



Standard Life Equity Income Trust plc

**Half Yearly Report
31 March 2014**

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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
- 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 5% net cash and 15% net gearing that can be employed. 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 well in different market conditions.

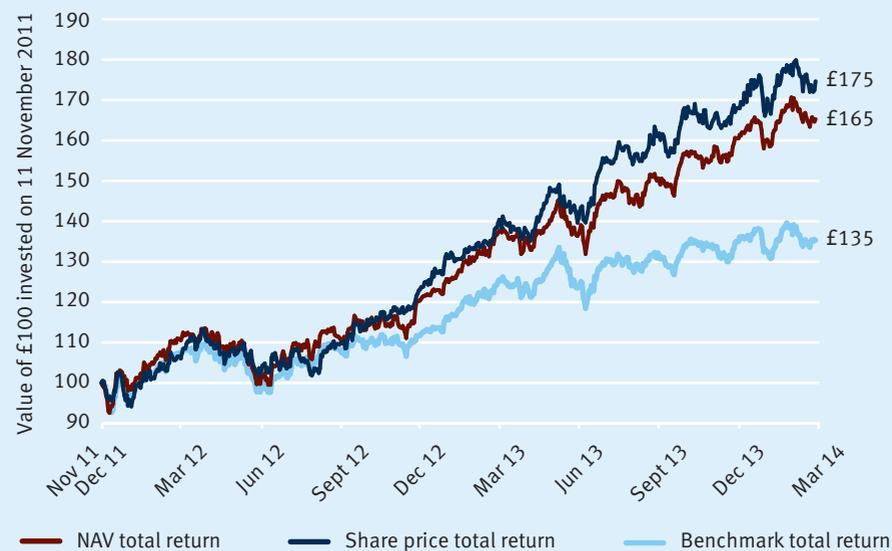
Financial Highlights

Total Return	Six months ended 31 March 2014
Net asset value total return (diluted)	11.1%
Share price total return	11.1%
Benchmark total return	4.8%

The benchmark is the FTSE All-Share Index.

Total return assumes dividends paid to shareholders are re-invested in shares at the time the shares are quoted ex-dividend.

Strong performance since the new strategy was adopted in November 2011



Ten Largest Positions Relative to the Benchmark at 31 March 2014

Overweight Stocks	Company %	B'mark %	Relative %	Overweight Stocks	Company %	B'mark %	Relative %
easyJet	3.2	0.2	3.0	GKN	2.3	0.3	2.0
DS Smith	3.0	0.1	2.9	Tyman	1.9	0.0	1.9
BT	3.9	1.5	2.4	Britvic	1.9	0.1	1.8
Howden Joinery	2.5	0.1	2.4	Legal & General	2.4	0.6	1.8
Close Brothers	2.2	0.1	2.1	Berendsen	1.8	0.1	1.7

Sources: Thomson Datastream and Standard Life Investments

Financial Highlights

Capital	31 March 2014	30 September 2013	% change
Net asset value per ordinary share			
Basic	435.4p	395.2p	10.2%
Diluted ¹	418.2p	383.3p	9.1%
Ordinary share price	418.3p	383.0p	9.2%
Subscription share price	118.0p	89.0p	32.6%
Benchmark capital return	3,555.6	3,443.9	3.2%
Discount of ordinary share price to net asset value			
Basic	3.9%	3.1%	
Diluted	0.0%	0.1%	
Total assets	£197.5m	£172.2m	14.7%
Shareholders' funds	£172.6m	£151.8m	13.7%
Ordinary shares in issue	39,650,160	38,419,941	3.2%

Gearing	31 March 2014	30 September 2013
Gearing	9.7%	12.7%

Earnings and Dividends - for six months ended	31 March 2014	31 March 2013	% change
Revenue return per ordinary share			
Basic	7.10p	5.89p	20.5%
Diluted	6.88p	5.89p	16.8%
Interim dividends:			
First quarterly dividend paid	3.2p	3.2p	
Second quarterly dividend payable	3.2p	3.2p	

Expenses	31 March 2014	30 September 2013
Ongoing charges	0.95% ²	0.97%

¹ Diluted net asset value is calculated in accordance with AIC guidelines (assuming all subscription shares in issue are exercised).

² This figure has been calculated based on the expenses (annualised) and average net assets for the six months to 31 March 2014.

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 information required by 4.2.7R and 4.2.8R of the Financial Conduct Authority's Disclosure and Transparency Rules.

The Half-Yearly Financial Report, for the six months ended 31 March 2014, comprises an Interim Management Report in the form of the Strategic Report, 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

16 May 2014

Chairman's Statement

Performance

Over the reporting period for the six months to 31 March 2014 the Company produced a net asset value total return of 11.1% compared with the benchmark total return of 4.8%.

The Company's share price total return for the reporting period was 11.1%. The share price was in line with the net asset value at the end of the reporting period. The average peer group discount was 0.5%. At 14 May 2014 the share price was 424.5p, with the Company's shares offering a dividend yield of 3.2%.

The revenue return per ordinary share for the six months ended 31 March 2014 was 7.10p per share, representing a 20.5% increase over the return for the same period last year. The Company continues to see strong dividend growth coming through from the underlying portfolio, including special dividends from Beazley, easyJet, Hiscox and Lancashire.

Since the Board agreed a change in strategy in November 2011 to include a larger proportion of medium sized stocks where the Manager has a high conviction, the net asset value total return has been 65.3% compared with the benchmark total return of 35.3%.



Charles Wood OBE

The proportion of mid cap holdings has again been increased, as shown in the tables below. These changes, which are now substantially complete, have helped investment performance as well as reducing the concentration risk of the top ten income contributors.

Portfolio spread	31	30	30
	March 2014	September 2013	September 2011
FTSE 100	43.6%	53.1%	76.0%
FTSE 250	46.1%	42.5%	23.9%
Smaller Companies	10.3%	4.4%	0.1%

Dividend Concentration	31	30	30
	March 2014	September 2013	September 2011
Top 10 income contributors	35.0%	36.2%	50.3%

Strategic Report

Chairman's Statement (continued)

Your Company ranked third out of 21 peers in the UK Equity Income sector based on net asset value total return for the six months ended 31 March 2014. The longer term ranking against the peer group is shown in the table below:

UK Equity Income Peer Group	Six Months Total Return	One Year Total Return	Three Years Total Return
SLEIT	3/21	3/21	7/20

Source: JP Morgan Cazenove

The Manager's Report on pages 12 to 14 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.

Dividends

The Board is declaring a second quarterly interim dividend of 3.20p per share which together with the first quarterly interim dividend of 3.20p per share brings total dividends for the six months to 31 March 2014 to 6.40p per share.

The second quarterly interim dividend of 3.20p per share will be paid on 27 June 2014 to shareholders on the register on 6 June 2014, with an associated ex-dividend date of 4 June 2014.

It is the Board's intention to continue to provide real growth in dividends over the long term with any increase in the total dividend this year to be reflected in the fourth quarterly dividend payable in December 2014.

Gearing

For the majority of the period under review, our Manager has kept the Company's borrowings at £20m. However with the increase in the net asset value of the Company your Board increased potential borrowings to £25m with a new bank facility with Scotiabank (Ireland) Limited. In February the Manager increased actual borrowings to £23m, reflecting a positive view on the outlook for the long term prospects for the portfolio and attractive stock specific opportunities. Net gearing has remained in a relatively narrow range of between 8% and 12% depending on market and cash levels and is presently 9%. Gearing has had a positive impact on performance in this period of 1.3%.

Marketing

The Retail Distribution Review came into force in January 2013 with its insistence on wider disclosure of investment choices and fees. There will continue to be significant

Chairman's Statement (continued)

competition in the UK Equity Income sector both from closed and open ended funds. The Board believes that in the long term the provisions of the Review will be seen to encourage interest in the investment trust sector.

The Manager has continued to engage with existing and potential shareholders over the period. I would also highlight the Manager's investment plans and the opportunities in ISAs with new increased annual allowances from July 2014. Direct investors can access the Company's shares with no initial, exit or annual plan charges.

AIFM

As I stated in my last statement, the Board has decided to appoint Standard Life Investments as its AIFM to undertake the management of the Company under the new regulatory regime which will be in operation from July. A revised investment management agreement will be entered into and a depository appointed prior to 22 July 2014.

Whilst the Board does not expect that shareholders will notice any difference in the way the Company functions, there will be a small

increase in the cost of running the Company, which will be borne by shareholders.

Subscription Shares

During the period the Company issued 230,219 new ordinary shares at 320p per share resulting from the exercise of subscription shares. Shareholders are reminded that the new shares can be taken up at 320p per subscription share by giving notice each June and December with the final exercise date on 31 December 2016.

Treasury Shares

During the period the Company re-issued 1,000,000 ordinary shares from treasury at a premium to net asset value at prices ranging from 403.75p to 412.50p per share.

Succession Planning

I intend to retire from the Board at the next AGM in December 2014. The Board has agreed to the appointment of Richard Burns as Chairman from that date.

Scottish independence

The Board is mindful that there is uncertainty in relation to the referendum on Scottish independence due on 18 September.

Strategic Report

Chairman's Statement (continued)

Whilst your Company is registered in England and the terms of the investment management agreement are governed by English Law, the appointed Manager is a company registered in Scotland. The Board is advised that, should the vote be in favour of independence, there will be a transition period during which there will be an opportunity to assess the new situation and take any appropriate action.

Outlook

The Manager has maintained the Company's relative performance against a background of more uneven markets in recent months. The Company remains priced at around asset value. While the UK equity market has made strong progress in recent years, our Manager continues to identify attractive stock opportunities.

The Board believes that the reasons for encouragement over the medium term remain in place, notably the combination of positive dividend growth from our underlying investments and the backing of our revenue reserves, to meet our objective of delivering real growth of income and capital.

Charles Wood OBE

Chairman

16 May 2014

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 will be next considered at the Annual General Meeting ("AGM") in 2016 and every fifth subsequent AGM.
- **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 security 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 2014 consisted of equity share capital comprising Ordinary shares and Subscription shares. The Company has also entered into a revolving credit facility agreement with Scotiabank (Ireland) Limited for up to £25m. 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

Strategic Report

Principal Risks and Uncertainties (continued)

to Directors' overall restrictions on gearing. The bank facility is subject to regular monitoring by Scotiabank (Ireland) Limited and covenants are supplied monthly 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 between income and 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 Sections 1158-1159 of the Corporation Tax Act 2010 (formerly Section 842 of the Income and

Corporation Taxes Act 1988) 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.

There is also a further regulatory risk in ensuring compliance with the Alternative Investment Fund Managers Directive ("AIFMD") which came into force in the United Kingdom in July 2013 and is due to be fully implemented by 22 July 2014. The AIFMD introduces a new authorisation and supervisory regime for all investment trust fund managers and investment companies in the European Union. This is likely to create some additional regulatory costs for the Company.

- The Directors have adopted a robust framework of controls designed to identify and 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.

Manager's Report

Market Review

UK equities performed well during the period under review, as improving economic data on both sides of the Atlantic supported investor sentiment. After a prolonged period of subdued economic activity, 2013 saw the UK economy growing at the fastest rate since the financial crisis of 2008. Bank of England Governor Mark Carney had signalled unemployment as one of the key determinants of interest rate policy, thus the sharp improvement in employment conditions during the second half of 2013 drove expectations of an early interest rate hike. Meanwhile improving economic data in the US led to speculation on the timing and pace of tapering of the Federal Reserve's monetary stimulus.

Early 2014 saw market conditions becoming choppy as nervousness grew over the impact of Federal Reserve tapering on Emerging Markets and growing geopolitical tensions between Russia and Ukraine. However, in the context of the vibrant UK economic recovery, these concerns were not significant enough to cause material damage to market sentiment.

Performance

For the six months to 31 March 2014, the Company's diluted net asset value total return was 11.1% outperforming the FTSE All-Share Index total return of 4.8%. Over the same period, the share price rose from 383.0p to 418.3p (+ 9.2%).

Once again, the Company's position in easyJet was the largest contributor to returns. easyJet continues to benefit from the improved competitive environment created by the exit of more financially constrained competitors. New initiatives, such as allocated seating, are also helping to boost revenues. Building products supplier Tyman performed well after publishing strong results that led to substantial upgrades to 2014 profit forecasts. A sharp improvement in the UK and US housing markets and increased cost savings from a recent acquisition were the key drivers. In a similar vein, Howden Joinery also performed strongly. The resurgent UK housing market is underpinning demand for its products, while its new depot opening programme is further boosting growth.

Manager's Report

Among the major detractors to performance was the Company's holding in International Personal Finance, which was hit by regulatory uncertainty in Poland, one of its major markets. Not holding AstraZeneca also hurt relative returns, as excitement grew over the prospects for new products from its drug pipeline, particularly anti-cancer treatments. Since the Company's period-end, news of a possible takeover of AstraZeneca by Pfizer has emerged.

Activity

During the period under review, we continued to increase the Company's exposure to mid and small cap holdings that offer the prospect of superior dividend and capital growth, at the expense of large cap holdings that offer more limited growth potential. This shift in the portfolio has been instrumental in improving the Company's total return, while at the same time diversifying the Company's income sources and thereby reducing its reliance on some of the largest stocks in the market.

Purchases during the period included shares in Synthomer, the manufacturer of aqueous polymers used in medical rubber gloves. The company has been active in consolidating past industry overcapacity to the benefit of pricing and returns, while a cyclical upturn in its key European markets should boost profitability further. We also bought shares in support services company Rentokil, as a new management team increases the potential for self-help measures to improve profitability. Elsewhere, the Company purchased shares in TUI Travel, which has similar self-help potential that should support double-digit dividend growth.

We sold shares in Aberdeen Asset Management. Fund flows are likely to be constrained by weaker performance in Emerging Markets, which may also constrain profitability. Lastly, we sold shares in packaging business RPC. Having performed well, the valuation better reflected the improved outlook and the benefits from recent acquisitions.

Manager's Report

Outlook

Monetary conditions remain loose in the US, even a year after the first talk of tapering. Policy-makers globally are making it clear that they want to be quite convinced of an entrenched recovery in employment before monetary stimulus is withdrawn completely. In Europe and Japan, there is now the prospect of further monetary easing.

Such conditions are supportive for equities, which offer the prospect of further earnings and dividend growth. Dividend yields remain attractive relative to the yields available from other asset classes.

Following the broad-based rally in 2013, investors are likely to be increasingly selective as valuations have now recovered to more reasonable levels. Consequently, we expect a period of greater discrimination as the market searches for attractively valued businesses demonstrating sustainable earnings growth. In this environment, we remain confident that our active investment process will allow us to identify further attractive investment opportunities across the UK market.

Thomas Moore

Standard Life Investments

16 May 2014

List of Holdings

As at 31 March 2014

UK Equities	£'000
Oil & Gas	
<i>Oil & Gas Producers</i>	
BP	5,553
Royal Dutch Shell A	2,217
Soco International	1,463
<i>Oil Equipment Services & Distribution</i>	
Petrofac	3,260
Basic Materials	
<i>Chemicals</i>	
Synthomer	1,207
<i>Forestry & Paper</i>	
Mondi	1,769
<i>Mining</i>	
Rio Tinto	3,108
Industrials	
<i>Aerospace & Defence</i>	
Cobham	2,867
Qinetiq	2,304
Senior	1,461
<i>Construction & Materials</i>	
Tyman	3,561
Galliford Try	2,091
Kier	1,755
Balfour Beatty	1,471

UK Equities	£'000
<i>General Industrials</i>	
DS Smith	5,639
<i>Industrial Engineering</i>	
Bodycote	2,242
<i>Industrial Transportation</i>	
DX Group	1,392
<i>Support Services</i>	
Howden Joinery	4,755
Berendsen	3,351
Rentokil	2,389
Hays	2,142
WS Atkins	1,998
Babcock International	1,559
Consumer Goods	
<i>Automobiles & Parts</i>	
GKN	4,326
<i>Beverages</i>	
Britvic	3,586
<i>Household Goods & Home Construction</i>	
Bovis Homes	2,555
<i>Tobacco</i>	
British American Tobacco	2,864

List of Holdings

As at 31 March 2014

UK Equities	£'000
Consumer Services	
General Retailers	
Inchcape	3,326
Safestyle UK	2,784
Media	
Reed Elsevier	3,059
ITV	2,831
Rightmove	2,495
Travel & Leisure	
easyJet	5,993
Playtech	3,153
Tui Travel	3,001
Cineworld	2,799
Compass	2,489
Whitbread	2,174
William Hill	1,677
Telecommunications	
Fixed Line Telecommunications	
BT	7,292
Manx Telecom	2,432
Mobile Telecommunications	
Vodafone	2,810
Utilities	
Electricity	
Infinis Energy	1,675

UK Equities	£'000
Financials	
Banks	
HSBC	7,563
Barclays	3,325
Standard Chartered	2,556
Financial Services	
Close Brothers	4,126
IG	3,263
International Personal Finance	3,111
Provident Financial	3,014
F&C Asset Management	2,471
Rathbone Brothers	2,168
Polar Capital	2,069
Plus500	1,734
Ashmore	1,350
Life Insurance/Assurance	
Legal & General	4,447
Resolution	2,680
Prudential	2,321
Aviva	2,202
Chesnara	645

List of Holdings

As at 31 March 2014

UK Equities	£'000
<i>Non-life Insurance</i>	
Beazley	3,010
Jardine Lloyd Thompson	2,594
Lancashire	2,420
Hiscox	2,264
eSure	1,189
<i>Real Estate Investment Trusts</i>	
Hansteen	2,780
NewRiver	2,131
Technology	
<i>Software & Computer Services</i>	
Sage	1,868
Total Portfolio	190,176

Income Statement

		Six months ended 31 March 2014 (unaudited)		
	Notes	Revenue £'000	Capital £'000	Total £'000
Net gains on investments at fair value		—	16,552	16,552
Income	2	3,215	—	3,215
Investment management fee		(186)	(434)	(620)
Administrative expenses		(179)	—	(179)
Currency (losses)/gains		—	(4)	(4)
NET RETURN BEFORE FINANCE COSTS AND TAXATION		2,850	16,114	18,964
Finance costs		(60)	(140)	(200)
RETURN ON ORDINARY ACTIVITIES BEFORE TAXATION		2,790	15,974	18,764
Taxation	3	(14)	—	(14)
RETURN ON ORDINARY ACTIVITIES AFTER TAXATION		2,776	15,974	18,750
RETURN PER ORDINARY SHARE BASIC	4	7.10p	40.87p	47.97p
DILUTED		6.88p	39.56p	46.44p

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

A Statement of Total Recognised Gains and Losses has not been prepared as all gains and losses are recognised in the Income Statement.

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

Income Statement

Six months ended 31 March 2013 (unaudited)			Year ended 30 September 2013 (audited)		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
—	21,501	21,501	—	33,671	33,671
2,605	—	2,605	6,107	—	6,107
(141)	(330)	(471)	(303)	(707)	(1,010)
(173)	—	(173)	(329)	—	(329)
—	2	2	—	1	1
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
2,291	21,173	23,464	5,475	32,965	38,440
(42)	(98)	(140)	(92)	(216)	(308)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
2,249	21,075	23,324	5,383	32,749	38,132
(11)	—	(11)	(22)	—	(22)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
2,238	21,075	23,313	5,361	32,749	38,110
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
5.89p	55.45p	61.34p	14.07p	85.94p	100.01p
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5.89p	55.44p	61.33p	13.88p	84.79p	98.67p
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Reconciliation of Movements in Shareholders' Funds

Six months ended 31 March 2014 (unaudited)

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000
Balance at 30 September 2013		10,033	21,576	12,615
Issue of ordinary shares on exercise of subscription shares		57	679	—
Issue of ordinary shares from treasury		—	796	—
Return on ordinary activities after taxation		—	—	—
Dividends paid	5	—	—	—
BALANCE AT 31 MARCH 2014		10,090	23,051	12,615

Six months ended 31 March 2013 (unaudited)

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000
Balance at 30 September 2012		9,943	20,457	12,615
Issue of ordinary shares on exercise of subscription shares		28	336	—
Return on ordinary activities after taxation		—	—	—
Dividends paid	5	—	—	—
BALANCE AT 31 MARCH 2013		9,971	20,793	12,615

Reconciliation of Movements in Shareholders' Funds

Capital reserve £'000	Revenue reserve £'000	Total £'000
102,772	4,841	151,837
—	—	736
3,264	—	4,060
15,974	2,776	18,750
—	(2,743)	(2,743)
122,010	4,874	172,640

Capital reserve £'000	Revenue reserve £'000	Total £'000
69,697	6,561	119,273
—	—	364
21,075	2,238	23,313
—	(4,635)	(4,635)
90,772	4,164	138,315

Reconciliation of Movements in Shareholders' Funds

Year ended 30 September 2013 (audited)

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000
Balance at 30 September 2012		9,943	20,457	12,615
Issue of ordinary shares on exercise of subscription shares		90	1,064	—
Issue of ordinary shares from treasury		—	55	—
Return on ordinary activities after taxation		—	—	—
Dividends paid	5	—	—	—
BALANCE AT 30 SEPTEMBER 2013		10,033	21,576	12,615

Reconciliation of Movements in Shareholders' Funds

Capital reserve £'000	Revenue reserve £'000	Total £'000
69,697	6,561	119,273
—	—	1,154
326	—	381
32,749	5,361	38,110
—	(7,081)	(7,081)
102,772	4,841	151,837

Balance Sheet

	As at 31 March 2014 (unaudited) £'000	As at 31 March 2013 (unaudited) £'000	As at 30 September 2013 (audited) £'000
FIXED ASSETS			
Investments designated at fair value through profit or loss	<u>190,176</u>	146,903	<u>170,081</u>
CURRENT ASSETS			
Debtors	1,097	3,502	1,423
AAA Money Market funds	6,259	3,553	643
Cash and short term deposits	<u>7</u>	<u>137</u>	<u>96</u>
	<u>7,363</u>	<u>7,192</u>	<u>2,162</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Bank Loan	(23,000)	(15,000)	(20,000)
Other creditors	(1,899)	(780)	(406)
	<u>(24,899)</u>	<u>(15,780)</u>	<u>(20,406)</u>
NET CURRENT LIABILITIES	<u>(17,536)</u>	<u>(8,588)</u>	<u>(18,244)</u>
NET ASSETS	<u>172,640</u>	<u>138,315</u>	<u>151,837</u>
CAPITAL AND RESERVES			
Called-up share capital	6 10,090	9,971	10,033
Share premium account	23,051	20,793	21,576
Capital redemption reserve	12,615	12,615	12,615
Capital reserve	7 122,010	90,772	102,772
Revenue reserve	4,874	4,164	4,841
EQUITY SHAREHOLDERS' FUNDS	<u>172,640</u>	<u>138,315</u>	<u>151,837</u>
NET ASSET VALUE PER ORDINARY SHARE	8		
BASIC	<u>435.41p</u>	<u>363.29p</u>	<u>395.20p</u>
DILUTED	<u>418.16p</u>	<u>356.21p</u>	<u>383.34p</u>

The financial statements on pages 18 to 31 were approved by the Board of Directors and authorised for issue on 16 May 2014 and were signed on its behalf by:

C A WOOD OBE
Chairman

Cash Flow Statement

	Six months ended 31 March 2014 (unaudited) £'000	Six months ended 31 March 2013 (unaudited) £'000	Year ended 30 September 2013 (audited) £'000
NET RETURN ON ORDINARY ACTIVITIES BEFORE FINANCE COSTS AND TAXATION	18,964	23,464	38,440
Adjustments for:			
Gains on investments at fair value	(16,552)	(21,501)	(33,671)
Net currency losses/(gains)	4	(2)	(1)
REVENUE BEFORE FINANCE COSTS AND TAXATION	2,416	1,961	4,768
(Increase)/decrease in accrued income	(348)	(312)	2
(Increase)/decrease in other debtors	—	(5)	1
Increase in other creditors	55	26	90
NET CASH INFLOW FROM OPERATING ACTIVITIES	2,123	1,670	4,861
Net cash outflow from servicing of finance	(191)	(140)	(307)
Net tax paid	(15)	(2)	(19)
Net cash outflow from financial investment	(1,439)	(1,731)	(11,413)
Equity dividends paid	(2,743)	(4,635)	(7,081)
Net cash (outflow)/inflow from management of liquid resources	(5,616)	4,577	7,487
NET CASH OUTFLOW BEFORE FINANCING	(7,881)	(261)	(6,472)
Net cash inflow from financing	7,796	364	6,535
(DECREASE)/INCREASE IN CASH	(85)	103	63
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
(Decrease)/Increase in cash as above	(85)	103	63
Net change in liquid resources	5,616	(4,577)	(7,487)
Drawdown of loan	(3,000)	—	(5,000)
Currency movements	(4)	2	1
MOVEMENT IN NET DEBT IN THE PERIOD	2,527	(4,472)	(12,423)
Opening net debt	(19,261)	(6,838)	(6,838)
CLOSING NET DEBT	(16,734)	(11,310)	(19,261)
REPRESENTED BY:			
Cash and short term deposits	7	137	96
AAA money market funds	6,259	3,553	643
Bank loan	(23,000)	(15,000)	(20,000)
	(16,734)	(11,310)	(19,261)

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 2014 £'000	Six months ended 31 March 2013 £'000	Year ended 30 September 2013 £'000
Income from investments			
Franked investment income	2,334	1,964	4,858
Overseas and unfranked investment income	839	530	1,095
Stock dividends	25	95	129
	<u>3,198</u>	<u>2,589</u>	<u>6,082</u>
Other income			
AAA money market interest	7	16	25
Underwriting commission	10	—	—
	<u>17</u>	<u>16</u>	<u>25</u>
	<u>3,215</u>	<u>2,605</u>	<u>6,107</u>

Notes to the Financial Statements

3. Taxation on ordinary activities

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

	Six months ended 31 March 2014 p	Six months ended 31 March 2013 p	Year ended 30 September 2013 p
4. Return per ordinary share			
Basic			
Revenue return	7.10	5.89	14.07
Capital return	40.87	55.45	85.94
Total return	47.97	61.34	100.01

The figures above are based on the following figures:

	Six months ended 31 March 2014 £'000	Six months ended 31 March 2013 £'000	Year ended 30 September 2013 £'000
Revenue return	2,776	2,238	5,361
Capital return	15,974	21,075	32,749
Total return	18,750	23,313	38,110
Weighted average number of ordinary shares*	39,083,275	38,006,791	38,105,315
Diluted			
Revenue return	6.88	5.89	13.88
Capital return	39.56	55.44	84.79
Total return	46.44	61.33	98.67
Number of dilutive shares	1,291,234	7,338	516,765
Diluted shares in issue	40,374,509	38,014,129	38,622,080

* Calculated excluding shares held in treasury.

Notes to the Financial Statements

The calculation of the diluted total, revenue and capital returns per Ordinary share is carried out in accordance with Financial Reporting Standard No. 22 “Earnings per Share”. For the purposes of calculating diluted total, revenue and capital returns per Ordinary share, the number of Ordinary shares is the weighted average used in the basic calculation plus the number of Ordinary shares deemed to be issued for no consideration on exercise of all Subscription shares by reference to the average share price of the Ordinary shares during the period.

	Six months ended 31 March 2014 £'000	Six months ended 31 March 2013 £'000	Year ended 30 September 2013 £'000
5. Dividends			
Ordinary dividends on equity shares deducted from reserves:			
Final dividend for 2013 of 3.80p per share (2012 - 9.00p)	1,474	3,417	3,416
First quarterly dividend for 2014 of 3.20p (2013 - 3.20p)	1,269	1,218	1,218
Second quarterly dividend for 2013 of 3.20p	—	—	1,218
Third quarterly dividend for 2013 of 3.20p	—	—	1,229
	2,743	4,635	7,081

Notes to the Financial Statements

6. Called-up share capital

	Number	£'000
Issued and fully paid:		
Ordinary shares of 25p each		
Balance at 30 September 2013	38,419,941	9,605
Issue of Ordinary shares on conversion of Subscription shares	230,219	57
Issue of Ordinary shares from Treasury	1,000,000	250
Balance at 31 March 2014	<u>39,650,160</u>	<u>9,912</u>
Subscription shares of 0.01p each		
Balance at 30 September 2013	7,196,498	1
Conversion of Subscription shares into Ordinary shares	(230,219)	—
Balance at 31 March 2014	<u>6,966,279</u>	<u>1</u>
Treasury shares		
Balance at 30 September 2013	1,707,328	427
Issue of Ordinary shares from Treasury	(1,000,000)	(250)
Balance at 31 March 2014	<u>707,328</u>	<u>177</u>
Called up share capital at 31 March 2014		<u>10,090</u>

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.

Notes to the Financial Statements

During the six months ended 31 March 2014, shareholders exercised their right to convert 230,219 Subscription shares into Ordinary shares (31 March 2013 - 113,716; 30 September 2013 - 360,636) for a consideration of £736,000 (31 March 2013 - £364,000; 30 September 2013 - £1,154,000).

During the six months ended 31 March 2014, 1,000,000 Ordinary shares were issued from Treasury (31 March 2013 - nil; 30 September 2013 - 100,000) for a total consideration of £4,060,000 (31 March 2013 - £nil; 30 September 2013 - £381,000).

7. Capital reserve

The capital reserve figure reflected in the Balance Sheet includes investment holdings gains at the period end of £46,051,000 (31 March 2013 - gains of £30,566,000; 30 September 2013 - gains of £36,848,000).

8. Net asset value per ordinary share	Six months ended 31 March 2014	Six months ended 31 March 2013	Year ended 30 September 2013
Basic:			
Attributable net assets (£'000)	172,640	138,315	151,837
Number of ordinary shares in issue*	39,650,160	38,073,021	38,419,941
NAV per ordinary share (p)	435.41	363.29	395.20
Diluted:			
Attributable net assets assuming exercise of subscription shares (£'000)	194,932	162,134	174,866
Number of potential ordinary shares in issue*	46,616,439	45,516,439	45,616,439
NAV per ordinary share (p)	418.16	356.21	383.34

* Excludes shares in issue held in treasury.

Notes to the Financial Statements

The diluted net asset value per Ordinary share has been calculated in accordance with guidelines issued by the Association of Investment Companies, and assumes that all outstanding Subscription shares were converted into ordinary shares at the period end.

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 on investments in the Income Statement. The total costs were as follows:

	Six months ended 31 March 2014 £'000	Six months ended 31 March 2013 £'000	Year ended 30 September 2013 £'000
Purchases	165	153	386
Sales	39	41	84
	204	194	470

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 2014 and 31 March 2013 has not been audited.

The information for the year ended 30 September 2013 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.

This Half-Yearly Financial Report was approved by the Board on 16 May 2014.

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.

The Company currently conducts its affairs so that its shares can be recommended by independent financial advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to do so for the foreseeable future. The Company's shares are excluded from the FCA's restrictions which apply to non-mainstream products because they are shares in a UK Listed investment trust.

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. Investors will have the opportunity to invest in the Company's ISA up to £11,880 in the tax year 2014/2015. 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 in Standard Life Equity Income Trust

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.

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.

Company Information and Contact Details

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Richard Burns
Josephine Dixon
Keith Percy
Mark White

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