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Murray Income Trust PLC

Annual Report and Accounts
30 June 2009

Aberdeen

Contents

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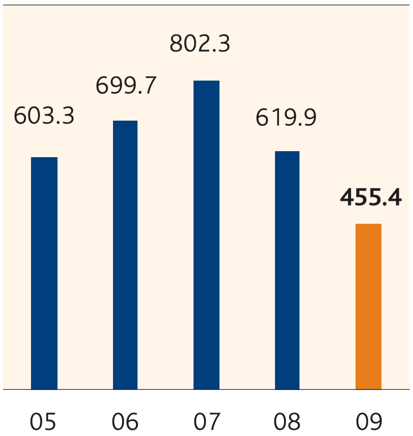
Financial Summary

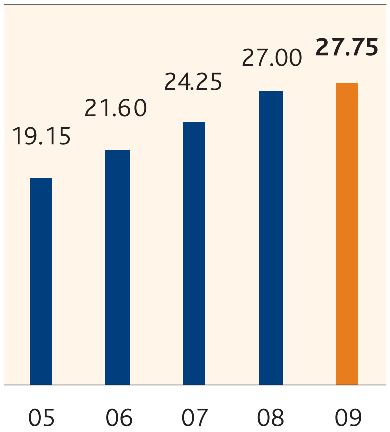
	2009	2008
Net asset value per Ordinary share total return	**–22.1%**	–19.9%
Share price total return	**–14.0%**	–18.8%
Benchmark total return	**–20.5%**	–12.9%
Dividend per share[A]	**27.75p**	27.00p

[A] Final dividend of 11.25p per Ordinary share is subject to shareholder approval at the Annual General Meeting.

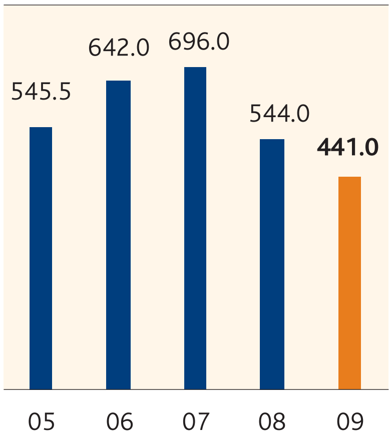
Net Asset Value per Ordinary share
At 30 June – pence



Dividends per Ordinary share
pence



Share price per Ordinary share
At 30 June – pence



Financial Calendar

27 October 2009	Annual General Meeting
28 October 2009	Payment of proposed final dividend for 2009
18 December 2009, 12 March and 11 June 2010	Record date of interim dividends for 2010
15 January, 16 April and 16 July 2010	Payment of interim dividends for 2010
February 2010	Half yearly results announcement
September 2010	Final results announcement

Corporate Summary

Investment Objective

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

Benchmark

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

Investment Policy

The Company pursues a policy of investing in shares of United Kingdom companies that have potential for real earnings and dividend growth, while at the same time providing an above-average portfolio yield. The emphasis is on the management of risk and on the absolute return from the portfolio, which is achieved by ensuring an appropriate diversification of stocks and sectors, with a high proportion of its assets in strong, well-known companies. The Company makes use of low-cost, flexible borrowing facilities to enhance shareholder returns when appropriate.

The Company maintains a highly-diversified portfolio of investments, typically comprising in the region of 30 to 70 holdings (but without restricting the Company from holding a more or less concentrated portfolio from time to time). The Company is unconstrained as to the market sectors in which it may invest.

The Company invests primarily in the equity securities of large, well-known UK companies with an emphasis on investing in quality companies with good management, strong cash flow and a sound balance sheet, and which are generating a reliable earnings stream.

The Company may use derivatives for the purpose of enhancing portfolio returns and for hedging purposes in a manner consistent with the Company's broader investment policy.

It is the Company's policy to invest no more than 15 per cent of its gross assets in other listed investment companies (including investment trusts). The Company complies with section 842 of the Income and Corporation Taxes Act 1988 and does not invest more than 15% of its assets in the shares of any one company.

The Board is responsible for setting the gearing policy of the Company and for the limits on gearing. The Manager is responsible for gearing within the limits set by the Board. The Board has set its gearing limit at a maximum of 25%. 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. Particular care is taken to ensure that any bank covenants permit maximum flexibility of investment policy.

Significant changes to gearing levels will be communicated to Shareholders.

The Directors are responsible for determining the investment policy and the investment objective of the Company, while day-to-day management of the Company's assets has been delegated to Aberdeen Asset Managers Limited. The Manager invests in a diversified range of UK companies, following a bottom-up investment process based on a disciplined evaluation of companies through direct visits by its fund managers. Stock selection is the major source of added value, concentrating on quality first, then price. Top-down investment factors are secondary in the Manager's portfolio construction, with diversification rather than formal controls guiding stock and sector weights. The Manager is authorised to invest up to 15% of the Company's gross assets in any single stock. Currently, the top five holdings may not exceed 40% of the total value of the portfolio, and the top three sectors represented in the portfolio may not exceed 50%. The Manager is permitted to invest in options and in structured products, provided that any structured product issued in the form of a note or bond has a minimum credit rating of "A".

A detailed description of the investment process and risk controls employed by the Manager is set out on page 21. The portfolio at the year end is set out on pages 14 to 17, and its analysis on page 18. At the year end the Company's portfolio consisted of 45 holdings (including four fixed-interest securities).

Capital Structure

The Company's issued share capital as at 30 June 2009 consisted of 64,689,458 Ordinary shares of 25p and 1,727,000 Ordinary shares held in treasury. At 11 September 2009, these numbers were unchanged.

Total Assets and Net Asset Value

At 30 June 2009, the Company had Total Assets (see definition on page 58) of £329.6m and a Net Asset Value per Ordinary share of 455.4p.

Borrowings

The borrowings at 30 June 2009 of £35 million represent 12% of Net Assets. Borrowing facilities of £60 million are committed to the Company, of which £35 million is committed until 1 October 2009, and £25 million until 13 November 2009. Financial covenants contained within the loan agreements provide, inter alia, that borrowings shall at no time exceed 45% of Net Assets, and that the Net Assets must exceed £200 million. The Net Assets were £294.6 million at 30 June 2009. If any of the financial covenants are breached, the lenders are entitled, following the serving of notice to the Company, to declare the loans and all accrued interest, fees and other sums owed under the agreements to be immediately due and repayable. Please refer also to the statement of Going Concern on page 28.

Duration

The Company does not have a fixed life.

Risk

The UK equity market is volatile, and short-term movements may therefore be greater than justified by longer-term trends. The use of gearing is likely to lead to an increase in the volatility of the Company's Net Asset Value. Currently, 50% of the investment management fees and interest costs are charged to capital. This increases distributable income at the expense of capital growth, which will be reduced to the same extent. The policy of investing in higher-yielding shares may also diminish capital growth. There is no guarantee that the market price of investment trust shares will accurately reflect their underlying Net Asset Value or move in line with it.

Share Dealing

Shares in Murray Income Trust can be bought in the open market through a stockbroker. They can also be purchased through the Aberdeen savings schemes, and fully qualify for inclusion within tax-efficient ISA wrappers (see pages 56 and 57).

Management Agreement

The Company has an agreement with Aberdeen Asset Managers Limited, a wholly-owned subsidiary of Aberdeen Asset Management PLC, for the provision of investment management and other services for a fee, as detailed in the Directors' Report on pages 27 and 28 and in Note 3 on page 45.

AIC

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

Websites

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

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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

Patrick Gifford
Chairman

Highlights

- **Total Dividend increased by 2.8% to 27.75p**
- **Net Asset Value Total Return -22.1%**
- **Share Price Total Return -14.0%**

Performance

It is salutary to re-read my statement in last year's annual report. There I suggested that 2009, economically, would be likely to be another difficult year, and that it was not clear how unloved markets would respond to continued bad news. The collapse of Lehman Brothers shortly after the statement was written ensured that the immediate news was much worse than anything that I had anticipated. It caused a period of acute instability in the global financial system, which for a time almost froze up, and subsequently led to a further sharp contraction in economic activity, caused both by fear and the unavailability of even the most conventional finance. This combination in turn resulted in unprecedented action by authorities around the world in the form of both fiscal and monetary policy responses. Despite this action the overall impact has clearly been severe on both companies and consumers alike. Companies have been affected by rapidly falling demand and restricted credit while consumers have witnessed rising unemployment and diminishing housing wealth.

The overall effect was that the Company's Net Asset Value in total return terms fell by 22.1% compared with a fall in the FTSE-All Share Index of 20.5%. The share price fell by 14.0% in total return terms as the discount narrowed substantially over the year. The low point was reached on 3 March, with the index 36% down since the Company's year end at a time when it appeared that government action was having no effect. Since then markets have improved considerably by 43% at the time of writing, of which 15% has happened since the Company's year end.

We have witnessed unparalleled attempts to revive the global economy. The full impact of quantitative easing is, as yet, unclear. However, as a signal that authorities are willing to take whatever action is necessary, it has been a successful experiment. Policy actions do, of course, take time to work their way through the system. However, recent economic data in the UK, which has now demonstrated falls in GDP for five successive quarters, does suggest that conditions have been slowly improving since the Spring, helped in part by the weakness of Sterling. In spite of this, the recovery in the UK appears to lag behind most of the developed world, perhaps because of the relative importance of financial services to the UK economy. Although it is likely that activity is now improving it remains at low levels compared to the past and there is a risk that indebtedness, both of consumers and governments will hamper growth considerably.

Across the market, earnings declined by approximately 20% over the Company's financial year with the Banks, Oil & Gas and Mining sectors suffering worst. This translated into dividend falls of around 15% across the market, with the most pronounced impact among financial companies. Unsurprisingly, the more defensive areas of the market, such as Tobacco and Pharmaceuticals outperformed, particularly in the first nine months of the Company's year. The Company's underweight position in the Mining sector that had hurt performance relative to the Index last year, helped this year as commodity prices fell sharply. Companies with weaker balance sheets, opaque business models or more generally exposed to global economic activity performed very poorly. Numerous companies have had rights issues, nearly all to shore up weak balance sheets. The recovery since March has been led by the worst-performing, generally cyclical or financial, companies of the previous nine months. This was the result of the realisation that they were still going concerns and need not be priced for bankruptcy and that business had stabilised and might even be improving.

Dividends

As economic conditions deteriorated, company cashflows have come under significant pressure and dividend growth across the market has turned negative. Consensus dividend expectations for calendar 2009 are for a fall of around 5% for the market as a whole, although predictions are more severe for small and mid cap companies. Income generation within the portfolio, over the past year, has benefited from the weakness of Sterling, due to the number of companies that now pay dividends in US dollars, as well as a lower interest charge relating to the Company's debt. The Directors are therefore proposing a final dividend of 11.25 pence per share payable on 28 October 2009 to Shareholders on the register on 25 September 2009, making total dividends for the year of 27.75 pence. This represents an overall increase for the year of 2.8%, the twenty-fourth consecutive year in which the dividend has increased.

Looking forward, however, the Company will need to refinance its borrowings during the remainder of 2009 and this is likely to lead to a higher interest charge. In addition, the appreciation of Sterling against the dollar over the last quarter has had a detrimental effect on our expectations for income generation. These two factors, coupled with consensus expectations for zero dividend growth over this financial year, have resulted in the Directors deciding to maintain the level of interim dividend payments at 5.5 pence. The rate of the final dividend will be decided when the results for the year are known. However, the Directors currently expect total dividends for this year to be at least equal to those paid for the year ending 30 June 2009, although this is likely to mean that the Company has to draw on its revenue reserves.

Board changes

During the year, David Woods was appointed to the Board, and will seek election at the Annual General Meeting. He has had a long career in the life assurance and investment management industries, latterly as Group Managing Director of The Scottish Provident Group, and I am confident that his experience will be useful to the Board's deliberations.

After ten years on the Board, Adrian Coats will not be seeking re-election at the Annual General Meeting. He has been a very effective member of the Board, and we have derived great benefit from his chairmanship of the Audit Committee. He will be succeeded in that role by Humphrey van der Klugt, who will also succeed him as Senior Independent Director.

VAT on management fees

It was noted in the previous Annual Report that HM Revenue & Customs had accepted the European Court of Justice ruling regarding VAT on management fees paid by investment trusts. In the last Half-Yearly Report, we reported that the Company had received a repayment of £1,555,612, representing the VAT charged on our management fees between 2004 and 2007. In accordance with the Company's accounting policy, this sum has been credited 50% to revenue and 50% to capital. In due course, we expect to be able to recognise further sums, once there is greater certainty over the amounts recoverable by the Manager in respect of the VAT incurred on management fees for the periods 2001 to 2003 and 1990 to 1996 and interest for all of these periods.

Annual General Meeting

The Annual General Meeting will be held at the Glasgow Royal Concert Hall, 2 Sauchiehall Street, Glasgow G2 3NY on Tuesday, 27 October 2009 at 12.30 p.m. The Notice of Annual General Meeting is on pages 59 to 62.

As at previous AGMs, there will be a presentation by the Managers, and an opportunity to meet the Directors over lunch following the AGM.

Outlook

Since the financial year end we have seen a strong rise in the market. There are undoubtedly good reasons for this; valuations are at least reasonable; macroeconomic data has improved (albeit from very low levels); and the narrowing of spreads and the fall in the absolute level of corporate bond yields have reflected a more healthy credit market.

However, there are still reasons to be cautious and it would not be surprising to see a period of consolidation given the recent market gains. At some stage the extraordinary measures that we have seen to prop up the economy will need to end. Interest rates are currently at exceptionally low levels. Public sector debt has soared, and the requirement for fiscal tightening will act as a significant drag on economic activity as taxes rise, and the growth in public spending is reduced. For companies, the shortage of reasonably priced, long-term bank finance will also act as a drag on growth.

Global imbalances add to the uncertainties in the medium term. Although disparities in current account positions have narrowed, this represents a change in demand for consumer and capital goods. Surplus countries will need to increase private domestic consumption and deficit countries need to save more on an endurable basis, otherwise significant asset price corrections will remain a risk. It is not yet clear whether the Chinese will react with the same enthusiasm to credit cards as shown by British or American consumers.

This all leads me to suspect that we will witness a relatively mild and slow rather than sharp recovery. Under these circumstances, the outlook for earnings growth and thus dividends is likely to remain difficult, with consequent pressure on overall index levels and potential rewards to stock selection. Although the ability to write options (for which the premia can be accounted for as income) provides an additional method to increase income, the Company's revenue account is likely to remain under pressure. However, the Company maintains a substantial revenue reserve that should provide a source of support in these challenging times.

Patrick Gifford
Chairman
15 September 2009

Manager's Review

Background

The deterioration in the global economy led to the UK equity market performing very poorly during the year to the end of June 2009. The FTSE All-Share Index fell by 20.5%, with the environment being exceptionally challenging for income-seeking investors. At the beginning of the period, fading economic growth and the delayed impact of elevated commodity and energy prices were magnified by the fall of Lehman Brothers. These combined factors contributed to the threat of a systemic collapse of the global financial order. Since the nadir in risk appetite last Autumn, the unprecedented efforts by authorities on a global basis, in relation to both fiscal and monetary policy stimulus, look to have avoided the most severe outcomes. However, the consequences of the 'credit crunch' are unlikely to dissipate quickly.

The financial year started with escalating energy prices, and, with oil reaching over $140 a barrel, concerns over the consequent impact on inflation. With CPI reaching 4.4% in both July and August (hitting a high watermark of 5.2% in September), the significant challenges faced by the MPC were highlighted by the three way split during both meetings.

Against a backdrop of financial fragility and deleveraging of the banking system, the global economy deteriorated. By the early autumn, the worst fears of the market were beginning to materialise. In the United States, Fannie Mae and Freddie Mac were taken under government control. Then Lehman Brothers collapsed, followed soon after by the Bank of America purchasing Merrill Lynch and the bail-out of AIG with an $85bn loan. In the UK, with LIBOR increasing, credit default swap spreads widened, particularly for banks whose business models were reliant on short-term wholesale funding. This rapidly culminated in the announcement that LloydsTSB would purchase HBoS, with concerns over competition set aside.

By the end of September, the market was feeding on the uncertainty regarding the approval of a US government rescue package, leading to sharp declines in share prices. During October, there were a host of bank bail-outs around the world, including Bradford & Bingley and Fortis. In the UK, the government took action to secure the banking system by guaranteeing bank deposits and debts, coupled with the injection of £50bn of capital.

In parallel with the declining equity market, the drumbeat of negative domestic economic newsflow grew louder over the second half of 2008. The Manufacturing and Services Purchasing Managers' Indices (PMI) highlighted a pattern of dramatically weakening activity, reflected by a fall in GDP of 1.6%, over the fourth quarter of 2008. In tandem with this, unemployment increased to the highest level in over 10 years, and house prices continued to decline, with Nationwide Building Society reporting a fall in house prices of 15.8% during calendar 2008. The MPC abandoned their policy of incrementalism, comforted by falling commodity prices, reducing base rates from 5.0% at the start of September to 2.0% by December, and then to 0.5% by March 2009. In sympathy with the deterioration in the economy and lower interest rates, sterling weakened considerably, falling against the dollar, from just under $2 at the start of June to a low of $1.37 in March (although it had recovered to $1.65 by the end of the period).

The market continued to be weak for the first two months of 2009, as concerns regarding the fragility of the banking system resurfaced. Authorities in the United Kingdom and the United States were prompted into a further round of bank bail-outs, while the Bank of England embarked on its programme of quantitative easing. However, the market rallied from the start of March, as more benign economic data (despite a fall of 2.4% in first quarter GDP), and a belief that the worst was behind us, resulted in an increased appetite for risk assets. During the last quarter of the period, recovering economic newsflow manifested itself in signs of improvement in conditions in the domestic housing market and the slow return of consumer confidence, coupled with readings, ahead of expectations, for the Manufacturing and Services PMI surveys.

Two noteworthy aspects of the period have been the rise (and subsequent fall) in volatility and the evaporation of corporate activity. Volatility reached unprecedented levels during October and November, the corollary of this being a collapse in risk appetite. Corporate activity diminished as access to capital was restricted. However, the Company benefited from an approach by Centrica for its shareholding in Venture Production. The pace of equity issuance increased, from approximately £15bn in the first half of the Company's financial year, to over £50bn in the second half, as companies sought to repair or secure their balance sheets, with the recapitalisation of parts of the Bank sector being a contributing factor.

Over the first half of the period, the FTSE 100 Index outperformed both the Small and Mid Cap Indices, which were suffering from their greater domestic exposure and generally weaker balance sheets of constituent companies. However, during the second half of the year, this reversed sharply as risk appetite and the prospects of recovery returned.

Performance

The Company generated a negative total return of 22.1% in the 12 months to 30 June 2009, compared to a fall in the FTSE All-Share Index of 20.5%, a disappointing result on an absolute and relative basis. Although on a gross assets basis the portfolio performed broadly in line with the Index, the gearing effect detracted from performance on a net assets basis. During the period, the Company reduced its borrowings from £40m to £35m, given the Board's desire to maintain the gearing level below 115%. We started the year with a degree of put protection that helped to protect the portfolio, albeit to a limited extent, from the significant fall in the market.

As the economic environment deteriorated, the market sought solace in more defensive companies and those with strong cashflows. As a consequence, across the market, of the larger sectors, Tobacco, Beverages and Pharmaceuticals outperformed, with the latter two generating a positive absolute return over the year. In contrast, the majority of financial-related companies or those exposed to the global growth dynamic or international trade performed poorly. In particular, the Mining, Banks and Real Estate sectors lost over 35% of their value.

The Company benefited from its underweight position in both Oil & Gas and Mining as commodity and hydrocarbon prices fell dramatically. Both of these areas of the market had significantly detracted from performance during the prior year.

The performance of Mothercare was particularly strong, taking advantage over the period of its acquisition of the Early Learning Centre and international growth. AstraZeneca also performed well, a function of its defensive profile, and its efforts to address patent challenges.

Unfortunately, there were a number of holdings that performed very poorly over the year, including Premier Foods, SEGRO and Wolseley, where the build-up of financial leverage amplified the effects of the economic slowdown. The performance of BT was also disappointing, a function of its relatively high gearing, pension deficit and issues in its Global Services division. Amongst the Banks, both Barclays and Royal Bank of Scotland were sold down heavily as the credit crisis deteriorated.

Performance Attribution for the year to 30 June 2009

	2009 %
Net asset value total return for year per Ordinary share	(22.1)
FTSE All-Share Index total return	(20.5)
Relative return	**(1.6)**

Contribution to relative return	**2009**
Stock selection (equities)	**%**
Oil & Gas	0.8
Basic Materials	(0.6)
Industrials	0.4
Consumer Goods	(0.6)
Health Care	0.3
Consumer Services	(0.8)
Telecommunications	(0.4)
Utilities	0.1
Technology	–
Financials	(0.1)
Total stock selection (equities)	(0.8)
Asset allocation (equities)	
Oil & Gas	(0.3)
Basic Materials	2.8
Industrials	(0.3)
Consumer Goods	(0.3)
Health Care	–
Consumer Services	0.3
Telecommunications	(0.4)
Utilities	(0.1)
Technology	(0.3)
Financials	(0.4)
Total asset allocation (equities)	1.0
Non-equity Investments & Options	0.5
Gearing/cash effect	(2.5)
Management fees & other expenses	(0.3)
Residual effect	0.4
Total	**(1.6)**

Sources : Aberdeen Asset Management, Mellon & Factset

Notes: Stock Selection – measures the effect of equity selection relative to the benchmark. Asset Allocation – measures the impact of over or underweighting each industry basket in the equity portfolio, relative to the benchmark weights. Non–equity Investments & Options effect – measures the impact on relative returns of the two asset categories. Gearing / cash effect – measures the impact on relative returns of net borrowings. Management fees & other expenses – these reduce total assets and therefore reduce performance. The effect is calculated by dividing expenses incurred during the year by average total assets less current liabilities. Residual effect – this arises as a result of the different methodologies of calculating performance between the NAV total return, the benchmark provider Factset and the performance attribution system.

Portfolio Activity and Structure

Over the period, we have added a number of new holdings to the portfolio. These new holdings share the distinguishing features of having strong competitive positions and robust balance sheets, which we believe will outperform in a challenging economic environment characterised by restricted access to credit.

We introduced a position in Rolls Royce, given its growth opportunities, long order book and particularly strong balance sheet. In addition, we purchased a small holding in Persimmon, where we felt that the shares had been oversold, as, despite the current weak operating environment, the experienced management team and long land bank positioned the company well for the future. These purchases were partly funded through the sale of retailers HMV and Kesa, and Aga Rangemaster, due to concerns over the outlook for consumer spending. We also added a holding in BHP Billiton, a diversified resources company with a strong balance sheet, to the portfolio. It has high quality iron ore and oil assets, coupled with attractive expansion opportunities. To fund the purchase, we sold the holding in Anglo American, due to concerns over the company's high debt level and its exposure to a relatively limited range of commodities.

Concerns over the risk reward profile of the Bank sector led us to make a number of changes. We sold LloydsTSB in view of our apprehension over the proposed takeover of HBoS. Later in the period, we also sold the holding in Barclays due to balance sheet concerns that had led to the decision to withhold dividend payments, and the opacity of capital markets profits. Furthermore, we sold the position in the Royal Bank of Scotland, following a very poor trading update that highlighted a far weaker capital position than our expectations. We felt that our exposure to the sector through HSBC and Standard Chartered offered less risk and a more secure dividend stream, and we took up the rights issues of both of these companies. In addition, we purchased a new holding in insurance company Prudential that provides access to an appealing Asian growth dynamic. We believe that insurance provides attractive financial exposure, without the liquidity and wholesale financing issues of certain banks.

The sales of SEGRO, Premier Foods and Wolseley were driven by concerns over the balance sheets and potential covenant breaches for these three companies. These sales helped to fund the purchase of a holding in Pearson. The company has a leadership position in education, particularly in the United States, in school textbooks and higher education. There are excellent prospects to expand this business on an international basis. We were approached by Centrica for our holding in Venture Production and following a period of negotiation we decided to sell our shares for an appealing price. Over the year, we added to holdings that we believed were attractively valued, including National Grid, Tesco, Unilever and Vodafone.

A number of holdings in the portfolio had rights issues, including HSBC and Standard Chartered, both mentioned above, as well as Centrica, GKN, Land Securities and Rio Tinto. We participated in these, as we believe the companies have sound underlying businesses and would benefit from being on a more stable financial footing.

During the period, we purchased reverse convertibles in BP and HSBC, which help to generate additional income for the Company, and we also rolled forward the British American Tobacco reverse convertible.

The result of the actions above has marginally altered the sector positioning of the Company. The weighting in the Oil & Gas sector has reduced slightly over the period, mainly due to the sale of Venture Production. The exposure to both the Healthcare and Utilities sectors has increased, due, for the most part, to the strong relative performance of these sectors as a whole.

The weight in Financials has fallen due to the underperformance of the sector. In addition, the purchases of Prudential and the HSBC and Standard Chartered rights issues only partly offset the sales of SEGRO, Barclays and Royal Bank of Scotland.

Income

It has been a very difficult year for income investors. The combination of financial leverage, restricted access to credit and recessionary conditions have led to a significant deterioration in dividend payments by companies across the market. These effects may not have fully worked through, with dividends in aggregate expected to fall by 5% for the calendar year 2009, following a decline of 14% in the calendar year 2008. As the number of rights issues has increased, the stigma associated with a dividend cut has lessened, and a number of companies have used the difficult environment as a reason for rebasing their payouts to shareholders.

For the financial year ended 30 June 2009, the Company, in tandem with the market, has witnessed a fall in the level of income generated, with the revenue return per share declining from 29.3p to 28.1p, or by 4.1%. The reduction in interest payments on the Company's floating rate debt has been a significant factor in lessening the impact, compared to the fall in the market level of income.

From an income perspective, Sterling's weakness has been one of the few positive factors over the year. Within the portfolio, there have been a number of disappointments, with holdings cutting their dividends, for example, Rio Tinto, GKN and BT. As well as continuing to use reverse convertibles, we have started to write shorter-dated options to enhance and diversify the Company's revenue account. Although we only expect these options to provide a small percentage of the Company's total income, they provide a useful additional benefit. We continue to keep a very close watch on the revenue account, and to model our forecasts on a conservative basis. We remain broadly comfortable with the income characteristics of the underlying portfolio.

Outlook

At the time of writing, the market has recovered sharply from its March lows. We have witnessed increasing signs of stabilisation in the global economy, as the unprecedented monetary and fiscal policy actions have begun to take effect. Valuations, on most absolute and relative measures, still look attractive on a longer-term basis. However, we believe that for a sustained recovery we need to see, amongst other factors, a durable rebound in business investment and consumer confidence. The former is complicated by high levels of spare capacity and the difficulty in securing longer-term bank finance, while the latter is hampered by rising unemployment, tight credit and falling housing wealth. This leads us to express some caution about the pace of the recovery. In these circumstances, we would expect good-quality companies, with strong competitive positions and robust balance sheets, to perform well, and this is how the portfolio is positioned.

Charles Luke & Anne Richards
Aberdeen Asset Managers Limited
Investment Manager
15 September 2009

Results

Financial Highlights

	30 June 2009	30 June 2008	% change
Total assets (£'000)	329,570	440,536	–25.2
Equity shareholders' interest (£'000)	294,570	400,536	–26.5
Net asset value per Ordinary share	455.4p	619.9p	–26.5
Share price of Ordinary share (mid)	441.0p	544.0p	–18.9
(Premium)/discount to net asset value on Ordinary shares[A]	–0.6%	9.5%	
Gearing (ratio of borrowing to shareholders' funds)			
Actual gearing ratio (see definition on page 58)	6.7%	8.4%	
Potential gearing ratio (see definition on page 58)	11.9%	10.0%	
Dividends and earnings			
Revenue return per share	28.1p	29.3p	–4.1
Dividends per share[B]	27.75p	27.00p	+2.8
Dividend cover	1.01 times	1.09 times	
Revenue reserves (£'000) [C]	26,300	25,782	
Operating costs			
Total expense ratio	0.8%	0.8%	

[A] These discounts are lower than the numbers that appear in the statutory accounts because they are calculated using capital only net asset values.

[B] The figures for dividends per share reflect the years in which they were earned (see note 6 on page 45).

[C] The revenue reserve figure does not take account of the proposed third interim and final dividends amounting to £3,558,000 and £7,278,000 respectively (2008 – third interim and final dividends amounting to £3,397,000 and £7,266,000 respectively).

Performance (total return)

	1 year return %	3 year return %	5 year return %
Share price	–14.0	–21.8	+22.4
Net asset value per Ordinary share	–22.1	–26.3	+16.3

Source: Aberdeen Asset Management/Fundamental Data

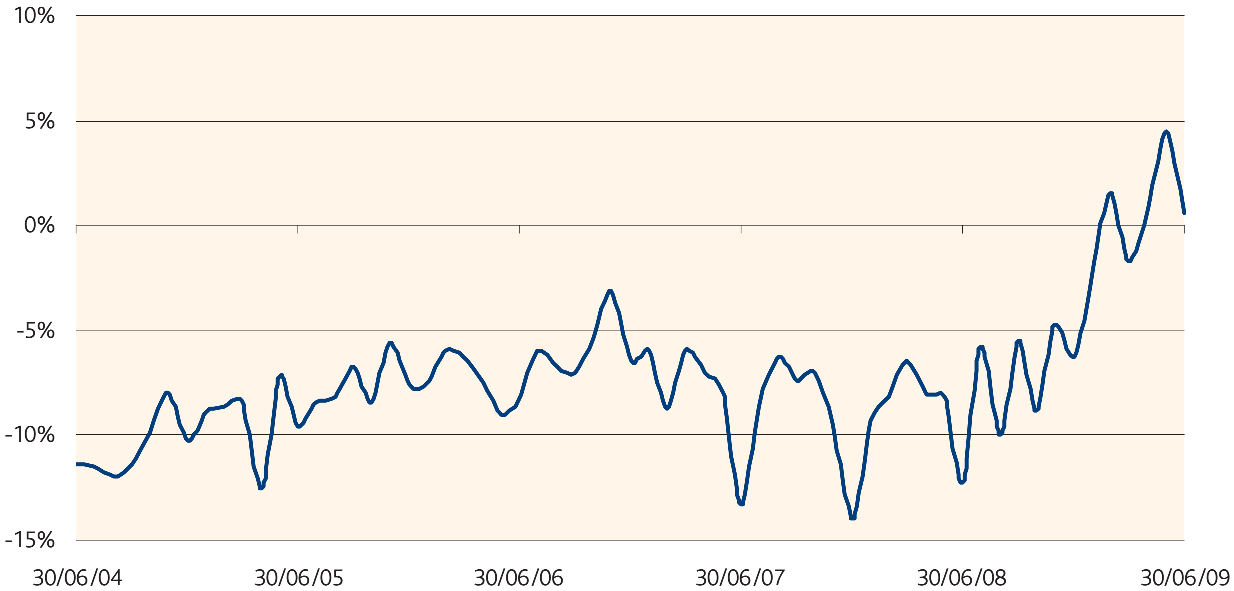
Dividends

	Rate	xd date	Record date	Payment date
1st interim 2009	5.50p	17 December 2008	19 December 2008	16 January 2009
2nd interim 2009	5.50p	11 March 2009	13 March 2009	17 April 2009
3rd interim 2009	5.50p	10 June 2009	12 June 2009	17 July 2009
Proposed final 2009	11.25p	23 September 2009	25 September 2009	28 October 2009
Total dividends 2009	**27.75p**			

Performance

Share Price Premium / (Discount) to NAV (capital only)

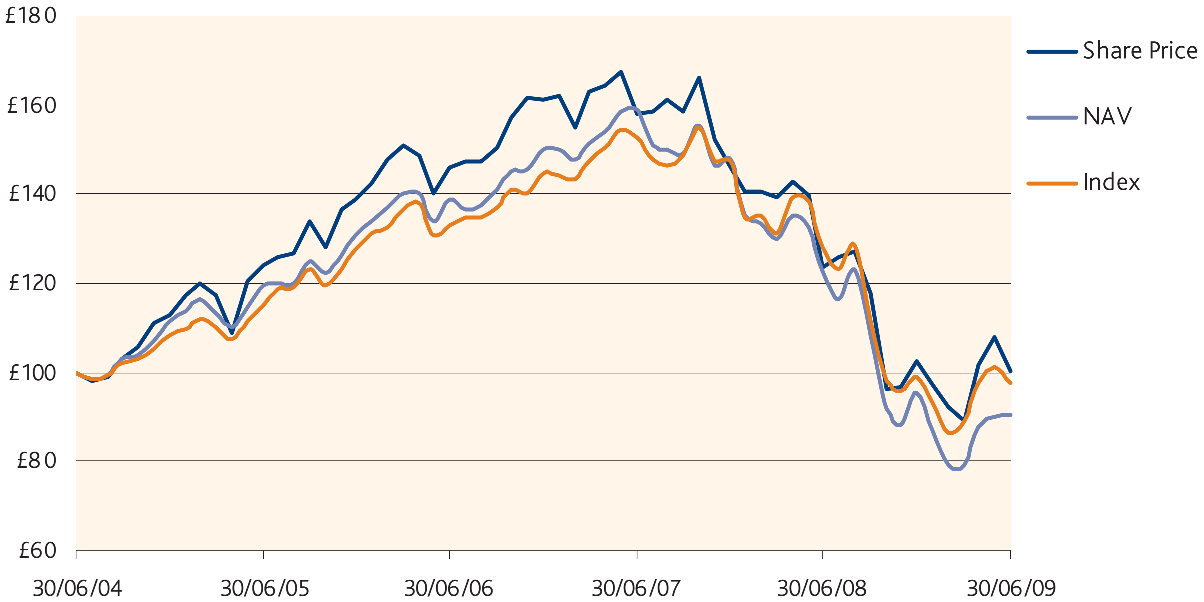
Five years to 30 June 2009



Source: Fundamental Data

Capital Return of NAV and Share Price vs FTSE All-Share Index

Five years to 30 June 2009



Source: Fundamental Data & Russell Mellon

Ten Year Financial Record

Year end	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total revenue (£'000)	**15,210**	**16,808**	**15,384**	**16,041**	**16,827**	**16,533**	**17,237**	**19,251**	**22,390**	**19,790**
Per Ordinary share										
Net revenue return (p)	**14.7**	**17.4**	**18.0**	**18.7**	**19.6**	**20.0**	**21.8**	**24.7**	**29.3**	**28.1**
Dividends (p)	**15.75**	**16.20**	**17.00**	**17.75**	**18.25**	**19.15**	**21.60**	**24.25**	**27.00**	**27.75**
Net asset value per Ordinary / B Ordinary share (p)[A]	**567.0**	**611.9**	**541.3**	**433.8**	**496.2**	**603.3**	**699.7**	**802.3**	**619.9**	**455.4**
Shareholders' funds (£'000)	**442,282**	**435,145**	**380,035**	**304,529**	**345,138**	**404,601**	**456,714**	**522,617**	**400,536**	**294,570**

[A] All B Ordinary shares were converted to Ordinary shares during the year ended 30 June 2002.

Total revenue returns per Ordinary share have been based on the average number of Ordinary shares in issue during each year (see note 8 on page 46).

Net Asset Values per Ordinary and B Ordinary share have been calculated after deducting prior capital at nominal values and have been adjusted for the annual B Ordinary scrip issues.

The 1999 dividend per share does not include the special component of 0.75p to compensate for lack of tax credit on the first interim dividend.

The Net Asset Value figure for 2005 has been restated to reflect the changes in accounting policies (FRS 26 – 'Financial Instruments: Recognition and Measurement'; FRS 21 – 'Events after the Balance Sheet Date').

The figures for dividends reflect the dividends for the years in which they were earned.

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

Investment Portfolio – Twenty Largest Investments

As at 30 June 2009

Investment	Valuation 2009 £'000	Total assets %	Valuation 2008 £'000
1 (2) BP [A]			
BP is one of the world's largest petroleum and petrochemicals groups. Its main activities are: exploration and production of crude oil and natural gas; refining, marketing, supply and transportation of petroleum products.	19,825	6.0	23,913
2 (1) Royal Dutch Shell			
Royal Dutch Shell is engaged in all phases of the petroleum industry, from exploration to processing and distribution. It has strong positions in oil products marketing and LNG, globally. The group operates in over 130 countries.	18,312	5.6	26,462
3 (7) AstraZeneca			
AstraZeneca researches, develops, produces and markets pharmaceutical products. The company's operations are focused on six therapeutic areas: Cardiovascular, Oncology, Respiratory, Neuroscience, Inflammation and Infection. The company's product pipeline offers a number of interesting opportunities.	16,824	5.1	13,494
4 (4) HSBC Holdings [A]			
HSBC group is one of the world's largest banking and financial services institutions. Its international network comprises more than 5,000 offices in 80 countries and territories, operating in the Asia Pacific region, Europe, the Americas, the Middle East and Africa. The diversity of HSBC's business and exposure to faster growing regions of the world should enable it to deliver superior long-term growth.	15,367	4.7	17,338
5 (3) British American Tobacco [B]			
British American Tobacco manufactures and markets cigarettes and other tobacco products, including cigars and roll-your-own tobacco. The group sells over 200 brands in approximately 180 countries. Key brands include: Dunhill, Kent, Pall Mall and Lucky Strike. Strong cashflow is an attractive characteristic of the tobacco industry.	14,763	4.5	17,758
6 (5) Vodafone Group [A]			
Vodafone is one of the world's largest mobile phone companies, with a significant position in major economies including Germany, Italy, France, the UK and the US, as well as many emerging markets. The group generates a significant amount of free cashflow.	14,550	4.4	15,810
7 (6) GlaxoSmithKline			
GlaxoSmithKline is a research-based pharmaceutical group that also develops, manufactures and markets vaccines, prescription and over-the-counter medicines, as well as health-related consumer products. The group specialises in treatments for respiratory, central nervous system, gastro-intestinal and genetic disorders.	13,891	4.2	14,469
8 (9) Centrica			
Centrica provides gas, electricity and energy-related products and services to business and residential customers in the UK and USA. It also provides central heating and gas appliance installation and maintenance services. The company enjoys a strong competitive position in the UK market, which provides a solid platform from which to generate long-term value.	12,510	3.8	13,124
9 (11) National Grid			
National Grid owns and operates electricity and gas networks throughout the UK and in the US. It will benefit from the requirement to increase energy infrastructure spend over the long term. The company offers a generous dividend yield.	11,497	3.5	12,021
10 (-) Tesco			
Tesco is one of the world's largest food retailers, with operations around the world. Its international operations provide a platform for growth, coupled with non-food sales and financial services. The company benefits from significant property asset-backing.	9,547	2.9	7,571
Top ten investments	**147,086**	**44.7**	

Investment	Valuation 2009 £'000	Total assets %	Valuation 2008 £'000
11 (-) Unilever			
Unilever is a global consumer goods company supplying food, home and personal care products. The company has a portfolio of strong brands including: Dove, Knorr, Axe and Persil. Over half of the company's sales are to developing and emerging markets.	8,402	2.5	7,631
12 (15) Imperial Tobacco			
Imperial Tobacco is one of the world's largest tobacco companies. Its acquisition of Altadis provides a platform for further market share growth and cost efficiencies. The company's key brands are Davidoff, West, Gauloises and Golden Virginia.	8048	2.4	9,542
13 (-) Associated British Foods			
Associated British Foods is a global diversified business which is divided into four segments: Grocery; Sugar & Agriculture; Ingredients and Retail. It should benefit from a more benign sugar environment and the continued growth of Primark.	7,724	2.3	7,684
14 (17) Morrison (Wm) Supermarkets			
Morrisons is one of the UK's largest supermarket chains. With an emphasis on good value, the company's vertically-integrated model means that it manages most of its operations in-house. There remains substantial opportunity for the company to expand its footprint in the UK through smaller stores.	7,450	2.3	9,052
15 (18) AMEC			
AMEC is a leading supplier of high-value consultancy, engineering and project management services to the world's energy, power and process industries. The company employs over 20,000 people in more than 30 countries.	7,039	2.1	8,900
16 (-) Mothercare			
Mothercare is a children's clothing and products retailer. International expansion opportunities, coupled with the integration of the Early Learning Centre and the development of its website, provide scope for significant earnings growth. The company has net cash on its balance sheet.	7,008	2.1	5,440
17 (20) Whitbread			
Whitbread is the UK's largest hotel company focusing on the budget sector with its Premier Inn brand. The company also runs pub restaurants and owns the Costa Coffee chain. Both Costa Coffee and Premier Inn have attractive international growth opportunities.	6,712	2.0	8,624
18 (-) Aberforth Smaller Companies Trust			
Aberforth Smaller Companies is an investment trust that invests in smaller UK quoted companies with an investment policy similar to Aberdeen's. It provides the Trust with diversified exposure to a range of good-quality smaller companies with the benefits of investment trust status.	6,678	2.0	6,408
19 (16) Aviva			
Aviva is an international insurance company which provides a broad variety of classes of general and life assurance, including fire, motor, marine, aviation and transport insurance.	6,601	2.0	9,269
20 (12) Arriva			
Arriva is one of the largest transport groups in Europe, with a significant presence in over 10 countries. Growth has been driven by deregulation and the company's success in providing efficient bus and rail transport.	6,430	2.0	10,617
Top twenty investments	**219,178**	**66.4**	

[A] Valuation for 2009 includes holdings in equities and reverse convertibles. At 30 June 2008 only equities were held.

[B] Valuation for both 2009 and 2008 includes holdings in equities and reverse convertibles.

The value of the 20 largest investments represents 66.4% (2008 – 60.1%) of total assets.

The figures in brackets denote the position at the previous year end. (-) not previously in 20 largest investments.

Investment Portfolio

As at 30 June 2009

Investment	Valuation £'000	Total assets %	Yield %
Oil & Gas			
Oil & Gas Producers	**34,175**	**10.4**	
Royal Dutch Shell	18,312	5.6	6.6
BP	15,863	4.8	8.1
Oil Equipment, Services & Distribution	**7,039**	**2.1**	
AMEC	7,039	2.1	2.4
Basic Materials			
Mining	**8,247**	**2.5**	
BHP Billiton	5,183	1.6	3.3
Rio Tinto	3,064	0.9	1.4
Industrials			
Aerospace & Defence	**10,833**	**3.3**	
Cobham	5,872	1.8	2.9
Rolls Royce	4,961	1.5	3.8
General Industrials	**4,884**	**1.5**	
Tomkins	4,884	1.5	3.3
Industrial Engineering	**3,696**	**1.1**	
Weir Group	3,696	1.1	4.0
Industrial Transportation	**3,534**	**1.1**	
BBA	3,534	1.1	8.2
Consumer Goods			
Automobiles & Parts	**4,303**	**1.3**	
GKN	4,303	1.3	0.0
Food Producers	**16,126**	**4.8**	
Unilever	8,402	2.5	4.1
Associated British Foods	7,724	2.3	2.7
Household Goods & Home Construction	**3,654**	**1.1**	
Persimmon	3,654	1.1	0.0
Tobacco	**18,588**	**5.6**	
British American Tobacco	10,540	3.2	5.2
Imperial Tobacco	8,048	2.4	4.0
Health Care			
Pharmaceuticals & Biotechnology	**30,715**	**9.3**	
AstraZeneca	16,824	5.1	5.0
GlaxoSmithKline	13,891	4.2	5.4
Consumer Services			
Food & Drug Retailers	**16,997**	**5.2**	
Tesco	9,547	2.9	3.3
Morrison (Wm) Supermarkets	7,450	2.3	2.5
General Retailers	**7,008**	**2.1**	
Mothercare	7,008	2.1	3.3
Media	**9,324**	**2.8**	
Daily Mail & General Trust 'A'	6,063	1.8	6.3
Pearson	3,261	1.0	5.0
Travel & Leisure	**22,588**	**6.9**	

Investment	Valuation £'000	Total assets %	Yield %
Whitbread	6,712	2.0	4.5
Arriva	6,430	2.0	5.9
Millennium & Copthorne Hotels	5,564	1.7	2.3
Ladbrokes	3,882	1.2	8.0
Telecommunications			
Fixed Line Telecommunications	**3,644**	**1.1**	
BT Group	3,644	1.1	6.0
Mobile Telecommunications	**14,550**	**4.4**	
Vodafone Group	14,550	4.4	6.5
Utilities			
Gas, Water & Multi-utilities	**24,007**	**7.3**	
Centrica	12,510	3.8	5.2
National Grid	11,497	3.5	6.3
Financials			
Banks	**18,037**	**5.5**	
HSBC Holdings	11,898	3.6	5.6
Standard Chartered	6,139	1.9	3.4
General Financial	**11,694**	**3.6**	
Provident Financial	6,110	1.9	7.6
Close Bros	5,584	1.7	5.9
Life Assurance	**12,906**	**3.9**	
Aviva	6,601	2.0	9.7
Friends Provident	3,692	1.1	5.9
Prudential	2,613	0.8	4.4
Investment Companies	**8,288**	**2.5**	
Aberforth Smaller Companies Trust	6,678	2.0	2.5
Dunedin Smaller Companies Trust	1,610	0.5	5.1
Real Estate	**5,077**	**1.5**	
Land Securities Group	5,077	1.5	7.9
Total listed equities	**299,914**	**90.9**	
Fixed interest	**13,470**	**4.2**	
BATS Reverse Convertible	4,223	1.3	11.0
BP Reverse Convertible	3,962	1.2	10.6
HSBC Reverse Convertible	3,469	1.1	7.2
Barclays Bank 14% 2049 Reverse Capital Instrument	1,816	0.6	7.3
Total investments	**313,384**	**95.1**	

Source: Aberdeen Asset Management

Summary of Investment Changes During The Year

As at 30 June 2009

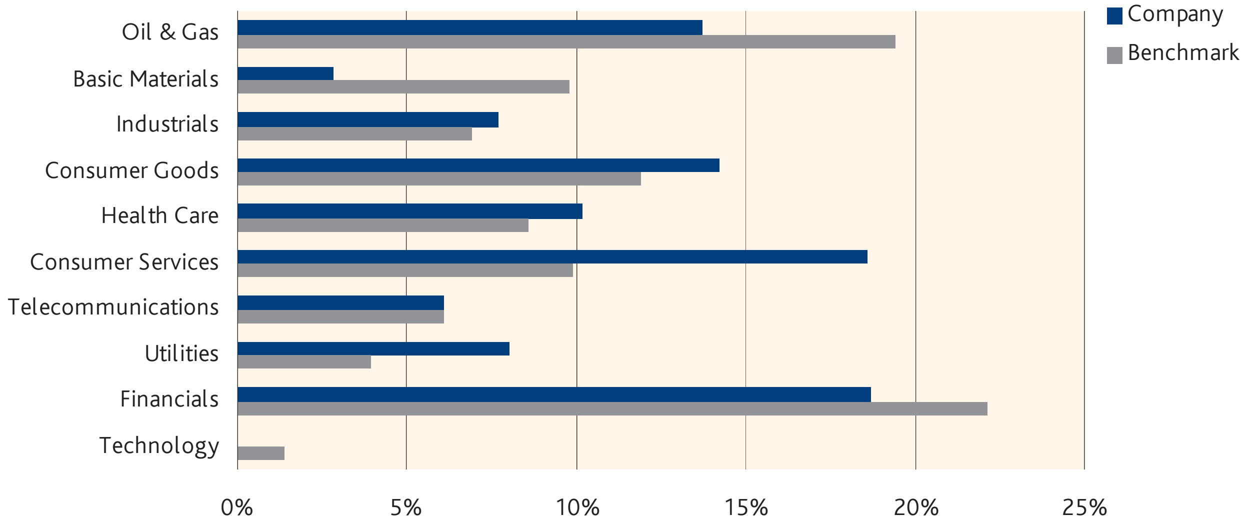
	Valuation 30 June 2008 £'000	%	Transactions £'000	Appreciation/ (depreciation) £'000	Valuation 30 June 2009 £'000	%
United Kingdom						
Equities	427,617	97.1	(21,418)	(106,285)	299,914	91.0
Convertible securities/fixed interest	5,272	1.2	9,842	(1,644)	13,470	4.1
FTSE options	936	0.2	(2,892)	1,956	–	–
Total investments	433,825	98.5	(14,468)	(105,973)	313,384	95.1
Other net assets	6,711	1.5	9,475	–	16,186	4.9
Total assets less current liabilities	**440,536**	**100.0**	**(4,993)**	**(105,973)**	**329,570**	**100.0**

Summary of Net Assets

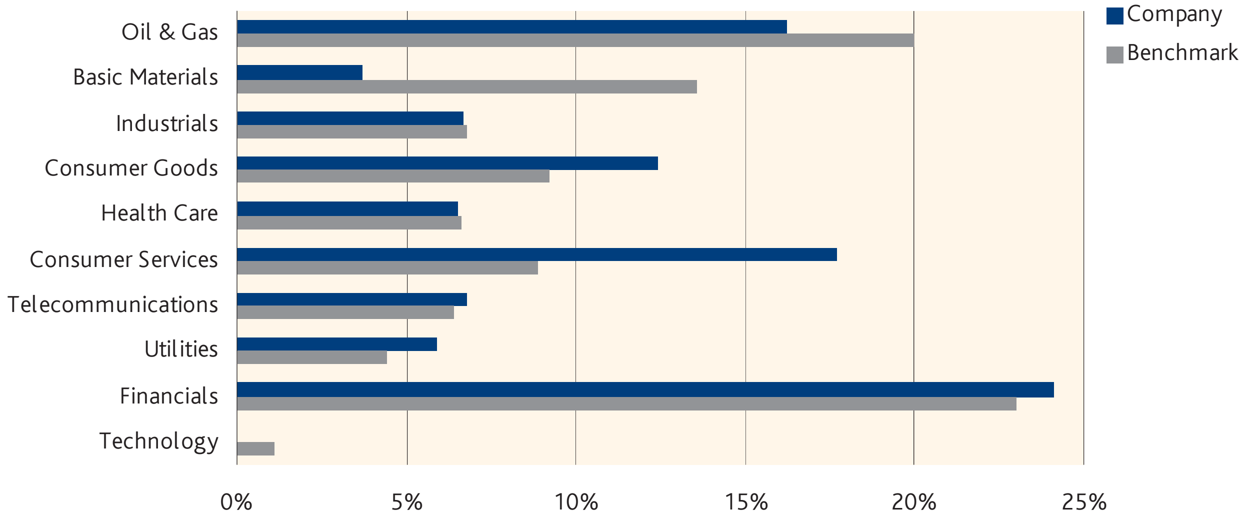
	Valuation 30 June 2009 £'000	%
Equities	299,914	101.8
Convertible securities/fixed interest	13,470	4.6
Other net assets	16,186	5.5
Borrowings	(35,000)	(11.9)
Equity Shareholders' interest	**294,570**	**100.0**

Sector Comparison With Benchmark

Equities Held at 30 June 2009



Equities Held at 30 June 2008



Information about the Manager

Aberdeen Asset Managers Limited

Aberdeen Asset Managers Limited is the Manager of the Company. It is a subsidiary of Aberdeen Asset Management PLC, whose Group Companies as at 30 June 2009 managed a combined £101.3 billion for institutions, unit trusts, investment trusts, closed end investment funds, private clients and offshore funds.

It has its headquarters in Aberdeen with its main investment centres in Bangkok, Budapest, Edinburgh, Glasgow, Hong Kong, Jersey, Kuala Lumpur, London, Paris, Philadelphia, Singapore, Sydney and Tokyo.

The Group manages 38 investment trusts and other closed-ended funds, which have combined total assets of around £7.5 billion 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.

The Investment Team

Charles Luke
Senior Investment Manager
BA in Economics and Japanese Studies from Leeds University and an MSc in Business and Economic History from the London School of Economics. Joined Aberdeen's Pan European equities team in 2000. Previously worked at Framlington Investment Management for two years.

Anne Richards
Chief Investment Officer
1st Class BSc (Honours) in Electronics and Electrical Engineering from the University of Edinburgh and an MBA from INSEAD in France. A Chartered Engineer and a fellow of the Securities and Investment Institute.
Chief investment officer, head of multi-asset investment and a member of Aberdeen's group management board. Formerly chief investment officer and joint managing director of Edinburgh Fund Managers. Previously with Merrill Lynch Investment Managers, JPMorgan Investment Management, Alliance Capital Limited and Cambridge Consultants Limited.

Ben Ritchie
Senior Investment Manager
BA (Hons) in Modern History and Politics from Pembroke College, University of Oxford, and a CFA charterholder. An investment manager on Aberdeen's Pan European equities team. Joined Aberdeen in 2002 as a graduate, having been an intern with Aberdeen in 2001 and 2002.

The Investment Process

Philosophy and Style

The Manager's investment philosophy is that markets are not always efficient. We believe that superior investment returns are therefore attainable by identifying good companies cheaply, defined in terms of the fundamentals that, in our opinion, drive share prices over the long term. We undertake substantial due diligence before initiating any investment, including company visits, in order to assure ourselves of the quality of the prospective investment. We are careful not to pay too high a price when making the investment. Subsequent to that investment, we keep in close touch with the company, aiming to meet management at least twice a year. Given our long-term fundamental investment philosophy, one would not expect much change in the companies in which we invest. We do, however, take opportunities offered to us by what we see as anomalous price movements within stock markets to either top up or top slice positions, which accounts for the bulk of the activity within the portfolio during the year under review.

Risk Controls

We seek to minimise risk by our in-depth research. We do not view divergence from a benchmark as risk – we view investment in poorly-run, expensive companies that we do not understand as risk. In fact, where risk parameters are expressed in benchmark-relative terms, asset – including sector – allocation constitutes a significant constraint on stock selection. Hence, diversification of stocks provides our main control.

Aberdeen's performance and investment risk unit independently monitors portfolio positions, and reports monthly. As well as attributing performance, it also produces statistical analysis, which is used by the Manager primarily to check the portfolio is behaving as expected, not as a predictive tool.

Options are used in a manner consistent with the Trust's investment objective, in order to control risk and enhance returns. They are used as an alternative way to increase or reduce positions, and provide an additional stream of distributable cashflow. We employ a basic strategy of writing covered calls and covered puts. These are written when our company research and due diligence suggest that the options are attractive.

Regional Teams

Your Board of Directors

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

Patrick Gifford BA

Status: Chairman and Independent Non-Executive Director
Age: 64
Length of Service: 9 years 11 months
Experience and other public company directorships: Patrick Gifford was previously a director of Robert Fleming Holdings and chairman of Fleming Investment Trust Management. He is chairman of Invesco Perpetual Select Trust, Martin Currie Pacific Trust and Vtesse Networks. He is also a director of AlphaGen Aldebaran Fund Ltd, JPMorgan Russian Securities and Tapestry Investment Company PCC Ltd.
Employment by Manager: None
Other connections with the Trust or Manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: Beneficial – 25,047 Ordinary shares
Remuneration: Year ended 30 June 2009 – £25,000

Adrian Coats MA, ACA, FCT

Status: Independent Non-Executive Director, Chairman of Audit Committee and Senior Independent Director
Age: 54
Length of Service: 10 years 5 months
Experience and other public company directorships: Adrian Coats is treasury and purchasing director for Scottish Power and a Trustee of the Scottish Power Pension Scheme. He was formerly a director of Grand Metropolitan Finance and chairman of the Scottish Branch of the Association of Corporate Treasurers.
Employment by Manager: None
Other connections with the Trust or Manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: Beneficial – 5,000 Ordinary shares, Non-Beneficial – 20,000 Ordinary shares
Remuneration: Year ended 30 June 2009 – £21,000

Marian Glen MA LLB

Status: Non-Executive Director
Age: 49
Length of Service: 6 years and 4 months
Experience and other public company directorships: Marian Glen is General Counsel for AEGON UK. She was formerly head of Funds and Financial Services at Shepherd+ Wedderburn (Solicitors). She is a member of the Technical Committee of the Association of Investment Companies.
Employment by Manager: None
Other connections with the Trust or Manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: Beneficial – 3,000 Ordinary shares
Remuneration: Year ended 30 June 2009 – £18,000

Neil Honebon MA

Status: Independent Non-Executive Director
Age: 55
Length of Service: 3 years and 11 months
Experience and other public company directorships: Neil Honebon is a director of Fleming Family and Partners Asset Management, where he is Chief Investment Officer. He has 30 years' experience in investment analysis and research and, while previously at Flemings, he was Head of Global Research and deputy chair of the asset allocation committee. He is also a director of Avior, Volantis and Octanis, three hedge funds within Gartmore's AlphaGen range.
Employment by Manager: None
Other connections with the Trust or Manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: Beneficial – 20,000 Ordinary shares
Remuneration: Year ended 30 June 2009 – £18,000

Humphrey van der Klugt BSC Hons, FCA

Status: Independent Non-Executive Director and Chairman of Remuneration Committee
Age: 55
Length of Service: 5 years and 2 months
Experience and other public company directorships: Humphrey van der Klugt was previously a director of Schroder Investment Management Limited. In a twenty- two year career at Schroders, he was a member of the Group Investment and Asset Allocation Committees; and as a UK equity manager, he was directly responsible for £3 billion of funds under management, including the Schroder UK Equity and Schroder Income Funds. He is currently chairman of the Supervisory Board of Schroder Exempt Property Unit Trust and a non-executive director of BlackRock Commodities Income Investment Trust plc, Fidelity European Values PLC and JPMorgan Claverhouse Investment Trust PLC.
Employment by Manager: None
Other connections with the Trust or Manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: Beneficial – 7,500 Ordinary shares
Remuneration: Year ended 30 June 2009 – £18,000

David Woods MA, MSC, FIA

Status: Independent Non-Executive Director
Age: 61
Length of Service: 6 months (appointed 15 December 2008)
Experience and other public company directorships: David is currently non-executive chairman of Royal Liver Assurance, and a non-executive director of Standard Life UK Smaller Companies Trust plc and of The Moller Centre for Continuing Education. He is also Chairman of the Pension Fund Trustees for all of the UK companies in the Steria Group and a trustee of the Scottish Provident Pension Fund.
Employment by Manager: None
Other connections with the Trust or Manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: Nil
Remuneration: Year ended 30 June 2009 – £9,823

Directors' Report

The Directors submit their Annual Report together with the Financial Statements of the Company for the year ended 30 June 2009.

Review of the Business

A review of the Company's activities is given in the Corporate Summary on pages 2 and 3, the Chairman's Statement on pages 4 to 6, and in the Manager's Review on pages 7 to 10. This includes a review of the business of the Company and its principal activities, and likely future developments of the business.

Investment Objective and Policies

The Board's objective is to achieve a high and growing income combined with capital growth through investment in a concentrated selection of UK equities. The shares that make up the portfolio are selected from British companies that have potential for real earnings and dividend growth, while at the same time providing an above-average portfolio yield. The emphasis is on the management of risk and on the absolute return from the portfolio, which is achieved by ensuring an appropriate diversification of stocks and sectors, with a high proportion of its assets in strong, well-known companies. The portfolio at the year end is set out on pages 14 to 17, and its analysis on page 18. The Company makes use of low-cost, flexible borrowing facilities to enhance Shareholder returns when appropriate, and the Board regularly reviews gearing, which was 12% of net assets at 30 June 2009 (2008 – 10.0%).

Investments are not formally limited as to market capitalisation or sector weightings within the UK. It is the Company's policy to have a focused portfolio. There were 45 holdings at 30 June 2009.

It is the Company's policy to invest no more than 15 per cent of its gross assets in other listed investment companies (including listed investment trusts). The Company's investment policy is set out in full in the Corporate Summary on page 2.

Oversight and Review of Performance

The Board meets at least five times a year to review performance with the Manager. As well as carrying out the matters set out in the Statement of Corporate Governance (pages 30 to 35), the Board receives, for each meeting, a detailed portfolio report and an analysis of economic indicators, and discusses performance and strategy, considering perceived risks and economic conditions. It uses measures such as attribution analysis against the benchmark, active weights and valuation matrices to assess the Company's success in achieving its objectives. The key performance indicators are established industry measures, and are as follows:

- Net asset value (total return) relative to the Company's benchmark
- Share price (total return)
- Discount to net asset value
- Performance attribution
- Earnings and dividends per share.

A historical record of these measures (except performance attribution) is disclosed on pages 11 to 13. We compare our performance with the Company's benchmark and selected peer companies. A range of comparator groups are used, including the AIC UK Growth & Income peer group and the Open-Ended UK Equity Income peer group.

Management of Risk

The Board regularly reviews the major strategic risks that the Board and the Manager have identified, and against these the Board sets out the delegated controls designed to manage those risks. The principal risks facing the Company relate to the Company's investment activities and include market price, interest rate, liquidity and credit risk. An explanation of these risks and how they are managed is contained in Note 18 to the accounts on page 50. Such key risks relating to investment and strategy as, for example, inappropriate asset allocation or gearing, are managed through investment policy guidelines and restrictions, and by the process of oversight at each Board meeting outlined above. Operational disruption, accounting and legal risks are also covered annually, and regulatory compliance is reviewed at each Board meeting. The major risks associated with the Company are:

- Resource risk – like most other investment trusts, the Company has no employees. The Company therefore relies on services provided by third parties, including, in particular, the Manager, to whom responsibility for the management of the Company has been delegated under an investment management agreement (the "Agreement") (further details of which are set out on pages 27 and 28). The terms of the Agreement cover the necessary duties and conditions expected of the Manager. The Board reviews the performance of the Manager on a regular basis, and their compliance with the Agreement formally on an annual basis.
- Investment objective – the objective of the Company is to achieve a high and growing income combined with capital growth. As a consequence, the investment portfolio may not always match that of the stock market as a whole, with a consequential impact on Shareholder returns. The Board's aim is to maximise absolute returns to Shareholders while managing risk by ensuring an appropriate diversification of stocks and sectors.
- Investment policy and gearing – a major risk affecting the Company is inappropriate sector and stock selection leading to under-performance relative to the Company's

benchmark index and peer group. In addition, the use of borrowing facilities to invest in markets may have a negative impact if markets fall. To mitigate these risks, the Manager operates within investment guidelines and agreed levels of borrowing. Performance against the benchmark index and the peer group is regularly monitored. During the year, an element of portfolio protection was put in place by the purchase of put options.

- Discount volatility - investment trust shares tend to trade at discounts to their underlying net asset values, although they can also trade at premia. Discounts and premia can fluctuate considerably. In order to seek to minimise the impact of such fluctuations, where the shares are trading at a discount, the Company has operated a share buy-back programme for a number of years. If the shares trade at a premium, the Company has the authority to issue new shares or re-issue shares from treasury. Whilst these measures seek to minimise volatility, it cannot be guaranteed that they will do so.
- Regulatory risk - the Company operates in a complex regulatory environment and faces a number of related risks. A breach of Section 842 of the Income and Corporation Taxes Act 1988 could result in the Company being subject to capital gains tax on the sale of its investments. Serious breach of other regulations, such as the UKLA Listing Rules and the Companies Act, could lead to suspension from the Stock Exchange and reputational damage. The Board receives monthly compliance reports from the Manager to monitor compliance with regulations.

Results and Dividends

The total return attributable to equity Shareholders for the year amounted to £(88,597,000).

A third interim dividend of 5.25p per Ordinary share was paid on 18 July 2008, and the final dividend for the year ended 30 June 2008 of 11.25p per Ordinary share was paid on 6 November 2008. The first and second interim dividends for the year ended 30 June 2009 of 5.5p per Ordinary share each were paid on 16 January 2009 and 17 April 2009 respectively, making a total distribution to Ordinary Shareholders of £17,632,000 as shown in Note 6 on pages 45 and 46. The sum of £518,000 has been added to the Company's revenue reserve. The third interim dividend of 5.5p per Ordinary share was paid on 17 July 2009.

The Directors now recommend a final dividend of 11.25p per Ordinary share payable on 28 October 2009 to holders of Ordinary shares on the register on 25 September 2009. A resolution in respect of the final dividend will be proposed at the forthcoming Annual General Meeting.

Dividends are paid by means of three interim dividends, normally in January, April, July, and a final, after the Annual General Meeting in October or November. Further information on dividends is contained in the Chairman's Statement on pages 4 to 6.

Principal Activity and Status

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006, and carries on business as an investment trust. The Directors do not envisage any change in this activity in the foreseeable future.

In the opinion of the Directors of the Company, its affairs have been conducted in a manner as to satisfy the conditions which 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, although approval for the period would be subject to review were there to be any enquiry under the Corporation Tax Self Assessment regime. HM Revenue & Customs approval for such status has been given for the year ended 30 June 2008.

The Company intends to manage its affairs so that the Company's shares will be qualifying investments for the stocks and shares component of an ISA.

Share Capital

At the Annual General Meeting held on 5 November 2008, Shareholders approved the renewal of the authority permitting the Company to repurchase up to 9,681,959 of its Ordinary shares, and gave approval for the Company to hold shares in treasury. Shareholders also approved the renewal of the authority permitting the Company to sell or transfer up to 6,457,504 of its Ordinary shares out of treasury. During the year ended 30 June 2009, share repurchases totalling 28,000 Ordinary shares of 25p each (0.04% of the issued Ordinary share capital at 30 June 2008) took place at an average price of 547.6p, to be held in treasury. No Ordinary shares have been repurchased from the date of renewal of the authority on 5 November 2008, nor subsequent to the year end, up to 11 September 2009. During the year ended 30 June 2009, and subsequent to the date of renewal of the authority on 5 November 2008, 100,000 shares (0.15% of the issued Ordinary share capital at 30 June 2008) were re-issued from treasury at an average price of 417.4p. Subsequent to the year end and up to 11 September 2009, no further Ordinary shares were re-issued from treasury.

The issued Ordinary share capital at 30 June 2009 consisted of 64,689,458 Ordinary shares of 25p and 1,727,000 Ordinary shares held in treasury. At 11 September 2009, these numbers were unchanged.

Each Ordinary share of the Company, excluding shares held in treasury, carries one vote at general meetings of the Company.

Special Business at Annual General Meeting

Issue of New Shares and Sale of Treasury Shares

Ordinary Resolution No. 8 in the Notice of Annual General Meeting will renew the authority to allot the unissued share capital up to an aggregate nominal amount of £808,618 (equivalent to 3,234,472 Ordinary shares, or 5 per cent of the Company's existing issued share capital on 11 September 2009 (excluding Treasury shares)). Such authority will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of the passing of the resolution, whichever is earlier. This means that the authority will have to be renewed at the next Annual General Meeting.

When shares are to be allotted for cash, Section 561 of the Companies Act 2006 (the "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. Special Resolution No. 9 will, if passed, give the Directors power to allot for cash equity securities up to an aggregate nominal amount of £808,618 (equivalent to 3,234,472 Ordinary shares, or 5 per cent of the Company's existing issued share capital on 11 September 2009), as if Section 561 of the 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 after a period of 15 months, 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 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. 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. Under the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (as amended) (the "Treasury Share Regulations") the Company is permitted to buy back and hold shares in treasury and then sell them at a later date for cash, rather than cancelling them. The Treasury Share Regulations require such sale to be on a pre-emptive, pro rata, basis to existing shareholders unless shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the Directors power to allot unissued Ordinary share capital on a non pre-emptive basis, Resolution No. 9, if passed, will give the Directors authority to sell Ordinary shares held in treasury on a non pre-emptive basis. Under the Treasury Share Regulations, the holding of treasury shares is restricted to 10 per cent of the Company's issued share capital, no dividends may be paid on any shares held in treasury and no voting rights will attach to such shares. 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. It is the intention of the Board that any re-sale of treasury shares would only take place at a price of greater than 0.5% above the net asset value prevailing at the date of sale. It is also the intention of the Board that sales from treasury would only take place when the Board believes that to do so would assist in the provision of liquidity to the market. The Directors recommend that shareholders vote in favour of Resolutions 8 and 9.

Share Repurchases

At the Annual General Meeting held on 5 November 2008, 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 current Listing Rules, the maximum price that may be paid on the exercise of this authority must not exceed the higher of (i) 105% of the average of the middle market quotations for the shares over the five business days immediately preceding the date of purchase and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out. The minimum price which may be paid is 25p per share. Shares which are purchased under this authority will either be cancelled or held as treasury shares.

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 signing this Report (amounting to 9,696,949 Ordinary shares). Such authority will expire on the date of the next Annual General Meeting, or after a period of 15 months from the date of passing of the resolution, 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. The Directors recommend that shareholders vote in favour of Resolution No. 10.

Amendment to Articles of Association

In order to reflect changes to company law in the United Kingdom made by the coming into force of parts of the Companies Act 2006 (the "2006 Act"), shareholders voted to adopt new Articles of Association (the "Articles") of the Company at the 2008 Annual General Meeting. Further amendments to the Articles are required, to reflect the implementation of the remaining parts of the 2006 Act, which will come into force on 1 October 2009 (the "New Articles").

The principal changes introduced in the New Articles are summarised in the Appendix to the Notice of Annual General Meeting, on page 63. Other amendments, which are of a minor, technical or clarifying nature (including those which merely reflect changes made by the 2006 Act or conform the language of the New Articles with that used in the model articles for public companies set out in the Companies (Model Articles) Regulations 2008) have not been noted in the Appendix to the Notice of Annual General Meeting. Special Resolution No. 11, to this effect, will be proposed at the Annual General Meeting.

A copy of the New Articles will be available for inspection at the offices of Dickson Minto W.S., Royal London House, 22/25 Finsbury Square, London EC2A 1DX and the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of the Notice of the Annual General Meeting until the conclusion of the Annual General Meeting and on the date of the Annual General Meeting at the Annual General Meeting from 12.15pm until the conclusion of the meeting. The Directors recommend that shareholders vote in favour of Resolution No. 11.

Directors

The Directors, who, with the exception of Mr Woods, held office throughout the year under review, are shown on pages 22 and 23 of the Annual Report, and their share interests are shown opposite. Mr Woods was appointed a Director on 15 December 2008, and is required therefore to stand for election by shareholders at the forthcoming Annual General Meeting. Resolution 4, to this effect, will be proposed at the Annual General Meeting.

Mr Gifford and Mr Coats retire by rotation at the forthcoming Annual General Meeting. Mr Gifford, being eligible, offers himself for re-election. Resolution 5, to this effect, will be proposed at the Annual General Meeting. Mr Coats will retire from the Board with effect from the conclusion of the Annual General Meeting.

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

A report on the Directors' Remuneration is set out on pages 36 and 37.

Directors' Interests

The interests of the Directors in office at the end of the year in the Ordinary share capital of the Company were as follows:

	At 30 June 2009 Ordinary shares		At 1 July 2008 Ordinary shares	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
P A F Gifford	24,351		21,168	-
A J M Coats	5,000	20,000	5,000	25,000
M Glen	3,000	-	3,000	-
N A Honebon	20,000	-	15,000	-
H van der Klugt	7,500	-	7,500	-
D E Woods	-	-	-	-

Mr Gifford's beneficial holding increased to 25,047 Ordinary shares by the acquisition of 293 Ordinary shares on 17 July 2009, 212 Ordinary shares on 22 July 2009 and 191 Ordinary shares on 24 August 2009. As at 11 September 2009, there have been no other changes in the above holdings.

Directors' Insurance and Indemnities

The Directors have the benefit of the indemnity provision contained in the company's Articles. The Directors of the Company have, during the year ended 30 June 2009, been granted a qualifying third party indemnity provision, which remains in force. Directors' and Officers' liability insurance cover has been maintained throughout the year at the expense of the Company.

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 30 June 2009, the management and secretarial fees payable to the Manager were calculated and charged on the following basis:

A monthly fee at the rate of one-twelfth of 0.55% on the first £400 million of net assets, 0.45% on the next £150 million of net assets and 0.25% on the excess over £550 million. The value of any investments managed within the Aberdeen Asset Group is deducted from net assets. The investment management fee is chargeable 50% to revenue and 50% against capital reserves. A secretarial fee of £75,000 per annum is also payable, which is chargeable 100% to revenue.

The management and administration contracts may be terminated by either the Company or the Manager on the expiry of three months' written notice. On termination, the Manager would be entitled to receive fees which would otherwise have been due to that date.

The management and secretarial fees paid during the year ended 30 June 2009 are shown in Note 3 on page 45.

In monitoring the performance of the Manager, the Board considers the investment record of the Company over the short term and longer term, taking into account both its performance against the benchmark index and peer group investment trusts. The Board also reviews the management processes, risk control mechanisms and marketing activities of the Manager. As a result of these reviews, the Board considers the continuing appointment of the Manager to be in the interests of shareholders because the Aberdeen Asset Management Group has the investment management, marketing and associated secretarial and administrative skills required for the effective operation of the Company. The Board continues to keep this matter under review.

Corporate Governance

The Statement of Corporate Governance is contained on pages 30 to 34.

Audit Committee

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

Political and Charitable Donations

The Company has not made any political or charitable donations in the year (2008 - nil).

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. Borrowing facilities of £60 million are committed to the Company, of which £35 million is committed until 1 October 2009, and £25 million until 13 November 2009. The Company has opened negotiations for a loan facility to follow on from the expiry of the £35 million loan facility, but at this stage has not finalised terms, although it expects to receive acceptable terms from its existing bankers or an alternative. If acceptable terms are not forthcoming, any outstanding amounts will be repaid through the proceeds of equity sales.

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 (2008 - nil).

Additional Information

Where not provided elsewhere in the Directors' Report, the following provides the additional information required to be disclosed by Part 15 of the Companies Act 2006:

There are no restrictions on the transfer of Ordinary shares in the Company other than certain restrictions which may from time to time be imposed by law (for example, insider trading law).

The Company is not aware of any agreements between shareholders that may result in a restriction on the transfer of securities and/or voting rights.

The rules governing the appointment of Directors are set out in the Statement of Corporate Governance on pages 30 to 34. The Company's Articles of Association may only be amended by a special resolution at a general meeting of shareholders.

The Company is not aware of any significant agreements to which it is a party that take effect, alter or terminate upon a change of control of the Company following a takeover.

Other than the management and administration contracts with the Manager, further details of which are set out on page 27 and this page, the Company is not aware of any contractual or other agreements essential to its business which ought to be disclosed in the Directors' Report.

Annual General Meeting

The Annual General Meeting will be held on 27 October 2009. The Notice of Meeting is contained on pages 59 to 62.

Auditors

The Auditors, Ernst & Young LLP, have expressed their willingness to continue in office. Resolution 6, to re-appoint Ernst & Young LLP as the Company's Auditors, will be put to the forthcoming Annual General Meeting along with

Resolution 7, to authorise the Directors to fix their remuneration. It should be noted that the only fees paid to the Auditors over the past nine years have been in respect of audit services. The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a Director to make him or herself aware of any relevant audit information, and to establish that the Company's Auditors are aware of that information.

By order of the Board
Aberdeen Asset Management PLC
Secretaries
40 Princes Street
Edinburgh, EH2 2BY
15 September 2009

Statement of Corporate Governance

Introduction

The UK Listing Authority requires all listed companies to describe how they have complied with the principles of the Combined Code on Corporate Governance published in June 2008, which is available on the Financial Reporting Council's website: www.frc.org.uk. The Association of Investment Companies (AIC) also published a Code of Corporate Governance for Investment Trusts ("AIC Code") which is available on the AIC's website: www.theaic.co.uk. The AIC Code, which was updated in February 2009, forms a comprehensive guide to best practice in certain areas of governance where the specific characteristics of investment trusts suggest alternative approaches to those set out in the Combined Code that may be preferable. There is a certain amount of overlap with the Combined Code, although the focus of attention is on the points of difference.

The Board is committed to high standards of corporate governance and has put in place a framework for corporate governance, which it believes is appropriate for an investment trust.

Application of the Principles of the Codes

The Board is accountable to the Company's shareholders for good governance, and this Statement describes how the principles identified in the Combined Code and the AIC Code have been applied by the Company throughout the year to 30 June 2009, except where disclosed below.

The Listing Rules of the UK Listing Authority require the Board to report on compliance with the Combined Code provisions throughout the year. In instances where the Combined Code and the AIC Code differ, an explanation will be given as to which Code has been applied, and the reason for that decision.

Save as described below, no exceptions to compliance with the Combined Code were identified.

The Board

The Board sets the Company's values and objectives, and ensures that its obligations to its shareholders are met. 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 to annual budgeting and quarterly forecasting and variance analysis
- Companies Act requirements, such as the approval of the half-yearly and annual Financial Statements, and approval and recommendation of the interim and final dividends respectively
- setting the range of gearing in which the Manager may operate
- major changes relating to the Company's structure, including share buy-backs and share issues
- Board appointments and removals and the related terms
- 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 – approval of all circulars and listing particulars, and approval of all releases concerning matters decided by the Board.

The Board currently consists of six non-executive Directors. The names and biographies of those Directors who held office at the date of this Annual Report appear on pages 22 and 23 of this Annual Report, and indicate their range of investment, industrial, commercial and professional experience.

The Board has assessed the independence of the Directors against the criteria set out in the Codes, and has concluded that they are all independent of the investment 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.

Ms Glen was, until January 2009, a partner of a law firm which has undertaken occasional work for companies within the Manager's group. In January 2009, Ms Glen ceased to be a partner of that firm. Accordingly, while Ms Glen does not meet the tests of independence set out in the AIC Code, the Board takes the view that, in performing the role of Director, Ms Glen has displayed independence from the Manager.

Mr Coats will, by the Annual General Meeting, at which he is retiring from the Board, have served as a Director for more than ten years. The Board takes the view that independence is not compromised by length of service on the Board, and that experience can add significantly to the Board's strength, and, therefore considers Mr Coats to be fully independent.

Mr Gifford will, by the Annual General Meeting, have served as a Director for more than nine years. The Combined Code states that, following appointment, the test of independence is not appropriate in relation to the Chairman. However, the AIC Code states that the test of independence continues to be appropriate and, consequently, the Board will follow the AIC Code. For the reasons stated above in relation to Mr

Coats, the Board is also satisfied that Mr Gifford, as Chairman, continues to have the appropriate experience, knowledge and independence to remain in this role. As recommended by the Combined Code, Mr Gifford will stand for annual re-election.

The election of Mr Woods, and the re-election of Mr Gifford, whose biographies appear on pages 22 and 23, were considered and approved by the Nomination Committee. The reasons for the Committee's recommendations for their election or re-election, as the case may be, and the subsequent approval of those recommendations by the Board, are set out below:

- Mr Woods was appointed a Director on 15 December 2008. A qualified actuary and previously Group Managing Director of The Scottish Provident Group, his extensive experience in the life insurance and investment industries considerably enhances the combined experience of the Board.
- Mr Gifford, who has been a Director since July 1999, was previously a director of Robert Fleming Holdings. His experience in investment matters is greatly valued by his fellow Directors. He was appointed Chairman of the Company on 27 June 2004.

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. In accordance with both Codes, Directors who have served for more than nine years will be required to offer themselves annually for re-election.

The Chairman of the Company is a non-executive Director. Mr Coats has been appointed Senior Independent Director. Mr Coats will not be seeking re-election as a Director at the forthcoming AGM, and will be succeeded as Senior Independent Director by Mr van der Klugt.

Director	Board Meetings Attended	Audit, Nomination and Remuneration Committee Meetings Attended*	Management Engagement Committee Meetings Attended
P A F Gifford	5/5	6/6	1/1
A J M Coats	4/5	6/6	1/1
M Glen	5/5	6/6	1/1
N A Honebon	5/5	6/6	1/1
H van der Klugt	5/5	6/6	1/1
D E Woods†	3/3	3/3	1/1

* each of the three Committees met twice during the year.
† from the date of Mr Woods' appointment as a Director, on 15 December 2008.

During the year ended 30 June 2009, the Board met five times. Details of attendance by each of the Directors and Committee members at Board and Committee meetings are shown opposite.

Between meetings, the Board maintains regular contact with the Manager. The primary focus at regular Board meetings is the review of investment performance and associated matters, including gearing, asset allocation, marketing and investor relations, peer group information and industry issues.

In order 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.

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 process is arranged by the Manager. This involves induction meetings which cover details about the Company, its Manager, legal responsibilities and investment trust industry matters. Directors are provided, on a regular basis, with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors have also taken part in various training specific to non-executive Directors, including training courses run by the AIC and the Manager.

At the September Board meeting, a formal process was introduced for the consideration and authorisation by the Board of Directors' reported actual and potential conflicts of interest, a full analysis of the Directors' appointments and interests having been considered at that meeting. In accordance with the Company's Articles of Association and relevant legislation, each Director abstains from approval of their own position. The Board will continue to monitor and review potential conflicts of interests on a regular basis.
The Board and Committees have undertaken their annual performance evaluation, using questionnaires and discussion,

to ensure that all its members have devoted sufficient time and contributed adequately to the work of the Board and Committees, and to consider each Director's independence. The Chairman has been evaluated by his fellow Directors. The Board considers that none of his other commitments (set out on page 22 of this report) interfere with the discharge of his responsibilities to the Company, and is satisfied that he makes sufficient time available to serve the Company effectively. There have been no significant changes to the Chairman's other commitments 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 share registration services; and the day-to-day accounting and company secretarial functions. 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

Nomination Committee

A Nomination Committee has been established with written terms of reference, and comprises the full Board. The Chairman of the Committee is the Chairman of the Company.

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
- 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
- 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 which would be considered at a meeting of the Board.

In considering the appointment of a new Director, the Committee ensures that the Board continues to have the right balance of skills, experience, age and length of service. It may use the professional services of a search consultant to identify suitable candidates for review by the Board.

Audit Committee

An Audit Committee has been established with written terms of reference and, with effect from 8 February 2008, comprises all independent Directors (it formerly comprised the full Board) including the Company Chairman. The Board considers it appropriate that the Company Chairman is a member of the Audit Committee, although he may not chair it, provided that he is considered by the Board to be independent, as is currently the case. Mr Coats, a chartered accountant, is the Chairman of the Audit Committee. On Mr Coats' retirement as a Director at the conclusion of the Company's Annual General Meeting, on 27 October 2009, Mr van der Klugt, who is also a chartered accountant, will become Chairman of the Audit Committee. The terms of reference of the Audit Committee, which are available on request and on the Company's website, are reviewed and re-assessed for their adequacy on an annual basis. The Committee considers Ernst & Young LLP, the Company's Auditors, to be independent of the Company, as no non-audit services were carried out by Ernst & Young LLP during the year.

The matters considered by the Committee during the year included:

- the review of the effectiveness of the internal control environment of the Company – to assist in this the Committee received reports from the internal and external auditors on a regular basis
- the review of the half-yearly and annual Financial Reports
- 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, its cost effectiveness and the independence and objectivity of the Auditors, with particular regard to non-audit fees (it should be noted that the Auditors, Ernst & Young LLP, rotate 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
- meetings with representatives of the Manager.

Management Engagement Committee

As recommended by the AIC Code, a Management Engagement Committee has been established, comprising the full Board. The Chairman of the Committee is the Chairman of the Company. The Committee annually reviews matters concerning the investment management agreement in place between the Company and Aberdeen Asset Managers Limited. Details of this agreement are shown on pages 27 and 28.

Remuneration Committee and Directors' Remuneration

Under the UK Listing Authority's Listing Rule 15.6.6, where an investment trust has only non-executive directors, the

Combined Code principles relating to directors' remuneration do not apply. However, the Company does have a Remuneration Committee, comprising the full Board, and whose Chairman is Mr van der Klugt.

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 36 and 37. The terms of reference of the Remuneration Committee are available on request, and on the Company's website.

Directors' Terms of Appointment

All non-executive Directors are appointed for an initial term of three years, subject to re-election and the 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.

Policy on Tenure

The Board's policy on tenure is that Directors need not serve on the Board for a limited period of time only. The Board does not consider that the length of service of a Director is as important as the contribution he or she has to make, and therefore the length of service will be determined on a case-by-case basis.

Communication with Shareholders

The Company places a great deal of importance on communication with its shareholders. The Manager, accompanied occasionally by the Chairman, 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 Income 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 make arrangements to attend and speak at general meetings.

Participants in the Manager's 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 wish to attend the Annual General Meeting are able to make arrangements with the administrator of the Savings Plan to do so, and to vote on a show of hands and speak at the meeting.

As required under the Combined Code, the Annual Report is posted to shareholders at least twenty business days before the Annual General Meeting.

The Notice of Meeting on pages 59 to 62 sets out the business of the meeting and the resolutions are explained more fully in the Directors' Remuneration Report on pages 36 and 37 and the Directors' Report on pages 24 to 29.

Separate resolutions are proposed for each substantive issue.

The Board is very conscious that the Annual General Meeting is an event at which all shareholders are encouraged 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 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, and details will be posted on the Company's website.

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 Company's website, from which the Company's reports and other publications can be downloaded, is www.murray-income.co.uk.

Accountability and Audit

The Directors' Statement of Responsibilities in respect of the Financial Statements is on page 35 and the Statement of Going Concern is included in the Directors' Report on page 28.

The Independent Auditors' Report is on page 38.

Internal Control

The Board of Directors of Murray Income Trust PLC 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, which 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 FRC's guidance document "Internal Control: Revised Guidance for Directors on the Combined Code."

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 affecting the Company and the policies and procedures by which these risks are managed.

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

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

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

- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its investment performance
- the Board and the 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 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 Limited continually reviews the Manager's operations
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers
- 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
- on a monthly basis the Board receives a detailed Compliance Report.

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

The Manager's Head of Internal Audit 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 goals and, by their nature, can provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has reviewed the need for an internal audit function, and has decided that the systems and procedures employed by the Manager, including its internal audit function and the work carried out by the Company's external Auditors, provide sufficient assurance that a sound system of internal controls, which safeguards shareholders' investment and the Company's assets, is maintained. An internal audit function, specific to the Company, is therefore considered unnecessary.

Socially Responsible Investment Policy

The Directors are aware of their duty to act in the interests of the Company. As an investment trust, the Company has no direct social, environmental or community responsibilities. However, the Directors acknowledge that there are risks associated with investment in companies which fail to conduct business in a socially responsible manner and the Directors, therefore, ensure that they take regular account of the social, environment and ethical factors, which may affect the performance or value of the Company's investments.

Exercise of Voting Powers

The Directors believe that the exercise of voting rights at company meetings lies at the heart of the regulation and promotion of corporate governance. The Board has, therefore, given discretionary voting powers to the Manager, who endeavours to exercise these powers.

Substantial Interests

At 11 September 2009, the following interests in the issued Ordinary share capital of the Company have been disclosed in accordance with the requirements of the UK Listing Authority's Disclosure and Transparency Rules:

Shareholder	Number of shares held	% held
Clients of Aberdeen Asset Management	10,800,657	16.7
Legal & General Assurance (Pensions Management)	2,566,738	3.97

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK Accounting Standards and applicable law).

The Directors are required to prepare financial statements for each financial year which present fairly the financial position of the Company and the financial performance and cash flows 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 that the Company has complied with applicable UK accounting standards, subject to any material departures 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 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Each of the Directors confirms that to the best of their knowledge:

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

For and on behalf of the Board of Murray Income Trust PLC

Adrian Coats
Chairman of the Audit Committee
15 September 2009

Directors' Remuneration Report

The Board has prepared this report, in accordance with the requirements of Section 421 to the Companies Act 2006. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting. The law requires the Company's 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 page 38.

Remuneration Committee

The Company has six non-executive Directors, whose details are set out on pages 22 and 23. The whole Board fulfils the function of a Remuneration Committee. The Board has not been provided with advice or services by any person in respect of its consideration of the Directors' remuneration, although the Directors expect, from time to time, to review the fees paid to the boards of directors of other investment trust companies.

Policy on Directors' Remuneration

The Board's policy is that the remuneration of the Directors, all of whom are non-executive Directors, should reflect the experience of the Board as a whole, and be fair and comparable to that of other investment trusts in the same AIC UK Growth and Income Sector which also have a similar capital structure and investment objectives. It is intended that this policy will continue for the year ending 30 June 2010 and subsequent years.

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 or her. The fees for the non-executive Directors are determined within the limits set out in the Company's Articles of Association, which limit the aggregate of the fees payable to the Directors to £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. Non-executive Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

The policy of the Board is to review the level of Directors' fees from time to time. During the year ended 30 June 2009, the Remuneration Committee carried out a review of the level of Directors' fees, and decided that no increase would take place from 1 July 2009. The level of Directors' fees will be reviewed again with effect from 1 July 2010.

During the year ended 30 June 2009, the Chairman received fees of £25,000 per annum, the Chairman of the Audit Committee £21,000 per annum, and the other Directors £18,000 per annum.

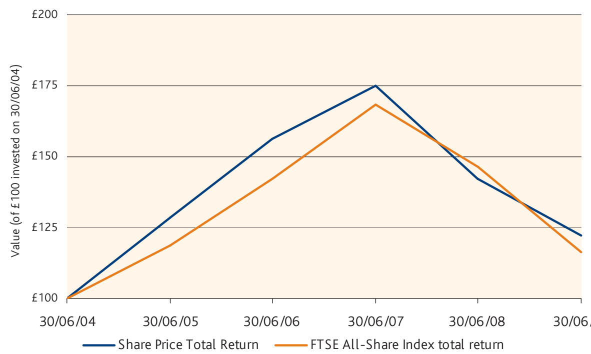
Directors' and officers' liability insurance cover is held by the Company in respect of the Directors. This insurance is neither a benefit in kind, nor does it form part of the Directors' Remuneration.

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, retire and are subject to election at the first Annual General Meeting following their appointment and thereafter are obliged to retire by rotation, and offer themselves for re-election, at least every three years. No compensation is payable for loss of office, save any arrears of fees which may be due.

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 30 June 2004, 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 All-Share Index is calculated. This index was chosen for comparison purposes, as it has been the Company's benchmark since 30 June 2004. It is also the index used for performance measurement purposes by Murray Income's peer group.



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

Directors' Emoluments for the Year (audited)

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

Director	Date of Appointment	Year ended 30 June 2009 £	Year ended 30 June 2008 £
Chairman of the Board:			
P A F Gifford	26/07/99	25,000	25,000
Chairman of the Audit Committee:			
A J M Coats	25/01/99	21,000	21,000
Directors:			
M Glen	11/02/03	18,000	18,000
N A Honebon	04/08/05	18,000	18,000
H van der Klugt	05/05/05	18,000	18,000
D E Woods	15/12/08	9,823	-
Total		**109,823**	**100,000**

No Director has received any compensation for loss of office or non-cash benefits for the years ended 30 June 2009 and 30 June 2008.

Approval

The Directors' Remuneration Report on pages 36 and 37 was approved by the Board of Directors on 15 September 2009 and signed on its behalf by:

Humphrey van der Klugt
Director
15 September 2009

Independent Auditors' Report to the Members of Murray Income Trust PLC

We have audited the Financial Statements of Murray Income Trust PLC for the year ended 30 June 2009 which comprise the Income Statement, Balance Sheet, Reconciliation of Movements in Shareholders' Funds, Cash Flow Statement and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Sections 495, 496 and 497 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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

As explained more fully in the Statement of Directors' Responsibilities set out on page 35, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2009 and of its net result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook issued by the Financial Services Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structures) is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 28, in relation to going concern; and
- the part of the Statement of Corporate Governance relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Gordon C. Coull (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh
15 September 2009

Income Statement

	Notes	Year ended 30 June 2009 Revenue £'000	Capital £'000	Total £'000	Year ended 30 June 2008 Revenue £'000	Capital £'000	Total £'000
Losses on investments	9	–	(105,973)	(105,973)	–	(119,233)	(119,233)
Income	2	19,790	–	19,790	22,390	–	22,390
Investment management fees	3	(870)	(870)	(1,740)	(1,291)	(1,291)	(2,582)
Administrative expenses	4	(866)	–	(866)	(976)	–	(976)
VAT recoverable on investment management fee	3	778	778	1,556	–	–	–
Net return before finance costs and taxation		18,832	(106,065)	(87,233)	20,123	(120,524)	(100,401)
Finance costs of borrowing	5	(682)	(682)	(1,364)	(1,143)	(1,146)	(2,289)
Return on ordinary activities before and after taxation		**18,150**	**(106,747)**	**(88,597)**	**18,980**	**(121,670)**	**(102,690)**
Return per Ordinary share (pence)	8	**28.1**	**(165.2)**	**(137.1)**	**29.3**	**(187.6)**	**(158.3)**

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

The Company had no recognised gains or losses other than those recognised in the Income Statement.

No operations were acquired or discontinued in the year.

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

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

		£'000	£'000	£'000	£'000	£'000	£'000
Ordinary dividends on equity shares	6	**17,632**	**–**	**17,632**	**16,082**	**–**	**16,082**

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

Balance Sheet

	Notes	As at 30 June 2009 £'000	As at 30 June 2008 £'000
Non-current assets			
Investments at fair value through profit or loss	9	313,384	433,825
Current assets			
Loans and receivables	10	2,915	3,080
Cash and short term deposits		13,528	6,390
		16,443	9,470
Creditors: amounts falling due within one year			
Other payables	11	(257)	(2,759)
Bank loans	11	(35,000)	–
Net current assets		(18,814)	6,711
Total assets less current liabilities		294,570	440,536
Creditors: amounts falling due after more than one year			
Bank loans	12	–	(40,000)
Net assets		**294,570**	**400,536**
Share capital and reserves			
Called-up share capital	13	16,604	16,604
Share premium account		7,955	7,955
Capital redemption reserve		4,997	4,997
Capital reserve	14	238,714	345,198
Revenue reserve	14	26,300	25,782
Total equity		**294,570**	**400,536**
Net asset value per Ordinary share (pence):	15	**455.4**	**619.9**

The financial statements were approved by the Board of Directors and authorised for issue on 15 September 2009 and were signed on its behalf by:

P A F Gifford
Chairman

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

Reconciliation of Movements in Shareholders' Funds

For the year ended 30 June 2009

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 June 2008	16,604	7,955	4,997	345,198	25,782	400,536
Return on ordinary activities after taxation	–	–	–	(106,747)	18,150	(88,597)
Repurchase of own shares	–	–	–	(154)	–	(154)
Issue of shares from Treasury	–	–	–	417	–	417
Dividends paid (see note 6)	–	–	–	–	(17,632)	(17,632)
Balance at 30 June 2009	**16,604**	**7,955**	**4,997**	**238,714**	**26,300**	**294,570**

For the year ended 30 June 2008

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 June 2007	16,604	7,955	4,997	470,177	22,884	522,617
Return on ordinary activities after taxation	–	–	–	(121,670)	18,980	(102,690)
Repurchase of own shares	–	–	–	(3,309)	–	(3,309)
Dividends paid (see note 6)	–	–	–	–	(16,082)	(16,082)
Balance at 30 June 2008	**16,604**	**7,955**	**4,997**	**345,198**	**25,782**	**400,536**

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

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

Cash Flow Statement

	Notes	Year ended 30 June 2009 £'000	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000	Year ended 30 June 2008 £'000
Net cash inflow from operating activities	16		18,278		18,541
Servicing of finance					
Interest paid		(1,377)		(2,274)	
Net cash outflow from servicing of finance			(1,377)		(2,274)
Financial investment					
Purchases of investments		(60,264)		(132,881)	
Sales of investments		73,273		129,919	
Net cash inflow/(outflow) from financial investment			13,009		(2,962)
Equity dividends paid			(17,632)		(16,082)
Management of liquid resources					
Cash drawn/(placed) on money market deposits			5,000		(3,400)
Net cash inflow/(outflow) before financing			17,278		(6,177)
Financing					
(Repayment)/drawdown of loans		(5,000)		10,000	
Issue of shares from treasury		417		–	
Purchase of own shares		(557)		(2,906)	
Net cash (outflow)/inflow from financing			(5,140)		7,094
Increase in cash	17		12,138		917

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

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with the applicable UK Accounting Standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (issued in January 2009 and adopted early). The early adoption of the January 2009 SORP had no effect on the financial statements of the Company, other than:

– the requirement to disclose separately capital reserves that relate to the revaluation of investments held at the reporting date. These are disclosed in note 14. This new requirement replaces the previous requirement to disclose the value of the capital reserve that was unrealised.

– the requirement to present tax reconciliations based on the total column of the Income Statement rather than the revenue column as was previously recommended. The reconciliation is disclosed in note 7.

They have also been prepared on the assumption that approval as an investment trust will continue to be granted.

(b) Income

Dividends receivable on equity shares (other than special dividends) and convertibles are treated as revenue for the year on an ex-dividend basis. Where no ex-dividend date is available dividends receivable on or before the year end are treated as revenue for the year. Provision is made for any dividends not expected to be received. Special dividends are credited to capital or revenue, according to the 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. All expenses are charged through the revenue column of the Income Statement except as follows:

– transaction costs on the acquisition or disposal of investments are recognised as a capital item in the Income Statement.

– expenses are charged to the capital reserve 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 50% to revenue and 50% to the capital reserve to reflect the Company's investment policy and prospective income and capital growth.

(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 reserves and the revenue account on the same basis as the particular item to which it relates using the Company's effective rate of tax for the year.

(e) **Valuation of Investments**

Investments have been designated upon initial recognition at fair value through profit or loss. 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 the net return for the period as a capital item in the Income Statement and are ultimately recognised in the capital reserve. The valuation of reverse convertibles is carried out by the respective counterparty and is modelled on a long stock and short call basis taking account of implied volatility and including an accrual for yield.

(f) **Borrowings**

Interest-bearing bank loans and overdrafts are initially recognised at cost, being the fair value of the consideration received, net of any issue expenses. Finance charges are accounted for on an accruals basis using the effective interest rate method and are charged 50% to revenue and 50% to the capital reserve to reflect the Company's investment policy and prospective income and capital growth.

(g) **Traded options**

The Company may enter into certain derivatives (eg options) to gain exposure to the market. The option contracts are accounted for as separate derivative contracts and are therefore shown in other assets or other liabilities at their fair value ie market value adjusted for the amortisation of transaction expenses. The premium received and fair value changes in the open position are normally recognised in the revenue column of the Income Statement, however, where the option is written for the maintenance or enhancement of the Company's investments then the change in fair value is recognised in the capital column of the Income Statement.

2. Income	**2009 £'000**	**2008 £'000**
Income from investments		
UK dividends (all listed)	17,404	21,101
Bond interest	1,519	943
Stock dividends	522	–
	19,445	22,044
Other income		
Deposit interest	42	246
Money market interest	39	45
Traded option premiums	117	–
Underwriting commission	147	55
	345	346
Total income	**19,790**	**22,390**

During the year, the Company received premiums totalling £117,000 (2008 – £nil) in exchange for entering into derivative transactions. This includes a mark to market on derivative contracts. At the year end there was one open position, valued at £82,000 (2008 – £nil) and securities with a value of £3,345,000 were pledged as collateral against this.

3. Investment management fees	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000
Investment management fees	870	870	1,740	1,253	1,253	2,506
VAT paid	–	–	–	38	38	76
	870	**870**	**1,740**	**1,291**	**1,291**	**2,582**

Details of the fee basis are contained in the Directors' Report on pages 27 and 28.

The Company has not been charged VAT in the current period and has recovered £1,556,000 of VAT charged in previous periods. For further details see note 19.

4. Administrative expenses	2009 £'000	2008 £'000
Shareholders' services[A]	363	460
Irrecoverable VAT	90	111
Directors' remuneration	110	100
Secretarial fees	75	75
Auditors' remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	19	18
Other expenses	209	212
	866	**976**

[A] Includes registration, savings scheme and other wrapper administration and promotion expenses, of which £298,000 (2008 – £407,000) 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 (2008 – £nil).

5. Finance costs of borrowing	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000
Bank loans and overdrafts	**682**	**682**	**1,364**	**1,143**	**1,146**	**2,289**

6. Ordinary dividends on equity shares	2009 £'000	2008 £'000
Third interim 2008 of 5.25p (2007 – 5.00p)	3,396	3,257
Final 2008 of 11.25p (2007 – 9.25p)	7,266	6,015
First interim 2009 of 5.50p (2008 – 5.25p)	3,552	3,414
Second interim 2009 of 5.50p (2008 – 5.25p)	3,555	3,396
Return of unclaimed dividends	(137)	–
	17,632	**16,082**

The third interim and proposed final dividends for 2009 have not been included as a liability in these financial statements. The proposed final dividend for 2009 is subject to approval by Shareholders at the Annual General Meeting.

We set out below the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of 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 £17,958,000 (2008 – £18,980,000).

	2009 £'000	2008 £'000
Three interim dividends of 5.50p (2008 – 5.25p)	10,665	10,202
Proposed final dividend of 11.25p (2008 – 11.25p)	7,278	7,266
	17,943	**17,468**

7. Taxation

There is no taxation charge for the year. Approved investment trusts are exempt from tax on gains made by the Company. The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 28% (2008 – 29.5%). The differences are explained below:

	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000
Net profit on ordinary activities before taxation	18,150	(106,747)	(88,597)	18,980	(121,670)	(102,690)
Return on ordinary activities multiplied by the applicable rate of corporation tax of 28% (2008 – 29.5%)	5,082	(29,889)	(24,807)	5,599	(35,893)	(30,294)
Effects of:						
Non-taxable UK dividends	(4,711)	–	(4,711)	(6,041)	–	(6,041)
Non-taxable stock dividends	(146)	–	(146)	–	–	–
Movement in income accruals taxable on receipt	9	–	9	(32)	–	(32)
Movement in unutilised loan relationships	(66)	–	(66)	(26)	–	(26)
Movement in unutilised management expenses	(168)	–	(168)	500	–	500
Other capital returns	–	29,889	29,889	–	35,893	35,893
	–	–	–	–	–	–

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

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

The Company has not recognised a deferred tax asset of £13,961,000 (2008 – £13,977,000) arising as a result of unutilised management expenses and loan relationship deficits. Any excess management expenses will be utilised against any taxable income that may arise.

8. Return per Ordinary share

	2009 £'000	2009 p	2008 £'000	2008 p
Returns are based on the following figures:				
Revenue return	18,150	28.1	18,980	29.3
Capital return	(106,747)	(165.2)	(121,670)	(187.6)
Total return	**(88,597)**	**(137.1)**	**(102,690)**	**(158.3)**
Weighted average number of Ordinary shares in issue		**64,624,625**		**64,869,985**

9. Investments	2009 £'000	2008 £'000
Held at fair value through profit or loss:		
Opening valuation	433,825	543,269
Opening investment holdings losses/(gains)	717	(149,536)
Opening book cost	434,542	393,733
Movements during the year:		
Purchases at cost	58,758	134,398
Sales – proceeds	(73,226)	(124,609)
– (losses)/gains	(81,489)	31,020
Closing book cost	338,585	434,542
Closing investment holdings losses	(25,201)	(717)
Closing valuation	313,384	433,825

	2009 £'000	2008 £'000
The portfolio valuation:		
UK equities	299,914	427,617
UK convertible securities	11,654	5,272
Fixed interest	1,816	–
Traded options	–	936
Total	**313,384**	**433,825**
Losses on investments		
(Losses)/gains based on book cost	(81,489)	31,020
Net movement in investment holdings losses	(24,484)	(150,253)
	(105,973)	**(119,233)**

As at 30 June 2009, the Company had pledged collateral greater than the market value of the traded options in accordance with standard commercial practice. The carrying amount of financial assets pledged equated to £3,345,000 all in the form of securities. The collateral position is monitored on a daily basis, which then determines if further assets are required to be pledged over and above those already pledged.

Transaction costs

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

	2009 £'000	2008 £'000
Purchases	219	736
Sales	61	113
	280	**849**

10. Loans and receivables	2009 £'000	2008 £'000
Prepayments and accrued income	2,915	3,031
Amounts due from brokers	–	49
	2,915	**3,080**

Notes to the Financial Statements continued

11. Creditors: amounts falling due within one year	2009 £'000	2008 £'000
Amounts due to brokers	–	2,431
Accruals	257	328
Bank loans	35,000	–
	35,257	**2,759**

Accruals include £135,000 (2008 – £184,000 plus VAT) of management fees and secretarial fees due to Aberdeen Asset Managers Limited, the investment manager.

At 30 June 2009 the Company had a £35,000,000 (30 June 2008: £45,000,000) revolving bank credit facility with ING. Under the terms of the agreement, advances from the facility may be made for periods of up to six months or for such longer periods agreed by the lender. Interest is charged at a variable rate based on LIBOR plus a margin of 0.4% for the relevant period of the advance. As at 30 June 2009 this rate was 0.9988% (30 June 2008 – 5.5663%). The facility expires on 1 October 2009 by which time all advances must be repaid.

The additional revolving bank credit facility with ING of £30,000,000 expired on 13 September 2008. During the year the Company committed itself to an additional revolving bank credit facility of £25,000,000 with Lloyds. Interest is charged at a variable rate based on LIBOR and a margin of 0.42% for the relevant period of the facility. This facility expires on 13 November 2009.

12. Creditors: amounts falling due after more than one year	2009 £'000	2008 £'000
£60,000,000 committed revolving bank credit facilities	**–**	**40,000**

13. Called-up share capital	2009 Shares	2009 £'000	2008 Shares	2008 £'000
Authorised				
Ordinary shares of 25p each	102,842,000	25,710	102,842,000	25,710
Allotted, called-up and fully-paid				
Ordinary shares of 25p each: publicly held	64,689,458	16,172	64,617,458	16,154
Ordinary shares of 25p each: held in treasury	1,727,000	432	1,799,000	450
	66,416,458	**16,604**	**66,416,458**	**16,604**

Of the above shares in issue the movements in the Ordinary shares held in treasury are as follows:

Balance brought forward	1,799,000	450	1,277,550	320
Purchased during the year	28,000	7	521,450	130
Sold during the year	(100,000)	(25)	–	–
Balance carried forward	**1,727,000**	**432**	**1,799,000**	**450**

During the year 28,000 (2008 – 521,450) Ordinary shares of 25p each were repurchased by the Company at a total cost, including transaction costs, of £154,000 (2008 – £3,309,000) of which £nil (2008 – £403,000) is brokers' fees. In the year all of these shares were placed in treasury (2008 – 521,450). In the year 100,000 shares were sold from its Treasury account for proceeds of £417,000 (2008 – nil). No shares were purchased for cancellation during the year (2008 – nil). Further details of the share repurchases are contained in the Directors' Report on page 25.

14. Retained earnings

	2009 £'000	2008 £'000
Capital reserve		
At 30 June 2008	345,198	470,177
Movement in investment holdings	(24,484)	(150,253)
(Losses)/gains on realisation of investments at fair value	(81,489)	31,020
Repurchase of own shares	(154)	(3,309)
Finance costs of bank loan	(682)	(1,146)
Issue of shares from treasury	417	–
Investment management fees	(870)	(1,291)
VAT recoverable on investment management fees	778	–
At 30 June 2009	238,714	345,198

Revenue reserve

	2009 £'000	2008 £'000
At 30 June 2008	25,782	22,884
Revenue	18,150	18,980
Dividends paid	(17,632)	(16,082)
At 30 June 2009	**26,300**	**25,782**

15. Net asset value per share

The net asset value per Ordinary share and the net asset value attributable to the Ordinary shares at the year end calculated in accordance with the Articles of Association were as follows:

	2009	2008
Net asset value attributable (£'000)	294,570	400,536
Number of Ordinary shares in issue (note 13)	64,689,458	64,617,458
Net asset value per share (p)	455.4	619.9

16. Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities

	2009 £'000	2008 £'000
Net return before finance costs and taxation	(87,233)	(100,401)
Adjustments for:		
Losses on investments	105,973	119,233
Non cash stock dividend	(522)	–
Increase in accrued income	86	(57)
Increase in prepayments	30	(41)
Decrease in accruals	(56)	(193)
Net cash inflow from operating activities	**18,278**	**18,541**

17. Analysis of changes in net debt	At 1 July 2008 £'000	Cash flows £'000	At 30 June 2009 £'000
Net cash:			
Cash	1,390	12,138	13,528
Short term deposits*	5,000	(5,000)	–
	1,390	12,138	13,528
Debt:			
Debt due after more than one year	(40,000)	5,000	(35,000)
	(38,610)	**17,138**	**(21,472)**

* Money market deposits are included within cash and short term deposits in the balance sheet.

18. Derivatives and other financial instruments

The Company's financial instruments, other than derivatives, comprise securities and other investments, cash balances, liquid resources, loans 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, subject to Board approval, for the purpose of managing currency and market risk arising from the Company's activities. During the year the Company entered into three yield-enhanced securities, details of which are provided in the Portfolio of Investments table on page 17.

The main risks the Company faces from these financial instruments are (i) market risk (comprising interest rate and other price risk), (ii) liquidity risk and (iii) credit risk. In line with the Company's investment objective, the portfolio comprises UK securities and therefore has no direct capital exposure to foreign currency risk.

In order to mitigate risk, the investment strategy is to select investments for their fundamental value. Stock selection is therefore based on disciplined accounting, market and sector analysis. 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 sector. The Attribution Analysis, detailing the allocation of assets and the stock selection, is shown in the Sector Allocations table on page 8. The Investment Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to consider investment strategy. Current strategy is detailed in the Chairman's Statement on pages 4 to 6 (in the sections headed "Performance", "Dividends" and "Outlook") and in the Investment Manager's Review on pages 7 to 10 (in the sections headed "Background", "Performance", "Portfolio Activity" and "Structure", "Income" and "Outlook"). The Board regularly reviews and agrees policies for managing each of the risks. The Board has agreed the level of gearing, which was 11.9% of net assets as at 30 June 2009 (2008 – 10.0%). The Manager's policies for managing these risks are summarised below and have been applied throughout the current and previous year. The numerical disclosures in the table listed below exclude short-term debtors and creditors.

Market price risk

The Company's investment portfolio is exposed to market price fluctuations, which are monitored by the Manager in pursuance of the investment objective as set out in the Corporate Summary on page 2. Adherence to investment guidelines and to investment and borrowing powers set out in the management agreement mitigates the risk of exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's Review on pages 7 to 10.

Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's operations. It represents the potential loss the Company might suffer through holding market positions as a consequence of price movements. It is the Board's policy to hold equity investments in the portfolio in a broad spread of sectors in order to reduce the risk arising from factors specific to a particular sector. A summary of investment changes during the year under review is on page 18 and an analysis of the equity portfolio by industrial classification is on pages 16 and 17.

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.

Financial assets

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

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

	Floating rate		Fixed rate		Non-interest bearing	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Sterling	13,528	6,390	13,470	5,272	299,914	428,553

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

The interest bearing assets represent the equity linked notes and corporate bonds, amounting to £13,470,000 (2008 – £5,272,000). Their weighted average interest rate, based on current yield of the underlying equity, plus a fixed rate of interest on the nominal amount notes held, was 14.86% (2008 – 11.24%).

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

Financial liabilities

The Company has borrowings by way of a loan facility, details of which are in note 12. The fair value of this loan has been calculated at £35,000,000 as at 30 June 2009 (2008 – value £40,000,000; fair value £40,000,000). The fair value of the loan equates to the cost as the loans are rolled on a monthly basis. All other financial assets and liabilities of the Company are included in the Balance Sheet at fair value.

Maturity profile

The maturity profile of the Company's financial assets and liabilities at 30 June was as follows:

Assets	Within 1 year 2009 £'000	Within 1 year 2008 £'000
Fixed rate		
Equity linked notes	11,654	5,272
Floating rate		
Cash	13,528	6,390

Assets	More than 5 years 2009 £'000	More than 5 years 2008 £'000
Fixed rate		
Corporate Bonds	**1,816**	–

Liabilities	Within 1 year 2009 £'000	Within 1 year 2008 £'000
Floating rate		
Revolving bank credit facility	35,000	–

Liabilities	Between 1 and 2 years 2009 £'000	Between 1 and 2 years 2008 £'000
Floating rate		
Revolving bank credit facility	–	**40,000**

All the other financial assets and liabilities do not have a maturity date.

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 in the case of instruments that have floating rates.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Company's :

– profit before tax for the year ended 30 June 2009 would increase/decrease by £135,000 (2008 – increase/decrease by £64,000). This is mainly attributable to the Company's exposure to interest rates on its floating rate cash balances.
– equity reserves would not be materially affected as the fixed interest holdings held are linked to an underlying equity, and therefore covered under the other price risk section.

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 in the section "Investment Policy" 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.

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 and equity for the year ended 30 June 2009 would have increased/decreased by £31,338,000 (2008 – £43,382,000).

Liquidity risk

The Company's assets comprise readily realisable securities which can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of committed loan and overdraft facilities.

As at 30 June 2009 the Company utilised £35,000,000 of a £60,000,000 revolving bank credit facility. Interest is charged at a variable rate based on LIBOR plus a margin of 0.40% for the relevant period of the advance. As at 30 June 2009 this rate was 0.9988%. The facility expires on 1 October 2009 by which time all advances must be paid. The aggregate of all future interest payments at the rate ruling at 30 June 2009 and the redemption of the loan amounts to £35,088,000.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. This is mitigated by the Investment Manager reviewing the credit ratings of broker counterparties. The risk attached to dividend flows is mitigated by the Investment Manager's research of potential investee companies. The Company's custodian bank is responsible for the collection of income on behalf of the Company and their performance is reviewed by the Board on a regular basis and reports its finding to the Manager's Risk Management Committee. 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. The maximum credit risk at 30 June 2009 is £29,865,000 (30 June 2008 – £14,534,000) consisting of £11,654,000 (2008 – £5,272,000) equity linked notes, £1,816,000 (2008 – £nil) corporate bonds, £2,867,000 (2008 – £2,823,000) of dividends receivable from equity shares, £13,528,000 (2008 – £6,390,000) in cash held and £nil (2008 – £49,000) due from brokers for outstanding trades.

None of the Company's financial assets is past due or impaired.

Capital management policies and procedures

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

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

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

– the planned level of gearing which takes into account the Investment Manager's views on the market;
– the level of equity shares in issue;
– the extent to which revenue in excess of that which is required to be distributed should be retained.

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

At the year end financial covenants contained within the loan agreements provide, inter alia, that borrowings shall at no time exceed 45% of net assets and that the net assets must exceed £225 million. At 30 June 2009 net gearing was 11.9% and the net assets were £294.5 million.

19. Contingent assets

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

The Company has accepted the Manager's offer to refund £1,556,000 to the Company, representing all VAT charged on investment management fees for the period 1 January 2004 to 31 August 2007; this has been received in the year and has been allocated to revenue and capital respectively, in accordance with the accounting policy of the Company for the periods in which the VAT was charged. The amount of any interest due on recoverable amounts and the timescale for receipt are at present uncertain and the Company has therefore taken no account in these financial statements of any such repayment.

The Company has not been charged VAT on its investment management fees since 1 September 2007.

How to Invest in Murray Income Trust PLC

Direct

Investors can buy and sell shares 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, Investment Trust ISA or ISA Transfer.

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 Income 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 Income 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 can be made in the tax year 2008/2009 and 2009/2010.

Between 6 October 2009 and 5 April 2010, an additional £3,000 may be invested in an ISA, for the tax year 2009/2010, provided that the ISA holder will be aged 50 years or over not later than 5 April 2010.

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 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.

Trust Information

If investors would like details on Murray Income Trust PLC or information on the Children's Plan, Share Plan, ISA or ISA Transfers, please telephone 0500 00 00 40 or write to Aberdeen Investment Trusts, Block C, Western House, Lynchwood Business Park, Peterborough PE2 6BP, or e-mail inv.trusts@aberdeen-asset.com. Details are also available on www.invtrusts.co.uk.

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

Keeping You Informed

The Company's share price appears under the heading 'Investment Companies' in the Financial Times and in The Herald and the Scotsman.

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

Contact Us

For information on Murray Income Trust PLC and for any administrative queries relating to 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

Alternatively, if you have an administrative query which relates to a certificated holding, please contact the Registrar, as follows:

Registrar

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

The above information has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 by Aberdeen Asset Management Limited which is authorised and regulated by the Financial Services Authority.

Glossary of Terms and Definitions

Actual Gearing
Total Assets (as below) less all cash and fixed interest assets (excluding convertibles) 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.

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, loan 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.

Reverse Convertible security (also known as an Equity-linked note)
A type of bond where the redemption proceeds are linked to the capital performance of an underlying equity. This type of bond generally receives a steady stream of income due to the payment of a high coupon rate. The investor is fully exposed to the downside performance of the underlying equity but has only limited upside participation. The high coupon rate compensates the investor for the limited participation in the upside of the underlying equity. The bond is normally cash settled at maturity.

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 xd. 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 Date
The date specified in the Articles of Association for winding-up a company.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the eighty-sixth Annual General Meeting of Murray Income Trust PLC will be held at 12.30 pm on Tuesday 27 October 2009 in the Strathclyde Suite, Glasgow Royal Concert Hall, 2 Sauchiehall Street, Glasgow, G2 3NY for the purpose of considering and if thought fit passing the following resolutions, of which Resolutions 1 to 8 inclusive will be proposed as Ordinary Resolutions, and Resolutions 9 to 11 inclusive will be proposed as Special Resolutions:–

1. To receive the Directors' Report, the Report of the Auditors and the audited statement of accounts for the year ended 30 June 2009.
2. To approve the Directors' Remuneration Report for the year ended 30 June 2009.
3. To declare a final dividend of 11.25p per Ordinary share.
4. To elect Mr D Woods* as a Director of the Company.
5. To re-elect Mr P Gifford* as a Director of the Company.
6. To re-appoint Ernst & Young LLP as Auditors of the Company.
7. To authorise the Directors to fix the remuneration of Ernst & Young LLP as Auditors of the Company.

8. Authority to allot shares
   THAT, in substitution of all existing powers, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot Ordinary shares of 25p each in the capital of the Company ("shares") up to an aggregate nominal amount of £808,618 (representing 5 per cent of the total Ordinary shares in issue on 11 September 2009 (excluding treasury shares)) during the period expiring on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or 26 January 2011, whichever is the earlier, but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require shares to be allotted after such expiry and the Directors shall be entitled to allot shares in pursuance of such an offer or agreement as if such authority had not expired.

9. Disapplication of pre-emption rights
   THAT, subject to the passing of Resolution 8 proposed at the Annual General Meeting of the Company convened for 27 October 2009, and in substitution for all existing powers, the Directors be and are hereby empowered, pursuant to Section 570 of the Companies Act 2006 (the "Act"), to allot equity securities (as defined in Section 560(1)of the Act) for cash pursuant to the authority given in accordance with Section 551 of the Act by Resolution 8 or otherwise as if Section 561 of the Act did not apply to any such allotment and to sell or transfer equity securities if, immediately before the sale or transfer, such equity securities are held by the Company as treasury shares (as defined in Section 724(5) of the Act) as if Section 561 of the Act did not apply to any such sale or transfer, provided that this power:
   a) expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or 26 January 2011, whichever is the earlier, but so that this power shall enable the Company to make offers or agreements which would or might require equity securities to be allotted or treasury shares to be sold or transferred after the expiry of this power and the Directors may allot equity securities or sell or transfer treasury shares in pursuance of any such offers or agreements as if this power had not expired;
   b) shall be limited to the allotment of equity securities up to an aggregate nominal amount of £808,618 (representing 5 per cent. of the total Ordinary shares in issue on 11 September 2009) and the sale or transfer of treasury shares up to an aggregate nominal amount of £1,617,236 (representing 10 per cent of the total Ordinary shares in issue on 11 September 2009); and
   c) shall be limited to the allotment of equity securities in the circumstances detailed in the section headed "Issue of New Shares and Sale of Treasury Shares" in the Directors' Report on page 26 of the Annual Report of the Company for the year ended 30 June 2009 and at a price not less than 0.5 per cent. above the net asset value per share (as determined by the Directors and excluding treasury shares).

10. Authority to make market purchases of shares
    THAT the Company be and is hereby generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary shares of 25p each in the capital of the Company ("shares"):

PROVIDED ALWAYS THAT:

a) the maximum number of shares hereby authorised to be purchased shall be an aggregate of 9,696,949 Ordinary shares or, if less, the number representing 14.99 per cent. of the respective classes of shares in issue as at the date of passing this resolution (excluding treasury shares);
b) the minimum price which may be paid for each share shall be 25p;
c) the maximum price (exclusive of expenses) which may be paid for a share is the higher of (i) 5 per cent. above the average of the middle market quotations for a share taken from, and calculated by reference to, the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is purchased; or, in the case of a tender offer, the date the tender offer is announced; and (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange at the time the purchase is carried out;
d) any purchase of shares shall be made in the market for cash at prices below the prevailing net asset value per share (as determined by the Directors);
e) the authority hereby conferred shall expire on 26 January 2011 or, if earlier, at the conclusion of the next Annual General Meeting of the Company unless such authority is previously varied, revoked or renewed prior to such time;
f) the Company may enter into a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority and may purchase shares pursuant to any such contract notwithstanding such expiry above; and
g) any shares so purchased shall be cancelled or, if the Directors so determine and subject to the provisions of the Act and any applicable regulations of the United Kingdom Listing Authority, be held or otherwise dealt with as permitted by the Act as treasury shares.

11. Amendment to Articles of Association

THAT with effect from the passing of this resolution:

a) the articles of association of the Company be amended by deleting all of the provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Companies Act 2006, are to be treated as part of the Company's articles of association;

b) the articles of association of the Company be amended by deleting all the provisions referred to in paragraph 42 of schedule 2 of the Companies Act 2006 (Commencement No 8, Transitional Provisions and Savings) Order 2008 (Statutory Instrument 2008 No. 2860); and

c) the draft regulations produced to the meeting and, for the purposes of identification, initialled by the Chairman of the meeting be adopted as the articles of association of the Company in substitution for, and to the entire exclusion of, the existing articles of association of the Company.

* The biographies of Mr Woods and Mr Gifford are detailed on pages 22 and 23 of the Annual Report

By order of the Board
Aberdeen Asset Management PLC
Secretaries
40 Princes Street
Edinburgh EH2 2BY
15 September 2009

Notes:

(i) A member entitled to attend and vote is entitled to appoint one or more proxies to attend, speak and vote instead of him/her at the meeting. A proxy need not be a member of the Company. A member may appoint more than one proxy, provided that each proxy is appointed to attend, speak and vote in respect of a different share or shares. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the chairman of the meeting) and give instructions directly to them. A reply-paid form of proxy which may be used to make such appointment and give proxy instructions is enclosed. If you do not have a proxy form and believe that you should, or you would like to appoint more than one proxy, please contact the Company's Registrar, Capita Registrars, on 0871 664 0300. In the case of joint holders, the vote of the first named in the register of members of the Company who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.
(ii) Forms of proxy and the power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power of attorney or authority should be sent to the Company’s Registrar, Capita Registrars, The Registry, 34

Beckenham Road, Kent BR3 4TU, so as to arrive not less than 48 hours before the time fixed for the meeting. You may only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

(iii) The return of a completed proxy form or other instrument of proxy will not prevent you attending the meeting and voting in person if you wish. If you wish to attend the meeting in person, a register of attendees will be available for signature at the meeting.

(iv) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001 and section 311 of the Companies Act 2006, to have the right to attend and vote at the meeting referred to above a member must first have his or her name entered in the Company's register of members by not later than 48 hours (excluding non-working days) before the time fixed for the meeting (or in the event that the meeting be adjourned on the register of members 48 hours (excluding non-working days) before the time of the adjourned meeting). Changes to entries on that register after that time (or, in the event that the meeting is adjourned, on the register of members less than 48 hours (excluding non-working days) before the time of any adjourned meeting) shall be disregarded in determining the rights of any member to attend and vote at the meeting referred to above.

(v) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the website www.euroclear.com/CREST. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

(vi) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's Registrar (ID RA10) no later than 48 hours (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

(vii) CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(viii) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

(ix) Any person holding 3% of the total voting rights in the Company who appoints a person other than the Chairman as his or her proxy(ies) will need to ensure that both he or she and such proxy(ies) comply with their respective disclosure obligations under the UK Disclosure and Transparency Rules.

(x) A person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in Notes (i) and (ii) above do not apply to a Nominated Person. The rights described in those Notes can only be exercised by registered members of the Company.

(xi) The members of the Company may require the Company, without payment, to publish, on its website, a statement (which is also to be passed to the Auditors) setting out any matter relating to the audit of the Company's accounts, including the Auditors' Report and the conduct of the audit, which they intend to raise at the next meeting of the Company. The Company will be required to do so once it has received such requests from either (i) members representing at least 5% of the total voting rights of the Company or (ii) at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address, and be sent to: The Company Secretary, Murray Income Trust PLC, 40 Princes Street, Edinburgh EH2 2BY.

(xii) No Director has a service contract with the Company. Copies of the Directors' letters of appointment are available for inspection on any day (except Saturdays, Sundays and bank holidays) from the date of this notice until the date of the meeting during usual business hours at the Company's registered office and for 15 minutes prior to, and at, the meeting.

(xiii) The Company proposes to adopt new Articles of Association. These incorporate amendments to the current Articles of Association to reflect certain provisions of the Companies Act 2006 which came, or will come, into effect in 2009. For a more detailed explanation of the amendments, please refer to the Appendix to this Notice of Annual General Meeting on page 63.

(xiv) Information regarding the Annual General Meeting, including information required by section 311A of the Companies Act 2006, is available from the Company's website, murray-income.co.uk.

(xv) Under section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the meeting put by a member attending the meeting unless:

a) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
b) the answer has already been given on a website in the form of an answer to a question; or
c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

(xvi) Shareholders are advised that, unless otherwise stated, any telephone number, website or e-mail address which may be set out in this notice of Annual General Meeting or in any related documents (including the proxy form) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.

(xvii) As at 11 September 2009, the latest practicable date prior to publication of this document, the Company had 64,689,458 Ordinary shares in issue, excluding treasury shares, with a total of 64,689,458 voting rights.

A copy of the current Articles of Association and of the proposed new Articles of Association marked up to show the proposed amendments will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Dickson Minto W.S., Royal London House, 22/25 Finsbury Square, London EC2A 1DX, until the conclusion of the meeting.

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Appendix to Notice of Annual General Meeting

Summary of the proposed material changes to the Articles of Association of the Company

The principal changes which would arise from the adoption of the New Articles are set out below.

The Company's memorandum of association (the "Memorandum")

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The Memorandum contains, among other things, the objects clause, which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The Companies Act 2006 (the "2006 Act") significantly reduces the constitutional significance of a company's memorandum. The 2006 Act provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the Companies Act 2006, the objects clause and all other provisions which are currently contained in a company's memorandum, for existing companies at 1 October 2009, will be deemed to be contained in a company's articles, but the company can remove these provisions by special resolution.

In addition, the 2006 Act states that, unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason, the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the 2006 Act, would otherwise to be treated as forming part of the Company's articles of association. Resolution 11 provides for the removal of these provisions for the Company.

Change of name

Currently, a company can only change its name by special resolution. Under the 2006 Act, a company will be able to change its name by other means provided for by its articles of association. To take advantage of this provision, the New Articles enable the directors to pass a resolution to change the Company's name.

Authorised share capital and unissued shares

The 2006 Act abolishes the requirement for a company to have an authorised share capital. The Company is proposing changes to its Memorandum and articles of association to reflect this. The directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the 2006 Act.

Issue of redeemable shares

The New Articles will explicitly confer authority on the Board to determine the terms, conditions and manner of redemption of any issued redeemable shares in accordance with the 2006 Act, although this amendment would only have practical effect if the Company issues redeemable shares in the future.

Form of resolutions

The existing Articles contain provisions referring to "extraordinary" resolutions and "extraordinary" general meetings. These concepts have been abolished under the 2006 Act with effect from 1 October 2007. Meetings of shareholders other than annual general meetings are referred to simply as general meetings. Any resolution requiring a 75 per cent. majority will be a "special" resolution.

Ordinary Business

Given the nature of the Company, the definition of ordinary business has been extended in the New Articles to include the granting, renewal or variation of any authority to allot securities in the Company, the disapplication of pre-emption rights and the granting or renewal of any share buy-back authority as ordinary business when it is transacted at an annual general meeting of the Company (as these are resolutions customarily proposed at the Company's annual general meetings).

Proxies

Under the 2006 Act, proxies are entitled to vote on a show of hands, whereas under the existing Articles proxies are only entitled to vote on a poll. The time limits for the appointment of proxies have also been altered by the 2006 Act so weekends and bank holidays can be excluded for the purposes of the timing for delivery of proxies. Multiple proxies may be appointed, provided that each proxy is appointed to exercise the rights attached to different shares held by the shareholder. The New Articles reflect these changes.

Chairman's casting vote

Provisions in the current Articles giving the Chairman a casting vote at shareholders' meetings became ineffective from 1 October 2007, but companies with a casting vote provision in their articles on that date were, broadly, allowed to keep it. However, the EU Shareholder Rights Directive (2007/36/EC) requires that all shareholders be treated equally, therefore the Companies (Shareholder Rights) Regulations 2009 remove this saving provisions for UK traded companies, such that the casting vote provision in the Company's Articles became redundant on 3 August 2009.

Periodic retirement of Directors

The Combined Code on Corporate Governance recommends that a director must submit him or herself for election by shareholders at the first annual general meeting after his or her appointment, and to re-election thereafter at intervals of not more than three years. The New Articles follow this recommendation.

Age of directors on appointment

The existing Articles require a director to leave office after reaching the age of 70 years old. This has been deleted in the New Articles, as it may fall foul of age discrimination legislation.

Suspension of registration of share transfers

The Articles also permit the Board to suspend the registration of share transfers. Under the 2006 Act, share transfers must be registered as soon as practicable. The power in the Company's Articles to suspend the registration of transfers is inconsistent with this requirement.

CREST and the Uncertificated Securities Regulations

The New Articles reflect the Uncertificated Securities Regulations 2001 and the 2006 Act provisions, by permitting shareholders holding uncertificated shares to appoint, instruct, amend and revoke proxy appointments using the CREST system.

Articles that duplicate statutory provisions

Certain other provisions in the current Articles which replicate provisions contained in companies legislation are amended to bring them into line with the 2006 Act.

Corporate Information

Directors

P A F Gifford (Chairman)
A J M Coats
M Glen
N A Honebon
H van der Klugt
D E Woods

Registered office

40 Princes Street
Edinburgh EH2 2BY
Registered in Scotland – Company Number 12725

Points of Contact

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

Secretaries
Aberdeen Asset Management PLC
Customer Services Department: 0500 00 00 40

Registrar

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

Tel: 0871 664 0300
(Calls cost 10p per minute plus network extras, lines are open 8.30am-5.30pm Mon-Fri)
Tel International: (+44 208 639 3399)

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

Custodian Bankers

JPMorgan Chase Bank

Auditors

Ernst & Young LLP

Solicitors

Dickson Minto W.S.

Stockbroker

Collins Stewart Europe Limited
Arbuthnot Securities Limited

Website

www.murray-income.co.uk

Share Capital History

Issued Share Capital at 30 June 2009

64,689,458	Ordinary shares of 25p
1,727,000	Ordinary shares held in treasury

Issued Share Capital at 11 September 2009

64,689,458	Ordinary shares of 25p
1,727,000	Ordinary shares held in treasury

Capital History

16 March 2009	50,000 Ordinary shares issued by Company from treasury
20 February 2009	50,000 Ordinary shares issued by Company from treasury
6 August 2008	28,000 Ordinary shares purchased by Company and held in treasury
30 June 2008	Issued share capital consisting of 64,617,458 Ordinary shares of 25p and 1,799,000 Ordinary shares held in treasury

Aberdeen