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Edinburgh New Income Trust plc

Interim Report

Six months ended 30 November 2006



Company Summary

Objective	To provide Ordinary Shareholders with an attractive level of income, together with the potential for capital and income growth and ZDP Shareholders with a pre-determined capital entitlement on 31 May 2011
Investment manager	Edinburgh Fund Managers plc
Management fee	0.65% per annum of Shareholders' funds, paid quarterly in arrears. The notice period is 6 months.
Winding up provisions	The Directors are obliged to convene a general meeting of the Company on 31 May 2011 to wind up the Company voluntarily
ISA/PEP status	The Company's Ordinary and ZDP shares qualify for inclusion within the stocks and shares component of an ISA and within a PEP.

Financial Summary

	30 November 2006	31 May 2006	% change
Total assets less current liabilities	£44.1m	£41.0m	7.5
Capital return (Ordinary share)			
Net asset value	134.1p	121.5p	10.3
Share price	121.5p	107.3p	13.2
Capital return (ZDP share)			
Net asset value	109.1p	106.0p	3.0
Share price	112.3p	106.0p	5.9
Dividends			
First interim	1.2p	1.0p	
Second interim	1.2p	1.0p	
Third interim	–	1.0p	
Fourth interim	–	3.0p	

Chairman's Statement

I am pleased to be able to report on another satisfactory period of growth. We have benefited from further strength in the equity market in the six month period to 30 November 2006, during which the Company's net asset value per ordinary share rose by 10.3% in capital terms to 134.1p at the end of November. This compares with a rise of 7.0% in the FTSE All-Share Index. The ordinary share price rose by 13.2% to 121.5p, which reflects a narrowing in the discount to net asset value at which the shares trade.

Dividends

A first interim dividend of 1.2p (2005-1.0p) was declared in October and paid in November. As previously announced, a second interim dividend of 1.2p will be payable in February. These increases are with a view to reduce the disparity between the level of the first three interim dividends and the fourth interim dividend. In the absence of unforeseen circumstances, the Board intends to pay a third interim dividend of 1.2p and a fourth interim dividend of 3.0p, making a total net dividend of 6.6p for the year to 31 May 2007, an increase of 10%.

Performance and Market Review

The UK equity market started the period under pressure, investor sentiment having weakened following the re-appraisal of the outlook for inflation and consequently the level of interest rates. However, as the period developed, the market witnessed a steady recovery, set against a relatively benign geopolitical and economic backdrop, the latter despite the increases to UK interest rates. This, coupled to the resurgence of corporate activity, encapsulated in Iberdrola's bid for Scottish Power, allowed the market to recover all of the ground lost in the sell off earlier in the year.

The net asset value for ordinary shareholders rose to 134.1p at the end of November which, taking dividends into account, represented a total return of 14.2% for the six month period. This compares with a rise in the FTSE All-Share Index of 8.6% in total return terms. The difference came from a combination of the structural gearing within the Company and good stock selection, as some of the more defensive sectors of the market came back into favour, with both utilities and telecommunications performing well. These sectors of the market tend to have higher yields and, as such, the fund has been heavily weighted to them. The

ordinary share price rose to 121.5p, a discount of 9.4%, and the price of the zero dividend preference shares (ZDP's) rose to 112.25p, a premium of 2.9% over their underlying net asset value of 109.1p. The capital cover of the ZDP's increased from 1.91x at the end of May 2006 to 2.05x.

The Company has significant capital gearing through its zero dividend preference shares, which is to our benefit when share prices rise, but is to our disadvantage in falling markets. Equity investments totalled £42.4 million at the end of November, at which point effective gearing, measured by the ratio of total equity investments to ordinary shareholders funds, was 154%. Were all cash balances to be invested in shares, total potential gearing would rise to 160%. The Board has controls in place which seek to ensure that effective gearing is limited to 190%.

Outlook

The recent recovery in the stock market has been set against a backdrop of rising interest rates in the UK, and has been helped by the widespread corporate activity that has been a feature of the market. Looking forward, the Managers expect that the monetary tightening witnessed will start to have an impact on consumption and economic growth, which in turn is likely to moderate the rate of corporate profit and dividend growth over the coming year. This will be further compounded by the translation effect of overseas dollar earnings if the dollar remains weak. While the Managers do not consider the market to be unduly expensive, the cash position has been increased slightly since the period end as a result of these uncertainties.

David Ritchie

Chairman

19 January 2007

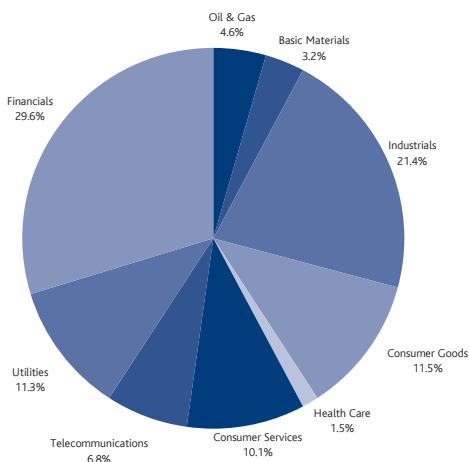
Twenty Largest Investments

At 30 November 2006

Company	Market value £'000	Sector
BT Group	2,023	Fixed Line Telecommunications
Barclays	1,810	Banks
Lloyds TSB	1,599	Banks
Royal Bank of Scotland	1,577	Banks
United Utilities	1,554	Gas, Water & Multi-utilities
Centrica	1,479	Gas, Water & Multi-utilities
Royal Dutch Shell	1,295	Oil & Gas Producers
British American Tobacco	1,159	Tobacco
HSBC Holdings	1,104	Banks
Scottish Power	945	Electricity
Ten largest investments	14,545	33.0% of total assets less current liabilities
Legal & General	890	Life Insurance
Lonmin	863	Mining
Vodafone Group	856	Mobile Telecommunications
Resolution	843	Life Insurance
National Grid Transco	807	Gas, Water & Multi-utilities
Insight Foundation Property	805	Investment Companies
Friends Provident	799	Life Insurance
Unilever	791	Food Producers
Scottish & Newcastle	787	Beverages
Alliance & Leicester	778	Banks
Twenty largest investments	22,764	51.7% of total assets less current liabilities
Other investments (37 holdings)	19,608	44.5% of total assets less current liabilities
Total investments	42,372	96.2% of total assets less current liabilities
Net current assets	1,686	3.8% of total assets less current liabilities
Total assets less current liabilities	44,058	100.0% of total assets less current liabilities

Distribution of Investments

At 30 November 2006



Income Statement

Six months ended 30 November 2006				
(unaudited)				
	Notes	Revenue £'000	Capital £'000	Total £'000
Gains on held-at-fair-value investments		–	3,286	3,286
Income	2	862	–	862
Investment management fee		(83)	(83)	(166)
Administration expenses		(64)	–	(64)
Net return before finance costs and taxation		715	3,203	3,918
Finance costs of ZDP Shareholders		–	(477)	(477)
Net return on ordinary activities before and after taxation		715	2,726	3,441
Return per Ordinary share (pence)	3	3.48	13.29	16.77

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

No Statement of Total Recognised Gains and Losses has been prepared as all gains and losses have been reflected in the Income Statement.

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

No operations were acquired or discontinued in the period.

Period ended 30 November 2005			Period ended 31 May 2006		
Revenue £'000	Capital (unaudited) £'000	Total £'000	Revenue £'000	Capital (audited) £'000	Total £'000
–	1,643	1,643	–	4,930	4,930
808	–	808	1,778	–	1,778
(71)	(71)	(142)	(149)	(149)	(298)
(102)	–	(102)	(182)	(18)	(200)
635	1,572	2,207	1,447	4,763	6,210
–	(447)	(447)	–	(907)	(907)
635	1,125	1,760	1,447	3,856	5,303
3.09	5.48	8.57	7.05	18.79	25.84

Balance Sheet

	Notes	As at 30 November 2006 (unaudited) £'000	As at 30 November 2005 (unaudited) £'000	As at 31 May 2006 (audited) £'000
Non-current assets				
Investments at fair value through profit or loss		42,372	35,395	38,489
Current assets				
Debtors and prepayments		138	92	185
Cash at bank and in hand		1,667	2,044	2,532
		1,805	2,136	2,717
Creditors: amounts falling due within one year		(119)	(122)	(204)
Net current assets		1,686	2,014	2,513
Total assets less current liabilities		44,058	37,409	41,002
Creditors: amounts falling due after more than one year				
Zero Dividend Preference shares		(16,551)	(15,614)	(16,074)
Net assets		27,507	21,795	24,928
Capital and reserves				
Called-up share capital		205	205	205
Special reserve		20,035	–	20,035
Share premium account		–	20,035	–
Capital reserve – realised		893	(412)	648
Capital reserve – unrealised		5,689	1,537	3,208
Revenue reserve		685	430	832
Equity Shareholders' funds		27,507	21,795	24,928
Net asset value per Ordinary share (pence)	4	134.06	106.22	121.49

Reconciliation of Movements in Shareholders' Funds

Six months ended 30 November 2006 (unaudited)

Notes	Share capital £'000	Special reserve £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Revenue reserve £'000	Total £'000
Balance at 31 May 2006	205	20,035	648	3,208	832	24,928
Return on ordinary activities after taxation	–	–	245	2,481	715	3,441
Dividends paid 5	–	–	–	–	(862)	(862)
Balance at 30 November 2006	205	20,035	893	5,689	685	27,507

Period ended 30 November 2005 (unaudited)

Notes	Share capital £'000	Share premium account £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Revenue reserve £'000	Total £'000
Issue of Ordinary shares	205	20,314	–	–	–	20,519
Expenses of share issue	–	(279)	–	–	–	(279)
Return on ordinary activities after taxation	–	–	(412)	1,537	635	1,760
Dividends paid 5	–	–	–	–	(205)	(205)
Balance at 30 November 2005	205	20,035	(412)	1,537	430	21,795

Period ended 31 May 2006 (audited)

Notes	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Revenue reserve £'000	Total £'000
Issue of Ordinary shares	205	20,314	–	–	–	–	20,519
Expenses of share issue	–	(279)	–	–	–	–	(279)
Cancellation of share premium account	–	(20,035)	20,035	–	–	–	–
Return on ordinary activities after taxation	–	–	–	648	3,208	1,447	5,303
Dividends paid 5	–	–	–	–	–	(615)	(615)
Balance at 31 May 2006	205	–	20,035	648	3,208	832	24,928

Cash Flow Statement

	Six months ended 30 November 2006 (unaudited) £'000	Period ended 30 November 2005 (unaudited) £'000	Period ended 31 May 2006 (audited) £'000
Net total return before finance costs and taxation	3,918	2,207	6,210
<i>Adjustment for:</i>			
Gains on investments at fair value through profit or loss	(3,286)	(1,643)	(4,930)
Decrease/(increase) in accrued income	72	(82)	(180)
Increase in other debtors	(15)	(10)	(5)
(Decrease)/increase in other creditors	(24)	118	140
Net cash inflow from operating activities	665	590	1,235
Net cash outflow from financial investment	(668)	(5,954)	(5,701)
Equity dividends paid	(862)	(205)	(615)
Net cash outflow before financing	(865)	(5,569)	(5,081)
Net cash inflow from financing	–	7,613	7,613
(Decrease)/increase in cash	(865)	2,044	2,532
Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash as above	(865)	2,044	2,532
Net funds at 31 May 2006	2,532	–	–
Net funds at 30 November 2006	1,667	2,044	2,532
Represented by:			
Cash at bank and in hand	1,667	2,044	2,532

Notes to the Accounts

1. Accounting policies

(a) Basis of accounting

The accounts have been prepared under the historical cost convention, as modified to include the revaluation of investments and in accordance with applicable UK Accounting Standards and consistent with the Statement of Recommended Practice for 'Financial Statements of Investment Trust Companies' (December 2005). They have also been prepared on the assumption that the approval as an investment trust will continue to be granted.

The financial statements and the net asset value per share figures have been prepared in accordance with UK Generally Accepted Accounting Practice ('UK GAAP').

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

Accounting period – The Company was incorporated on 22 April 2005 and commenced operations on 31 May 2005. The comparative results are for the periods from incorporation to 30 November 2005 and 31 May 2006 not withstanding that there were no accounting entries prior to 31 May 2005

(b) Dividends payable

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

	Six months ended 30 November 2006 £'000	Period ended 30 November 2005 £'000	Period ended 31 May 2006 £'000
2. Income			
Income from investments			
UK dividend income	793	757	1,645
Overseas dividends	25	10	57
	<hr/> 818	<hr/> 767	<hr/> 1,702
Other income			
Deposit interest	44	41	76
Total income	<hr/> 862	<hr/> 808	<hr/> 1,778

	Six months ended 30 November 2006 p	Period ended 30 November 2005 p	Period ended 31 May 2006 p
3. Return per Ordinary share			
Revenue return	3.48	3.09	7.05
Capital return	13.29	5.48	18.79
Total return	<hr/> 16.77	<hr/> 8.57	<hr/> 25.84

The figures above are based on the following attributable assets:

Notes to the Accounts – continued

	Six months ended 30 November 2006 £'000	Period ended 30 November 2005 £'000	Period ended 31 May 2006 £'000
Revenue return	715	635	1,447
Capital return	2,726	1,125	3,856
Total return	3,441	1,760	5,303

Weighted average number of Ordinary shares in issue	20,519,056	20,519,056	20,519,056
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	As at 30 November 2006	As at 30 November 2005	As at 31 May 2006
4. Net asset value per share			
<i>Ordinary</i>			
Attributable net assets (£'000)	27,507	21,795	24,928
Number of Ordinary shares in issue	20,519,056	20,519,056	20,519,056
Net asset value per share (p)	134.06	106.22	121.49
<i>Zero Dividend Preference</i>			
Attributable net assets (£'000)	16,551	15,614	16,074
Number of ZDP shares in issue	15,166,618	15,166,618	15,166,618
Net asset value per share (p)	109.13	102.95	105.98

5. Dividends

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

	Six months ended 30 November 2006	Period ended 30 November 2005	Period ended 31 May 2006
Fourth interim dividend 2006 – 3.0p	616	–	–
First interim dividend 2007 – 1.2p (2006 – 1.0p)	246	205	205
Second interim dividend 2006 – 1.0p	–	–	205
Third interim dividend 2006 – 1.0p	–	–	205
	862	205	615

The Company has declared a second interim dividend in respect of the year ending 31 May 2007 of 1.2p net (2006 – 1.0p) per Ordinary share which will be paid on 16 February 2007 to Ordinary Shareholders on the register on 26 January 2007. This dividend has not been included as a liability in these financial statements.

6. Transaction costs

During the six months ended 30 November 2006 expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. These have been expensed through capital and are included within gains on investments in the Income Statement. The total costs were as follows:

	Six months ended 30 November 2006 £'000	Period ended 30 November 2005 £'000	Period ended 31 May 2006 £'000
Purchases	22	55	81
Sales	3	4	8
	25	59	89

7. The financial information in this report comprises non-statutory accounts within the meaning of Section 240 of the Companies Act 1985. The financial information for the period ended 31 May 2006 has been extracted from published accounts that have been delivered to the Registrar of Companies and on which the report of the auditors was unqualified under Section 235 of the Companies Act 1985. The interim accounts have been prepared using the same accounting policies as the preceding annual accounts.

Information for Investors

Aberdeen ("AAM") Investment Trust Share Plan

AAM runs a Share Plan (the "Plan") through which shares in Edinburgh New Income Trust 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.

AAM offers both a Mini and Maxi stocks and shares ISA, through which shares in Edinburgh New Income Trust can be purchased.

Maxi ISA

An investment of up to £7,000 in Edinburgh New Income Trust can be made in the tax year 2006/2007.

Mini ISA

AAM offers a Mini ISA which will enable investors to invest up to £4,000 in the tax year 2006/2007.

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 management charge is £24 + VAT, calculated monthly and deducted from income half yearly. Under current legislation, investments in ISAs can grow free of capital gains tax.

PEP Transfer

PEPs are an easy way to make medium and long term tax efficient investments in the stock markets. All capital gains are free of tax. Since 5 April 1999 no further subscriptions can be made into a PEP. You can however transfer existing PEPs to AAM.

The minimum lump sum for a PEP transfer is £1,000 and is subject to a minimum per trust of £250.

Trust Information

If investors would like details of Edinburgh New Income Trust or information on the Share Plan or ISA 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 at inv.trusts@aberdeen-asset.com.

Keeping you informed

Edinburgh New Income Trust's share price appears daily in the Financial Times and Daily Telegraph. Investors can also obtain the latest share price by phoning FT Cityline on 0906-843 1513 for the Ordinary shares and 0906-843 3302 for the Zero Dividend Preference shares. All calls cost 60p per minute.

For internet users, detailed data on Edinburgh New Income Trust, including price and performance information, is available on the Company's website (www.edinburghnewincome.co.uk) and the TrustNet website (www.trustnet.co.uk).

Contact us:

Literature request - 0500 00 40 00
Savings Plan/ ISA/PEP admin - 0500 00 00 40
or email inv.trusts@aberdeen-asset.com

Please remember that past performance is not necessarily a guide to the future. Stock market 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.

Lloyds TSB Registrars also have a website (www.shareview.co.uk) which includes a page entitled 'Shareholder Services', which gives Shareholders an insight into their shareholding. The website also has information about how to register a change of name and what to do if you have lost your share certificate.

The above has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 by Edinburgh Fund Managers plc. Edinburgh Fund Managers is a member of the Aberdeen Asset Management Group and is authorised and regulated by the Financial Services Authority.

Corporate Information

Directors

David Ritchie, Chairman
Ronnie Hanna
Sir Donald Mackay
Frank Malcolm
Bernard Solomons

Manager and Secretary

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The report covers of the investment trusts managed by companies in the Aberdeen Asset Management group feature contemporary architecture from around the world. The photograph of Edinburgh New Income Trust plc's 2006 interim report features the new air traffic control tower at Edinburgh Airport, reproduced by kind permission of www.edinburgharchitecture.co.uk



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