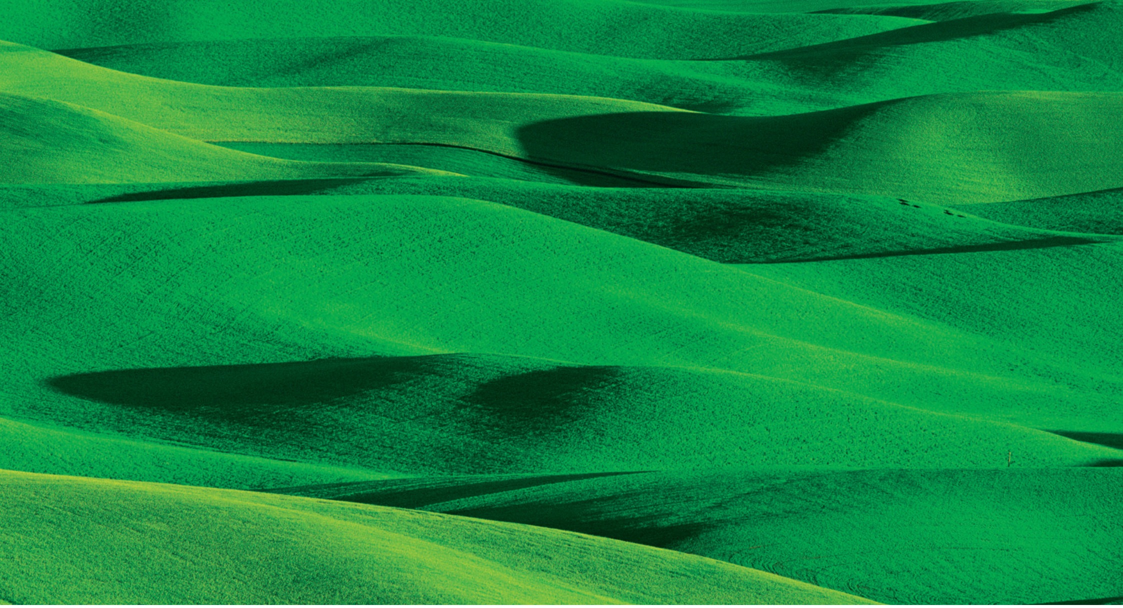

Standard Life Equity Income Trust PLC

Half Yearly Report 31 March 2012

Contents

Investment Objective

The objective of Standard Life Equity Income Trust is to provide shareholders with an above average income from their equity investment while also providing real growth in capital and income.

Investment Policy

The Directors intend to achieve the investment objective by investing in a diversified portfolio consisting mainly of quoted UK equities. The portfolio will normally comprise between 50 and 70 individual equity holdings. In order to reduce risk in the Company without compromising flexibility:

– no holding within the portfolio will exceed 10% of net assets; and

– the top ten holdings within the portfolio will not in aggregate exceed 50% of net assets

The Company may invest in convertible preference shares, convertible loan stocks, gilts and corporate bonds.

The Directors have set parameters of between 95% and 115% for the level of gearing that can be employed. The maximum level of borrowings will therefore represent 15% of net assets and the maximum cash position will be equivalent to 5% of net assets. The Directors have delegated responsibility to the Manager for the operation of the gearing level within the above parameters.

The Manager's investment process combines asset allocation, stock selection, portfolio construction, risk management and dealing. The investment process is research-intensive and is driven by a distinctive focus on change which recognises that different factors drive individual stocks and markets at different times in the cycle. This flexible but disciplined investment process ensures that the Manager has the opportunity to perform in different market conditions.

Financial Highlights

Total Return	Six months ended 31 March 2012
Net asset value per ordinary share*	19.3%
FTSE All-Share Index	15.0%

*Source: Morningstar

Performance for six months ended 31 March 2012

	31 March 2012	30 September 2011	% change
Net asset value per ordinary share (including net revenue)	308.0p	269.9p	14.1
Net asset value per ordinary share (excluding net revenue)	301.9p	260.6p	15.8
Ordinary share price (mid market)	284.0p	276.5p	2.7
(Discount)/premium of share price to net asset value (including net revenue)	(7.8)%	2.4%	—
(Discount)/premium of share price to net asset value (excluding net revenue)	(5.9)%	6.1%	—

	31 March 2012	30 September 2011	% change
FTSE All-Share Index	3,002.8	2,654.4	13.1
Total assets	£132.8m	£117.7m	12.8
Total shareholders' funds	£116.9m	£102.4m	14.2
Revenue return per ordinary share	6.17p	5.29p[1]	16.6
Interim dividend	3.75p	3.55p[1]	5.6

[1] For the six months ended 31 March 2011.

Chairman's Statement

Income and Dividends

The revenue return per ordinary share for the six months ended 31 March 2012 was 6.17p, representing a 16.6% increase in the earnings per ordinary share for the same period last year. The Company continues to see strong dividend growth coming through from the underlying portfolio, including special dividends from Vodafone and easyJet.

The Board is declaring an interim dividend of 3.75p per share, an increase of 5.6% on the interim dividend for 2011. As with last year, the increase in the interim dividend mainly reflects the Board's aim of rebalancing the interim and final dividends and the Board intends at least to maintain the level of the final dividend.

The interim dividend will be paid on 22 June 2012 to shareholders on the register on 8 June 2012, with an associated ex-dividend date of 6 June 2012.

Performance

The start of 2012 saw a strong rally in UK share prices, with the European Central Bank's Long Term Refinancing Operations bringing some stability to the market, after the volatility of 2011. Against this backdrop, cyclical stocks performed strongly and made a positive contribution to the Company's performance.

For the six months ended 31 March 2012, your Company's net asset value total return was 19.3% compared with a 15.0% total return on the FTSE All Share Index and 11.7% for the FTSE 350 High Yield Index.

Chairman's Statement - continued

Your Company ranked second out of 20 peers in the UK Growth & Income sector based on net asset value total return for the six months ended 31 March 2012. The longer term performance against its peers is shown in the table below:

UK Growth & Income Peer Group	Six Months Total Return	Three Year Total Return	Five Year Total Return
SLEIT	2/20	14/19	8/19

Source: J.P. Morgan Cazenove

The Company's share price total return for the reporting period was 6.4%. The discount at 31 March 2012 was 7.8 %, compared to a premium of 2.4% at the start of the period. The discount widened at the end of 2011, reflecting the uncertainties in the market at that time, and also the relative under performance in the final quarter of the Company's previous financial year. At present the Company is attractively valued when compared to most other UK Growth & Income trusts, which currently trade on an average discount of zero.

At the current share price of 279.5p, the Company's shares offer a dividend yield of 4.5%.

The Manager's Report on pages 7 to 9 provides further information on the UK economy and equity market as well as a review of the portfolio of investments and activity during the period.

Gearing

During the period under review, your Manager increased the Company's net gearing level from 6% to 11%. The level of borrowings remains at £15m but gearing has been increased through the re-investment of cash held at the start of the period. With the rally in share prices and the reduced levels of volatility in the market, the increase in the Company's gearing has had a positive impact on performance.

Investment Manager

On 11 November 2011, the Board welcomed the appointment of Thomas Moore as joint investment manager to the Company. Since then, Tom and Karen Robertson have been managing the Company's portfolio together, with Tom taking on increasing responsibility for the investment decisions.

With effect from 14 May 2012, the Board is pleased to announce that Tom will become the Company's lead investment manager, with Karen Robertson continuing to assist with the Company's portfolio management as a key member of Standard Life Investments' UK equity team.

One of Tom's aims, articulated at the AGM last year, is to shift gradually towards a more extensive presence in mid caps, where dividend growth has been more robust than in the FTSE 100.

The Manager has continued actively to engage with existing and potential shareholders.

Outlook

The performance of your Company's investments has recovered sharply from the disappointment towards the end of our last financial year. While continuing to expect swings in sentiment about the global economy, our Manager has suggested that the equity market will advance this year. We do know that company margins have recovered. We also know that dividends from UK listed companies have risen overall for at least two years, reflecting greater confidence. Your Board is encouraged by the rise in the underlying income of the portfolio.

Charles Wood OBE
Chairman

11 May 2012

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 Financial Statements have been prepared in accordance with the Accounting Standards Board's statement "Half-Yearly Financial Reports"; and
- the Interim Management Report includes a fair review of the general conditions required by 4.2.7R and 4.2.8R of the Financial Services Authority's Disclosure and Transparency Rules.

The Half-Yearly Financial Report, for the six months ended 31 March 2012, comprises an Interim Management Report in the form of the Chairman's Statement, the Directors' Responsibility Statement and a condensed set of Financial Statements, and has not been audited or reviewed by the auditors pursuant to the APB guidance on Review of Interim Financial Information.

For and on behalf of the Directors of Standard Life Equity Income Trust PLC

Charles Wood OBE
Chairman

11 May 2012

Manager's Report

Market Review

The UK equity market rose strongly over the period under review, as investors began to take a more sanguine view of the macroeconomic environment. Recession fears in the US eased amid releases of economic data that depicted a scenario of modest positive growth; policymakers in China appeared to be engineering the desired 'soft landing' for their slowing economy; and the European Central Bank took decisive action to improve the liquidity of the financial system. Markets responded particularly favourably to the bank's Long Term Refinancing Operations (LTRO), which helped to unlock funding markets and reduced the risk of a disorderly break-up of the euro. A further boost to sentiment came from the US Federal Reserve, which pledged to keep interest rates close to zero until 2014.

Against this more benign backdrop, company fundamentals came under greater focus, particularly towards the latter half of the review period. This was good news for economy-sensitive areas of the market, where share prices rose on the back of strong growth in earnings. There was also a boost for financial stocks, as the effects of LTRO began to bear fruit.

Improvements to the UK economy were more modest. Persistent downward revisions to GDP forecasts and other disappointing data prompted the Bank of England to extend its programme of quantitative easing by another £50 billion. The UK economy re-entered technical recession as GDP fell slightly for the consecutive quarters of

Manager's Report - continued

Q4 2011 and Q1 2012. Output remained well below the peak levels of Q1 2008. Consumer confidence remained weak due to high unemployment, slow wage growth, fiscal austerity and stubbornly high inflation. More positively, the manufacturing and service sector indices remained indicative of expansion; whilst construction sector activity for February reached an 11-month high.

Performance

For the six months ended 31 March 2012, the Company's net asset value total return was 19.3%. This compares with a total return of 15.0% for the FTSE All-Share Index and 11.7% for the FTSE 350 High Yield Index. Over the reporting period, the share price rose from 276.5p to 284.0p, an increase of 2.7%.

The Fund's exposure to engineering and industrial companies was particularly beneficial over the period. Holdings in Bodycote, Fenner, IMI and Melrose were among the strongest performers in the portfolio, each benefiting from earnings upgrades. DS Smith made the largest contribution towards performance over the period. Its shares rose after the firm announced the earnings-enhancing acquisition of the packaging assets of SCA, a Scandinavian rival. Not owning Tesco was also beneficial, as the retailer's shares fell on the back of a poor trading statement.

On the downside, Admiral reported disappointing results and an increased level of provisions, raising fears that its management has been growing the business too aggressively. Kier also disappointed, affected by pressure on the margins in its construction business and delays to local authority outsourcing contracts.

Activity

BT was among the major purchases made during the period. The company offers an attractive dividend yield, with further upgrades to its earnings likely as a result of cost savings and a firmer pricing environment. Other purchases included Greene King, which continues to win market share, and offers an attractive dividend yield. The Company also bought shares in Barclays. Last year's underperformance has left the stock looking attractively priced on a variety of measures, while impairments at the bank have been reducing sharply. EasyJet, which in February made a cash return to shareholders in the form of a special dividend, was another key purchase. The airline has benefited from weaker competitors exiting the industry and has also increased its yield by focusing on increasing business passenger numbers and improving ancillary revenue.

Sales included Intermediate Capital, which provides debt for leveraged buyouts and is likely to be affected by the weakening macroeconomic environment in Europe, Vedanta Resources, which suffered from operational disappointments, concerns over its balance sheet and ongoing geopolitical risks and Domino Printing Sciences, where economic uncertainty has delayed order-rate conversion on capital projects. We also reduced large holdings in Vodafone, which faces margin pressure, and in Fenner and Royal Dutch Shell after a period of strong share price outperformance.

Revenue Account

The UK corporate sector proved resilient throughout the turmoil of 2011 and balance sheets have remained robust. Dividend growth has been strong and the Company's income from investments for the six months to 31 March 2012 was 30.1% higher than for the same period last year. The Company's earnings per share saw a 16.6% increase - the difference between the two percentage increases is attributable to a one-off VAT refund received in the six months to 31 March 2011. Income from investments benefited from Vodafone and easyJet special dividends and a full six months of dividends from BP, following last year's suspension. New purchases made a positive contribution to income, in particular BT and SThree.

Outlook

Despite support at the corporate level from balance sheet strength and low valuations, the key driver of the UK equity market remains swings in macroeconomic sentiment. UK companies are facing headwinds from weak consumer spending and slower European export demand but they should continue to benefit from the improving global macroeconomic picture – particularly the recovery in the US and the strong rates of growth in China and other Asian economies. On a historical basis and when compared to bonds and cash, the UK market remains attractively valued; we expect the market to make further progress this year.

Standard Life Investments
Manager
11 May 2012

Principal Risks and Uncertainties

The Directors regularly review the principal risks which they have identified and the Directors have set out delegated controls designed to manage those risks. Key risks within investment and strategy, for example inappropriate stock selection or gearing, are managed through investment policy, guidelines and restrictions and by the process of oversight at each Board meeting.

The principal risks and uncertainties which give rise to specific risks which are associated with the Company, as identified by the Directors, are as follows:

- Objective and Strategy Risk: the Company and its investment objective become unattractive to investors. The Directors review regularly the Company's investment objective and investment policy in the light of investor sentiment and monitor closely whether the Company should continue in its present form. The Directors, through the Manager, hold regular discussions with major shareholders. A resolution to continue the Company in its present form is put to shareholders at every fifth Annual General Meeting ("AGM") and will be next considered at the AGM in 2016.
- Shareholder Profile Risk: activist shareholders, whose interests are not consistent with the long-term objectives of the Company, may be attracted onto the shareholder register. The Manager provides a shareholder analysis to the Directors at every meeting for their consideration of any action required in addition to regular reporting by the Company's stockbroker.
- Resource Risk: in common with most investment trusts, the Company has no employees. The Company therefore relies upon services provided by third parties. This particularly includes the Manager, to whom responsibility for the management of the Company has been delegated under an investment management agreement. The Directors review the performance of the Manager on a regular basis.
- Investment and Market 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 investment portfolio will have an adverse effect on the value of shareholders' funds.
- Capital Structure and Gearing Risk: The Company's capital structure at 31 March 2012 consisted of equity share capital comprising ordinary shares, subscription shares and debt in the form of a revolving credit facility with The Royal Bank of Scotland plc for up to £20m. In rising markets, the effect of the borrowings would be beneficial but in falling markets the gearing effect would adversely affect returns to shareholders. The Manager

is able to increase or decrease the gearing level by repaying or drawing down periodically from the bank facility subject to Directors' overall restrictions on gearing. The bank facility is subject to regular monitoring by The Royal Bank of Scotland plc and covenants are supplied quarterly to the bank by the Company.

- Income and Dividend Risk: In view of the Company's investment objective, to provide for shareholders an above average income from their equity investment, the Manager is required to strike a balance more in favour of income return over capital growth. The Directors have adopted an accounting policy which permits 70% of the aggregate of the finance costs and investment management fees to be charged to the capital account within the Income Statement as opposed to the revenue account. This policy is reviewed regularly by the Directors in light of the expected long term split of returns between income and capital. The Directors receive frequent updates as to the progress made by the Manager towards the achievement of the income requirements of the Company's investment objective.
- Regulatory Risk: The Company operates in a complex regulatory environment and faces a number of regulatory risks. A breach of Section 1158 of the Corporation Tax Act 2010 would result in the Company being subject to capital gains tax on any portfolio investment gains. Breaches of other regulations, including the UKLA Listing Rules or the UKLA Disclosure and Transparency Rules, could lead to a number of detrimental outcomes and reputational damage. Breaches of controls by service providers such as the Manager and Company Secretary could also lead to reputational damage or loss.
- The Directors have adopted a robust framework of controls which is designed to monitor the principal risks facing the Company and to provide a monitoring system to enable the Directors to mitigate these risks as far as possible.

Going Concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In considering this, the Directors took into account the diversified portfolio of readily realisable securities which can be used to meet short-term funding commitments, and the ability of the Company to meet all of its liabilities and ongoing expenses. Accordingly it is reasonable for the Financial Statements to continue to be prepared on a going concern basis.

List of Holdings at 31 March 2012

UK Equities

Oil & Gas	£'000
Oil & Gas Producers	
BP	6,283
Royal Dutch Shell 'A'	4,671
Royal Dutch Shell 'B'	2,889
Tullow Oil	1,410
Oil Equipment & Services	
Petrofac	1,701
Basic Materials	
Mining	
Rio Tinto	5,152
Xstrata	1,608
BHP Billiton	1,440
Industrials	
Aerospace & Defence	
Rolls Royce	1,616
Senior	772
Construction & Materials	
Kier	1,422
Balfour Beatty	1,402
Electronic & Electrical Equipment	
Morgan Crucible	470
Domino Printing	303
General Industrials	
Smith DS	3,525
Smiths	1,441
Industrial Engineering	
Melrose	2,392
IMI	1,953
Weir	1,450
Bodycote	1,436
Fenner	791
Industrial Transportation	
BBA Aviation	2,018
Wincanton	111
Support Services	
Sthree	1,456
Howden Joinery	1,310
Babcock International	922
Carillion	749

Consumer Goods	£'000
Automobiles & Parts	
GKN	2,176
Tobacco	
Imperial Tobacco	4,071
British American Tobacco	3,919
Health Care	
Pharmaceuticals & Biotechnology	
GlaxoSmithKline	7,245
AstraZeneca	2,607
Shire	788
Consumer Services	
Food & Drug Retailers	
Morrison (WM)	814
General Retailers	
Marks & Spencer	992
Media	
Informa	1,902
Aegis	832
Travel & Leisure	
Marston's	1,545
Compass	1,533
Stagecoach	1,244
Whitbread	1,237
EasyJet	1,090
Go-Ahead	903
Greene King	850
Cineworld	711
International Consolidated Airlines	425
Restaurant Group	360
Telecommunications	
Fixed Line Telecommunications	
BT	3,086
Talktalk	888
Mobile Telecommunications	
Vodafone	6,493

Utilities	£'000
Gas, Water & Multi-utilities	
Severn Trent	1,633
International Power	1,355
National Grid	1,317
United Utilities	1,076
Pennon	770
Centrica	502
Financials	
Banks	
HSBC	6,907
Standard Chartered	2,202
Barclays	2,081
Non-life Insurance	
Hiscox	884
RSA Insurance	841
Life Insurance/Assurance	
Legal & General	2,195
Aviva	943
Prudential	766
Real Estate Investment Trusts	
Segro	1,753
Hammerson	1,425
Financial Services	
Close Brothers	1,326
Tullett Prebon	1,077
Ashmore	940
3i	725
Brewin Dolphin	705
IG	651
Provident Financial	508
Rathbone Brothers	23
Technology	**£'000**
Software & Computer Services	
Computacenter	379
Total Portfolio	**129,388**

Income Statement

	Notes	Six months ended 31 March 2012 (unaudited) Revenue £'000	Capital £'000	Total £'000
Net gains/(losses) on investments at fair value		—	15,898	15,898
Income	2	2,683	—	2,683
Investment management fee		(124)	(290)	(414)
VAT recovered on investment management fees	11	—	—	—
Administrative expenses		(157)	—	(157)
Net return before finance costs and taxation		2,402	15,608	18,010
Finance costs		(48)	(111)	(159)
Return on ordinary activities before taxation		2,354	15,497	17,851
Taxation	3	(13)	—	(13)
Return on ordinary activities after taxation		**2,341**	**15,497**	**17,838**
Return per ordinary share	5	**6.17p**	**40.83p**	**47.00p**

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

The Company has no recognised gains or losses other than those recognised in the Income Statement above.

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

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

	Six months ended 31 March 2011 (unaudited)			Year ended 30 September 2011 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
	—	8,498	8,498	—	(10,471)	(10,471)
	2,058	—	2,058	5,257	—	5,257
	(131)	(305)	(436)	(255)	(596)	(851)
	291	—	291	291	—	291
	(143)	(281)	(424)	(283)	(289)	(572)
	2,075	7,912	9,987	5,010	(11,356)	(6,346)
	(62)	(144)	(206)	(107)	(251)	(358)
	2,013	7,768	9,781	4,903	(11,607)	(6,704)
	(8)	—	(8)	(26)	—	(26)
	2,005	**7,768**	**9,773**	**4,877**	**(11,607)**	**(6,730)**
	5.29p	**20.48p**	**25.77p**	**12.86p**	**(30.60p)**	**(17.74p)**

Reconciliation of Movements in Shareholders' Funds

Six months ended 31 March 2012 (unaudited)	Notes	Share capital £'000
Balance at 30 September 2011		9,942
Issue of Ordinary shares on conversion of subscription shares		—
Return on ordinary activities after taxation		—
Dividends paid	4	—
Balance at 31 March 2012		**9,942**

Six months ended 31 March 2011 (unaudited)		Share capital £'000
Balance at 30 September 2010		9,935
Return on ordinary activities after taxation		—
Dividends paid	4	—
Balance at 31 March 2011		**9,935**

Year ended 30 September 2011 (audited)		Share capital £'000
Balance at 30 September 2010		9,935
Bonus issue of Subscription shares		1
Issue of Ordinary shares on conversion of subscription shares		6
Return on ordinary activities after taxation		—
Dividends paid	4	—
Balance at 30 September 2011		**9,942**

Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
20,441	12,615	53,222	6,202	102,422
7	—	—	—	7
—	—	15,497	2,341	17,838
—	—	—	(3,354)	(3,354)
20,448	**12,615**	**68,719**	**5,189**	**116,913**

Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
20,373	12,615	64,829	5,949	113,701
—	—	7,768	2,005	9,773
—	—	—	(3,281)	(3,281)
20,373	**12,615**	**72,597**	**4,673**	**120,193**

Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
20,373	12,615	64,829	5,949	113,701
(1)	—	—	—	—
69	—	—	—	75
—	—	(11,607)	4,877	(6,730)
—	—	—	(4,624)	(4,624)
20,441	**12,615**	**53,222**	**6,202**	**102,422**

Balance Sheet

	Notes	As at 31 March 2012 (unaudited) £'000	As at 31 March 2011 (unaudited) £'000	As at 30 September 2011 (audited) £'000
Fixed assets				
Investments designated at fair value through profit or loss		129,388	132,441	108,228
Current assets				
Debtors		1,392	874	677
AAA money market funds		1,982	2,237	8,810
Cash and short term deposits		73	106	—
		3,447	3,217	9,487
Creditors: amounts falling due within one year				
Bank loan		(15,000)	(15,000)	(15,000)
Other creditors		(922)	(465)	(293)
		(15,922)	(15,465)	(15,293)
Net current liabilities		(12,475)	(12,248)	(5,806)
Net assets		**116,913**	**120,193**	**102,422**
Capital and reserves				
Called-up share capital		9,942	9,935	9,942
Share premium account		20,448	20,373	20,441
Capital redemption reserve		12,615	12,615	12,615
Capital reserve	6	68,719	72,597	53,222
Revenue reserve		5,189	4,673	6,202
Equity shareholders' funds		**116,913**	**120,193**	**102,422**
Net asset value per ordinary share	7	**308.02p**	**316.88p**	**269.86p**

The financial statements on pages 14 to 24 were approved by the Board of Directors and authorised for issue on 11 May 2012 and were signed on its behalf by:

C A WOOD OBE

Chairman

Cash Flow Statement

	Six months ended 31 March 2012 (unaudited) £'000	Six months ended 31 March 2011 (unaudited) £'000	Year ended 30 September 2011 (audited) £'000
Net return on ordinary activities before finance costs and taxation	18,010	9,987	(6,346)
Adjustments for:			
(Gains)/losses on investments at fair value	(15,898)	(8,498)	10,471
Revenue before finance costs and taxation	2,112	1,489	4,125
(Increase)/decrease in accrued income	(207)	54	68
Increase in other debtors	(16)	(7)	—
Increase/(decrease) in other creditors	41	(23)	(20)
Net cash inflow from operating activities	1,930	1,513	4,173
Net cash outflow from servicing of finance	(164)	(205)	(359)
Net tax paid	(19)	(10)	(50)
Net cash (outflow)/inflow from financial investment	(5,150)	155	5,419
Equity dividends paid	(3,354)	(3,281)	(4,624)
Net cash inflow/(outflow) from management of liquid resources	6,828	(542)	(7,115)
Net cash inflow/(outflow) before financing	71	(2,370)	(2,556)
Net cash inflow from financing	7	2,250	2,325
Increase/(decrease) in cash	**78**	**(120)**	**(231)**

Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash as above	78	(120)	(231)
Net change in liquid resources	(6,828)	542	7,115
Drawdown of loan	—	(2,250)	(2,250)
Movement in net debt in the period	(6,750)	(1,828)	4,634
Opening net debt	(6,195)	(10,829)	(10,829)
Closing net debt	**(12,945)**	**(12,657)**	**(6,195)**

Represented by:			
Cash and short term deposits	73	106	(5)
AAA money market funds	1,982	2,237	8,810
Bank loan	(15,000)	(15,000)	(15,000)
	(12,945)	**(12,657)**	**(6,195)**

Notes to the Financial Statements

1. Accounting policies

(a) Basis of accounting

The accounts have been prepared 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 Investment Trust Companies and Venture Capital Trusts". 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) and using the same accounting policies as the preceding annual accounts.

(b) Dividends payable

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

2. Income	Six months ended 31 March 2012 £'000	Six months ended 31 March 2011 £'000	Year ended 30 September 2011 £'000
Income from investments			
Franked investment income	2,396	1,941	4,496
Overseas and unfranked investment income	203	97	401
Stock dividends	53	—	114
	2,652	2,038	5,011
Other income			
AAA money market interest	19	5	23
Interest from HMRC	—	—	193
Underwriting commission	12	15	30
	31	20	246
	2,683	**2,058**	**5,257**

3. Taxation on ordinary activities

The taxation charge for the period represents withholding tax suffered on overseas dividend income.

	Six months ended 31 March 2012	Six months ended 31 March 2011	Year ended 30 September 2011
4. Dividends	£'000	£'000	£'000
Ordinary dividends on equity shares deducted from reserves:			
Final dividend for 2011 of 8.85p per share (2010 - 8.65p)	3,359	3,281	3,281
Interim dividend for 2011 of 3.55p per share	—	—	1,346
Return of unclaimed dividends	(5)	—	(3)
	3,354	**3,281**	**4,624**

	Six months ended 31 March 2012	Six months ended 31 March 2011	Year ended 30 September 2011
5. Return per ordinary share	p	p	p
Revenue return	6.17	5.29	12.86
Capital return	40.83	20.48	(30.60)
Total return	**47.00**	**25.77**	**(17.74)**

The figures above are based on the following figures:

	£'000	£'000	£'000
Revenue return	2,341	2,005	4,877
Capital return	15,497	7,768	(11,607)
Total return	**17,838**	**9,773**	**(6,730)**
Weighted average number of ordinary shares*	**37,955,111**	**37,930,579**	**37,936,175**

* Calculated excluding shares held in treasury.

On the basis set out in Financial Reporting Standard 22 "Earnings per Share", there is no dilutive effect on net revenue or net capital per share in the current year, arising from the exercise of the subscription shares as detailed in note 8. There was no dilutive effect on net revenue or net capital per share at 31 March 2011 and 30 September 2011.

Notes to the Financial Statements - continued

6. Capital reserve

The capital reserve figure reflected in the Balance Sheet includes investment holdings gains at the period end of £16,604,000 (31 March 2011 - gains of £18,985,000; 30 September 2011 - loss of £354,000).

7. Net asset value per ordinary share	Six months ended 31 March 2012	Six months ended 31 March 2011	Year ended 30 September 2011
Basic:			
Attributable net assets (£'000)	116,913	120,193	102,422
Number of ordinary shares in issue*	37,956,153	37,930,579	37,954,058
NAV per ordinary share (p)	308.02	316.88	269.86

* Excludes shares in issue held in treasury.

At 31 March 2012 there is no dilutive effect on net asset value per ordinary share, arising from the exercise of the subscription shares as detailed in note 8. There was no dilution to the net asset values at 31 March 2011 and 30 September 2011.

8. Called-up share capital

On 17 December 2010 the Company issued 7,585,860 subscription shares by way of a bonus issue to the ordinary shareholders on the basis of one subscription share for every five ordinary shares. Each subscription share confers the right, but not the obligation, to subscribe for one ordinary share on any subscription date, being the last business day of June and December in each year commencing June 2011 and finishing on the last business day of December in 2016, after which the rights under the subscription shares will lapse. The conversion price has been determined as being 320p.

The expenses incurred in connection with the issue of the subscription shares amounted to £281,000 and these costs are shown in the capital column of the Income Statement in the year to 30 September 2011.

During the six months ended 31 March 2012, shareholders exercised their right to convert 2,095 subscription shares into ordinary shares (31 March 2011 - nil; 30 September 2011 - 23,479) for a consideration of £7,000 (31 March 2011 - £nil; 30 September 2011 - £75,000).

9. Transaction costs

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

	Six months ended 31 March 2012 £'000	Six months ended 31 March 2011 £'000	Year ended 30 September 2011 £'000
Purchases	135	63	113
Sales	29	16	36
	164	**79**	**149**

10. Half Yearly Report

The financial information contained in this Half-Yearly Financial Report does not constitute statutory accounts as defined in Sections 434-436 of the Companies Act 2006. The financial information for the six months ended 31 March 2012 and 31 March 2011 has not been audited.

The information for the year ended 30 September 2011 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies. The report of the auditors on those accounts contained no qualification or statement under Section 498 (2), (3) or (4) of the Companies Act 2006.

Notes to the Financial Statements - continued

11. VAT recoverable on investment management fees

On 5 November 2007, the European Court of Justice ruled that management fees should be exempt from VAT. HMRC announced its intention not to appeal against this case to the UK VAT Tribunal and therefore protective claims which have been made in relation to the Company have now been processed by HMRC.

The VAT charged on the investment management fees has been refunded by Deutsche Asset Management (UK) Limited, the former Investment Manager, in stages. An amount of £609,000 (excluding simple interest) relating to the period 2001 to 2005 (date of termination) was recognised in the financial statements for the year ended 30 September 2009. A further amount of £291,000 (excluding simple interest) relating to the period 1991 to 1996 was recognised in the financial statements for the year ended 30 September 2011. These repayments were allocated to revenue and capital in line with the accounting policy of the Company for the periods in which the VAT was charged.

A refund of £204,000 of VAT relating to the period 2006 to 2007 was made to the Company by Standard Life (Corporate Funds) Limited in the year to 30 September 2008. This repayment was allocated to revenue and capital in line with the accounting policy of the Company for the periods in which the VAT was charged.

Interest of £21,000, £112,000 and £193,000 on the repaid VAT was recognised in the financial statements for the years ended 30 September 2009, 30 September 2010 and 30 September 2011, respectively.

12. This Half-Yearly Financial Report was approved by the Board on 11 May 2012.

How to Invest in Standard Life Equity Income Trust

Investors may subscribe to Standard Life Equity Income Trust through Standard Life's Savings Scheme, Individual Savings Account ('ISA') or Individual Savings Account transfer ('ISA transfer'). Alternatively, investors may buy shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or financial adviser.

Investment Trust Savings Scheme
Standard Life's Savings Scheme is a straightforward way to invest in the Standard Life Equity Income Trust PLC. The minimum investment through Standard Life's Savings Scheme is £100 per month or a £1,000 lump sum. 0.5% Government stamp duty, which is currently payable on all share purchases, is deducted from each investment made. There is no maximum amount that can be invested in the Company through Standard Life's Savings Scheme and there is no initial, exit or annual management charge.

Investment Trust ISA
Standard Life's Stocks and Shares ISA is a tax efficient savings vehicle as investors pay no additional income tax or capital gains tax on any money generated by their investments. An ISA allows investors to maximise the amounts placed in stocks and shares. Investors will have the opportunity to invest in the Company's ISA up to £11,280 in the tax year 2012/2013. Like the Savings Scheme, the minimum investment in Standard Life's ISA is a £1,000 lump sum or £100 per month. 0.5% Government stamp duty is deducted from each investment made, but there is no initial, exit or annual management charge.

Investment Trust ISA Transfer
Investors may also gain access to the Company by transferring any existing ISA investments to a Standard Life ISA. As with the Standard Life ISA, 0.5% Government stamp duty is deducted from each investment made, but there is no initial, exit or annual management charge.

How to Invest
For further information on how to invest and an application pack containing full details of the products and their charges, please go online to **www.standardlifeinvestments.co.uk/its** or alternatively call Standard Life on **0845 60 24 247**. Lines are open from **9 a.m. to 5 p.m. Monday to Friday**. We recommend that you speak to your usual financial adviser to find out if Standard Life Investments' products are suitable for you.

How to Invest in Standard Life Equity Income Trust - continued

Risk Warnings – General

- Past performance is no guarantee of future performance.
- The value of your investment and any income from it may go down as well as up and you may not get back the amount invested. This is because the share price is determined by the changing conditions in the relevant stockmarkets in which the Company invests and by the supply and demand for the Company's shares.
- As the shares in an investment trust are traded on a stockmarket, the share price will fluctuate in accordance with supply and demand and may not reflect the underlying net asset value of the shares; where the share price is less than the underlying value of the assets, the difference is known as the 'discount'. For these reasons, investors may not get back the original amount invested.
- Although the Company's Financial Statements are denominated in sterling, it may invest in stocks and shares that are denominated in currencies other than sterling and to the extent they do so, they may be affected by movements in exchange rates. As a result, the value of your investment may rise or fall with movements in exchange rates.
- Investors should note that tax rates and reliefs may change at any time in the future.
- The value of ISA tax advantages will depend on personal circumstances. The favourable tax treatment of ISAs may not be maintained.

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