

Shires Income PLC

Half Yearly Report for the six months ended
30 September 2012

2012



Contents

1	Highlights, Performance and Financial Calendar
2	Interim Board Report
5	Investment Portfolio – Ordinary Shares
6	Investment Portfolio - Other Investments
7	Distribution of Assets and Liabilities
7	Analysis of Listed Equity Portfolio
8	Statement of Comprehensive Income
9	Balance Sheet
10	Statement of Changes in Equity
11	Cash Flow Statement
12	Notes to the Accounts
14	How to Invest in Shires Income PLC
16	Corporate Information

Objective

The Company aims to provide shareholders with a high level of income, together with growth of both income and capital from a portfolio substantially invested in UK equities.

Highlights, Performance and Financial Calendar

Highlights

	30 September 2012	31 March 2012	% change
Equity shareholders' funds (£'000)	59,766	57,285	+4.3
Net asset value per share	201.25p	192.89p	+4.3
Share price (mid-market)	208.88p	194.50p	+7.4
Premium to adjusted NAV ^A	5.36%	4.07%	
Dividend yield	5.74%	6.17%	

^A Based on IFRS NAV above reduced by dividend adjustment of 3.00p (31 March 2012 – 6.00p).

Performance (total return)

	6 months ended 30 September 2012	1 year ended 30 September 2012	3 years ended 30 September 2012	5 years ended 30 September 2012
Net asset value	+7.7%	+23.3%	+40.8%	-2.7%
Share price	+10.8%	+26.8%	+56.5%	+5.0%
FTSE All-Share Index	+1.9%	+17.2%	+26.1%	+8.7%

All figures are for total return and assume re-investment of net dividends excluding transaction costs.

Financial Calendar

November 2012	Announcement of unaudited half yearly results for the six months ended 30 September 2012
31 January 2013	Second interim dividend 2012/13 payable
30 April 2013	Third interim dividend 2012/13 payable
June 2013	Announcement of results for year ending 31 March 2013
June 2013	Annual Report posted to shareholders
11 July 2013	Annual General Meeting in London (12 noon)
31 July 2013	Fourth interim dividend 2012/13 payable

Interim Board Report

Background

Volatility has again been a key feature of markets. In April and May the FTSE 100 index fell by 10.5%. It subsequently recovered all these losses and more, delivering a gain of 12.5% before finishing the six months to 30 September slightly below where it started.

The European sovereign debt crisis remained at the forefront of investors' minds with a Greek exit from the Euro seeming as likely as not. Meanwhile there were rising concerns about both the ability and commitment of other European countries to fund a bail-out package for the much larger economies of either or both of Spain and Italy. Simultaneously, electorates across the region demonstrated rising resistance to austerity measures.

The macroeconomic news flow from the rest of the World also deteriorated. The UK slipped back into recession. More worryingly growth has begun to slow in many emerging markets. The US was one bright spot as it has continued its recovery though the disappointing employment statistics and slower than expected nature of the rebound has caused many investors to remain cautious.

Such a fragile environment led to authorities across the globe instigating further stimulus packages. The most significant of these was the Outright Monetary Transactions facility announced by the European Central Bank. There was also a further wave of quantitative easing in the UK and rate cuts and stimulus packages in some of the BRICs. In late summer, Ben Bernanke announced that the US Federal Reserve would buy \$40Bn of mortgage backed securities a month until they saw a stronger recovery, and that interest rates would be held at record lows for longer than originally anticipated.

These packages led to a pick-up in investor appetite for risk and hence prompted a recovery in markets. From a fundamental corporate perspective, the news flow has deteriorated and there has been a clear acceleration in profits warnings especially from companies with weak customer relationships.

Investment Performance

In the half year ended 30 September 2012, the Company's net assets per share increased by 4.3% from 192.9p to 201.2p. The total return on net assets, which includes dividends, increased by 7.7%, which during the period was ahead of our benchmark, the FTSE All-Share Index, which reported a total return of 1.9%. The total return of the Company's share price was 10.8% and the share premium increased during the six months to a premium of 5.4%.

Following a sustained period of trading at a premium to net asset value and in response to demand from the market I am

pleased to advise that shortly after the period end the Company was able to issue 300,000 new Ordinary shares at 206.5p, representing a 2.0% premium to net asset value.

Portfolio Profile

One new company was introduced during the period. Sage is a provider of accounting, HR and payroll software for small and medium sized enterprises. The company benefits from strong customer relationships, a high cost of switching and a low cost of ownership. The holding in Mylan was sold. This was a small historic investment and its disposal removes a legacy issue.

The difficult market conditions often resulted in higher quality and sometimes more defensive stocks performing well. Shires Income benefited from owning a number of such companies. The holdings in Whitbread, British American Tobacco, Rolls Royce, Provident Financial, Aviva and National Grid were all top sliced following good performance. Market volatility provided the opportunity to top up investments that had underperformed. These included BHP Billiton, Schroders and AstraZeneca. Additionally the holding in the relatively recently introduced Compass Group was built up further. The investment in GKN was also increased when it had a rights issue to help fund the acquisition of Volvo's aerospace business.

Whilst gearing has decreased slightly from 23.9% to 23.6%, there has been no significant change to the overall allocations in the portfolio. At the end of September 2012 approximately two thirds of the gross assets were invested in equities with the balance being in preference shares, convertibles and cash. No new investments were made in preference shares nor convertibles during the period.

Investment Income

I commented in last year's annual report that Shires Income had benefited from owning a number of companies that had demonstrated good earnings progression and associated increases in their distributions. Although economic conditions have been difficult this has largely continued. Nine holdings have delivered double digit growth in their dividends during the period. In the case of both BP and GKN this reflects their on-going recoveries, having previously been forced to cut their payouts to zero. But for others it represents continuing strong trading and optimism about their prospects. No companies in the portfolio have cut their dividends though occasionally movements in the US Dollar/Sterling exchange rate can impact the proceeds the Company actually receives. Additionally, Unilever has made a slightly smaller distribution during this period but the expectation is that this will be recovered later in the year.

Given the uncertainties that companies are facing it is unlikely that the rate of dividend growth from our investments will be maintained during the second half. However, good quality companies with sound balance sheets should be able to deliver continued progression.

Outlook

The economic conditions in which we are operating remain highly unusual, even extra ordinary. Across the globe nations are engaging in remarkable levels of stimulus. There has been a third wave of quantitative easing in the UK. In the US the authorities have taken the decision to purchase very significant quantities of mortgage backed securities, whilst holding interest rates at unprecedented low levels for the foreseeable future. In the emerging markets China and India have reduced interest rates and Brazil has gone further announcing a package of infrastructure spending designed to boost the economy. Despite this the global recovery is stalling. Most of Europe is experiencing contracting GDP, growth is slowing in the BRICs and it is becoming evident that China will not be able to act as an engine for global growth in the way that it did in 2010/11. One positive is the US where there is an on-going recovery. However, it seems highly likely that President Obama will have no choice but to begin to implement a programme of austerity. This is unlikely to be supportive of a strengthening recovery.

Meanwhile the European sovereign debt crisis remains unresolved. The announcement of the Outright Monetary Transactions facility has been welcomed by markets. However, a number of issues remain outstanding. These include the danger that the conditions associated with receiving aid are so stringent that countries are reluctant to apply for it. Also if the European Central Bank is unable to "sterilise" the funding the programme may become inflationary. It is also questionable as to whether it is realistic to believe that such support would indeed be withdrawn in the event that a recipient failed to keep to their side of the bargain.

Even if these issues can be overcome it needs to be remembered that such a package will do nothing to ease the underlying problems of imbalances, over indebtedness and low productivity in the peripheral nations.

As ever it is necessary to be selective when deciding which companies to invest in and it is the case that the valuations of some more defensive companies are beginning to look quite full. However, when one considers the issues outlined above it draws attention to two of the more attractive features of equities. Namely the high level of income that can be delivered from an appropriately constructed portfolio and the real nature of such investments which should provide some protection in the event that inflation picks up.

Your Manager will continue to invest in the kind of high quality companies that the Company currently owns. These are businesses that should be able to deliver through the economic cycle with growth in earnings and hence dividends. They are supported by strong balance sheets that give them flexibility in difficult times and the potential to engage in merger and acquisition activity at the correct time in the cycle.

Anthony B. Davidson
Chairman
16 November 2012

Interim Board Report continued

Principal Risks and Uncertainties

The main risks the Company faces from its financial instruments are (i) market price risk (comprising interest rate risk, currency risk and other price risk), (ii) liquidity risk, and (iii) credit risk. The Company's gearing comprises short-term borrowings from banking institutions and bears interest at floating rates. The profile of financing costs is managed as part of overall investment strategy. The current loan expires in February 2014. The employment of gearing magnifies the impact on net assets of both negative and positive changes in the value of the Company's portfolio of investments. The Company has minimal exposure to foreign currency risk as it holds only a small amount of foreign currency assets and has no exposure to any foreign currency liabilities. Information on each of these areas is given in the Directors' Report within the Annual Report and Accounts for the year ended 31 March 2012.

Going Concern

The Company's assets comprise mainly readily realisable securities which can be sold to meet funding commitments if necessary. The Board considers that the Company has adequate financial resources to continue in operational existence for the foreseeable future.

Directors' Responsibility Statement

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

- the condensed set of interim financial statements within the Half-Yearly Financial Report have been prepared in accordance with IAS 34;
- the Chairman's Statement (constituting the interim management report) includes a fair review of the information required by rules 4.2.7R of the Disclosure and Transparency Rules (being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year) and 4.2.8R (being related party transactions that have taken place during the first six months of the financial year and that have materially affected the financial position of the Company during that period; and any changes in the related party transactions described in the last annual report that could so do).

The Half-Yearly Financial Report for the six months ended 30 September 2012 comprises the Interim Board Report, the Directors' Responsibility Statement and a condensed set of financial statements.

For and on behalf of the Board of Shires Income PLC

Anthony B. Davidson
Chairman
16 November 2012

Investment Portfolio – Ordinary Shares

As at 30 September 2012

Company	Valuation 2012 £'000	Total portfolio %
Aberdeen Smaller Companies High Income Trust	5,200	7.0
British American Tobacco	3,243	4.4
Royal Dutch Shell 'A'	3,053	4.1
Vodafone	2,678	3.6
Centrica	2,521	3.4
GlaxoSmithKline	2,370	3.2
AstraZeneca	2,143	2.9
Unilever	1,916	2.6
BP	1,873	2.6
HSBC Holdings	1,869	2.6
Ten largest investments	26,866	36.4
National Grid	1,865	2.5
Prudential	1,819	2.5
BHP Billiton	1,723	2.3
Tesco	1,683	2.3
Close Brothers	1,417	1.9
Provident Financial	1,333	1.8
Chesnara	1,260	1.7
Morrison (Wm.)	1,221	1.6
Land Securities	1,143	1.6
Aviva	1,033	1.4
Twenty largest investments	41,363	56.0
Standard Chartered	1,022	1.4
Rolls Royce	1,020	1.4
AMEC	917	1.2
Cobham	902	1.2
Compass	868	1.2
Schroders (non voting)	864	1.2
Associated British Foods	864	1.2
GKN	849	1.1
Pearson	823	1.1
Sage	796	1.1
Thirty largest investments	50,288	68.1
Whitbread	696	0.9
Experian	669	0.9
Weir Group	654	0.9
Total Ordinary shares	52,307	70.8

Investment Portfolio - Other Investments

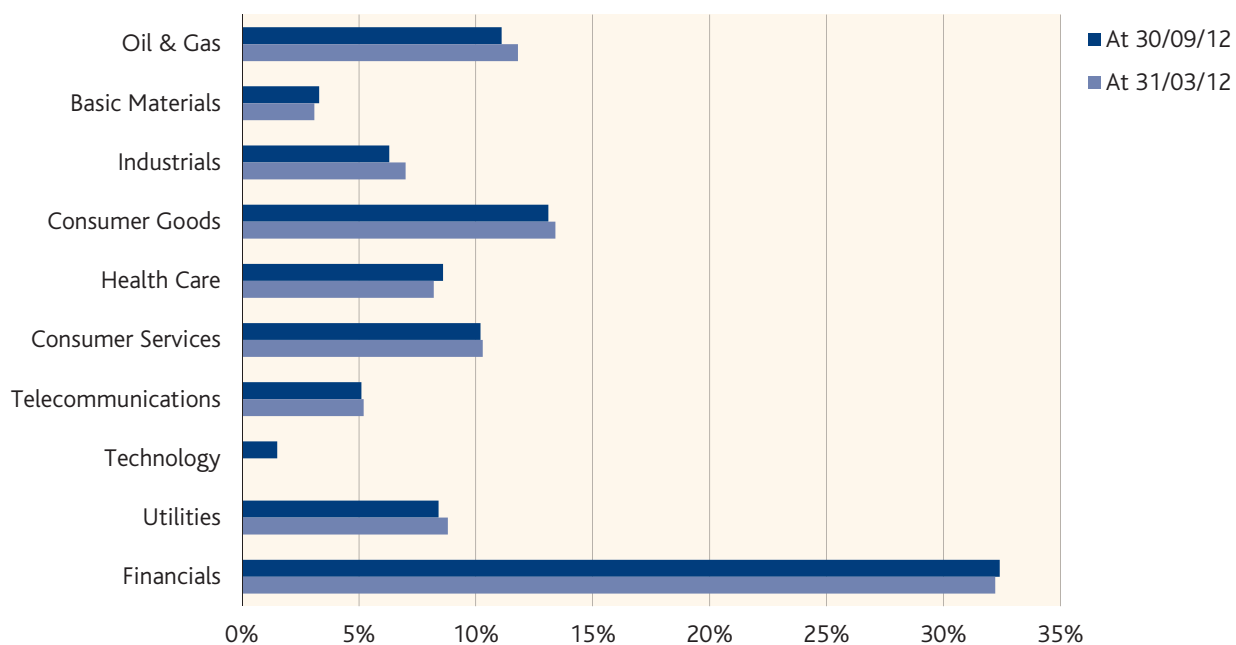
Company	Valuation 2012 £'000	Total portfolio %
Convertibles		
Premier Farnell 89.2p Cum Conv	701	1.0
Balfour Beatty Cum Conv 10.75%	615	0.8
Total Convertibles	1,316	1.8
Preference shares		
Ecclesiastical Insurance Office 8 5/8%	5,067	6.9
Royal & Sun Alliance 7 3/8%	4,611	6.2
General Accident 7.875%	3,530	4.8
Standard Chartered 8.25%	3,158	4.3
Santander 10.375%	2,811	3.8
REA Holdings 9%	1,067	1.4
Total Preference shares	20,244	27.4
Total other investments	21,560	29.2
Total investments	73,867	100.0

All other investments are listed on the London Stock Exchange (Sterling based).

Distribution of Assets and Liabilities

	Valuation at 31 March 2012		Movement during the period				Valuation at 30 September 2012	
	£'000	%	Purchases £'000	Sales £'000	Other £'000	Gains/ (losses) £'000	£'000	%
Listed investments								
Ordinary shares	50,078	87.4	3,744	(3,345)	–	1,830	52,307	87.5
Convertibles	1,307	2.3	–	–	(5)	14	1,316	2.2
Preference shares	19,565	34.2	–	–	(41)	720	20,244	33.9
	70,950	123.9	3,744	(3,345)	(46)	2,564	73,867	123.6
Current assets	4,534	7.9					4,126	6.9
Current liabilities	(18,199)	(31.8)					(18,227)	(30.5)
Net assets	57,285	100.0					59,766	100.0
Net asset value per Ordinary share	192.9p						201.2p	

Analysis of Listed Equity Portfolio



Note: Financials include the Company's investment in Aberdeen Smaller Companies High Income Trust

Statement of Comprehensive Income

	Note	Six months ended 30 September 2012 (unaudited)			Six months ended 30 September 2011 (unaudited)			Year ended 31 March 2012 (audited)		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments at fair value		–	2,582	2,582	–	(6,921)	(6,921)	–	(1,308)	(1,308)
Gain on dissolution of subsidiaries		–	–	–	–	–	–	–	66	66
Investment income										
Dividend income		1,737	–	1,737	1,732	–	1,732	3,337	–	3,337
Interest income from investments		290	(46)	244	402	(63)	339	670	99	769
Stock dividend		90	–	90	19	–	19	70	–	70
Traded option premiums		126	–	126	121	–	121	264	–	264
Money market interest		6	–	6	5	–	5	11	–	11
		2,249	2,536	4,785	2,279	(6,984)	(4,705)	4,352	(1,143)	3,209
Expenses										
Investment management fees		(79)	(79)	(158)	(80)	(79)	(159)	(158)	(158)	(316)
Other administrative expenses		(181)	–	(181)	(142)	–	(142)	(293)	–	(293)
Finance costs of borrowings		(91)	(91)	(182)	(93)	(94)	(187)	(198)	(198)	(396)
		(351)	(170)	(521)	(315)	(173)	(488)	(649)	(356)	(1,005)
Profit/(loss) before tax		1,898	2,366	4,264	1,964	(7,157)	(5,193)	3,703	(1,499)	2,204
Taxation	2	(22)	22	–	(54)	54	–	(88)	88	–
Profit/(loss) attributable to equity holders of the Company	3	1,876	2,388	4,264	1,910	(7,103)	(5,193)	3,615	(1,411)	2,204
Earnings/(loss) per Ordinary share (pence)	4	6.32	8.04	14.36	6.43	(23.92)	(17.49)	12.17	(4.75)	7.42

The Company does not have any income or expense that is not included in profit/(loss) for the period, and therefore the profit/(loss) for the period is also the "Total comprehensive income for the period", as defined in IAS 1 (revised).

The total column of this statement represents the Statement of Comprehensive Income of the Company, prepared in accordance with IFRS. The revenue and capital columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All items in the above statement derive from continuing operations.

Balance Sheet

	Note	As at 30 September 2012 (unaudited) £'000	As at 30 September 2011 (unaudited) £'000	As at 31 March 2012 (audited) £'000
Non-current assets				
Ordinary shares		52,307	46,654	50,078
Convertibles		1,316	1,295	1,307
Other fixed interest		20,244	19,690	19,565
Securities at fair value		73,867	67,639	70,950
Current assets				
Trade and other receivables		–	–	18
Accrued income and prepayments		851	723	783
Cash and cash equivalents		3,275	2,076	3,733
		4,126	2,799	4,534
Total assets		77,993	70,438	75,484
Current liabilities				
Trade and other payables		(227)	(207)	(199)
Short-term borrowings		(18,000)	(18,500)	(18,000)
		(18,227)	(18,707)	(18,199)
Net assets		59,766	51,731	57,285
Share capital and reserves attributable to equity holders				
Called-up share capital		14,899	14,899	14,899
Share premium account		18,840	18,840	18,840
Capital reserve	5	20,084	12,070	17,696
Revenue reserve		5,943	5,922	5,850
		59,766	51,731	57,285
Net asset value per Ordinary share (pence)		201.25	174.19	192.89

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

Statement of Changes in Equity

Six months ended 30 September 2012 (unaudited)

	Note	Share capital £'000	Share premium account £'000	Capital reserve £'000	Retained revenue reserve £'000	Total £'000
As at 31 March 2012		14,899	18,840	17,696	5,850	57,285
Revenue profit for the period		–	–	–	1,876	1,876
Capital gains for the period		–	–	2,388	–	2,388
Equity dividends	3	–	–	–	(1,783)	(1,783)
As at 30 September 2012		14,899	18,840	20,084	5,943	59,766

Six months ended 30 September 2011 (unaudited)

		Share capital £'000	Share premium account £'000	Capital reserve £'000	Retained revenue reserve £'000	Total £'000
As at 31 March 2011		14,899	18,840	19,116	5,878	58,733
Dissolution of Subsidiary		–	–	57	(85)	(28)
Revenue profit for the period		–	–	–	1,910	1,910
Capital losses for the period		–	–	(7,103)	–	(7,103)
Equity dividends	3	–	–	–	(1,781)	(1,781)
As at 30 September 2011		14,899	18,840	12,070	5,922	51,731

Year ended 31 March 2012 (audited)

		Share capital £'000	Share premium account £'000	Capital reserve £'000	Retained revenue reserve £'000	Total £'000
As at 31 March 2011		14,899	18,840	19,107	5,793	58,639
Revenue profit for the year		–	–	–	3,615	3,615
Capital losses for the year		–	–	(1,411)	–	(1,411)
Equity dividends	3	–	–	–	(3,558)	(3,558)
As at 31 March 2012		14,899	18,840	17,696	5,850	57,285

Cash Flow Statement

	Six months ended 30 September 2012 (unaudited) £'000	Six months ended 30 September 2011 (unaudited) £'000	Year ended 31 March 2012 (audited) £'000
Cash flows from operating activities			
Investment income received	1,990	2,514	4,310
Money market interest received	7	5	11
Investment management fee paid	(156)	(163)	(318)
Other cash receipts	–	139	–
Other cash expenses	(157)	(182)	(308)
Cash generated from operations	1,684	2,313	3,695
Interest paid	(182)	(191)	(397)
Taxation	–	(1)	–
Net cash inflows from operating activities	1,502	2,121	3,298
Cash flows from investing activities			
Purchases of investments	(3,654)	(2,480)	(4,489)
Sales of investments	3,477	2,235	7,001
Net cash (outflow)/inflow from investing activities	(177)	(245)	2,512
Cash flows from financing activities			
Equity dividends paid	(1,783)	(1,781)	(3,558)
Net cash outflow from financing activities	(1,783)	(1,781)	(3,558)
Net (decrease)/increase in cash and cash equivalents	(458)	95	2,252
Cash and cash equivalents at start of period	(14,267)	(16,519)	(16,519)
Cash and cash equivalents at end of period	(14,725)	(16,424)	(14,267)
Cash and cash equivalents comprise:			
Cash and cash equivalents	3,275	2,076	3,733
Short-term borrowings	(18,000)	(18,500)	(18,000)
	(14,725)	(16,424)	(14,267)

Notes to the Accounts

1. Accounting policies

(a) Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) 34 – ‘Interim Financial Reporting’, as adopted by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (IFRIC). They have also been prepared using the same accounting policies applied for the year ended 31 March 2012 financial statements, which received an unqualified audit report.

(b) Dividends payable

Dividends are recognised in the period in which they are paid.

2. Taxation

The taxation expense reflected in the Statement of Comprehensive Income is calculated at a rate of 24%, which is based on management’s best estimate of the weighted average annual corporation tax rate expected for the full financial year.

3. Dividends

The following table shows the revenue for each period less the dividends declared in respect of the financial period to which they relate.

	Six months ended 30 September 2012 £'000	Six months ended 30 September 2011 £'000	Year ended 31 March 2012 £'000
Revenue	1,876	1,910	3,615
Dividends declared	(891) ^A	(891) ^B	(3,558) ^C
	985	1,019	57

^AFirst interim dividend (3.00p) declared in respect of the financial year 2012/13.

^BFirst interim dividend (3.00p) declared in respect of the financial year 2011/12.

^CFirst three interim dividends (each 3.00p) and the final dividend (3.00p) declared in respect of the financial year 2011/12.

4. Return and net asset value per share

	Six months ended 30 September 2012 £'000	Six months ended 30 September 2011 £'000	Year ended 31 March 2012 £'000
Returns are based on the following attributable assets:			
Revenue return	1,876	1,910	3,615
Capital return	2,388	(7,103)	(1,411)
Total return	4,264	(5,193)	2,204
Weighted average number of Ordinary shares in issue	29,697,580	29,697,580	29,697,580

The net asset value per Ordinary share is based on net assets attributable to Ordinary shareholders of £59,766,000 (30 September 2011 – £51,731,000; 31 March 2012 – £57,285,000) and on 29,697,580 (30 September 2011 and 31 March 2012 – 29,697,580) Ordinary shares in issue at the period end.

5. Capital reserve

The capital reserve reflected in the Balance Sheet at 30 September 2012 includes gains of £4,126,000 (30 September 2011 – losses of £3,226,000; 31 March 2012 – gains of £2,206,000) which relate to the revaluation of investments held at the reporting date.

6. Transaction costs

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

	Six months ended 30 September 2012 £'000	Six months ended 30 September 2011 £'000	Year ended 31 March 2012 £'000
Purchases	21	13	25
Sales	3	2	6
	24	15	31

7. Related party disclosures

There were no related party transactions during the period.

8. Commitments, contingencies and post Balance Sheet events

At 30 September 2012 there were no contingent liabilities in respect of outstanding underwriting commitments or uncalled capital (30 September 2011 and 31 March 2012 – £nil).

9. The financial information contained in this Half-Yearly Financial Report does not constitute statutory accounts as defined in Sections 434 – 436 of the Companies Act 2006. The financial information for the six months ended 30 September 2012 and 30 September 2011 has not been audited.

The information for the year ended 31 March 2012 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies. The report of the auditor on those accounts contained no qualification or statement under Section 498 (2), (3) or (4) of the Companies Act 2006.

This report has not been reviewed or audited by the Company's auditor.

10. This Half-Yearly Financial Report was approved by the Board on 16 November 2012.

How to Invest in Shires Income PLC

Direct

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

Aberdeen's Investment Plan for Children

Aberdeen Asset Managers Limited ("Aberdeen") runs an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including the Company. 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 Aberdeen 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 the Company can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing AAM in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

Stocks and Shares ISA

An investment of up to £11,280 in the Company can be made in the tax year 2012/2013.

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 annually and deducted on 31 March (or the last business day in March) either by direct debit or, if there is no

valid direct debit mandate in place, from the available cash in the Plan prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the Plan, from the sale of investments held in the Plan. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

You can choose to transfer the management of previous tax year investments to Aberdeen for investment in the Company while retaining your ISA wrapper. The minimum lump sum transfer is £1,000, subject to a minimum per trust of £250.

Note

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

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

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

Keeping You Informed

For internet users, detailed data on the Company, including price, performance information and a monthly fact sheet is available from the Company's website (www.shiresincome.co.uk) and the TrustNet website (www.trustnet.co.uk). You can also call 0500 00 00 40 for information.

The Company's share price also appears under the heading 'Investment Companies' in the Financial Times, and other national newspapers.

Literature Request Service

For literature and application forms for the Manager's investment trust products, please contact:
Telephone: 0500 00 40 00
Email: aam@lit-request.com

For information on the Investment Plan for Children, Share Plan, ISA or ISA Transfer please contact:
Aberdeen Investment Trusts
PO Box 11020,
Chelmsford
Essex, CM99 2DB
Telephone: 0500 00 00 40

The information above is issued and has been approved for the purposes of the Financial Services and Markets Act 2000 by Aberdeen Asset Managers Limited, Bow Bells House, 1 Bread Street, London EC4M 9HH which is authorised and regulated by the Financial Services Authority

Corporate Information

Directors

Anthony B Davidson
Mervyn D Couve
David P Kidd
Andrew Robson

Manager

Aberdeen Asset Managers Limited
40 Princes Street
Edinburgh EH2 2BY

Secretary

Aberdeen Asset Management PLC
40 Princes Street
Edinburgh EH2 2BY

Registered Office

Aberdeen Asset Management PLC
Bow Bells House
1 Bread Street
London EC4M 9HH

Company Registration Number

00386561 (England)

Registrars

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Telephone enquiries: 0871 384 2508
Shareview dealing helpline: 0871 384 2020
Textel/Hard of hearing line: 0871 384 2255
Fax: 0871 384 2100

(Calls to the above Equiniti number will be charged at 8p per minute from a BT Landline, other providers' costs may vary. Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday).

Tel International: (+44 121 415 7047)

Solicitors

Maclay Murray & Spens LLP

Auditors

KPMG Audit Plc

Stockbroker

J.P. Morgan Securities Limited

Website

www.shiresincome.co.uk



