



Murray
Income
Trust PLC

1	1	1	1	1
30	2615	2615	2610	2610
30	2130	2200	2090	2200
00	22900	22900	22000	22000
30	2150	2165	2045	2045
2	2	2	2	2
06	1850	1830	1820	1820

**A high and growing income combined with capital growth
through investment in a portfolio of UK equities**

Interim Report
31 December 2002

Objective

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

Key Facts

	31 December 2002	31 December 2001	30 June 2002
Total assets*	£339,617,000	£406,388,000	£411,035,000
Equity Shareholders' Interest	£299,617,000	£396,388,000	£380,035,000
Cost of buybacks	–	£3,830,847	£4,359,000
Net Asset Value per Ordinary share (pence)**	426.8	563.8	541.3
Share Price of Ordinary shares (pence)	387.0	492.5	481.5
Discount to Net Asset Value on Ordinary shares	9.3%	12.6%	11.1%
Share Price Total Return	(19.8)%	(6.9)%	(8.9)%

* Represents total assets less current liabilities (excluding short-term loan of £10,000,000)

** The comparative figure for 2001 includes B Ordinary shares in issue at 31 December 2001.

At 30 June and 31 December 2002 there were no B Ordinary shares in issue, following the compulsory conversion of the remaining B Ordinary shares on 28 February 2002.

Share Capital

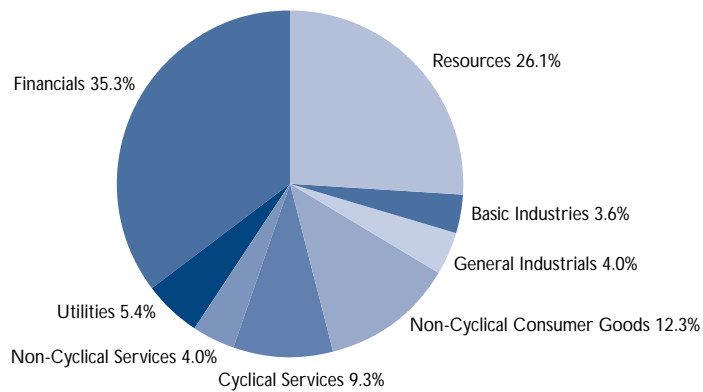
As at 31 December 2002

Ordinary Shares of 25p each	70,205,458
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Total Equity Distribution

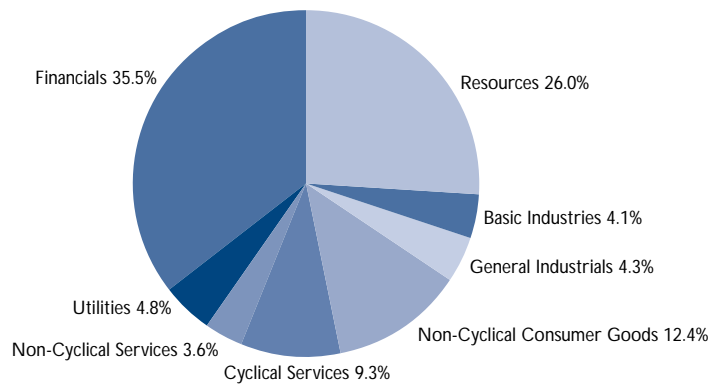
Distribution of investments

As at 31 December 2002



Distribution of investments

As at 30 June 2002



Note: The percentage distributions by sector have been rebased in the above pie charts to total 100%.

Interim Review

Performance

The UK stockmarket performed very poorly during the six month period ending on 31 December 2002 and the benchmark FTSE 350 Higher Yield Index fell 16.2%. The Net Asset Value Total Return for Murray Income (including net dividends) fell 19.8%. The major element of underperformance was accounted for by the impact of the Company's gearing.

Background

Consumer spending continued to grow in the second half of 2002, as the strong housing market supported retail sales. The increase in public expenditure is also sustaining economic activity although output from the manufacturing sector continued to struggle. Short-term interest rates have now remained unchanged at 4.0% for over a year. The higher yielding shares of the FTSE 350 Higher Yield Index modestly underperformed the broader market indices over the latest six month period. This follows a period of strong performance relative to the FTSE All-Share Index, which lasted for over two years.

Activity

During the period, turnover was at a relatively low level with modest net purchases over the period of approximately £5m. Most of this activity involved adding to existing holdings, across a range of sectors including oil and gas, banks, life assurance and chemicals. There was an overall reduction in the number of holdings within the portfolio, as certain smaller holdings were sold.

Gearing

The level of borrowings was increased from £31m to £40m during the period, representing gearing of 13.4% of net assets as at 31 December 2002. This reflected the Manager's confidence in the medium term outlook for the UK equity market. The Board has currently set a gearing limit of 15% of net assets. All the borrowings are short-term and may be repaid without penalty within one month and have a cost of 4.45%.

Dividend

The first interim dividend of 4.25p per share has already been paid and the second will be paid on 16 April 2003 to holders of ordinary shares on the register at close of business on 21 March 2003. It is anticipated that the third interim dividend will also be at the rate of 4.25p per share. This is in line with the intention of the Directors to change the balance between the three interim and final dividend payments. The interim payments for the current year are therefore significantly greater than the equivalent payments of 3.15p last year. There will however be a corresponding reduction in the final dividend. The revenue flow from the Company's portfolio remains secure and the Directors expect to be able to recommend an increase in the total dividend payment from last year's level of 17.0p. This level of dividend is expected to be fully covered by earnings and the Company's revenue reserves remain substantial.

Interim Review

Outlook

Economic growth in the UK is forecast to be around its trend level of 2.5% in 2003, supported by the increasing level of public expenditure. The consumer sector has enjoyed a long period of growth and this is expected to ease, and the more subdued levels of sales for retailers over Christmas may be the start of a trend. The surprise decision by the Bank of England to reduce short-term interest rates to 3.75% was prompted by weaker economic trends elsewhere.

Elsewhere, the US economic recovery continues, but the outlook for some European economies, particularly Germany, is difficult. In the short-term stockmarkets are concerned about the impact of a possible war in Iraq, but beyond this the current low valuation of the UK equity market offers attractive opportunities for investors to benefit from income and capital growth.

6 February 2003

By order of the Board
Aberdeen Asset Management PLC
Secretary

Summary of Investment Changes

For the six months ended 31 December 2002

	Valuation		Net Transactions £'000	Appreciation (depreciation) £'000	Valuation	
	30 June 2002 £'000	%			31 December 2002 £'000	%
United Kingdom						
Equities	415,757	101.1	4,441	(79,243)	340,955	100.4
Total Investments	415,757	101.1	4,441	(79,243)	340,955	100.4
Other net liabilities	(4,722)	(1.1)	3,384	–	(1,338)	(0.4)
Total Assets*	411,035	100.0	7,825	(79,243)	339,617	100.0

* Represents total assets less current liabilities (excluding short-term loans of £10,000,000)

Summary of Net Assets

	Valuation	
	31 December 2002 £'000	%
Equities	340,955	113.8
Other net liabilities	(1,338)	(0.4)
Borrowings	(40,000)	(13.4)
Equity shareholders' interest	299,617	100.0

Twenty Largest Investments

As at 31 December 2002

Investment	Sector	Valuation	% of
	Description	£'000	Total Assets
BP Amoco	Oil & Gas	47,306	13.9
HSBC Holdings	Banks	28,833	8.5
Shell Transport & Trading	Oil & Gas	22,904	6.7
Lloyds TSB	Banks	16,636	4.9
Barclays	Banks	12,089	3.6
Diageo	Beverages	10,125	3.0
Rio Tinto	Mining	8,928	2.6
Anglo American	Mining	8,589	2.5
HBOS	Banks	8,515	2.5
Six Continents	Leisure, Entertainment & Hotels	7,775	2.3
Prudential	Life Assurance	7,683	2.3
Sainsbury (J)	Food & Drug Retailers	7,344	2.2
Standard Chartered	Banks	7,342	2.2
GlaxoSmithKline	Pharmaceuticals	7,339	2.2
Abbey National	Banks	6,993	2.0
National Grid	Electricity	6,848	2.0
Aviva	Life Assurance	6,778	2.0
Unilever	Food Producers & Processors	6,621	1.9
Scottish Power	Electricity	5,800	1.7
British American Tobacco	Tobacco	5,740	1.7
		240,188	70.7

Statement of Total Return (unaudited)

(Incorporating the Revenue Account of the Company) for the six months ended 31 December 2002

	Six months to 31 December 2002		
	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	–	(19,054)	(19,054)
Unrealised losses	–	(60,191)	(60,191)
Losses on investments	–	(79,245)	(79,245)
Income from investments	7,265	–	7,265
Other income	80	–	80
Investment management fees	(618)	(618)	(1,236)
Currency losses	–	–	–
Other expenses	(419)	–	(419)
Net return before finance costs and taxation	6,308	(79,863)	(73,555)
Finance costs of borrowing	(448)	(448)	(896)
Return attributable to equity shareholders	5,860	(80,311)	(74,451)
Ordinary dividends on equity shares	(5,967)	–	(5,967)
Transfer (from)/to reserves	(107)	(80,311)	(80,418)
Return per Ordinary share (pence)	8.4	(114.4)	(106.0)
Return per Ordinary share assuming conversion of the 'B' Ordinary shares (pence)	–	–	–

Notes:

1. The revenue column of this statement is the profit and loss account of the Company.
2. The results for the year to 30 June 2002 are abridged from the full accounts for that year, which received an unqualified report from the Auditors and have been filed with the Registrar of Companies.

Six months to 31 December 2001			Year ended 30 June 2002		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
-	9,864	9,864	-	1,574	1,574
-	(42,494)	(42,494)	-	(51,265)	(51,265)
-	(32,630)	(32,630)	-	(49,691)	(49,691)
6,420	-	6,420	15,207	-	15,207
115	-	115	177	-	177
(671)	(671)	(1,342)	(1,324)	(1,324)	(2,648)
-	(4)	(4)	-	(4)	(4)
(406)	-	(406)	(924)	(12)	(936)
5,458	(33,305)	(27,847)	13,136	(51,031)	(37,895)
(248)	(247)	(495)	(497)	(497)	(994)
5,210	(33,552)	(28,342)	12,639	(51,528)	(38,889)
(6,568)	-	(6,568)	(11,862)	-	(11,862)
(1,358)	(33,552)	(34,910)	777	(51,528)	(50,751)
7.4	(47.8)	(40.4)	18.0	(73.5)	(55.5)
7.4	(47.5)	(40.1)	17.9	(73.2)	(55.3)

	6 months to		Year to
	31/12/02	31/12/01	30/06/02
3. Dividends on Ordinary shares:			
First Interim – 4.25p paid on 17.1.03 (2002 – 3.15p)	2,984	2,199	2,199
Second Interim – 4.25p payable on 16.4.03 (2002 – 3.15p)	2,983	2,199	2,195
Third Interim (2002 – 3.15p)	-	2,198	2,195
Final dividend (2002 – 7.55p)	-	-	5,301
Over accrual of previous year's dividends	-	(28)	(28)
	5,967	6,568	11,862

Balance Sheet (unaudited)

As at 31 December 2002

	31 December 2002	31 December 2001	30 June 2002
	£'000	£'000	£'000
Fixed assets			
Investments	340,955	411,800	415,757
Current assets			
Debtors	1,624	962	1,708
Cash and short-term deposits	3,853	896	3,394
	5,477	1,858	5,102
Creditors			
Amounts falling due within one year	16,815	7,270	9,824
Net current liabilities	(11,338)	(5,412)	(4,722)
Total assets less current liabilities	329,617	406,388	411,035
Creditors			
Amounts falling due after more than one year	30,000	10,000	31,000
	299,617	396,388	380,035
Capital and reserves			
Equity shareholders' interest:			
Ordinary called up share capital	17,551	17,576	17,551
Share premium account	7,955	7,955	7,955
Capital redemption reserve	4,050	4,025	4,050
Capital reserve - realised	283,912	313,749	304,032
Capital reserve - unrealised	(24,385)	44,577	35,806
Revenue reserve	10,534	8,506	10,641
	299,617	396,388	380,035
Net Asset Value per Ordinary and 'B' Ordinary share (pence)*	426.8	563.8	541.3

* The comparative figure for 2001 includes B Ordinary shares in issue at 31 December 2001. At 30 June 2002 and 31 December 2002 there were no B Ordinary shares in issue, following the conversion during the year.

Cash Flow Statement (unaudited)

For the six months ended 31 December 2002

	Six months to 31 December 2002	Six months to 31 December 2001	Year ended 30 June 2002
	£'000	£'000	£'000
Operating activities			
Investment income received	7,341	7,134	15,566
Deposit interest received	56	133	168
Underwriting commission received	27	–	26
Investment management fees paid	(1,669)	(912)	(1,692)
Secretarial fees paid	(42)	(19)	(37)
Cash paid to and on behalf of Directors	(27)	(31)	(56)
Other cash payments	(694)	(322)	(370)
Net cash inflow from operating activities	4,992	5,983	13,605
Returns on investment and servicing of finance			
Interest paid	(911)	(613)	(1,097)
Financial investment			
Purchase of investments	(20,244)	(20,909)	(75,440)
Sale of investments	15,117	57,634	91,422
Net cash (outflow)/inflow from financial investment	(5,127)	36,725	15,982
Equity dividends paid	(7,495)	(6,961)	(11,356)
Net cash (outflow)/inflow before use of financing	(8,541)	35,134	17,134
Financing			
Repurchase of shares	–	(3,857)	(4,359)
Loans drawn/(repaid)	9,000	(38,000)	(17,000)
Net cash inflow/(outflow) from financing	9,000	(41,857)	(21,359)
Increase/(decrease) in cash	459	(6,723)	(4,225)

Corporate Information

Directors	B N A Hardman (Chairman) A J M Coats P A F Gifford Sir David Trippier RD DL
Registered Office, Manager and Secretary	123 St Vincent Street Glasgow G2 5EA Registered in Scotland – Company Number 12725
Registrar	Capita Registrars Balfour House 390/398 High Road Ilford Essex IG1 1NQ Tel. 020 8639 2000
Custodian	J P Morgan Chase
Auditors	Ernst & Young LLP
Solicitors	McGrigor Donald
Stockbrokers	UBS Warburg Arbuthnot

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Regulated by the FSA

Member of the Aberdeen Asset Management Group of Companies