proposed final dividend for 2007 of 8.10p (2006 – 7.60p)	7,016	6,580
	18,189	16,447

	2007	2006
9. Returns per share		
The returns per share have been based on the following figures:		
Weighted average number of Ordinary shares	86,598,500	86,570,172
Weighted average number of B Ordinary shares	1,089,525	1,093,746
Weighted average number of Ordinary shares assuming conversion of B Ordinary shares	87,688,025	87,663,918
Revenue return attributable to equity Shareholders	£18,400,000	£17,130,000
Capital return attributable to equity Shareholders	£62,597,000	£54,129,000
Total return attributable to equity Shareholders	£80,997,000	£71,259,000

	2007 £'000	2006 £'000
10. Investments listed at fair value through profit or loss		
Opening valuation	655,634	603,103
Opening unrealised appreciation	(199,310)	(164,037)
Opening book cost	456,324	439,066
Movements during the year:		
Purchases	135,699	100,174
Sales – proceeds	(179,642)	(108,267)
– realised gains	72,635	25,909
Amortisation of fixed income book cost	(462)	(558)
Closing book cost	484,554	456,324
Closing unrealised appreciation	195,023	199,310
Closing valuation	679,577	655,634

Notes to the Financial Statements continued

	2007 £'000	2006 £'000
The portfolio valuation		
Listed on stock exchanges at market valuation:		
United Kingdom:		
– equities	119,845	151,209
– fixed income	67,122	57,512
Overseas:		
– equities	452,747	416,790
– fixed income	39,863	30,123
Total	679,577	655,634

Gains on investments

Realised gains based on book cost	72,635	25,909
Net movement in unrealised appreciation	(4,287)	35,273
	68,348	61,182

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 on investments in the Income Statement. The total costs were as follows:

	2007 £'000	2006 £'000
Purchases	318	147
Sales	257	159
	575	306

	2007 £'000	2006 £'000
11. Debtors: amounts falling due within one year		
Current taxation	172	257
Other debtors	141	39
Forward contracts	508	–
Prepayments and accrued income	3,555	3,398
	4,376	3,694

None of the above amounts are overdue.

	2007 £'000	2006 £'000
12. Creditors		
Amounts falling due within one year:		
Bank loans (note 13)	18,662	–
Interim dividend (note 8)	–	3,289
Other creditors	8	8
Forward contracts	–	2,439
Provision for deferred tax	217	–
Accruals	2,988	2,431
	21,875	8,167

	2007 £'000	2006 £'000
Amounts falling due after more than one year:		
Bank loans and debentures (note 13)	56,931	72,159
Accruals	3,597	3,604
	60,528	75,763

A performance fee of £5,775,000 was outstanding at the year end to AAM (2006 – £4,799,000 + irrecoverable VAT). Of this amount £3,597,000 (2006 – £3,251,000) falls due after more than one year. No VAT has been accrued due to the changes in the treatment of VAT on performance fees as detailed in notes 3 and 4.

All financial liabilities are included at amortised cost.

13. Bank loans and Debentures	31 December 2007 £'000	31 December 2006 £'000
Secured by floating charge and repayable other than by instalments within five years or at the Company's option:		
– 4% Debenture Stock	1,620	1,620
Unsecured bank loans repayable:		
within one year		
– Yen 1,900,000,000 at 2.48% – 30 June 2008	8,544	–
– Yen 2,250,000,000 at 2.40% – 30 June 2008	10,118	–
in more than one year but no more than five years		
– Yen 1,900,000,000 at 2.48% – 30 June 2008	–	8,147
– Yen 2,250,000,000 at 2.40% – 30 June 2008	–	9,648
– Yen 8,400,000,000 at 2.97% – 10 March 2010	37,773	36,020
in more than five years		
– Yen 2,300,000,000 at 2.03% – 16 February 2014	10,343	9,863
– Yen 1,600,000,000 at 2.82% – 15 May 2016	7,195	6,861
	75,593	72,159

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 2007 at their principal amounts.

The Company currently has three fixed rate term loan facilities with ING Bank N.V., which are fully drawn down and have maturity dates of 30 June 2008 (two facilities) and 15 May 2016.

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

The Company also has an additional £50,000,000 multi-currency facility with The Royal Bank of Scotland plc which expires on 10 March 2010 and an uncommitted facility of £25,000,000. JPY8,400,000,000 (approx £37,773,000) of the £50,000,000 facility has been drawn down. None of the £25,000,000 facility has been drawn down.

Notes to the Financial Statements continued

14. Share capital	31 December 2007		31 December 2006	
	Number	£'000	Number	£'000
<i>Allotted, called up and fully paid:</i>				
Ordinary shares of 25p each	86,612,772	21,653	86,583,992	21,646
B Ordinary shares of 25p each	1,090,350	273	1,092,806	273
	87,703,122	21,926	87,676,798	21,919
<i>Unissued:</i>				
Unclassified shares of 25p each	56,422,878	14,105	56,449,202	14,112
Authorised	144,126,000	36,031	144,126,000	36,031

In accordance with Article 131 of the Company's Articles of Association, 12,572 B Ordinary shares, 6,980 B Ordinary shares, and 6,772 B Ordinary shares were allotted by way of capitalisation of reserves on 21 May 2007, 14 August 2007 and 15 November 2007 respectively.

On 30 June 2007, 28,780 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 30 June 2007 was 692.4 pence 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.

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of debt, cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings.

The Company's risk management committee reviews the capital structure on a semi-annual basis. As a part of this review the committee considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the committee the Company will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The Company's overall strategy remains unchanged from 2006.

Voting rights

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

15. Diluted 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	
	2007 p	2006 p	2007 £'000	2006 £'000
<i>Basic</i>				
Ordinary and B Ordinary shares (note 14)	736.8	660.7	646,237	579,268
<i>Diluted</i>				
Ordinary and B Ordinary shares (note 14)	736.8	660.7	646,237	579,268

16. Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities	2007 £'000	2006 £'000
Net return before finance costs and taxation	84,953	74,749
Less: gains on investments	(68,348)	(61,182)
Add: currency losses	3,550	4,087
Amortisation of fixed income book cost	462	558
Increase in accrued income	(172)	(344)
Decrease/(increase) in prepayments	15	(19)
Increase in other debtors	(102)	(29)
Increase in accruals	517	1,559
Tax on unfranked income – overseas	(1,209)	(1,500)
	19,666	17,879

17. Analysis of changes in net debt	At 31 December 2006 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 December 2007 £'000
Cash and short term deposits	3,870	(3,063)	43,880	–	44,687
Forward contracts	(2,439)	2,947	–	–	508
Debt due within one year	–	(867)	–	(17,795)	(18,662)
Debt due after more than one year	(72,159)	(2,567)	–	17,795	(56,931)
	(70,728)	(3,550)	43,880	–	(30,398)

	At 31 December 2005 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 December 2006 £'000
Cash and short term deposits	6,816	(11,280)	8,334	–	3,870
Forward contracts	1,012	(3,451)	–	–	(2,439)
Debt due within one year	(7,896)	188	7,708	–	–
Debt due after more than one year	(74,907)	10,456	(7,708)	–	(72,159)
	(74,975)	(4,087)	8,334	–	(70,728)

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.

18. 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 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 2 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, balance, 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 monitor the trust's investment and borrowing powers and report to the Manager's Risk Management Committee.

The main risks the Company faces from its financial instruments are (i) market price 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 price 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 guidelines state that the total borrowings will not exceed 30 per cent of the net assets of the Company. Details of borrowings at the 31 December 2007 are shown in note 13 on page 47.

Interest risk profile

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

	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000	Non- interest bearing £'000
At 31 December 2007					
Assets					
Sterling	3.95	5.59	67,122	39,615	119,845
US Dollar	23.81	7.05	19,820	–	108,819
Euro	–	–	–	–	95,644
Other	3.66	8.96	20,043	5,072	248,284
Total assets	–	–	106,985	44,687	572,592
Liabilities					
Bank loans – Japanese Yen	2.91	2.63	(73,973)	–	–
Debenture Stock	–	–	(1,620)	–	–
Accruals	–	–	–	–	(3,597)
Total liabilities	–	–	(75,593)	–	(3,597)
At 31 December 2006					
Assets					
Sterling	3.69	5.94	57,512	3,803	151,209
US Dollar	32.56	8.67	11,617	–	99,010
Euro	–	–	–	–	86,502
Other	4.48	8.87	18,506	67	231,278
Total assets	–	–	87,635	3,870	567,999
Liabilities					
Bank loans – Japanese Yen	3.91	2.63	(70,539)	–	–
Debenture Stock	–	–	(1,620)	–	–
Accruals	–	–	–	–	(3,604)
Total liabilities	–	–	(72,159)	–	(3,604)

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.

All financial liabilities are measured at amortised cost.

Notes to the Financial Statements continued

Maturity profile

The maturity profile of the Company's financial assets at the Balance Sheet date was as follows:

At 31 December 2007	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
Fixed rate							
Bonds	14,018	12,912	12,879	12,657	7,161	39,077	98,704
Non-cumulative Preference shares	–	–	–	–	–	8,281	8,281
	14,018	12,912	12,879	12,657	7,161	47,358	106,985

	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
Floating rate							
Cash	44,687	–	–	–	–	–	44,687

At 31 December 2006	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
Fixed rate							
Bonds	5,431	12,040	11,383	10,366	11,401	27,050	77,671
Non-cumulative Preference shares	–	–	–	–	–	9,964	9,964
	5,431	12,040	11,383	10,366	11,401	37,014	87,635

	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
Floating rate							
Cash	3,870	–	–	–	–	–	3,870

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.

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

– profit for the year ended 31 December 2007 would increase/decrease by £447,000 (2006 – increase/decrease by £39,000). 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 £725,000 (2006 – increase/decrease by £267,000). 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, are in foreign currency as at 31 December 2007. The Investment 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 2007 the Company had a foreign currency contract, details of which are listed on page 54. During the year a loss of £4,242,000 (2006 – loss of £10,838,000) was realised.

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

Foreign currency risk exposure by currency of denomination:

	31 December 2007			31 December 2006		
	UK and overseas equity investments £'000	Net monetary assets £'000	Total currency exposure £'000	UK and overseas equity investments £'000	Net monetary assets £'000	Total currency exposure £'000
US Dollar	104,106	20,702	124,808	94,614	12,440	107,054
Canadian Dollar	4,713	–	4,713	4,395	11	4,406
Euro	95,644	130	95,774	86,502	189	86,691
Japanese Yen	68,137	(18,563)	49,574	77,883	(2,806)	75,077
Hong Kong Dollar	27,618	(7)	27,611	34,618	–	34,618
Korean Won	5,729	–	5,729	12,623	–	12,623
Indian Rupee	7,860	–	7,860	10,172	22	10,194
Taiwan Dollar	13,943	5,165	19,108	16,334	332	16,666
Swiss Franc	8,404	40	8,444	3,515	27	3,542
Danish Krone	–	–	–	4,519	–	4,519
Hungarian Forint	–	5,369	5,369	–	4,887	4,887
Australian Dollar	7,296	4,876	12,172	5,793	4,671	10,464
Malaysian Ringgit	21,349	82	21,431	15,287	–	15,287
Swedish Krone	6,923	–	6,923	6,515	–	6,515
Singapore Dollar	11,391	–	11,391	7,678	–	7,678
Brazilian Real	12,923	27	12,950	6,830	–	6,830
Thailand Baht	13,370	–	13,370	6,138	–	6,138
Mexican Peso	30,084	6,249	36,333	14,293	6,443	20,736
Indonesian Rupiah	9,026	4,137	13,163	5,062	3,139	8,201
New Zealand Dollar	4,231	–	4,231	4,019	–	4,019
Sterling	119,845	105,966	225,811	151,209	57,677	208,886
Total	572,592	134,173	706,765	567,999	87,032	655,031

The asset allocation between specific markets can vary from time to time based on the Investment 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

Notes to the Financial Statements continued

analysis includes foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

	2007 Profit & loss £'000	2007 Equity £'000	2006 Profit & loss £'000	2006 Equity £'000
Euro	374	9,564	341	8,669
US Dollar	219	12,481	179	10,705
Japanese Yen	101	4,957	88	7,508
Brazilian Real	228	1,295	188	683
Total	922	28,298	796	27,565

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 currency risk management process used to meet the Company's objectives.

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 gain at 31 December 2007 £'000
6 December 2007	29 January 2008	17,927,120	220.62	508

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

Other price risk

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

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

Other price risk sensitivity

If market prices at the Balance Sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders for the year ended 31 December 2007 would have increased/decreased by £11,984,000 (2006 – increase/decrease of £15,121,000) 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 counter party 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 Investment Manager makes an investment in a bond, corporate or otherwise, the credit rating of the issuer is taken into account so as to minimise 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 Investment 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 monthly basis. In addition, the Custodian carries out a stock reconciliation to third party administrators' records on a monthly basis to ensure discrepancies are picked up on a timely basis. The Manager's Compliance department carries out periodic reviews of the Custodian's operations and reports its findings to the Manager's Risk Management Committee.
- cash is held only with reputable banks with high quality external credit enhancements. 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.

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

Fair values of financial assets and financial liabilities

The fair value of borrowings has been calculated at £76,808,000 as at 31 December 2007 (2006 – £73,720,000) compared to an accounts value in the financial statements of £75,593,000 (2006 – £72,159,000) (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.

Marketing Strategy

Murray International Trust contributes to the Marketing Programme run by Aberdeen Asset Managers Limited ("AAM"), on behalf of a number of investment trusts under its management. This agreement sees the Company's contribution matched by AAM and is now £498,000 (plus VAT) a year, reviewed on an annual basis.

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.

These aims can be met in several ways:

Investor relations programme

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

Group Schemes

AAM runs a group Share Plan, PEP and ISA. These schemes allow investment free of dealing costs and with only nominal exit charges, have proved popular with private investors.

Direct response advertising

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

Direct mail

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

Newsletter

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

Public relations

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

Shareholder services

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

Internet

Murray International Trust has its own 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, PEP and ISA can now use our secure system to view their valuations and transact on their Plan accounts.

The Company is committed to a close monitoring of the Marketing Programme. The Marketing Director provides a written summary quarterly to the Board.

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

The information on pages 56 and 57 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 (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 £7,200 in Murray International Trust PLC can be made in the tax year 2008/2009.

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

current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

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

Note

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

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

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

Keeping you Informed

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

Literature Request Service

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

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

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

Aberdeen Investment Trust Administration
Block C, Western House
Lynchwood Business Park
Peterborough, PE2 6BP
Telephone: 0500 00 00 40

Glossary of Terms and Definitions

Actual Gearing

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

Asset Cover

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

B Ordinary Shares

B Ordinary shares carry the same rights as the Ordinary shares. The difference is that B Ordinary Shareholders receive their dividends by means of a capitalisation issue as opposed to a cash dividend. With effect from the payment of the final dividend in 2007, the capitalisation issue received by B Ordinary Shareholders will be 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 62.

Discount

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

Dividend Cover

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

Dividend Yield

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

Net Asset Value

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

Potential Gearing

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

Premium

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

Price/Earnings Ratio

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

Prior Charges

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

Total Assets

Total Assets less current liabilities (before deducting prior charges as defined above).

Total Expense Ratio

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

Total Return

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

Winding-Up Entitlements

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

Voting Rights

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

Information about the Manager

Murray International Trust PLC

The Company's Manager is Aberdeen Asset Managers Limited, a wholly-owned subsidiary of Aberdeen Asset Management PLC ("Aberdeen"), whose Group companies as at 31 December 2007 managed a combined \$204.8 billion of funds of UK institutions, investment trusts, closed-end funds, unit trusts, private clients and offshore funds.

Aberdeen has been listed on the London Stock Exchange since 1991, although its origins go back to an investment company founded in 1876 to assist Scottish farmers to establish themselves in the Canadian prairies.

It has its headquarters in Aberdeen with over 20 offices around the world including Bangkok, Edinburgh, Glasgow, Fort Lauderdale, Jersey, Hong Kong, London, Philadelphia, Singapore and Sydney.

The Group now has 27 investment trusts and other closed-end funds under management. They adhere closely to the Group's investment style which is that of fundamental investors, with an emphasis on company visits and original research.

Senior Investment Manager



Bruce Stout

Senior Investment Manager

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

Corporate Information

Directors

J F H Trott (Chairman)
Lady Balfour of Burleigh
D H Benson
J D Best
A C Shedden

Secretaries and Registered Office

Aberdeen Asset Management PLC
40 Princes Street
Edinburgh EH2 2BY

Registered in Scotland as an investment company
Company Number 6705

Points of Contact

The Chairman or Company Secretary at
the registered office of the Company, or

The Manager at
Aberdeen Asset Managers Limited
Customer Services Department: 0500 00 00 40

Registrars

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

Tel: 0871 664 0300
(Calls cost 10p per minute plus network extras)
Tel International: (+44 208 639 3399)

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

Custodian Bankers

JP Morgan Chase Bank

Auditors

Ernst & Young LLP

Solicitors

McGrigors

Stockbroker

UBS
Arbuthnot

Trustee of the Debenture Stockholders

The Governor and Company of the Bank of Scotland

Your Company's History

Issued Share Capital at 31 December 2007

86,612,772	Ordinary shares of 25p each
1,090,350	B Ordinary shares of 25p each

Recent Capital History

19 May 2006	32,876 B Ordinary shares issued by way of capitalisation issue
30 June 2006	27,869 Ordinary shares issued following the conversion of B Ordinary shares
18 May 2007	12,572 B Ordinary shares issued by way of capitalisation issue in lieu of the final dividend
30 June 2007	28,780 Ordinary shares issued following the conversion of B Ordinary shares
14 August 2007	6,980 B Ordinary shares issued by way of capitalisation in lieu of the 1 st interim dividend
15 November 2007	6,772 B Ordinary shares issued by way of capitalisation in lieu of the 2 nd interim dividend
14 February 2008	6,724 B Ordinary shares issued by way of capitalisation in lieu of the 3 rd interim dividend

Shareholder Information

Stock Exchange Codes

	SEDOL Class of security	ISIN Number Code
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 22 April 2008 at 12.30 p.m. in the Strathclyde Suite, Glasgow Royal Concert Hall, 2 Sauchiehall Street, Glasgow, G2 3NY.

Market prices of allotted capital at 6 April 1965

4½% Cumulative Preference shares of £1	62.5p
Ordinary shares of 25p (adjusted for scrip issue)	18.965p
3¼% Debenture stock 1967 or after	£46.50

Market prices of allotted capital at 31 March 1982

4½% 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
3¼% 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 complete the form that accompanies this Annual Report or write to Capita Registrars at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or Tel: 0871 664 0300 (Calls cost 10p per minute plus network extras).

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

11 April 1980	50.5p	31 May 1994	328.5p	15 November 2007	675.5p
09 April 1981	77.5p	31 May 1995	343.5p	14 February 2008	712.0p
16 April 1982	74.5p	28 May 1996	415.5p		
08 April 1983	82.5p	27 May 1997	448.0p		
06 April 1984	85.2p	22 May 1998	502.0p		
26 April 1985	112.5p	26 May 1999	439.9p		
02 May 1986	162.5p	22 May 2000	490.0p		
02 May 1987	182.5p	25 May 2001	469.5p		
03 June 1988	162.5p	24 May 2002	427.5p		
02 June 1989	213.5p	23 May 2003	297.5p		
25 June 1990	235.5p	21 May 2004	340.0p		
31 May 1991	217.5p	20 May 2005	420.0p		
29 May 1992	232.5p	19 May 2006	580.0p		
28 May 1993	282.5p	14 August 2007	644.0p		



Aberdeen