

Murray Income Trust PLC

Half Yearly Report

for the six months ended 31 December 2015



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Investment Objective

The Company aims to achieve a high and growing income combined with capital growth through investment in a portfolio principally of UK equities.

Financial Highlights, Performance and Financial Calendar

Financial Highlights

	31 December 2015	30 June 2015	% Change
Total assets ^A (£'000)	552,703	570,888	−3.2
Equity shareholders' interests (£'000)	497,703	515,888	−3.5
Net asset value per Ordinary share	730.4p	757.1p	−3.5
Share price of Ordinary share (mid)	672.0p	705.0p	−4.7
(Discount)/premium to net asset value on Ordinary shares	(8.0)%	(6.9)%	

^ATotal assets as per the balance sheet less current liabilities (excluding prior charges such as bank loans).

Performance (total return)

	Six months ended 31 December 2015	Year ended 30 June 2015
Net asset value per Ordinary share	−1.0%	−2.2%
Share price per Ordinary share	−2.0%	−5.7%
FTSE All-Share Index	−2.0%	+2.6%

Financial Calendar

15 January 2016	First interim dividend (7.0p per share) paid for year ending 30 June 2016
16 February 2016	Announcement of Half-Yearly Results for 6 months ended 31 December 2015
March 2016	Half-Yearly Report posted to shareholders
1 April 2016	Second interim dividend (7.0p per share) payable for year ending 30 June 2016
1 July 2016	Third interim dividend (7.0p per share) payable for year ending 30 June 2016
September 2016	Announcement of Annual Results for year ending 30 June 2016 Annual Report posted to shareholders
1 November 2016	Annual General Meeting in London
November 2016	Final dividend payable for year ending 30 June 2016

Chairman's Statement

Review of the Period

Over the 6 months ended 31 December 2015, the Company's net asset value ("NAV") per share fell by 1.0% on a total return basis outperforming the FTSE All-Share Index which fell by 2.0%. The Company's share price ended the period at a discount to NAV of 8.0%, compared to 6.9% at 30 June 2015, resulting in a negative total return to shareholders over the period of 2.0%.

Revenue and Dividends

Total revenue decreased by 7.2% year on year due to the lower level of investment income. This is partly explained by Standard Chartered's decision to reduce its interim dividend, which was disappointing news but reflected the very challenging backdrop for the company owing to its commodity and emerging market exposures. The prior year period also included a special dividend from Compass which was not repeated. This reduction in income was partly offset by higher option premiums. Given that around 30% of the Company's investment income is denominated in US dollars, the revenue account has benefited from the weakness of Sterling against the Dollar over the period.

Current consensus forecasts suggest dividend growth for the market of 4.3% for calendar 2016. However, the risks on the downside are high given the potential impact of lower commodity prices on earnings and dividends for the resource-oriented companies. Although this is undoubtedly a challenging environment for income investors, the portfolio has a diversified exposure to a range of different end-markets. In addition, the income from option-writing provides a useful boost. Finally, our revenue reserves remain at a comfortable level.

Following shareholder approval at the Annual General Meeting on 28 October 2015, a final dividend per share of 11.00p (2014 - 10.25p) share was paid on 30 October 2015 to shareholders who were on the register on 25 September 2015.

In relation to the year ending 30 June 2016, a first interim dividend of 7.0p per share was paid on 15 January 2016 to shareholders on the register at the close of business on 18 December 2015. A second interim dividend of 7.0p per share will be paid on 1 April 2016 to shareholders on the register at the close of business on 4 March 2016. A third interim dividend of 7.0p per share will be paid on 1 July 2016 to shareholders on the register at the close of business on 3 June 2016.

Economic and Market Background

The UK equity market fell by 2% over the 6 month period. There were two main themes impacting sentiment over the period. Firstly, the fall in oil and other commodity prices,

which, depending on the particular commodity, was a function of lower demand and/or increased supply. The oil price slipped from \$57 at the start of July to \$37 by the end of the year as Saudi and Iraqi supply flooded the market while US onshore producers continued to pump oil steadily. The second theme was the weakness in emerging market economies and China in particular. There were significant concerns over the scale of the slowdown in Chinese economic activity coupled with worries across emerging markets about the impact of potential US interest rate rises and lower commodity income.

Over the period in question at a sector level, the more defensive areas of the market such as food producers and tobacco outperformed while the mining and oil sectors underperformed. The FTSE 100 Index underperformed the Mid and Small Cap indices owing to its higher commodities exposure.

UK macroeconomic data releases suggested a mild slowdown in economic activity over the 6 month period. The economy grew by 0.4% in the third quarter and 0.5% in the fourth quarter as domestic demand remained relatively resilient. However GDP was just 1.9% higher in the fourth quarter of 2015 compared with the same quarter a year earlier representing the smallest increase since early 2013. CPI inflation changed little over the period rising from 0.1% in July to 0.2% in December. Weak inflation coupled with concerns over global economic conditions led the Monetary Policy Committee to leave interest rates unchanged. Market expectations for the first rate rise have been pushed out. Sterling depreciated against both the Euro and the US Dollar over the period as expectations for rate rises were delayed and the market began to consider the implications of the EU referendum.

The international economic picture remains mixed. In the United States, GDP expanded at an annualised rate of 0.7% in the final quarter of 2015, slightly below expectations. The increase reflected higher consumer and government spending partly offset by lower exports. The Federal Reserve took the decision to raise the Fed funds rate for the first time in nine years in December. There is, however, considerable uncertainty over the number and timing of further hikes.

In the Eurozone, the European Central Bank provided further policy support to the economy but this has had a relatively limited impact on growth with the region's economy expanding by just 0.3% in the third quarter, representing an increase of 1.6% year on year. On a more positive note unemployment has improved and the readings for the composite Purchasing Managers' Index survey indicate continued modest expansion.

Emerging markets faced a variety of headwinds. The potential impeachment of Brazil's President Rousseff and increasing geopolitical tensions between Russia and Turkey were two new concerns to add to general worries about depressed commodity prices and slowing growth in China. Volatility in the Chinese equity market and intervention in the country's exchange rate markets coupled with weak manufacturing data have concerned investors. However, there has been more positive news in household consumption data which remains relatively strong and housing transaction prices have also stabilised. There also remains significant scope for the authorities to support growth. The outlook for raw material producers in Brazil, Russia and South Africa continued to worsen as cheap commodity prices pummelled these exporters. For example, Brazilian GDP declined by 1.7% in the third quarter. In stark contrast to its emerging market peers, India's third quarter GDP growth was notably firmer rising at an annual rate of 7.4%, as cheap commodity imports continued to benefit that economy.

Gearing

The Company maintained its borrowings at £55m during the interim period. At the end of the period potential gearing stood at 11.2% while actual gearing was 8.8%.

Outlook

Equity markets were weak over the second half of last year and the outlook is likely to remain difficult. Slowing growth and volatile commodity markets present challenging conditions for companies in general. In the UK, the EU referendum adds an additional layer of uncertainty. We also remain watchful of a slowdown in growth in emerging markets and China in particular but we are more sanguine about the longer term prospects for these regions aided by powerful drivers such as population growth, urbanisation and increasing middle class wealth. Therefore, although the short term outlook is likely to remain difficult, we remain confident that the best way to generate attractive long term returns is to invest in globally competitive businesses with robust balance sheets and experienced management teams which we think have the necessary skills to navigate their way through this challenging environment.

Share Capital

No shares were issued or bought by the Company during the 6 months under review resulting in an unchanged issued share capital at 31 December 2015 consisting of 68,142,458 Ordinary shares of 25p, with voting rights, and 451,000 Ordinary shares of 25p held in treasury. Between 1 January 2016, and the date of approval of this Report, 35,000 Ordinary shares were bought back into treasury resulting in the Company's issued share capital comprising 68,107,458

Ordinary shares of 25p with voting rights and 486,000 shares held in treasury.

Board

Following a recruitment exercise undertaken with an independent search consultancy, Mike Balfour was appointed a Director on 11 February 2016. I am pleased to welcome Mike who brings to the Board extensive experience of investment management as well as knowledge of investment trusts.

Principal Risks and Uncertainties

The Board regularly reviews the principal risks and uncertainties which it has identified, together with the delegated controls it has established to manage the risks and address the uncertainties, and these are set out in detail on pages 3 and 4 of the Company's Annual Report for the year ended 30 June 2015 ("Annual Report 2015") which is available on the Company's website. The Annual Report 2015 also contains, in note 17 to the Financial Statements, an explanation of other risks relating to the Company's investment activities, specifically market price, interest rate, liquidity and credit risk, and a note of how these risks are managed.

Related Party Transactions

Any related party transactions during the period are disclosed in the Notes to the Financial Statements. There have been no related party transactions that have had a material effect on the financial position of the Company during the period.

Going Concern

The factors which have an impact on the Company's status as a going concern are set out in the Going Concern section of the Directors' Report on pages 22 and 23 of the Company's Annual Report 2015. As at 31 December 2015, there had been no significant changes to these factors.

The Board has set limits for borrowing and regularly reviews the level of any gearing, cash flow projections and compliance with banking covenants. On 23 September 2015, the Company entered into a two-year multi-currency revolving loan facility ("the Facility") with the Royal Bank of Scotland PLC for up to £80m, of which £55m had been drawn down as at 31 December 2015.

The Directors are mindful of the principal risks and uncertainties disclosed above, and, having reviewed forecasts detailing revenue and liabilities, they believe that the Company has adequate financial resources to continue its operational existence for the foreseeable future. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis of accounting in preparing the Financial Statements.

Dividend Tax Allowance

Shareholders may be aware of changes to the taxation of dividends which take effect on 6 April 2016 and further information may be found in Investor Information on page 17 of this Report.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Half-Yearly Financial Report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- the condensed set of Financial Statements has been prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting);
- the Half-Yearly Board Report includes a fair review of the information required by rule 4.2.7R of the Disclosure and Transparency Rules (being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of Financial Statements and a description of the principal risks and uncertainties for the remaining six months of the financial year); and
- the Half-Yearly Board Report includes a fair review of the information required by 4.2.8R (being related party transactions that have taken place during the first six months of the financial year and that have materially affected the financial position of the Company during that period; and any changes in the related party transactions described in the last Annual Report that could do so).

The Half-Yearly Financial Report for the six months ended 31 December 2015 comprises the Half-Yearly Board Report, the Directors' Responsibility Statement and a condensed set of Financial Statements.

For and on behalf of the Board

N A Honebon

Chairman

16 February 2016

Manager's Portfolio Review

The Company's net asset value return outperformed the benchmark over the period. There were two main areas of positive relative performance; firstly, the underweight position in the mining sector where we have maintained the position in BHP Billiton as our only holding, and secondly, the overweight position in software where both Sage and Microsoft performed strongly over the six months. Both companies have been invigorated by relatively new management teams. The standout disappointment during the period was Pearson which issued a profit warning in October 2015, citing slower enrolments and higher textbook returns in North America and weak textbook sales in South Africa. Since the period end the company has outlined a new cost savings plan that has been well received by the market leading to a small recovery in the share price.

We added three new holdings during the period. The first was Capita, a business process outsourcing company, which benefits from a strong outsourcing dynamic with good growth potential both in the UK and overseas. The company has excellent earnings visibility given its long contract lengths and has no large contract renewals until 2020. The second purchase was Rotork, the market leader in actuators, which are motors for controlling a mechanism, such as a valve. Weakness in the share price due to lower demand from its oil and gas end-markets (which account for around 50% of sales) provided a good entry point. The company has strong brands, good pricing power and an asset-light assembly model. There are also good opportunities to grow in end markets away from oil and gas including water and nuclear. Rotork's balance sheet is strong and management have a reputation for being especially prudent. The third new holding was Hansteen, a UK and Continental European property investment company, which should benefit from improving asset prices in its markets. It brings some further diversification and provides an attractive dividend yield with sound growth prospects.

In contrast we sold three holdings. We sold our position in Tesco given the lack of dividend yield, high debt burden and concerns over the development of the food retail industry from a competitive and structural standpoint. We also sold the holding in Italian oil company ENI due to concerns over the future path of oil prices and the company's ability to adjust to a more challenging operating environment. Finally, we sold the holding in Casino, the supermarket company, due to worries over the Company's maintenance of the dividend payment given high absolute gearing, a currency mismatch between its revenues and debt and very weak Brazilian markets.

We increased exposure to a number of companies including Imperial Tobacco, which has attractive growth opportunities in the United States, and Elementis, due to its niche market positions and strong balance sheet. We also participated in

the rights issues of Standard Chartered and BBA Aviation – the former to help strengthen its balance sheet and accelerate execution of its strategy, and the latter to help purchase its competitor Landmark Aviation.

At the end of the period, overseas holdings accounted for 15.9% of gross assets.

A number of options were assigned in companies that had performed strongly, including Sage and Cobham, leading to a reduction in our exposure to these names. Conversely, the assignment of put options led to marginal increases in the holdings of Rotork and Rolls Royce.

In order to increase and diversify the income available to the Company, we continued our judicious option-writing programme, selling both puts and calls on a variety of companies where we have sought to reduce or add to holdings at particular price levels.

Charles Luke
Aberdeen Asset Managers Limited
Investment Manager

16 February 2016

Investment Portfolio

As at 31 December 2015

Investment	Sector	Valuation £'000	Total assets %
Unilever	Food Producers	27,275	4.9
British American Tobacco	Tobacco	26,586	4.8
AstraZeneca	Pharmaceuticals & Biotechnology	25,899	4.7
GlaxoSmithKline	Pharmaceuticals & Biotechnology	23,204	4.2
Roche	Pharmaceuticals & Biotechnology	20,176	3.6
Prudential	Life Assurance	19,673	3.6
HSBC	Banks	17,972	3.2
Imperial Tobacco	Tobacco	17,502	3.2
Aberforth Smaller Companies Trust	Equity Investment Instruments	17,060	3.1
Royal Dutch Shell ('B' Shares)	Oil & Gas Producers	16,050	2.9
Top ten investments		211,397	38.2
Nordea Bank	Banks	14,840	2.7
National Grid	Gas, Water & Multi-utilities	14,503	2.6
Compass	Travel & Leisure	14,467	2.6
Sage Group	Software & Computer Services	14,134	2.6
Vodafone	Mobile Telecommunications	13,930	2.5
Centrica	Gas, Water & Multi-utilities	13,847	2.5
Cobham	Aerospace & Defence	12,587	2.3
Inmarsat	Mobile Telecommunications	12,507	2.3
Pearson	Media	12,055	2.2
Microsoft	Software & Computer Services	12,039	2.2
Top twenty investments		346,306	62.7
Close Brothers	Financial Services	11,672	2.1
Provident Financial	Financial Services	11,060	2.0
BP	Oil & Gas Producers	10,884	2.0
BHP Billiton	Mining	10,792	1.9
Hiscox	Non-life Assurance	9,918	1.8
Associated British Foods	Food Producers	8,890	1.6
Verizon Communications	Mobile Telecommunications	8,690	1.6
Land Securities	Real Estate Investment Trusts	8,608	1.5
GKN	Automobiles & Parts	8,379	1.5
Ultra Electronics	Aerospace & Defence	8,314	1.5
Top thirty investments		443,513	80.2
Engie	Gas, Water & Multi-utilities	8,264	1.5
Elementis	Chemicals	7,932	1.4
BBA Aviation	Industrial Transportation	7,775	1.4
Nestle	Food Producers	7,579	1.4
Standard Chartered	Banks	6,908	1.3
Schneider Electric	Electronic & Electrical Equipment	6,857	1.2
John Wood Group	Oil Equipment & Services	6,670	1.2
Rolls Royce	Aerospace & Defence	6,426	1.2
Capita	Support Services	5,484	1.0
BG Group	Oil & Gas Producers	5,418	1.0
Top forty investments		512,826	92.8

Investment	Sector	Valuation £'000	Total assets %
Schroder	Financial Services	5,232	0.9
Rotork	Support Services	4,940	0.9
Svenska Handelsbanken	Banks	4,854	0.9
Linde	Chemicals	4,550	0.8
Dunedin Smaller Companies Investment Trust	Equity Investment Instruments	3,649	0.7
Hansteen	Real Estate Investment Trusts	2,702	0.5
Weir Group	Industrial Engineering	2,540	0.4
Royal Dutch Shell ('A' Shares)	Oil & Gas Producers	304	0.1
Total investments		541,597	98.0
Net current assets ^A		11,106	2.0
Total assets		552,703	100.0

^A excludes bank loan of £55,000,000.

Condensed Statement of Comprehensive Income

	Notes	Six months ended 31 December 2015 (unaudited)			Six months ended 31 December 2014 (unaudited)		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses on investments		–	(12,054)	(12,054)	–	(22,496)	(22,496)
Currency losses		–	(9)	(9)	–	(2)	(2)
Income	3	8,451	–	8,451	9,105	–	9,105
Investment management fees		(657)	(657)	(1,314)	(690)	(690)	(1,380)
Other expenses		(590)	–	(590)	(630)	–	(630)
Net return before finance costs and taxation		7,204	(12,720)	(5,516)	7,785	(23,188)	(15,403)
Finance costs		(176)	(176)	(352)	(182)	(182)	(364)
Net return on ordinary activities before taxation		7,028	(12,896)	(5,868)	7,603	(23,370)	(15,767)
Taxation on ordinary activities	4	(51)	–	(51)	(191)	–	(191)
Return attributable to equity shareholders		6,977	(12,896)	(5,919)	7,412	(23,370)	(15,958)
Return per Ordinary share (pence)	5	10.2	(18.9)	(8.7)	10.9	(34.3)	(23.4)

The total column of the Condensed Statement of Comprehensive Income is the profit and loss account of the Company.

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

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

Condensed Statement of Financial Position

	Notes	As at 31 December 2015 (unaudited) £'000	As at 30 June 2015 (unaudited) £'000
Non-current assets			
Investments at fair value through profit or loss		541,597	547,339
Current assets			
Debtors		1,363	7,148
Cash and short-term deposits		10,468	17,874
		11,831	25,022
Creditors: amounts falling due within one year			
Bank loan		(55,000)	(55,000)
Other creditors		(725)	(1,473)
		(55,725)	(56,473)
Net current liabilities		(43,894)	(31,451)
Net assets		497,703	515,888
Share capital and reserves			
Called-up share capital		17,148	17,148
Share premium account		24,020	24,020
Capital redemption reserve		4,997	4,997
Capital reserve	6	428,487	441,383
Revenue reserve		23,051	28,340
Equity shareholders' funds		497,703	515,888
Net asset value per Ordinary share (pence)	7	730.4	757.1

Condensed Statement of Changes in Equity

Six months ended 31 December 2015 (unaudited)

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 July 2015	17,148	24,020	4,997	441,383	28,340	515,888
Return on ordinary activities after taxation	–	–	–	(12,896)	6,977	(5,919)
Dividends paid	–	–	–	–	(12,266)	(12,266)
Balance at 31 December 2015	17,148	24,020	4,997	428,487	23,051	497,703

Six months ended 31 December 2014 (unaudited)

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 July 2014	17,117	23,101	4,997	475,429	27,008	547,652
Return on ordinary activities after taxation	–	–	–	(23,370)	7,412	(15,958)
Issue of Ordinary shares	31	919	–	–	–	950
Dividends paid	–	–	–	–	(11,733)	(11,733)
Balance at 31 December 2014	17,148	24,020	4,997	452,059	22,687	520,911

Condensed Statement of Cash Flows

	Six months ended 31 December 2015 (unaudited) £'000	Six months ended 31 December 2014 (unaudited) £'000
Net return before finance costs and taxation	(5,516)	(15,403)
Adjustments for:		
Losses on investments	12,054	22,496
Effect of foreign exchange losses	9	2
Non cash stock dividend	(407)	(206)
Overseas withholding tax recovered/(paid)	118	(375)
Decrease in accrued income	864	870
Decrease/(increase) in other debtors	4,752	(22)
Increase in accruals	174	377
Net cash inflow from operations	12,048	7,739
Returns on investment and servicing of finance		
Interest paid	(338)	(305)
Net cash outflow from servicing of finance	(338)	(305)
Financial investment		
Purchases of investments	(26,095)	(36,200)
Sales of investments	19,254	40,274
Net cash (outflow)/inflow from financial investment	(6,841)	4,074
Equity dividends paid	(12,266)	(11,733)
Net cash outflow before financing	(7,397)	(225)
Financing		
Issue of Ordinary shares	–	950
Drawdown of loan	–	10,000
Net cash inflow from financing	–	10,950
(Decrease)/increase in cash	(7,397)	10,725
Analysis of changes in cash during the period		
Opening net debt	(37,126)	(32,357)
(Decrease)/increase in cash as above	(7,397)	10,725
Drawdown of loan	–	(10,000)
Currency losses	(9)	(2)
Closing balances	(44,532)	(31,634)

Notes to the Financial Statements

1. Accounting policies

Basis of preparation

The condensed financial statements have been prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting) and with the Statement of Recommended Practice for 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. They have also been prepared on a going concern basis and on the assumption that approval as an investment trust will continue to be granted.

These condensed financial statements are the first since FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland) came into effect for accounting periods beginning on or after 1 January 2015. An assessment of the impact of adopting FRS 102 has been carried out and found that no restatement of balances as at the transition date, 1 January 2014, or comparative figures in the Condensed Statement of Financial Position or the Condensed Statement of Comprehensive Income is considered necessary.

The interim financial statements have been prepared using the same accounting policies as the preceding annual financial statements.

2. Ordinary dividends

Ordinary dividends paid on equity shares deducted from reserves:

	Six months ended 31 December 2015 £'000	Six months ended 31 December 2014 £'000
2014 third interim dividend – 7.00p	–	4,761
2014 final dividend – 10.25p	–	6,972
2015 third interim dividend – 7.00p	4,770	–
2015 final dividend – 11.00p	7,496	–
	12,266	11,733

A first interim dividend for 2016 of 7.00p (2015 – 7.00p) was paid on 15 January 2016 to shareholders on the register on 18 December 2015. The ex-dividend date was 17 December 2015.

A second interim dividend for 2016 of 7.00p (2015 – 7.00p) will be paid on 1 April 2016 to shareholders on the register on 4 March 2016. The ex-dividend date is 3 March 2016.

A third interim dividend for 2016 of 7.00p (2015 – 7.00p) will be paid on 1 July 2016 to shareholders on the register on 3 June 2016. The ex-dividend date is 2 June 2016.

3. Income

	Six months ended 31 December 2015 £'000	Six months ended 31 December 2014 £'000
Investment income		
UK dividends	6,555	6,974
Overseas dividends	824	1,838
Stock dividends	407	83
	7,786	8,895

	Six months ended 31 December 2015 £'000	Six months ended 31 December 2014 £'000
Other income		
Deposit interest	30	20
Underwriting commission	30	–
Traded option premiums	605	190
	665	210
Total income	8,451	9,105

4. Taxation

The taxation charge for the period represents withholding tax suffered on overseas dividend income.

	Six months ended 31 December 2015 p	Six months ended 31 December 2014 p
5. Return per share		
Revenue return	10.2	10.9
Capital return	(18.9)	(34.3)
Total return	(8.7)	(23.4)

The figures are based on the following:

	Six months ended 31 December 2015 £'000	Six months ended 31 December 2014 £'000
Revenue return	6,977	7,412
Capital return	(12,896)	(23,370)
Total return	(5,919)	(15,958)
Weighted average number of Ordinary shares in issue	68,142,458	68,035,257

As at 31 December 2015, 451,000 (31 December 2014 – 451,000) Ordinary shares were held in treasury.

6. Capital reserve

The capital reserve reflected in the Balance Sheet at 31 December 2015 includes gains of £129,791,000 (30 June 2015 – £133,099,000) which relate to the revaluation of investments held at the reporting date.

	As at 31 December 2015	As at 30 June 2015
7. Net asset value		
Attributable net assets (£'000)	497,703	515,888
Number of Ordinary shares in issue	68,142,458	68,142,458
Net asset value per Ordinary share (p)	730.4	757.1

Notes to the Financial Statements *continued*

8. Transaction costs

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

	Six months ended 31 December 2015 £'000	Six months ended 31 December 2014 £'000
Purchases	109	203
Sales	19	29
	128	232

9. Fair value hierarchy

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following classifications:

Class A: quoted prices for identical instruments in active markets;

Class B: prices of recent transactions for identical instruments; and

Class C: valuation techniques using observable and unobservable market data.

The financial assets and liabilities measured at fair value in the Statement of Financial Position are grouped into the fair value hierarchy at the reporting date as follows:

	Note	Class C				Total £'000
		Class A £'000	Class B £'000	Observable Inputs £'000	Unobservable Inputs £'000	
As at 31 December 2015						
Financial assets at fair value through profit or loss						
Quoted equities	a)	541,597	–	–	–	541,597
Total		541,597	–	–	–	541,597
Financial liabilities at fair value through profit or loss						
Derivatives	b)	(197)	–	(45)	–	(242)
Net fair value		541,400	–	(45)	–	541,355

		Class C				Total
		Class A	Class B	Observable Inputs	Unobservable Inputs	
As at 30 June 2015	Note	£'000	£'000	£'000	£'000	£'000
Financial assets at fair value through profit or loss						
Quoted equities	a)	547,339	–	–	–	547,339
Total		547,339	–	–	–	547,339
Financial liabilities at fair value through profit or loss						
Derivatives	b)	(34)	–	–	–	(34)
Net fair value		547,305	–	–	–	547,305

a) Quoted equities and preference shares

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

b) Derivatives

The fair value of the Company's investments in Exchange Traded Options has been determined using observable market inputs on an exchange traded basis and therefore has been included in Fair Value Class A.

The fair value of the Company's investments in Over the Counter Options (where the underlying equities are also held) has been determined using observable market inputs other than quoted prices of the underlying equities (which are included within Fair Value Class A) and therefore determined as Fair Value Class C.

10. Transactions with the Manager

The Company has agreements with Aberdeen Fund Managers Limited ("AFML" or the "Manager") for the provision of investment management, secretarial, accounting and administration and promotional services.

The management fee for the six months ended 31 December 2015 is calculated, on a monthly basis, at 0.55% on the first £400 million, 0.45% on the next £150 million and 0.25% on amounts over £550 million per annum of the net assets of the Company, with debt at par and excluding commonly managed funds. The management fee is chargeable 50% to revenue and 50% to capital. During the period £1,314,000 (31 December 2014 – £1,380,000) of investment management fees were earned by the Manager, with a balance of £217,000 (31 December 2014 – £226,000) being payable to AFML at the period end. There was one commonly managed fund held in the portfolio during the 6 months to 31 December 2015 (2014 – one).

No fees are charged in the case of investments managed or advised by the Aberdeen Asset Management Group. The management agreement may be terminated by either party on the expiry of 3 months written notice. On termination the Manager would be entitled to receive fees which would otherwise have been due up to that date.

The promotional activities fee is based on a current annual amount of £485,000, payable quarterly in arrears. During the period £243,000 (31 December 2014 – £125,000) of fees were earned, with a balance of £121,000 (31 December 2014 – £249,000) being payable to AFML at the period end.

The secretarial activities fee is based on a current annual amount of £90,000, payable quarterly in arrears. During the period £45,000 (31 December 2014 – £38,000) of fees were earned, with a balance of £23,000 (31 December 2014 – £23,000) being payable to AFML at the period end.

Notes to the Financial Statements continued

11. Segmental information

The Company is engaged in a single segment of business, which is to invest in equity securities. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based on the Company as one segment.

12. The financial information in this Report does not comprise statutory accounts within the meaning of Section 434 – 436 of the Companies Act 2006. The financial information for the year ended 30 June 2015 has been extracted from published accounts that have been delivered to the Registrar of Companies and on which the report of the auditors was unqualified and contained no statement under Section 498 (2), (3) or (4) of the Companies Act 2006. The interim financial statements have been prepared using the same accounting policies as contained within the preceding annual financial statements.

13. This Half-Yearly Financial Report was approved by the Board on 16 February 2016.

Investor Information

AIFMD and Pre-Investment Disclosure Report

The Company has appointed Aberdeen Fund Managers Limited as its alternative investment fund manager ("AIFM") and BNP Paribas Securities, London Branch as its depositary under the AIFMD. The AIFMD requires Aberdeen Fund Managers Limited, as the Company's AIFM, to make available to investors certain information prior to such investors' investment in the Company, including details of the leverage and risk policies. The Company's Pre-Investment Disclosure Document is available for viewing at the Company's website, murray-income.co.uk

Benchmark

The Company's benchmark is the FTSE All-Share Index.

Keeping You Informed

Information may be found on the Company's website, including the Company's share price, net asset value and performance data as well as London Stock Exchange announcements, current and historic Annual and Half-Yearly Reports and the latest monthly factsheet issued by the Manager.

Shareholder Enquiries

In the event of queries regarding shareholdings, lost certificates dividend payments, registered details, etc shareholders holding their shares directly in the Company should contact the registrars, Capita Asset Services (see Corporate Information for details). Changes of address must be notified to the registrars in writing.

If you have any general questions about your Company, the Manager or performance, please telephone the AAM Customer Services Department (see Corporate Information for details), send an email to inv.trusts@aberdeen-asset.com or write to Aberdeen Investment Trusts, PO Box 11020, Chelmsford, Essex CM99 2DB.

Dividend Tax Allowance

From 6 April 2016 dividend tax credits will be replaced by an annual £5,000 tax-free allowance on dividend income. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will continue to provide registered shareholders with a confirmation of dividends paid by the Company and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

Investor Warning: Be alert to share fraud and boiler room scams

Aberdeen Group has been contacted by investors informing us that they have received telephone calls and emails from people who have offered to buy their investment company shares, purporting to work for Aberdeen Asset Management or for third party firms. Aberdeen Group has also been notified of emails claiming that certain investment companies under our management have issued claims in the courts against individuals. These may be scams which attempt to gain your personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from you is required to release the supposed payment for your shares. These callers/senders do not work for Aberdeen Group and any third party making such offers/claims has no link with Aberdeen Group.

Aberdeen Group does not 'cold-call' investors in this way. If you have any doubt over the veracity of a caller, do not offer any personal information, end the call and contact our Customer Services Department using the details on page 20.

The Financial Conduct Authority provides advice with respect to share fraud and boiler room scams:
<http://www.fca.org.uk/consumers/scams>

How to buy shares in Murray Income Trust PLC

Direct

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

Aberdeen's Investment Plan for Children

Aberdeen Asset Managers Limited ("AAM") operates an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including Murray Income Trust PLC. Anyone can invest in the Children's Plan, including parents, grandparents and family friends (subject to the eligibility criteria as stated within terms and conditions). 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.

Aberdeen Investment Trust Share Plan

AAM operates a Share Plan (the "Plan") through which shares in the Company 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 only pay Government Stamp Duty (currently 0.5%) on purchases. 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.

Aberdeen Investment Trust ISA

AAM offers an Investment Trust ISA ("ISA") through which an investment may be made of up to £15,240 in each of the tax years 2015/2016 and 2016/2017.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can, on some occasions, 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 annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the ISA prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the ISA, from the sale of investments held under the ISA. 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 the Company while retaining your ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per investment trust of £250.

Nominee Accounts and Voting Rights

In common with other schemes of this type, all investments in AAM's Children's Plan, Investment Trust Share Plan and Investment Trust ISA are held in nominee accounts and investors have full voting and other rights of share ownership.

Literature Request Service

For literature and application forms for the Aberdeen Group's Investment Plan for Children, Share Plan, ISA or ISA Transfer please contact:

Aberdeen Investment Trust Administration
PO Box 11020
Chelmsford
Essex CM99 2DB

Email: aam@lit-request.com
Telephone: 0500 00 00 40
(free when dialling from a UK landline)

Terms and conditions for the Aberdeen Group's managed savings products can also be found under the 'Literature' section of invtrusts.co.uk

Suitable for Retail/NMPI status

The Company's shares are intended for investors, primarily in the UK, including retail investors, professionally-advised private clients and institutional investors who are seeking a high and growing income combined with capital growth through investment in a portfolio principally of UK equities, and who understand and are willing to accept the risks of exposure to equities. Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

The Company currently conducts its affairs, and intends to continue to do so for the foreseeable future, so that the shares issued by Murray Income Trust PLC can be recommended by a financial adviser to ordinary retail investors in accordance with the Financial Conduct Authority's rules in relation to non-mainstream pooled investments ("NMPIs").

The Company's shares are excluded from the Financial Conduct Authority's restrictions which apply to NMPIs because they are shares in an investment trust.

Online Dealing details

There are a number of other ways in which you can buy and hold shares in this investment company.

Online dealing

There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the company. Real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give advice. Some comparison websites also look at dealing rates and terms. Some well-known online providers may be found through internet search engines.

Discretionary private client stockbrokers

If you have a large sum to invest, you may wish to contact a discretionary private client stockbroker. They can manage your entire portfolio of shares and will advise you on your

investments. To find a private client stockbroker visit the Wealth Management Association at thewma.co.uk

Financial advisers

To find an adviser who recommends on investment trusts, visit unbiased.co.uk

Regulation of stockbrokers

Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority:

Tel: 0800 111 6768 or at fca.org.uk/firms/systems-reporting/register/search

Email: register@fca.org.uk

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.

The information on pages 17 to 19 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Corporate Information

Directors

N A Honebon (Chairman)
D E Woods (Senior Independent Director)
J C Park (Audit Committee Chairman)
D A J Cameron
N A H Rogan
M W Balfour (appointed on 11 February 2016)

Secretaries, Registered Office and Company Number

Aberdeen Asset Management PLC
7th Floor, 40 Princes Street
Edinburgh EH2 2BY

Registered in Scotland under Company Number SC012725

Website

www.murray-income.co.uk

United States Internal Revenue Service FATCA Registration Number (GIIN)

8Q8ZFE.99999.SL.826

Points of Contact

The Chairman or Company Secretaries at the Registered Office of the Company

Customer Services and AAM Children's Plan/Share Plan/ISA enquiries

Aberdeen Investment Trusts
PO Box 11020
Chelmsford
Essex CM99 2DB

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

Alternative Investment Fund Manager *

Aberdeen Fund Managers Limited
Authorised and regulated by the Financial Conduct Authority

(* appointed as required by EU Directive 2011/61/EU)

Investment Manager

Aberdeen Asset Managers Limited
Authorised and regulated by the Financial Conduct Authority

Registrars (for direct shareholders)

The Share Portal, operated by Capita Asset Services, is a secure online website where shareholdings can be managed quickly and easily, including changing address or arranging to pay dividends directly into a bank account or receive electronic communications:

www.capitashareportal.com

Alternatively, please contact the registrars -

By phone -

Tel: 0371 664 0300
(UK calls cost 10p per minute plus network extras)
From overseas: +44 208 639 3399
Lines are open 9.00am to 5.30pm Monday to Friday, excluding public holidays)

By email -

shareholderenquiries@capita.co.uk

By post -

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Independent Auditor

Ernst & Young LLP

Depository and Custodian

BNP Paribas Securities, London Branch

Solicitors

Dickson Minto W.S.

Stockbrokers

Canaccord Genuity Limited



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