

MORGAN STANLEY QUALITY MUNICIPAL INCOME TRUST

Form N-CSRS

June 28, 2007

Welcome, Shareholder:

In this report, you'll learn about how your investment in Morgan Stanley Quality Municipal Income Trust performed during the semiannual period. We will provide an overview of the market conditions, and discuss some of the factors that affected performance during the reporting period. In addition, this report includes the Trust's financial statements and a list of Trust investments.

Market forecasts provided in this report may not necessarily come to pass. There is no assurance that the Trust will achieve its investment objective. The Trust is subject to market risk, which is the possibility that market values of securities owned by the Trust will decline and, therefore, the value of the Trust's shares may be less than what you paid for them.

Accordingly, you can lose money investing in this Trust.

Income earned by certain securities in the portfolio may be subject to the federal alternative minimum tax (AMT).

Fund Report

For the six months ended April 30, 2007

Market Conditions

The economy continued to send mixed signals about its overall strength during the six-month reporting period. Rising energy prices and ongoing geopolitical uncertainty had a negative impact on investor sentiment, as did the contraction in the residential real estate sector. Turmoil in the sub-prime mortgage market intensified concerns about housing, and dominated investment headlines during the period. In fact, these concerns were the primary contributor to the sharp decline in the equity market in late February, which led to a "flight to quality" that forced yields on U.S. Treasury bonds lower and prices higher. The changing economic and financial picture led to changes in the Federal Open Market Committee's (the "Fed") monetary policy bias as well. Although the Fed held the target federal funds rate steady, statements released following its March meeting signaled a more neutral bias. This apparent shift in policy led to a

stronger equity market and began to move bond yields higher.

Long-term municipal bond yields (as represented by the 30-year AAA rated municipal bond), which stood at 4.06 percent at the end of October, ended the period slightly higher at 4.10 percent. The slope of the municipal yield curve remained relatively flat, with only a 50 basis point yield differential, or “pick-up,” between 30-year maturities and one-year maturities. In comparison, the yield pick-up from one to 30 years in April 2006 was 95 basis points, and has averaged 165 basis points over the past three years.


Declining interest rates in the fourth quarter of 2006 spurred a rebound in municipal bond issuance that led new issue volume for the calendar year to reach \$383 billion, the second highest on record and only 6 percent below 2005’s record pace. In the first four months of 2007, new issue municipal volume increased by 37 percent versus the same period one year earlier, reaching a total of \$135 billion. Insured municipal bonds continued to represent roughly half of all new issue supply. Municipalities continued to take advantage of lower interest rates to refinance their debt and refundings increased dramatically. California was the country’s largest issuer of municipal bonds during the period, and new issue supply for the state rose by 84 percent.

Strong demand by institutional investors and non-traditional buyers, including hedge funds and arbitrage accounts, helped long-term municipal bonds perform relatively in line with Treasuries for the period. The 30-year municipal-to-Treasury yield ratio, which measures the relative attractiveness of these two bond sectors, declined slightly from 86 percent at the beginning of the period to 85 percent by period end. A declining ratio indicates that municipals outperformed Treasuries while at the same time becoming more expensive (and thus less attractive) on a relative basis.

Performance Analysis

For the six-month period ended April 30, 2007, the net asset value (NAV) of Morgan Stanley Quality Municipal Income Trust (IQI) decreased from \$15.45 to \$15.12 per share. Based on this change plus reinvestment of tax-free dividends totaling \$0.36 per

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share and a long-term capital gain distribution of \$0.161447 per share, the Trust’s total NAV return was 1.46 percent. IQI’s value on the New York Stock Exchange (NYSE) moved from \$14.39 to \$14.57 per share during the same period. Based on this change plus reinvestment of dividends and distributions, the Trust’s total market return was 4.98 percent. IQI’s NYSE market price was at a 3.64 percent discount to its NAV. During the fiscal period, the Trust purchased and retired 231,200 shares of common stock at a weighted average market discount of 5.73 percent. *Past performance is no guarantee of future results.*

Monthly dividends for the second quarter of 2007, declared in March, were unchanged at \$0.06 per share. The dividend reflects the current level of the Trust's net investment income. IQI's level of undistributed net investment income was \$0.017 per share on April 30, 2007, versus \$0.037 per share six months earlier.¹

During the reporting period, the Trust's interest-rate positioning continued to reflect our anticipation of higher rates. This strategy helped the Trust's total returns at the beginning of the period when interest rates rose, but tempered returns later in the period when rates declined. At the end of April, the Trust's option-adjusted duration* was positioned at 11.5 years. To reduce the portfolio's duration, a U.S. Treasury futures hedge and Bond Market Association (BMA) interest rate swap contracts were used.


The Trust's exposure to BBB rated investment grade bonds increased during the period. New purchases here continued to include additional bonds in the tobacco sector, which had a positive impact on performance as tighter quality spreads helped these lower-rated issues outperform. The Trust's performance was also enhanced by several holdings that appreciated when they were pre-refunded.** Overall, the Trust continued to maintain its high quality bias with nearly 90 percent of the portfolio rated A or better.

The primary detractor from performance was the Trust's overall maturity distribution, which was underweighted in longer-term issues relative to issues with shorter maturities. This stance limited the Trust's participation in the outperformance of longer-maturity bonds during the period.

Reflecting a commitment to diversification, the Trust's net assets, including preferred shares, of approximately \$571 million were invested among 14 long-term sectors and 106 credits. As of the close of the period the Trust's largest allocations were to the water and sewer, transportation and general obligation sectors.

As discussed in previous reports, the total income available for distribution to holders of common shares includes incremental income provided by the Trust's outstanding Auction Rate Preferred Shares (ARPS). ARPS dividends reflect prevailing short-term interest rates on maturities ranging from one week to two years. Incremental income to holders of common shares depends on two factors: the amount of ARPS outstanding and the spread between the portfolio's cost yield and its ARPS auction rate and expenses. The

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greater the spread and the higher the amount of ARPS outstanding, the greater the amount of incremental income available for distribution to holders of common shares. The level of net investment income available for distribution to holders of common shares varies with the level of short-term interest rates. ARPS leverage also increases the price volatility of common shares and has the effect of extending portfolio duration.

During this six-month period, ARPS leverage contributed approximately \$0.03 per share to common-share earnings.

The Trust has five ARPS series totaling \$208 million, representing 36 percent of net assets, including preferred shares. Weekly ARPS rates ranged from 3.10 to 4.05 percent during the fiscal period.

The Trust's procedure for reinvesting all dividends and distributions in common shares is through purchases in the open market. This method helps support the market value of the Trust's shares. In addition, we would like to remind you that the Trustees have approved a procedure whereby the Trust may, when appropriate, purchase shares in the open market or in privately negotiated transactions at a price not above market value or net asset value, whichever is lower at the time of purchase. The Trust may also utilize procedures to reduce or eliminate the amount of ARPS outstanding, including their purchase in the open market or in privately negotiated transactions.

Performance data quoted represents past performance, which is no guarantee of future results, and current performance may be lower or higher than the figures shown. Investment return, net asset value and common share market price will fluctuate and Trust shares, when sold, may be worth more or less than their original cost.

There is no guarantee that any sectors mentioned will continue to perform as discussed herein or that securities in such sectors will be held by the Trust in the future.

¹ Income earned by certain securities in the portfolio may be subject to the federal alternative minimum tax (AMT).

* A measure of the sensitivity of a bond's price to changes in interest rates, expressed in years. Each year of duration represents an expected 1 percent change in the price of a bond for every 1 percent change in interest rates. The longer a bond's duration, the greater the effect of interest-rate movements on its price. Typically, trusts with shorter durations perform better in rising-interest-rate environments, while trusts with longer durations perform better when rates decline. Duration calculations are adjusted for leverage.

** Prerefunding, or advance refunding, is a financing structure under which new bonds are issued to repay an outstanding bond issue on its first call date.

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TOP FIVE SECTORS	
Water & Sewer	38.8%
Transportation	27.2
General Obligation	23.7
Hospital	15.2
Public Power	13.4

LONG-TERM CREDIT ANALYSIS

Aaa/AAA	57.4%
Aa/AA	20.2
A/A	10.6
Baa/BBB	9.4
Ba/BB or Less	2.4

Data as of April 30, 2007. Subject to change daily. All percentages for top five sectors are as a percentage of net assets applicable to common shareholders. All percentages for long-term credit analysis are as a percentage of total long-term investments. These data are provided for informational purposes only and should not be deemed a recommendation to buy or sell the securities mentioned. Morgan Stanley is a full-service securities firm engaged in securities trading and brokerage activities, investment banking, research and analysis, financing and financial advisory services.

For More Information About Portfolio Holdings

Each Morgan Stanley trust provides a complete schedule of portfolio holdings in its semiannual and annual reports within 60 days of the end of the trust's second and fourth fiscal quarters. The semiannual reports and the annual reports are filed electronically with the Securities and Exchange Commission (SEC) on Form N-CSRS and Form N-CSR, respectively. Morgan Stanley also delivers the semiannual and annual reports to trust shareholders and makes these reports available on its public web site, www.morganstanley.com. Each Morgan Stanley trust also files a complete schedule of portfolio holdings with the SEC for the trust's first and third fiscal quarters on Form N-Q. Morgan Stanley does not deliver the reports for the first and third fiscal quarters to shareholders, nor are the reports posted to the Morgan Stanley public web site. You may, however, obtain the Form N-Q filings (as well as the Form N-CSR and N-CSRS filings) by accessing the SEC's web site, <http://www.sec.gov>. You may also review and copy them at the SEC's public reference room in Washington, DC. Information on the operation of the SEC's public reference room may be obtained by calling the SEC at (800) SEC-0330. You can also request copies of these materials, upon payment of a duplicating fee, by electronic request at the SEC's e-mail address (publicinfo@sec.gov) or by writing the public reference section of the SEC, Washington, DC 20549-0102.

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Distribution by Maturity
(% of Long-Term Portfolio) As of April 30, 2007

Weighted Average Maturity: 19 Years^(a)

- (a) Where applicable maturities reflect mandatory tenders, puts and call dates.
 Portfolio structure is subject to change.

Geographic Summary of Investments

Based on Market Value as a Percent of Total Net Investments

Alabama	0.7%
Alaska	0.7
Arizona	3.1
California	14.1
Colorado	2.6
Delaware	0.2
District of Columbia	1.1
Florida	3.8
Georgia	5.3
Hawaii	3.5%
Idaho	0.3
Illinois	3.9
Indiana	4.5
Kansas	0.5
Kentucky	0.9
Maryland	2.7
Michigan	2.6
Minnesota	0.4
Missouri	0.7%
Montana	0.6
Nebraska	0.9
Nevada	2.9
New Jersey	7.3
New Mexico	1.1
New York	11.3
North Carolina	0.8
North Dakota	0.5
Ohio	2.0%

Pennsylvania	1.0
South Carolina	3.5
Tennessee	0.9
Texas	11.0
Vermont	0.5
Virginia	0.8
Washington	3.3
Total†	100.0%

Does not include open futures contracts with an underlying face amount of \$24,373,829 with unrealized depreciation of \$31,088 and open swap contracts with net unrealized appreciation of \$48,713.

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Call and Cost (Book) Yield Structure
(Based on Long-Term Portfolio) As of April 30, 2007

Years Bonds Callable—Weighted Average Call Protection: 6 Years

Cost (Book) Yield^(b)—Weighted Average Book Yield: 5.2%

- (a) May include issues initially callable in previous years.
- (b) Cost or “book” yield is the annual income earned on a portfolio investment based on its original purchase price before the Trust’s operating expenses. For example, the Trust is earning a book yield of 6.2% on 2% of the long-term portfolio that is callable in 2007.
- Portfolio structure is subject to change.

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Investment Advisory Agreement Approval Nature, Extent and Quality of Services

The Board reviewed and considered the nature and extent of the investment advisory services provided by the Investment Adviser under the Advisory Agreement, including portfolio management, investment research and fixed income securities trading. The Board also reviewed and considered the nature and extent of the non-advisory, administrative services provided by the Trust’s Administrator under the Administration Agreement, including accounting, clerical, bookkeeping, compliance, business management and planning, and the provision of supplies, office space and utilities at the Investment Adviser’s expense. (The Investment Adviser and the Administrator together are referred to as the “Adviser” and the Advisory and Administration Agreements together are referred to as the “Management Agreement.”) The Board also compared the nature of the services provided by the Adviser with similar services provided by non-affiliated advisers as reported to the Board by Lipper Inc. (“Lipper”).

The Board reviewed and considered the qualifications of the portfolio managers, the senior administrative managers and other key personnel of the Adviser who provide the administrative and advisory services to the Trust. The Board determined that the Adviser’s portfolio managers and key personnel are well qualified by education and/or training and experience to perform the services in an efficient and professional manner. The Board concluded that the nature and extent of the advisory and administrative services provided were necessary and appropriate for the conduct of the business and investment activities of the Trust. The Board also concluded that the overall quality of the advisory and administrative services was satisfactory.

Performance Relative to Comparable Funds Managed by Other Advisers

On a regular basis, the Board reviews the performance of all funds in the Morgan Stanley Fund Complex, including the Trust, compared to their peers, paying specific attention to the underperforming funds. In addition, the Board specifically reviewed the Trust’s performance for the one-, three- and five-year periods ended November 30, 2006, as shown in a report provided by Lipper (the “Lipper Report”), compared to the performance of comparable funds selected by Lipper (the “performance peer group”). The Board discussed with the Adviser the performance goals and the actual results achieved in managing the Trust. When a fund underperforms its performance peer group, the Board discusses with the Adviser the causes of the underperformance and, where necessary, specific changes to the fund’s investment strategy or investment personnel. The Board concluded that the Trust can reasonably be expected to be competitive with that of its performance peer group based on recent action taken by the Adviser with respect to the Trust’s

investment strategy.

Fees Relative to Other Proprietary Funds Managed by the Adviser with Comparable Investment Strategies

The Board reviewed the advisory and administrative fee (together, the “management fee”) rate paid by the Trust under the Management Agreement. The Board noted that the management fee rate was comparable to the management fee rates charged by the Adviser to other proprietary funds it manages with investment strategies comparable to those of the Trust.

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Fees and Expenses Relative to Comparable Funds Managed by Other Advisers

The Board reviewed the management fee rate and total expense ratio of the Trust as compared to the average management fee rate and average total expense ratio for funds, selected by Lipper (the “expense peer group”), managed by other advisers with investment strategies comparable to those of the Trust, as shown in the Lipper Report. The Board concluded that the Trust’s management fee rate and total expense ratio were competitive with those of its expense peer group.

Breakpoints and Economies of Scale

The Board reviewed the structure of the Trust’s management fee schedule under the Management Agreement and noted that it does not include any breakpoints. The Board considered that the Trust is a closed-end fund and, therefore, that the Trust’s assets are not likely to grow with new sales or grow significantly as a result of capital appreciation. The Board concluded that the economies of scale for the Trust were not a factor that needed to be considered at the present time.

Profitability of the Adviser and Affiliates

The Board considered information concerning the costs incurred and profits realized by the Adviser and affiliates during the last year from their relationship with the Trust and during the last two years from their relationship with the Morgan Stanley Fund Complex and reviewed with the Adviser the cost allocation methodology used to determine the profitability of the Adviser and affiliates. Based on its review of the information it received, the Board concluded that the profits earned by the Adviser and affiliates were not excessive in light of the advisory, administrative and other services provided to the Trust.

Fall-Out Benefits

The Board considered so-called “fall-out benefits” derived by the Adviser and affiliates from their relationship with the Trust and the Morgan Stanley Fund Complex, such as commissions on the purchase and sale of Trust shares and “float” benefits derived from handling of checks for purchases and sales of Trust shares, through a broker-dealer affiliate of the Adviser. The Board concluded that the float benefits were relatively small and that the commissions were competitive with those of other broker-dealers.

Soft Dollar Benefits

The Board considered whether the Adviser realizes any benefits from commissions paid to brokers who execute securities transactions for the Trust (“soft dollars”). The Board noted that the Trust invests only in fixed income securities, which do not generate soft dollars.

Adviser Financially Sound and Financially Capable of Meeting the Trust’s Needs

The Board considered whether the Adviser is financially sound and has the resources necessary to perform its obligations under the Management Agreement. The Board concluded that the Adviser has the financial resources necessary to fulfill its obligations under the Management Agreement.

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Historical Relationship Between the Trust and the Adviser

The Board also reviewed and considered the historical relationship between the Trust and the Adviser, including the organizational structure of the Adviser, the policies and procedures formulated and adopted by the Adviser for managing the Trust’s operations and the Board’s confidence in the competence and integrity of the senior managers and key personnel of the Adviser. The Board concluded that it is beneficial for the Trust to continue its relationship with the Adviser.

Other Factors and Current Trends

The Board considered the controls and procedures adopted and implemented by the Adviser and monitored by the Trust’s Chief Compliance Officer and concluded that the conduct of business by the Adviser indicates a good faith effort on its part to adhere to high ethical standards in the conduct of the Trust’s business.

General Conclusion

After considering and weighing all of the above factors, the Board concluded that it would be in the best interest of the Trust and its shareholders to approve renewal of the Management Agreement for another year.

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Morgan Stanley Quality Municipal Income Trust

Portfolio of Investments April 30, 2007 (unaudited)

PRINCIPAL AMOUNT IN	COUPON RATE	MATURITY DATE	VALUE
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THOUSANDS

	Tax-Exempt Municipal Bonds (168.2%)			
	General Obligation (23.7%)			
	California,			
\$ 10,000	Economic Recovery, Ser 2004 A (MBIA)	5.00%	07/01/16	\$ 10,527,200
5,000	Various Purpose Dtd 05/01/03	5.25	02/01/19	5,372,200
16,000	Various Purpose Dtd 11/01/06**	4.50	10/01/36	15,755,680
4,000	Los Angeles, California, Ser 2004 A (MBIA)	5.00	09/01/24	4,259,000
2,700	Adams & Arapahoe Counties Joint School District #32, Colorado, Ser 2003 A (FSA)	5.125	12/01/21	2,899,314
	Hawaii,			
5,000	1992 Ser BZ	6.00	10/01/10	5,366,850
8,000	1992 Ser BZ	6.00	10/01/11	8,738,480
10,000	Honolulu City & County, Hawaii, Ser 2003 A (MBIA)**	5.25	03/01/26	10,617,600
4,000	Cook County, Illinois, Ser 1992 C (FGIC)	6.00	11/15/09	4,223,640
6,000	Illinois, First Ser 2002 (MBIA)	5.375	07/01/20	6,440,880
2,000	Schaumburg, Illinois, Ser 2004 B (FGIC)	5.25	12/01/34	2,150,600
5,000	Northside Independent School District, Texas, Bldg & Refg Ser 2001 (PSF)	5.00	02/15/26	5,142,950
2,000	King County, Washington, Refg 1998 Ser B (MBIA)	5.25	01/01/34	2,036,380
2,500	Spokane School District #81, Washington, Ser 2005 (MBIA)	0.00##	06/01/23	2,434,850
82,200				85,965,624
	Appropriation (11.2%)			
	Golden State Tobacco Securitization Corporation, California,			
6,000	Enhanced Asset Backed Ser 2005 A (Ambac)	5.00	06/01/29	6,216,180
4,000	Enhanced Asset Backed Ser 2007 A**	5.75	06/01/47	4,282,660
8,000	Enhanced Asset Backed Ser 2007 A-1**	5.125	06/01/47	8,024,680
6,000	District of Columbia Ballpark, Ser 2006 B-1 (FGIC)	5.00	02/01/31	6,341,400
3,000	Broward County School Board, Florida, Ser 2001 A COPs (FSA)	5.00	07/01/26	3,106,800
4,000	Orange County School Board, Florida, Ser 2001 A COPs (Ambac)	5.25	08/01/14	4,297,120
5,000	Tobacco Settlement Financing Corporation, New York State Contingency Ser 2003 B1-C	5.50	06/01/17	5,306,100
3,000	Charleston Educational Excellence Financing Corporation, South Carolina, Charleston County School District Ser 2005	5.25	12/01/29	3,212,700
39,000				40,787,640

See Notes to Financial Statements

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Portfolio of Investments April 30, 2007 (unaudited) continued

PRINCIPAL AMOUNT IN THOUSANDS		COUPON RATE	MATURITY DATE	VALUE
	Dedicated Tax (2.5%)			
\$ 1,400	Marion County Convention & Recreational Facilities Authority, Indiana, Refg Ser 2003 A (Ambac)	5.00%	06/01/21	\$ 1,465,296
2,000	New Jersey Economic Development Authority, Cigarette Tax Ser 2004	5.75	06/15/29	2,165,780
2,000	New York City Transitional Finance Authority, New York, Refg 2003 Ser A	5.50	11/01/26	2,145,920
3,000	Albuquerque, New Mexico, Gross Receipts Tax Refg Ser 1999 C	5.25	07/01/17	3,091,500
8,400				8,868,496
	Education (7.3%)			
3,700	University of Alabama, Ser 2004-A (MBIA)	5.25	07/01/22	4,002,364
3,000	California Infrastructure & Economic Development Bank, The Scripps Research Institute Ser 2005 A	5.00	07/01/29	3,154,800
1,000	San Diego County, California, Burnham Institute for Medical Research Ser 2006 COPs	5.00	09/01/34	1,040,910
2,600	University of California, Series 2007-J (FSA)**	4.50	05/15/31	2,608,671
2,400	University of California, Series 2007-J (FSA)**	4.50	05/15/35	2,408,004
1,750	Boulder County, Colorado, University Corp for Atmospheric Research Ser 2002 (MBIA)	5.375	09/01/18	1,884,085
1,750	Boulder County, Colorado, University Corp for Atmospheric Research Ser 2002 (MBIA)	5.375	09/01/21	1,884,085
2,000	Colorado Educational & Cultural Facilities Authority, Peak to Peak Charter School Refg & Impr Ser 2004 (XLCA)	5.25	08/15/34	2,136,420
1,000	New Castle County, Delaware, Newark Charter School Inc Ser 2006	5.00	09/01/36	1,024,300
2,000	Illinois Educational Facilities Authority, University of Chicago Ser 1998 A	5.125	07/01/38	2,037,020
2,000	University of Medicine & Dentistry, New Jersey, Ser 2004 COPs (MBIA)	5.25	06/15/23	2,158,080
2,000	Ohio State University, General Receipts Ser 2002 A	5.125	12/01/31	2,105,440
25,200				26,444,179
	Hospital (15.2%)			
2,000	California Health Facilities Financing Authority, Cedars-Sinai Medical Center Ser 2005	5.00	11/15/34	2,054,520
2,000	Kaiser Permanente Ser 2006 A	5.25	04/01/39	2,100,880

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5,000	California Statewide Communities Development, John Muir Health Ser 2006 A	5.00	08/15/32	5,226,450
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See Notes to Financial Statements

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Morgan Stanley Quality Municipal Income Trust

Portfolio of Investments April 30, 2007 (unaudited) continued

PRINCIPAL AMOUNT IN THOUSANDS		COUPON RATE	MATURITY DATE	VALUE
\$ 2,000	Colorado Health Facilities Authority, Adventist/Sunbelt Ser 2006 D	5.25%	11/15/35	\$ 2,109,720
3,000	Highlands County Health Facilities Authority, Florida, Adventist Health/Sunbelt Ser 2006 C	5.25	11/15/36	3,144,450
6,000	Indiana Health & Educational Facility Financing Authority, Clarian Health Ser 2006 A	5.25	02/15/40	6,290,040
3,000	University of Kansas Hospital Authority, KU Health Ser 2002	4.50	09/01/32	2,926,710
	Maryland Health & Higher Educational Facilities Authority,			
5,000	University of Maryland Medical Ser 2001	5.25	07/01/28	5,170,550
1,500	University of Maryland Medical Ser 2002	6.00	07/01/32	1,619,130
2,000	University of Maryland Medical Ser 2006 A	5.00	07/01/41	2,048,640
6,000	Michigan Hospital Finance Authority, Henry Ford Health Refg Ser 2006 A	5.25	11/15/46	6,303,540
2,000	Reno, Nevada, Renown Medical Center Ser 2007 A	5.25	06/01/37	2,092,220
2,750	Ward County, North Dakota, Trinity Ser 2006	5.125	07/01/29	2,828,843
5,370	Cuyahoga County, Ohio, Cleveland Clinic Ser 2003 A	6.00	01/01/32	5,905,496
3,000	Lorain County, Ohio, Catholic Healthcare Partners Ser 2001 A	5.625	10/01/17	3,205,680
2,000	Sullivan County Health Educational & Housing Facilities Board, Tennessee, Wellmont Health Ser 2006 C	5.25	09/01/36	2,076,860
52,620				55,103,729
	Housing (2.5%)			
150	Idaho Housing Agency, 1992 Ser E (AMT)	6.75	07/01/12	150,204
1,350		6.00	01/01/32	1,373,031

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	Idaho Housing & Finance Association, 2000 Ser E (AMT)			
2,400	Illinois Housing Development Authority, Ser I	6.625	09/01/12	2,403,216
240	Missouri Housing Development Commission, Homeownership Ser 2000 B-1 (AMT)	6.25	03/01/31	244,550
3,140	Montana Board of Housing, 2000 Ser B (AMT)	6.00	12/01/29	3,160,473
1,565	New Jersey Housing Mortgage Finance Authority, Home Buyer Ser 2000 CC (AMT) (MBIA)	5.875	10/01/31	1,578,146
8,845				8,909,620
	Industrial Development/Pollution Control (7.6%)			
6,000	California Pollution Control Financing Authority, Keller Canyon Landfill Co/Browning - Ferris Industries Inc Ser 1992 (AMT)	6.875	11/01/27	6,035,640
5,000	Michigan Strategic Fund, Detroit Edison Co Ser 2001 C (AMT)	5.65	09/01/29	5,273,400
8,000	Tennessee Energy Acquisition Corporation, Ser 2006 A**	5.25	09/01/19	8,805,920
2,000	Alliance Airport Authority, Texas, Federal Express Corp Refg Ser 2006 (AMT)	4.85	04/01/21	2,044,980

See Notes to Financial Statements

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Morgan Stanley Quality Municipal Income Trust

Portfolio of Investments April 30, 2007 (unaudited) continued

PRINCIPAL AMOUNT IN THOUSANDS		COUPON RATE	MATURITY DATE	VALUE
\$ 3,000	Brazos River Authority, Texas, TXU Electric Co Ser 1999 C (AMT)	7.70%	03/01/32	\$ 3,429,540
2,000	Sabine River Authority, Texas, TXU Electric Co Refg Ser 2001 B (AMT) (Mandatory Tender 11/01/11)	5.75	05/01/30	2,061,440
26,000				27,650,920
	Life Care (3.9%)			
1,500	Lee County Industrial Development Authority, Florida, Shell Point Village Ser 2006	5.125	11/15/36	1,531,755
3,000	Maryland Health & Higher Educational Facilities Authority,	5.00	01/01/17	3,014,520

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1,500	King Farm Presbyterian Community 2006 Ser B Missouri Health & Educational Facilities Authority, Lutheran			
	Senior Services Ser 2005 A	5.375	02/01/35	1,575,975
2,000	Tarrant County Cultural Educational Facilities Finance Coporation, Texas, Air Force Village Ser 2007	5.125	05/15/37	2,055,920
2,500	Vermont Economic Development Authority, Wake Robin Corp			
	Ser 2006 A	5.375	05/01/36	2,561,825
	Henrico County Economic Development Authority, Virginia, Westminister Canterbury			
1,450	Ser 2006	5.00	10/01/27	1,493,326
1,750	Ser 2006	5.00	10/01/35	1,788,850
13,700				14,022,171
	Public Power (13.4%)			
6,000	Salt River Project Agricultural Improvement & Power District, Arizona, 2002 Ser B	5.00	01/01/31	6,251,880
2,000	Arkansas River Power Authority, Colorado, Power Ser 2006 (XLCA)	5.25	10/01/40	2,153,040
3,300	Jacksonville Electric Authority, Florida, St Johns Power Park			
	Refg Issue 2 Ser 17	5.00	10/01/18	3,450,711
2,000	Western Minnesota Municipal Power Agency, 2003 Ser A (MBIA)	5.00	01/01/30	2,086,020
5,000	Nebraska Public Power District, Ser 2005 C (FGIC) South Carolina Public Service Authority,	5.00	01/01/41	5,260,000
3,700	Santee Cooper Refg Ser 2002 D (Ambac)	5.00	01/01/20	3,928,364
5,000	Santee Cooper Refg Ser 2002 D (FSA)	5.00	01/01/20	5,286,200
7,000	Santee Cooper Refg Ser 2003 A (Ambac)	5.00	01/01/22	7,359,450
7,000	Energy Northwest, Washington, Columbia Refg Ser 2001 C (MBIA)	5.75	07/01/18	7,643,370
5,000	Grant County Public Utility District #2, Washington, Electric Refg Ser 2001 H (FSA)	5.375	01/01/18	5,286,600
46,000				48,705,635

See Notes to Financial Statements

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Morgan Stanley Quality Municipal Income Trust

Portfolio of Investments April 30, 2007 (unaudited) continued

PRINCIPAL AMOUNT	COUPON RATE	MATURITY DATE	VALUE
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IN
THOUSANDS

Tobacco Settlement (6.4%)

\$ 4,000	Northern Tobacco Securitization Corporation, Alaska, Asset Backed Ser 2006 A	5.00%	06/01/46	\$ 3,935,680
16,000	Silicon Valley Tobacco Securitization Authority, California, Santa Clara Tobacco Securitization Corporation Ser 2007	0.00	06/01/36	3,250,720
5,000	Tobacco Securitization Authority of Northern California, Sacramento County Tobacco Securitization Corporation Ser 2005 A-1	5.00	06/01/37	4,965,150
5,000	Tobacco Settlement Financing Corporation, New Jersey, Ser 2007-1A	4.625	06/01/26	4,882,050
6,000	Ser 2007-1B	0.00	06/01/41	918,840
5,000	Nassau County Tobacco Settlement Corporation, New York, Ser 2006 A-3	5.125	06/01/46	5,116,450
41,000				23,068,890
	Transportation (27.2%)			
2,000	Arizona Transportation Board, Highway Refg Ser 2002 A	5.25	07/01/19	2,171,220
3,000	Phoenix Civic Improvement Corporation, Arizona, Airport Ser 2002 B (AMT) (FGIC)	5.25	07/01/32	3,132,090
4,000	Port of Oakland, California, Ser 2002 L (AMT) (FGIC)	5.00	11/01/32	4,133,920
2,000	Mid-Bay Bridge Authority, Florida, Refg Ser 1993 A (Ambac)	5.95	10/01/22	2,094,960
3,000	Atlanta, Georgia, Airport Passenger Facilities Charge Airport Ser 2004 J (FSA)	5.00	01/01/34	3,142,770
6,000	Georgia Road & Tollway Authority, Ser 2004	5.00	10/01/22	6,340,020
9,000	Ser 2004	5.00	10/01/23	9,510,030
4,000	Chicago, Illinois, O'Hare Int'l Airport Third Lien Ser 2003 B-2 (AMT) (FSA)	5.75	01/01/23	4,396,160
3,000	Wayne County, Michigan, Detroit Metropolitan Wayne County Airport Refg Ser 2002 D (AMT) (FGIC)	5.50	12/01/17	3,216,180
1,000	Clark County, Nevada, Jet Aviation Fuel Tax Ser 2003 C (AMT) (Ambac)	5.375	07/01/19	1,063,780
1,100	Jet Aviation Fuel Tax Ser 2003 C (AMT) (Ambac)	5.375	07/01/20	1,168,860
4,000	Airport SubLien Ser 2004 (AMT) (FGIC)	5.50	07/01/20	4,318,800
2,000	Jet Aviation Fuel Tax Ser 2003 C (AMT) (Ambac)	5.375	07/01/22	2,121,740
5,000	New Jersey Transportation Trust Fund Authority, 1999 Ser A	5.75	06/15/20	5,822,400
12,000	New Jersey Turnpike Authority, Ser 2003 A (FGIC) ††	5.00	01/01/27	12,562,800
10,000	Metropolitan Transportation Authority, New York, Transportation Refg Ser 2002 A (FGIC)	5.00	11/15/25	10,543,300

See Notes to Financial Statements

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Morgan Stanley Quality Municipal Income Trust

Portfolio of Investments April 30, 2007 (unaudited) continued

PRINCIPAL AMOUNT IN THOUSANDS		COUPON RATE	MATURITY DATE	VALUE
\$ 5,000	Triborough Bridge & Tunnel Authority, New York, Refg 2002 E (MBIA)	5.25%	11/15/22	\$ 5,359,150
2,000	Harris County, Texas, Toll Road Sr Lien Ser 2005 A (FSA)	5.25	08/15/35	2,078,140
6,000	Houston, Texas, Airport Sub Lien Ser 2000 A (AMT) (FSA)	5.875	07/01/17	6,328,620
5,000	Airport Sub Lien Ser 2000 A (AMT) (FSA)	5.625	07/01/30	5,235,500
4,010	Port of Seattle, Washington, Passenger Facility Ser 1998 A (MBIA)**	5.00	12/01/23	4,098,080
93,110				98,838,520
	Water & Sewer (38.8%)			
3,800	Phoenix Civic Improvement Corporation, Arizona, Jr Lien Water Ser 2002 (FGIC)	5.00	07/01/26	3,957,662
2,000	Surprise Municipal Property Corporation, Arizona, Wastewater Ser 2007 (WI)	4.90	04/01/32	2,009,760
3,000	East Bay Municipal Utility District, California, Water Ser 2001 (MBIA)	5.00	06/01/26	3,109,680
3,720	San Diego County Water Authority, California, Ser 2002 A COPs (MBIA)	5.00	05/01/27	3,888,516
3,500	Broward County, Florida, Water & Sewer Utility Ser 2003 (MBIA)	5.00	10/01/24	3,686,200
10,000	Augusta, Georgia, Water & Sewerage Ser 2000 (FSA)	5.25	10/01/30	10,505,700
10,000	Indiana Bond Bank, Revolving Fund Ser 2001 A	5.00	02/01/23	10,516,500
5,000	Louisville & Jefferson County Metropolitan Sewer District, Kentucky, Ser 1999 A (FGIC)	5.75	05/15/33	5,278,200
5,345	Las Vegas Valley Water District, Nevada, Water Impr Refg Ser 2003 A (FGIC)	5.25	06/01/20	5,727,435
10,000	Passaic Valley Sewerage Commissioners, New Jersey, Ser F (FGIC)	5.00	12/01/20	10,666,100

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3,000	Rio Rancho, New Mexico, Water & Wastewater Refg Ser 1999 (Ambac) New York City Municipal Water Finance Authority, New York,	5.25	05/15/19	3,087,300
3,500	2003 Ser A	5.375	06/15/19	3,767,015
18,000	2002 Ser B	5.00	06/15/26	18,622,080
10,000	2004 Ser A	5.00	06/15/35	10,408,500
4,500	Charlotte, North Carolina, Water & Sewer Ser 2001	5.125	06/01/26	4,732,065
10,000	Austin, Texas, Water & Wastewater Refg Ser 2001 A & B (FSA)**	5.125	05/15/27	10,329,640
15,000	Houston, Texas, Combined Utility First Lien Refg 2004 Ser A (FGIC)	5.25	05/15/23	16,188,300
13,960	San Antonio, Texas, Water & Refg Ser 2001 (FGIC)	5.00	05/15/26	14,383,965
134,325				140,864,618

See Notes to Financial Statements

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Morgan Stanley Quality Municipal Income Trust

Portfolio of Investments April 30, 2007 (unaudited) continued

PRINCIPAL AMOUNT IN THOUSANDS		COUPON RATE	MATURITY DATE	VALUE
	Other Revenue (1.9%)			
\$ 1,590	Denver Convention Center Hotel Authority, Colorado, Refg Ser 2006 (XLCA)	5.00%	12/01/30	\$ 1,684,351
3,000	Northeast Maryland Waste Disposal Authority, Montgomery County Ser 2003 (AMT) (Ambac)	5.50	04/01/16	3,219,960
2,000	Seneca Nation of Indians Capital Improvement Authority, New York, Ser 2007 A (WI) #	5.00	12/01/23	2,018,060
6,590				6,922,371
	Refunded (6.6%)			
5,000	California Infrastructure & Economic Development Bank, Bay Area Toll Bridges Seismic Retrofit First Lien Ser 2003 A (Ambac)	5.00	01/01/28†	5,604,250
6,335	Indiana Transportation Finance Authority, Highway Ser 2000	5.375	12/01/10†	6,693,561
10,000	Pennsylvania, First Ser 2003 (MBIA)**	5.00	01/01/13†	10,651,000
1,000	Tobacco Settlement Financing Corporation, Virginia, Ser 2005	5.625	06/01/10†	1,112,380
22,335				24,061,191

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599,325	Total Tax-Exempt Municipal Bonds <i>(Cost \$584,993,680)</i>			610,213,604
	Short-Term Tax-Exempt Municipal Obligations (0.7%)			
2,200	Missouri Health & Educational Facilities Authority, Cox Health Ser 1997 (MBIA) (Demand 05/01/07)	4.02*	06/01/15	2,200,000
400	North Central Texas Health Facility Development Corporation, Presbyterian Medical Center Ser 1985 D (Demand 05/01/07)	4.01*	12/01/15	400,000
2,600	Total Short-Term Tax-Exempt Municipal Obligations <i>(Cost \$2,600,000)</i>			2,600,000
601,925	Total Investments <i>(Cost \$587,593,680)</i>			612,813,604
	Floating Rate Note Obligations Related to Securities Held (-14.3%)			
(51,760)	Notes with interest rates ranging from 3.83% to 3.98% at April 30, 2007 and contractual maturities of collateral ranging from 01/01/13 to 06/01/47 (See Note 1D)††† <i>(Cost \$(51,760,000))</i>			(51,760,000)
\$550,165	Total Net Investments <i>(Cost \$535,833,680) (a) (b)</i>		154.6%	561,053,604
	Other Assets in Excess of Liabilities		2.7	9,747,053
	Preferred Shares of Beneficial Interest		(57.3)	(208,000,000)
	Net Assets Applicable to Common Shareholders		100.0%	\$ 362,800,657

See Notes to Financial Statements

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Morgan Stanley Quality Municipal Income Trust

Portfolio of Investments April 30, 2007 (unaudited) continued

Note: The categories of investments are shown as a percentage of net assets applicable to common shareholders.

AMT	Alternative Minimum Tax.
COPs	Certificates of Participation.
WI	Security purchased on a when-issued basis.
PSF	Texas Permanent School Fund Guarantee Program.
#	Resale restricted to qualified institutional investors.
†	Prerefunded to call date shown.

† A portion of this security has been physically segregated in connection with open futures contracts in the amount of \$146,250.

†† Floating rate note obligations related to securities held. The interest rates shown reflect the rates in effect at April 30, 2007.

* Current coupon of variable rate demand obligation.

** Underlying security related to inverse floaters entered into by the Trust (See Note 1D).

Security is a "step-up" bond where the coupon increases on a predetermined future date.

(a) Securities have been designated as collateral in an amount equal to \$40,508,014 in connection with open futures contracts, open swap contracts and purchase of when-issued securities.

(b) The aggregate cost for federal income tax purposes approximates the aggregate cost for book purposes. The aggregate gross unrealized appreciation is \$25,348,269 and the aggregate gross

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unrealized depreciation is \$128,345, resulting in net unrealized appreciation of \$25,219,924.

Bond Insurance:

Ambac	Ambac Assurance Corporation.
FGIC	Financial Guaranty Insurance Company.
FSA	Financial Security Assurance Inc.
MBIA	Municipal Bond Investors Assurance Corporation.
XLCA	XL Capital Assurance Inc.

Futures Contracts Open at April 30, 2007:

NUMBER OF CONTRACTS	LONG/SHORT	DESCRIPTION, DELIVERY MONTH AND YEAR	UNDERLYING FACE AMOUNT AT VALUE	UNREALIZED DEPRECIATION
225	Short	U.S. Treasury Notes 10 Year June 2007	\$(24,373,829)	\$(31,088)

Interest Rate Swap Contracts Open at April 30, 2007:

COUNTERPARTY	NOTIONAL AMOUNT (000)	PAYMENTS MADE BY TRUST	PAYMENTS RECEIVED BY TRUST	TERMINATION DATE	UNREALIZED APPRECIATION (DEPRECIATION)
JPMorgan Chase & Co.	\$ 5,000	Fixed Rate 3.679%	Floating Rate BMA (Bond Market Association)	05/25/17	\$(8,690)
JPMorgan Chase & Co.	15,000	Fixed Rate 3.608%	Floating Rate BMA (Bond Market Association)	05/25/17	57,403
			Net Unrealized Appreciation		\$48,713

See Notes to Financial Statements

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Morgan Stanley Quality Municipal Income Trust

Financial Statements

Statement of Assets and Liabilities

April 30, 2007 (unaudited)

Assets:	
Investments in securities, at value (cost \$587,593,680)	\$612,813,604
Unrealized appreciation on open swap contracts	57,403
Cash	2,069,478
Receivable for:	
Investments sold	15,534,667
Interest	8,734,566
Prepaid expenses and other assets	72,919
Total Assets	639,282,637
Liabilities:	
Floating rate note obligations	51,760,000
Unrealized depreciation on open swap contracts	8,690
Payable for:	
Investments purchased	16,262,191
Investment advisory fee	130,966
Variation margin	108,986
Administration fee	38,805
Transfer agent fee	30,218
Accrued expenses and other payables	142,124
Total Liabilities	68,481,980
Preferred shares of beneficial interest (at liquidation value) <i>(1,000,000 shares authorized of non-participating \$.01 par value, 4,160 shares outstanding)</i>	208,000,000
Net Assets Applicable to Common Shareholders	\$362,800,657
Composition of Net Assets Applicable to Common Shareholders:	
Common shares of beneficial interest <i>(unlimited shares authorized of \$.01 par value, 23,991,198 shares outstanding)</i>	\$335,725,734
Net unrealized appreciation	25,237,549
Accumulated undistributed net investment income	408,706
Accumulated undistributed net realized gain	1,428,668
Net Assets Applicable to Common Shareholders	\$362,800,657
Net Asset Value Per Common Share <i>(\$362,800,657 divided by 23,991,198 common shares outstanding)</i>	\$ 15.12

Statement of Operations

For the six months ended April 30, 2007 (unaudited)

Net Investment Income:	
Interest Income	\$14,408,823
Expenses	
Investment advisory fee	771,771
Interest and residual trust expenses	711,668
Auction commission fees	258,127
Administration fee	228,673
Transfer agent fees and expenses	51,190
Shareholder reports and notices	47,106

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Professional fees	38,165
Auction agent fees	22,432
Custodian fees	12,404
Listing fees	10,127
Trustees' fees and expenses	7,247
Other	45,086
Total Expenses	2,203,996
Less: expense offset	(8,854)
Net Expenses	2,195,142
Net Investment Income	12,213,681
Net Realized and Unrealized Gain (Loss):	
Net Realized Gain (Loss) on:	
Investments	2,081,600
Futures contracts	(294,533)
Swap contracts	(565,227)
Net Realized Gain	1,221,840
Net Change in Unrealized Appreciation/Depreciation on:	
Investments	(5,560,775)
Futures contracts	175,822
Swap contracts	436,631
Net Depreciation	(4,948,322)
Net Loss	(3,726,482)
Dividends to preferred shareholders from net investment income	(4,029,651)
Net Increase	\$ 4,457,548

See Notes to Financial Statements

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Morgan Stanley Quality Municipal Income Trust

Financial Statements continued

Statements of Changes in Net Assets

	FOR THE SIX MONTHS ENDED APRIL 30, 2007 (unaudited)	FOR THE YEAR ENDED OCTOBER 31, 2006
Increase (Decrease) in Net Assets:		
Operations:		
Net investment income	\$ 12,213,681	\$ 24,784,235
Net realized gain	1,221,840	5,699,422
Net change in unrealized appreciation/depreciation	(4,948,322)	3,608,582

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Dividends to preferred shareholders from net investment income	(4,029,651)	(6,627,799)
Net Increase	4,457,548	27,464,440
Dividends and Distributions to Common Shareholders from:		
Net investment income	(8,677,357)	(20,347,206)
Net realized gain	(3,902,944)	(6,385,482)
Total Dividends and Distributions	(12,580,301)	(26,732,688)
Decrease from transactions in common shares of beneficial interest	(3,323,809)	(11,978,771)
Net Decrease	(11,446,562)	(11,247,019)
Net Assets Applicable to Common Shareholders:		
Beginning of period	374,247,219	385,494,238
End of Period		
<i>(Including accumulated undistributed net investment income of \$408,706 and \$902,033, respectively)</i>	\$362,800,657	\$374,247,219

See Notes to Financial Statements

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Morgan Stanley Quality Municipal Income Trust

Notes to Financial Statements April 30, 2007 (unaudited)

1. Organization and Accounting Policies

Morgan Stanley Quality Municipal Income Trust (the “Trust”) is registered under the Investment Company Act of 1940, as amended, as a diversified, closed-end management investment company. The Trust’s investment objective is to provide current income which is exempt from federal income tax. The Trust was organized as a Massachusetts business trust on March 12, 1992 and commenced operations on September 29, 1992.

The following is a summary of significant accounting policies:

A. Valuation of Investments — (1) portfolio securities are valued by an outside independent pricing service approved by the Trustees. The pricing service uses both a computerized grid matrix of tax-exempt securities and evaluations by its staff, in each case based on information concerning market transactions and quotations from dealers which reflect the mean between the last reported bid and asked price. The portfolio securities are thus valued by reference to a combination of transactions and quotations for the same or other securities believed to be comparable in quality, coupon, maturity, type of issue, call provisions, trading characteristics and other features deemed to be relevant. The Trustees believe that timely and reliable market quotations are generally not readily available for purposes of valuing tax-exempt securities and that the valuations supplied by the pricing service are more likely to approximate the fair value of such securities; (2) futures are valued at the latest sale price on the commodities exchange on which they trade unless it is determined that such price does not reflect their market value, in which case they will be valued at their fair value as determined in good faith under procedures established by and under the supervision of the Trustees; (3) interest rate swaps are marked-to-market daily based upon quotations from market makers and the change, if any, is recorded as unrealized appreciation or depreciation in the Statement of Operations; and (4) short-term debt securities having a maturity date of more than sixty days at time of purchase are valued on a mark-to-market basis until sixty days prior to maturity and thereafter at amortized cost based on their value on the 61st day. Short-term debt securities having a maturity date of sixty days or less at the time of purchase are valued at amortized cost.

B. Accounting for Investments — Security transactions are accounted for on the trade date (date the order to buy or sell is executed). Realized gains and losses on security transactions are determined by the identified cost method. Discounts are accreted and premiums are amortized over the life of the respective securities. Interest income is accrued daily.

C. Futures Contracts — A futures contract is an agreement between two parties to buy and sell financial instruments or contracts based on financial indices at a set price on a future date. Upon entering into such a contract, the Trust is required to pledge to the broker cash, U.S. Government securities or other liquid portfolio securities equal to the minimum initial margin requirements of the applicable futures exchange. Pursuant to the contract, the Trust agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contract. Such receipts or payments known as variation margin are

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Morgan Stanley Quality Municipal Income Trust

Notes to Financial Statements April 30, 2007 (unaudited) continued

recorded by the Trust as unrealized gains and losses. Upon closing of the contract, the Trust realizes a gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

D. Floating Rate Note Obligations Related to Securities Held — The Trust enters into transactions in which it transfers to Dealer Trusts (“Dealer Trusts”), fixed rate bonds in exchange for cash and residual interests in the Dealer Trusts’ assets and cash flows, which are in the form of inverse floating rate investments. The Dealer Trusts fund the purchases of the fixed rate bonds by issuing floating rate notes to third parties and allowing the Trust to retain residual interest in the bonds. The Trust enters into shortfall agreements with the Dealer Trusts which commit the Trust to pay the Dealer Trusts, in certain circumstances, the difference between the liquidation value of the fixed rate bonds held by the Dealer Trusts and the liquidation value of the floating rate notes held by third parties, as well as any shortfalls in interest cash flows. The residual interests held by the Trust (inverse floating rate investments) include the right of the Trust (1) to cause the holders of the floating rate notes to tender their notes at par at the next interest rate reset date, and (2) to transfer the municipal bond from the Dealer Trusts to the Trust, thereby collapsing the Dealer Trusts. The Trust accounts for the transfer of bonds to the Dealer Trusts as secured borrowings, with the securities transferred remaining in the Trust’s investment assets, and the related floating rate notes reflected as Trust liabilities under the caption “floating rate note obligations” on the “Statement of Assets and Liabilities”. The Trust records the interest income from the fixed rate bonds under the caption “Interest Income” and records the expenses related to floating rate note obligations and any administrative expenses of the Dealer Trusts under the caption “Interest and residual trust expenses” in the Trust’s “Statement of Operations”. The notes issued by the Dealer Trusts have interest rates that reset weekly and the floating rate note holders have the option to tender their notes to the Dealer Trusts for redemption at par at each reset date. At April 30, 2007, Trust investments with a value of \$77,581,935 are held by the Dealer Trusts and serve as collateral for the \$51,760,000 in floating rate note obligations outstanding at that date. Contractual maturities of the floating rate note obligations and interest rates in effect at April 30, 2007, are presented in the “Portfolio of Investments.”

E. Interest Rate Swaps — Interest rate swaps involve the exchange of commitments to pay and receive interest based on a notional principal amount. Net periodic interest payments to be received or paid are accrued daily and are recorded as realized gains or losses in the Statement of Operations.

F. Federal Income Tax Policy — It is the Trust’s policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable and nontaxable income to its shareholders. Accordingly, no federal income tax provision is required.

G. Dividends and Distributions to Shareholders — Dividends and distributions to shareholders are recorded on the ex-dividend date.

H. Use of Estimates — The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

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Morgan Stanley Quality Municipal Income Trust

Notes to Financial Statements April 30, 2007 (unaudited) continued

2. Investment Advisory/Administration Agreements

Pursuant to an Investment Advisory Agreement with Morgan Stanley Investment Advisors Inc. (the “Investment Adviser”), the Trust pays an advisory fee, calculated weekly and payable monthly, by applying the annual rate of 0.27% to the Trust’s weekly total net assets including preferred shares.

Pursuant to an Administration Agreement with Morgan Stanley Services Company Inc. (the “Administrator”), an affiliate of the Investment Adviser, the Trust pays an administration fee, calculated weekly and payable monthly, by applying the annual rate of 0.08% to the Trust’s weekly total net assets including preferred shares.

3. Security Transactions and Transactions with Affiliates

The cost of purchases and proceeds from sales of portfolio securities, excluding short-term investments, for the six months ended April 30, 2007, aggregated \$70,678,553 and \$52,048,405, respectively.

Morgan Stanley Trust, an affiliate of the Investment Adviser and Administrator, is the Trust’s transfer agent.

The Trust has an unfunded noncontributory defined benefit pension plan covering certain independent Trustees of the Trust who will have served as independent Trustees for at least five years at the time of retirement. Benefits under this plan are based on factors which include years of service and compensation. The Trustees voted to close the plan to new participants and eliminate the future benefits growth due to increases to compensation after July 31, 2003. Aggregate pension costs for the six months ended April 30, 2007, included in Trustees’ fees and expenses in the Statement of Operations amounted to \$2,404. At April 30, 2007, the Trust had an accrued pension liability of \$54,646 which is included in accrued expenses in the Statement of Assets and Liabilities.

The Trust has an unfunded Deferred Compensation Plan (the “Compensation Plan”) which allows each independent Trustee to defer payment of all, or a portion, of the fees he or she receives for serving on the Board of Trustees. Each eligible Trustee generally may elect to have the deferred amounts credited with a return equal to the total return on one or more of the Morgan Stanley funds that are offered as investment options under the Compensation Plan. Appreciation/depreciation and distributions received from these investments are recorded with an offsetting

increase/decrease in the deferred compensation obligation and do not affect the net asset value of the Trust.

4. Preferred Shares of Beneficial Interest

The Trust is authorized to issue up to 1,000,000 non-participating preferred shares of beneficial interest having a par value of \$.01 per share, in one or more series, with rights as determined by the Trustees, without approval of the common shareholders. The Trust has issued Series 1 through 5 Auction Rate Preferred Shares (“preferred shares”) which have a liquidation value of \$50,000 per share plus the

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Morgan Stanley Quality Municipal Income Trust

Notes to Financial Statements April 30, 2007 (unaudited) continued

redemption premium, if any, plus accumulated but unpaid dividends, whether or not declared, thereon to the date of distribution. The Trust may redeem such shares, in whole or in part, at the original purchase price of \$50,000 per share plus accumulated but unpaid dividends, whether or not declared, thereon to the date of redemption.

Dividends, which are cumulative, are reset through auction procedures.

SERIES	SHARES*	AMOUNT IN THOUSANDS*	RATE*	RESET DATE	RANGE OF DIVIDEND RATES**
1	1,120	\$ 56,000	3.85%	05/02/07	3.45% – 3.95%
2	400	20,000	3.56	05/03/07	3.10 – 4.00
3	1,120	56,000	3.90	05/03/07	3.50 – 4.00
4	1,120	56,000	3.80	05/03/07	3.44 – 4.05
5	400	20,000	3.88	05/04/07	3.43 – 4.00

* As of April 30, 2007.

** For the six months ended April 30, 2007.

Subsequent to April 30, 2007 and up through June 8, 2007, the Trust paid dividends to each of the Series 1 through 5 at rates ranging from 3.56% to 3.96% in the aggregate amount of \$919,108.

The Trust is subject to certain restrictions relating to the preferred shares. Failure to comply with these restrictions could preclude the Trust from declaring any distributions to common shareholders or purchasing common shares and/or could trigger the mandatory redemption of preferred shares at liquidation value.

The preferred shares, which are entitled to one vote per share, generally vote with the common shares but vote separately as a class to elect two Trustees and on any matters affecting the rights of the preferred shares.

5. Common Shares of Beneficial Interest

Transactions in common shares of beneficial interest were as follows:

	SHARES	PAR VALUE	CAPITAL PAID IN EXCESS OF PAR VALUE
Balance, October 31, 2005	25,066,098	\$250,661	\$350,777,653
Treasury shares purchased and retired (weighted average discount 6.77%)*	(843,700)	(8,437)	(11,970,334)
Balance, October 31, 2006	24,222,398	242,224	338,807,319
Treasury shares purchased and retired (weighted average discount 5.73%)*	(231,200)	(2,312)	(3,321,497)
Balance, April 30, 2007	23,991,198	\$239,912	\$335,485,822

*

The Trustees have voted to retire the shares purchased.

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Morgan Stanley Quality Municipal Income Trust

Notes to Financial Statements April 30, 2007 (unaudited) continued

6. Dividends to Common Shareholders

On March 26, 2007, the Trust declared the following dividends from net investment income:

AMOUNT PER SHARE	RECORD DATE	PAYABLE DATE
\$0.06	May 4, 2007	May 18, 2007
\$0.06	June 8, 2007	June 22, 2007

7. Expense Offset

The expense offset represents a reduction of the fees and expenses for interest earned on cash balances maintained by the Trust with the transfer agent and custodian.

8. Purposes of and Risks Relating to Certain Financial Instruments

The Trust may invest a portion of its assets in inverse floating rate instruments, either through outright purchases of inverse floating rate securities or through the transfer of bonds to Dealer Trusts in exchange for cash and residual interests in the Dealer Trusts. These investments are typically used by the Trust in seeking to enhance the yield of the portfolio. These instruments typically involve greater risks than a fixed rate municipal bond. In particular, these instruments are acquired through leverage or may have leverage embedded in them and therefore involve many of the risks associated with leverage. Leverage is a speculative technique that may expose the Trust to greater risk and increased costs. Leverage may cause the Trust's net asset value to be more volatile than if it had not been leveraged

because leverage tends to magnify the effect of any increases or decreases in the value of the Trust's portfolio securities. The use of leverage may also cause the Trust to liquidate portfolio positions when it may not be advantageous to do so in order to satisfy its obligations with respect to inverse floating rate instruments.

To hedge against adverse interest rate changes, the Trust may invest in financial futures contracts or municipal bond index futures contracts ("futures contracts").

These futures contracts involve elements of market risk in excess of the amount reflected in the Statement of Assets and Liabilities. The Trust bears the risk of an unfavorable change in the value of the underlying securities. Risks may also arise upon entering into these contracts from the potential inability of the counterparties to meet the terms of their contracts.

The Trust may enter into interest rate swaps and may purchase or sell interest rate caps, floors and collars. The Trust expects to enter into these transactions primarily to manage interest rate risk, hedge portfolio positions and preserve a return or spread on a particular investment or portion of its portfolio. The Trust may also enter into these transactions to protect against any increase in the price of securities the Trust anticipates purchasing at a later date. Interest rate swap transactions are subject to market risk, risk of default by the other party to the transaction, risk of imperfect correlation and manager risk. Such risks may exceed the related amounts shown in the Statement of Assets and Liabilities.

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Morgan Stanley Quality Municipal Income Trust

Notes to Financial Statements April 30, 2007 (unaudited) continued

9. Federal Income Tax Status

The amount of dividends and distributions from net investment income and net realized capital gains are determined in accordance with federal income tax regulations which may differ from generally accepted accounting principles. These "book/tax" differences are either considered temporary or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the capital accounts based on their federal tax-basis treatment; temporary differences do not require reclassification. Dividends and distributions which exceed net investment income and net realized capital gains for tax purposes are reported as distributions of paid-in-capital.

As of October 31, 2006, Trust had temporary book/tax differences primarily attributable to book amortization of discounts on debt securities, mark-to-market of open futures contracts and dividend payable.

10. Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board (FASB) issued Interpretation 48, Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement 109 (FIN 48). FIN 48 clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position must meet before being recognized in the financial statements. FIN 48 is effective for fiscal years beginning after December 15, 2006, and is to be applied to all open tax years as of the effective date. The impact to the Trust's financial statements, if any is currently being assessed.

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In addition, in September 2006, Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS 157), was issued and is effective for fiscal years beginning after November 15, 2007. SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Management is currently evaluating the impact the adoption of SFAS 157 will have on the Trust's financial statement disclosures.

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Morgan Stanley Quality Municipal Income Trust

Financial Highlights

Selected ratios and per share data for a common share of beneficial interest outstanding throughout each period:

	FOR THE SIX MONTHS ENDED APRIL 30, 2007 (unaudited)		FOR THE YEAR ENDED OCTOBER 31,			
	2007	2006	2005	2004	2003	2002
Selected Per Share Data:						
Asset value, beginning of period	\$ 15.45	\$ 15.38	\$ 15.42	\$ 15.54	\$ 15.60	\$ 15.91
Change in asset value (loss) from investment operations:						
Investment income*	0.51	1.01	1.00	0.97	1.01	1.11
Realized and unrealized gain (loss)	(0.16)	0.38	(0.17)	0.18	0.24	0.01
Common share equivalent of dividends paid to preferred shareholders*	(0.17)	(0.27)	(0.16)	(0.15)	(0.16)	(0.20)
Total income from investment operations	0.18	1.12	0.67	1.00	1.09	0.92
Less dividends and distributions:						
Investment income	(0.36)	(0.83)	(0.81)	(0.88)	(0.90)	(0.87)
Realized gain	(0.16)	(0.26)	—	(0.30)	(0.30)	(0.39)
Total dividends and distributions	(0.52)	(1.09)	(0.81)	(1.18)	(1.20)	(1.26)
Non-dilutive effect of acquiring treasury shares*	0.01	0.04	0.10	0.06	0.05	0.03
Asset value, end of period	\$ 15.12	\$ 15.45	\$ 15.38	\$ 15.42	\$ 15.54	\$ 15.60
Market value, end of period	\$ 14.57	\$ 14.39	\$ 13.71	\$ 13.83	\$ 14.55	\$ 13.91
Total Return†	4.98% ⁽¹⁾	13.20%	5.14%	3.32%	13.82%	4.94%
Ratios to Average Net Assets of Common Shareholders:						
Total expenses (before expense net)	1.21% ⁽²⁾⁽³⁾	1.03%	0.88%	0.89%	0.83% ⁽³⁾	0.78%

Operating expenses (before expense offset, exclusive of interest and residual investment expenses)	0.82% ⁽²⁾⁽³⁾	0.84%	0.88%	0.89%	0.83% ⁽³⁾	0.78%
Investment income before preferred stock dividends	6.70% ⁽²⁾	6.66%	6.41%	6.48%	6.58%	7.19%
Preferred stock dividends	2.21% ⁽²⁾	1.78%	1.01%	1.01%	1.05%	1.29%
Investment income available to common shareholders	4.49% ⁽²⁾	4.88%	5.40%	5.47%	5.53%	5.90%
Supplemental Data:						
Assets applicable to common shareholders, end of period, in thousands	\$362,801	\$374,247	\$385,494	\$407,553	\$430,353	\$450,417
Net coverage on preferred shares at end of period	274%	280%	285%	296%	307%	316%
Portfolio turnover rate	9% ⁽¹⁾	14%	14%	16%	41%	20%

*The per share amounts were computed using an average number of common shares outstanding during the period.

†Total return is based upon the current market value on the last day of each period reported.

Dividends and distributions are assumed to be reinvested at the prices obtained under the Trust's dividend reinvestment plan. Total return does not reflect brokerage commissions.

(1) Not annualized.

(2) Annualized.

(3) Does not reflect the effect of the expense offset of 0.01%.

See Notes to Financial Statements

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Trustees

MORGAN STANLEY FUNDS

Frank L. Bowman
 Michael Bozic
 Kathleen A. Dennis
 James F. Higgins
 Dr. Manuel H. Johnson
 Joseph J. Kearns
 Michael F. Klein
 Michael E. Nugent
 W. Allen Reed
 Fergus Reid

Morgan Stanley
 Quality Municipal
 Income Trust

Semiannual Report
 April 30, 2007

Officers

Michael E. Nugent
Chairperson of the Board

Ronald E. Robison
President and Principal Executive Officer

J. David Germany
Vice President

Dennis F. Shea
Vice President

Amy R. Doberman
Vice President

Carsten Otto
Chief Compliance Officer

Stefanie V. Chang Yu
Vice President

Francis J. Smith
Treasurer and Chief Financial Officer

Mary E. Mullin
Secretary

Transfer Agent

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Independent Registered Public Accounting
Firm

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Investment Adviser

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New York, New York 10020

The financial statements included herein have been taken from the records of the Trust without examination by the independent auditors and accordingly they do not express an opinion thereon.

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