

# 07

## Edinburgh New Income Trust plc

Interim report

Six months ended 30 November 2007



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## Objective

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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.

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## Financial Calendar

<b>18 January 2008</b>	Announcement of results for the six months to 30 November 2007
<b>15 February 2008</b>	Payment of second interim dividend
<b>23 May 2008</b>	Payment of third interim dividend
<b>July 2008</b>	Announcement of results for the year to 31 May 2008
<b>August 2008</b>	Payment of fourth interim dividend
<b>30 September 2008</b>	Annual General Meeting
<b>November 2008</b>	Payment of first interim dividend

## Highlights

### Financial highlights

	30 November 2007	31 May 2007	% Change
Total assets (£'000)	<b>43,241</b>	48,659	-11.1
Total equity Shareholders' funds (£'000)	<b>25,697</b>	31,621	-18.7

#### Ordinary shares

Share price (mid-market)	<b>111.8p</b>	138.5p	-19.3
Net asset value per share	<b>125.2p</b>	154.1p	-18.8
Discount to net asset value	<b>10.7%</b>	10.1%	

#### ZDP shares

Share price (mid-market)	<b>117.3p</b>	116.5p	+0.7
Net asset value per share	<b>115.7p</b>	112.3p	+3.0
Premium to net asset value	<b>1.4%</b>	3.7%	

### Performance (total return)

	Six months ended 30 November 2007	Year ended 31 May 2007
Ordinary share price	<b>-16.6%</b>	+36.7%
Net asset value per Ordinary share	<b>-16.2%</b>	+30.1%

# Interim Board Report

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The UK equity market endured a volatile and difficult period in the first half of the Trust's year. Against this background, the Trust's total assets fell by 11.1% in capital terms for the six months to 30 November 2007. The net asset value per share (NAV) fell by 18.8% to 125.2p in capital terms and by 16.2% in total return terms. By way of a comparison, the FTSE All-Share Index fell by 3.1% on a total return basis.

The share price fell by 19.3% to 111.8p, which reflected a slight widening of the discount to net asset value at which the shares currently trade.

## Dividends

A first interim dividend of 1.3p was declared in September 2007 and paid in October 2007. The Board is pleased to announce a second interim dividend of 1.3p which will be paid on 15 February 2008 to shareholders on the register on 25 January 2008. The Board intends to pay a third interim dividend of 1.3p and has already indicated that, in the absence of unforeseen circumstances, to pay a fourth interim dividend of 3.1p, making a total net dividend of 7.0p for the year to 31 May 2008, an increase of 6.1%.

## Performance and Market Review

The period started with the market initially shrugging off the interest rate and CPI increases last May, although this complacency proved to be short lived and was soon replaced by a sharp reduction in investor appetite for risk, with wider fears of a credit crunch triggered primarily by the well-publicised problems in sub-prime lending in the USA. As sub-prime default rates increased, the banking sector tightened lending criteria and a consequence was higher rates in the important inter-bank lending market. The highest profile casualty of the higher cost and reduced availability of credit was Northern Rock, but all financial stocks were hit by adverse sentiment. The frequency of merger and acquisition activity slowed as a result of funding difficulties. This proved a difficult environment for the higher yielding companies within the portfolio, with smaller stocks in particular suffering a significant correction.

For the six months to 30 November 2007, total assets experienced a negative total return of 9.1% as compared with a negative return of 3.1% in the FTSE All-Share Index. Portfolio positions in higher yielding smaller companies and the underweight position in resource stocks, where yields on offer don't match the income requirements of the fund were the principal reason for the shortfall compared to the benchmark. With risk averse investors focussed on those companies with near term earnings visibility, growth stocks performed better than value stocks, the area of the market where higher yielding stocks are found. The effect of gearing and the charge against capital of management costs and

accruals on the zero dividend preference shares led to the total return to ordinary shareholders being a negative 16.2%.

The share price of the zero dividend preference shares (ZDPs) rose to 117.3p, representing a premium of 1.3% over their underlying net asset value of 115.7p. The capital cover of the ZDPs fell from 2.3 times at the end of May 2007 to 2.0 times at the end of November 2007.

Shareholders will be aware that the Trust has significant capital gearing through its zero dividend preference shares, and while this is to our benefit when share prices rise, the effect of gearing will exacerbate the downside in falling markets. At the end of November, equity investments totalled £39.9 million, which resulted in a ratio of total equity investments to ordinary shareholders funds of 155%. Total potential gearing, which compares total assets to ordinary shareholders funds, was 168%. The Board has controls in place which seek to ensure that effective gearing is limited to 190%.

## VAT on Management Fees

In June 2004, the Association of Investment Companies (AIC) and JPM Claverhouse Investment Trust plc launched a case against HM Revenues and Customs (HMRC) in which they claimed that management fees charged to UK investment trusts should be exempt from VAT. On 28 June 2007, the European Court of Justice found in favour of the AIC/Claverhouse case in respect of the specific questions referred to it by the UK VAT tribunal. HMRC accepted this judgement in November. Your Company has taken the appropriate steps to reclaim the relevant VAT that has been paid on management fees.

## Outlook

In the Annual Report last June, I expressed a measure of caution, but there is no doubt that market sentiment changed rapidly over the autumn, and there is still a high degree of uncertainty surrounding the full extent of sub-prime losses and the degree to which these will filter through to slower economic activity. Inflation, too, remains a concern and the Manager sees the continuing potential for further weakness in Government and consumer expenditure as we move into 2008, with signs that the housing market could begin to slow rapidly. Against these, we can expect Bank of England action on interest rates to ameliorate the position. Share valuations overall remain reasonable as the market has already factored in earnings downgrades for more cyclical sectors, and sharp share price corrections have already been seen in potentially more vulnerable stocks. Thus, although the immediate outlook is for more stockmarket volatility, the Manager still remains reasonably sanguine looking further ahead.

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## Events during the period

At the Company's AGM on 25 September 2007 all resolutions were passed. Ronnie Hanna resigned from the Board on 16 November 2007, owing to a conflict of interest through his position as chairman of Glasgow Income Trust plc, whose management contract had recently been assumed by Aberdeen Asset Managers. The Board wishes to put on record its appreciation of his contribution to the Company, and before that to Edinburgh High Income Trust plc. In particular, his contribution as chairman of the audit committee was greatly appreciated.

On 16 January 2008 the investment management agreement was transferred under a novation agreement from Edinburgh Fund Managers plc, a wholly owned subsidiary of Aberdeen Asset Management PLC to Aberdeen Asset Managers Limited, also a wholly owned subsidiary of Aberdeen Asset Management PLC. The terms of the management agreement, including the management fee and notice period, remain unchanged.

## Risks and Uncertainties

The Board has adopted a matrix of the key risks that affect its business. The principal risks are as follows:

- **Stockmarket risk:** The Company is exposed to the effect of variations in share prices due to the nature of its business. A fall in the value of its portfolio will have an adverse effect on shareholders' funds, which will be exacerbated by the gearing effect of the zero dividend preference shares. It is not the aim of the Board to eliminate entirely the risk of capital loss, rather it is its aim to seek capital growth so that the gearing effect will multiply the gains for ordinary shareholders. However, the Board has to have regard to the damage which will result from a significant fall in share prices and has in place controls which may require sales of equity investments in declining markets, in order to prevent the ratio of total equity investments to ordinary shareholders funds exceeding 190%. An aim is to ensure that the future capital entitlement of the zero dividend preference shares can always be met.
- **Capital structure risk:** The Company's capital structure and its accounting policies mean that the capital accrual on the zero dividend preference shares and 50% of the management fee are charged to the capital account rather than the revenue account.
- **Income/dividend risk:** The investment objective of the Company, to provide ordinary shareholders with an attractive level of income, means that the investment managers have to achieve an above average dividend yield on the investments in the portfolio. A consequence is that the performance of the equity portfolio may not always match that of the stockmarket as a whole, with a consequential impact on shareholder returns. The

Board's aim is to maximise returns consistent with achieving its dividend requirements.

- **Regulatory risk:** The Company operates in a complex regulatory environment and faces a number of regulatory risks. Breaches of regulations, such as section 842 of the Income and Corporation Taxes Act 1988, the UKLA Listing Rules and the Companies Act, could lead to a number of detrimental outcomes and reputational damage.

The Company has established a framework for managing these risks which is evolving continually as the Company's investment activities change in response to market developments.

## 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 financial statements within the half yearly financial report has been prepared in accordance with Accounting Standards Board's Statement "Half Yearly Financial Reports"; and
- the Interim Board Report includes a fair view of the information required by 4.2.7R and 4.2.8R of the FSA's Disclosure and Transparency Rules.

For Edinburgh New Income Trust plc

**David Ritchie**  
Chairman

18 January 2008

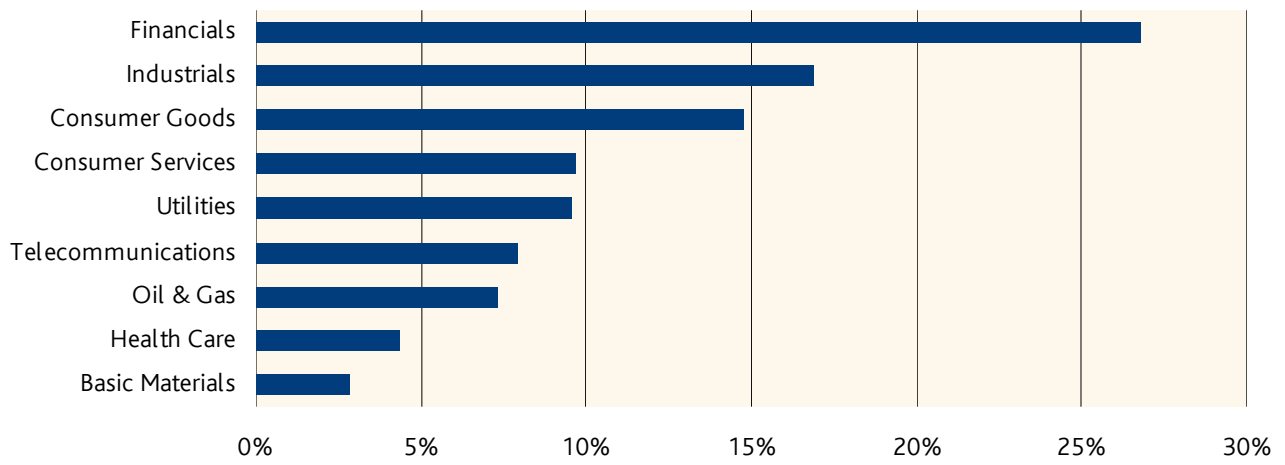
# Investment Portfolio

As at 30 November 2007

Company	Sector	Market value £'000	Total assets %
<b>BT Group</b>	Fixed Line Telecommunications	1,998	4.6
<b>British American Tobacco</b>	Tobacco	1,792	4.1
<b>Royal Dutch Shell</b>	Oil & Gas Producers	1,503	3.5
<b>Barclays</b>	Banks	1,497	3.5
<b>Lloyds TSB</b>	Banks	1,490	3.4
<b>United Utilities</b>	Gas, Water & Multi-utilities	1,479	3.4
<b>BP</b>	Oil & Gas Producers	1,434	3.3
<b>HSBC Holdings</b>	Banks	1,320	3.1
<b>Royal Bank of Scotland</b>	Banks	1,308	3.0
<b>Centrica</b>	Gas, Water & Multi-utilities	1,289	3.0
Top ten investments		<b>15,110</b>	<b>34.9</b>
<b>Vodafone Group</b>	Mobile Telecommunications	1,159	2.7
<b>National Grid</b>	Electricity	1,046	2.4
<b>Unilever</b>	Food Producers	1,035	2.4
<b>Scottish &amp; Newcastle</b>	Beverages	985	2.3
<b>AMEC</b>	Support Services	902	2.1
<b>Astrazeneca</b>	Pharmaceuticals & Biotechnology	871	2.0
<b>GlaxoSmithKline</b>	Pharmaceuticals & Biotechnology	863	2.0
<b>Arriva</b>	Travel & Leisure	814	1.9
<b>GKN</b>	Automobiles & Parts	800	1.9
<b>Lonmin</b>	Mining	799	1.8
Top twenty investments		<b>24,384</b>	<b>56.4</b>
Other investments (32 holdings )		<b>15,563</b>	<b>36.0</b>
Total investments		<b>39,947</b>	<b>92.4</b>
Net current assets		<b>3,294</b>	<b>7.6</b>
Total assets less current liabilities		<b>43,241</b>	<b>100.0</b>

# Distribution of Investments

As at 30 November 2007



# Income Statement

	Notes	Six months ended 30 November 2007 (unaudited)			Six months ended 30 November 2006 (unaudited)			Year ended 31 May 2007 (audited)		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on held-at-fair-value investments		–	(5,250)	(5,250)	–	3,286	3,286	–	7,651	7,651
Income	2	969	–	969	862	–	862	1,862	–	1,862
Investment management fee		(75)	(75)	(150)	(83)	(83)	(166)	(176)	(176)	(352)
Administration expenses		(105)	–	(105)	(64)	–	(64)	(154)	–	(154)
<b>Net return before finance costs and taxation</b>		<b>789</b>	<b>(5,325)</b>	<b>(4,536)</b>	<b>715</b>	<b>3,203</b>	<b>3,918</b>	<b>1,532</b>	<b>7,475</b>	<b>9,007</b>
Finance costs of ZDP Shareholders		–	(506)	(506)	–	(477)	(477)	–	(964)	(964)
<b>Net return on ordinary activities before and after taxation</b>		<b>789</b>	<b>(5,831)</b>	<b>(5,042)</b>	<b>715</b>	<b>2,726</b>	<b>3,441</b>	<b>1,532</b>	<b>6,511</b>	<b>8,043</b>
<b>Return per Ordinary share (pence):</b>	3	<b>3.84</b>	<b>(28.42)</b>	<b>(24.58)</b>	<b>3.48</b>	<b>13.29</b>	<b>16.77</b>	<b>7.47</b>	<b>31.73</b>	<b>39.20</b>

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.

# Balance Sheet

	Notes	As at 30 November 2007 (unaudited) £'000	As at 30 November 2006 (unaudited) £'000	As at 31 May 2007 (audited) £'000
<b>Non-current assets</b>				
Investments at fair value through profit or loss		39,947	42,372	44,413
<b>Current assets</b>				
Debtors and prepayments		496	138	264
AAA Money Market funds		2,715	–	3,750
Cash and short term deposits		736	1,667	364
		3,947	1,805	4,378
<b>Creditors: amounts falling due within one year</b>		(653)	(119)	(132)
<b>Net current assets</b>		3,294	1,686	4,246
<b>Total assets less current liabilities</b>		43,241	44,058	48,659
<b>Creditors: amounts falling due after more than one year</b>				
Zero Dividend Preference shares		(17,544)	(16,551)	(17,038)
<b>Net assets</b>		<b>25,697</b>	<b>27,507</b>	<b>31,621</b>
<b>Share capital and reserves</b>				
Called-up share capital		205	205	205
Special reserve		20,035	20,035	20,035
Capital reserve – realised		1,217	893	1,979
Capital reserve – unrealised		3,323	5,689	8,392
Revenue reserve		917	685	1,010
<b>Equity Shareholders' funds</b>		<b>25,697</b>	<b>27,507</b>	<b>31,621</b>
<b>Net asset value per Ordinary share (pence):</b>	4	<b>125.23</b>	<b>134.06</b>	<b>154.11</b>

## Reconciliation of Movements in Shareholders' Funds

### Six months ended 30 November 2007 (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 2007		205	20,035	1,979	8,392	1,010	31,621
Return on ordinary activities after taxation		–	–	(762)	(5,069)	789	(5,042)
Dividends paid	5	–	–	–	–	(882)	(882)
<b>Balance at 30 November 2007</b>		<b>205</b>	<b>20,035</b>	<b>1,217</b>	<b>3,323</b>	<b>917</b>	<b>25,697</b>

### 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)
<b>Balance at 30 November 2006</b>		<b>205</b>	<b>20,035</b>	<b>893</b>	<b>5,689</b>	<b>685</b>	<b>27,507</b>

### Year ended 31 May 2007 (audited)

	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
Expenses of share issue		–	–	4	–	–	4
Return on ordinary activities after taxation		–	–	1,327	5,184	1,532	8,043
Dividends paid	5	–	–	–	–	(1,354)	(1,354)
<b>Balance at 31 May 2007</b>		<b>205</b>	<b>20,035</b>	<b>1,979</b>	<b>8,392</b>	<b>1,010</b>	<b>31,621</b>

# Cash Flow Statement

	Six months ended 30 November 2007 (unaudited) £'000	Six months ended 30 November 2006 (unaudited) £'000	Year ended 31 May 2007 (audited) £'000
<b>Net total return on ordinary activities before finance costs and taxation</b>	(4,536)	3,918	9,007
Adjustment for:			
Losses/(gains) on investments at fair value through profit or loss	5,250	(3,286)	(7,651)
Decrease/(increase) in accrued income	108	72	(74)
Increase in other debtors	(4)	(15)	(5)
Decrease in other creditors	(27)	(24)	(11)
<b>Net cash inflow from operating activities</b>	791	665	1,266
Net cash (outflow)/inflow from financial investment	(572)	(668)	1,670
Equity dividends paid	(882)	(862)	(1,354)
<b>Net cash (outflow)/inflow before use of liquid resources and financing</b>	(663)	(865)	1,582
Net cash inflow/(outflow) from management of liquid resources	1,035	–	(3,750)
<b>Increase/(decrease) in cash</b>	<b>372</b>	<b>(865)</b>	<b>(2,168)</b>
<b>Reconciliation of net cash flow to movement in net debt</b>			
Increase/(decrease) in cash as above	372	(865)	(2,168)
Net change in liquid resources	(1,035)	–	3,750
Net change in debt due in more than one year	(506)	(477)	(964)
<b>Movement in net debt in the period</b>	(1,169)	(1,342)	618
Opening net debt	(12,924)	(13,542)	(13,542)
<b>Closing net debt</b>	<b>(14,093)</b>	<b>(14,884)</b>	<b>(12,924)</b>
<b>Represented by:</b>			
Cash at bank	736	1,667	364
AAA Money Market funds	2,715	–	3,750
Debt due after more than one year	(17,544)	(16,551)	(17,038)
<b>Net debt</b>	<b>(14,093)</b>	<b>(14,884)</b>	<b>(12,924)</b>

# 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, with pronouncements on half-yearly reporting issued by the Accounting Standards Board and with the Statement of Recommended Practice for 'Financial Statements of Investments Trust Companies' (December 2005). They have also been prepared on the assumption that 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.

### (b) Dividends payable

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

	Six months ended 30 November 2007 £'000	Six months ended 30 November 2006 £'000	Year ended 31 May 2007 £'000
<b>2. Income</b>			
<b>Income from investments</b>			
UK dividend income	858	793	1,693
Overseas dividends	9	25	45
	867	818	1,738
<b>Other income</b>			
AAA Money Market funds	91	42	69
Deposit interest	10	1	54
Underwriting commission	1	1	1
	102	44	124
<b>Total income</b>	<b>969</b>	<b>862</b>	<b>1,862</b>

	Six months ended 30 November 2007 p	Six months ended 30 November 2006 p	Year ended 31 May 2007 p
<b>3. Return per Ordinary share</b>			
Revenue return	3.84	3.48	7.47
Capital return	(28.42)	13.29	31.73
<b>Total return</b>	<b>(24.58)</b>	<b>16.77</b>	<b>39.20</b>

These figures are based on the following attributable assets:

	Six months ended 30 November 2007 £'000	Six months ended 30 November 2006 £'000	Year ended 31 May 2007 £'000
Revenue return	789	715	1,532
Capital return	(5,831)	2,726	6,511
<b>Total return</b>	<b>(5,042)</b>	<b>3,441</b>	<b>8,043</b>
Weighted average number of Ordinary shares in issue	<b>20,519,056</b>	<b>20,519,056</b>	<b>20,519,056</b>

4. Net asset value per share	As at 30 November 2007	As at 30 November 2006	As at 31 May 2007
<i>Ordinary</i>			
Attributable net assets (£'000)	25,697	27,507	31,621
Number of Ordinary shares in issue	20,519,056	20,519,056	20,519,056
Net asset value per share (p)	125.23	134.06	154.11
<i>Zero Dividend Preference</i>			
Attributable net assets (£'000)	17,544	16,551	17,038
Number of ZDP shares in issue	15,166,618	15,166,618	15,166,618
Net asset value per share (p)	115.67	109.13	112.34

#### 5. Dividends

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

	Six months ended 30 November 2007	Six months ended 30 November 2006	Year ended 31 May 2007
Fourth interim dividend 2007 – 3.0p (2006 – 3.0p)	616	616	616
First interim dividend 2008 – 1.3p (2007 – 1.2p)	266	246	246
Second interim dividend 2007 – 1.2p	–	–	246
Third interim dividend 2007 – 1.2p	–	–	246
	<b>882</b>	<b>862</b>	<b>1,354</b>

The Company has declared a second interim dividend in respect of the year ending 31 May 2008 of 1.3p net (2007 – 1.2p) per Ordinary share which will be paid on 15 February 2008 to Ordinary Shareholders on the register on 25 January 2008. This dividend has not been included as a liability in these financial statements.

## Notes to the Accounts continued

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### 6. Transaction costs

During the six months ended 30 November 2007 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:

	<b>Six months ended 30 November 2007 £'000</b>	<b>Six months ended 30 November 2006 £'000</b>	<b>Year ended 31 May 2007 £'000</b>
Purchases	17	22	46
Sales	2	3	11
	<b>19</b>	<b>25</b>	<b>57</b>

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 year ended 31 May 2007 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. This report has not been reviewed or audited by the Company's auditors.

# How to Invest in Edinburgh New Income Trust plc

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## Aberdeen Investment Trust Share Plan

Aberdeen Asset Managers Limited ("AAM") runs a Share Plan (the "Plan") which covers a number of investment companies under its management including Edinburgh New Income Trust plc. 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 £250 per trust, while regular savers may invest from just £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.

## Aberdeen's Investment Plan for Children

Aberdeen also offers an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including Edinburgh New 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 a 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 Investment Trust Individual Savings Account

The Aberdeen Investment Trust ISA (the "ISA") has been available from 6 April 1999. It aims to generate income and/or capital growth within a tax efficient environment. Investors can hold up to three components within an ISA: stocks and shares (including Investment Trusts), cash and life insurance. AAM offers both a Mini and Maxi stocks and shares ISA, but does not offer the cash component.

## Maxi ISA

The Maxi ISA offers a wide range of AAM managed or advised Investment Companies including emerging markets and specialist trusts. The Maxi ISA does not have a cash or life insurance component. An investment of up to £7,000 can be made in each tax year up to 2009/2010.

## Mini ISA

AAM offers a Mini ISA which will enable investors to invest up to £4,000 in the Aberdeen Investment Trusts in each tax year up to 2009/2010. There are no brokerage or initial charges for the Aberdeen Investment Trust 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, trusts can grow free of income and capital gains tax. In the case of dividends from equity assets held within an ISA or a PEP, a 10% tax credit was reclaimed until 5 April 2004, when the tax credit was abolished.

## PEP Transfer

PEPs are an easy way to make medium and long term tax efficient investments in stock markets. All income and 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 any trust managed by AAM, or information on the Share Plan or ISA please telephone 0500 00 00 40 or write to Aberdeen Asset Managers Limited, 10 Queen's Terrace, Aberdeen AB10 1YG or e-mail [inv.trusts@aberdeen-asset.com](mailto:inv.trusts@aberdeen-asset.com). Details are also available by accessing the AAM website: <http://www.aberdeen-asset.com>

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](http://www.edinburghnewincome.co.uk)) and the TrustNet website ([www.trustnet.co.uk](http://www.trustnet.co.uk)).

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.

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# Corporate Information

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## **Directors**

David Ritchie, Chairman  
Sir Donald Mackay  
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 on Edinburgh New Income Trust plc's 2007 interim report features the air traffic control tower at Edinburgh Airport, reproduced by kind permission of [www.edinburgharchitecture.co.uk](http://www.edinburgharchitecture.co.uk)









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