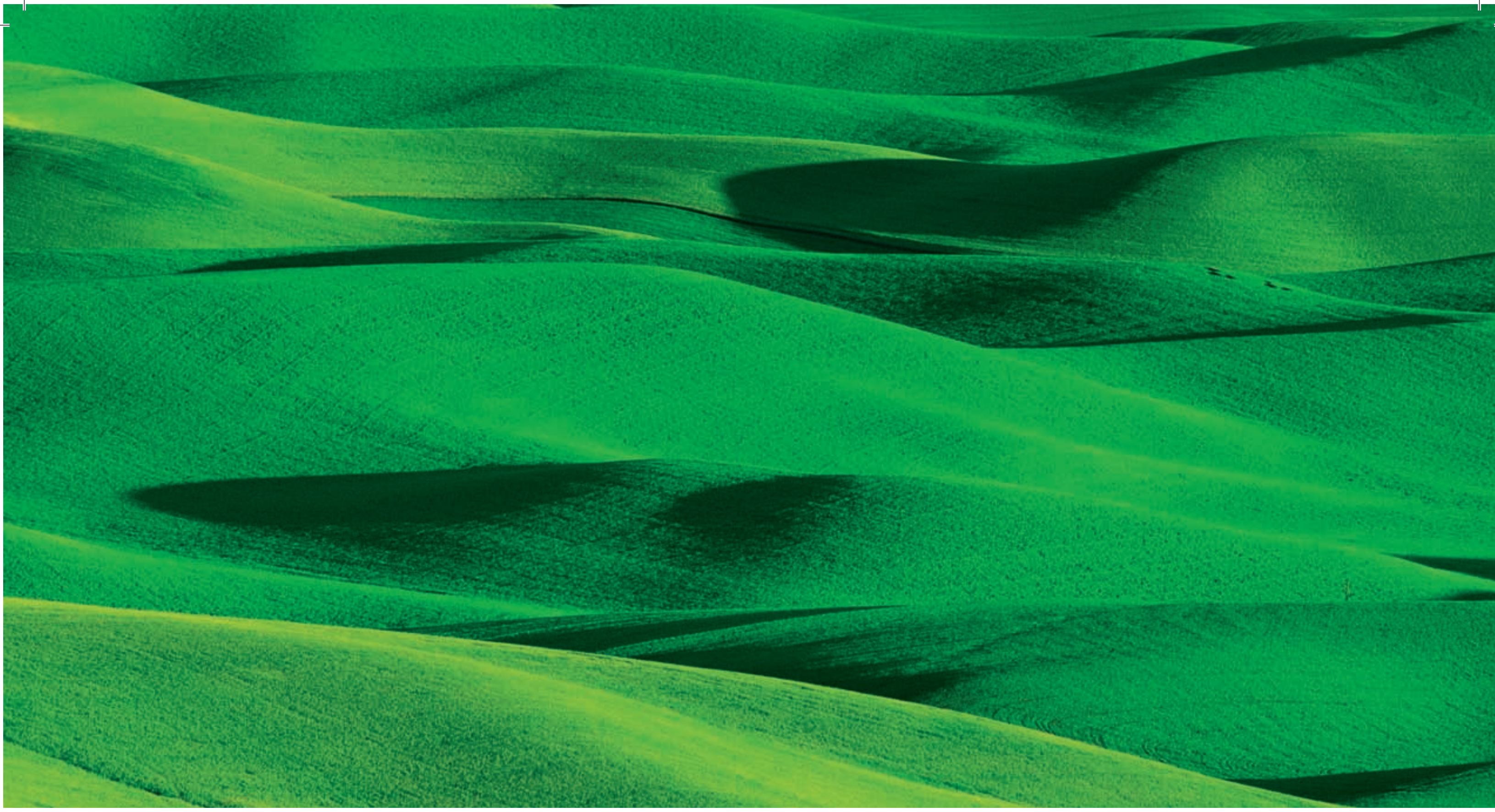


Standard Life Equity Income Trust PLC

Annual Report and Accounts 30 September 2010

Contents

Financial Calendar

19 November 2010	Announcement of Annual Financial Report for year ended 30 September 2010
17 December 2010	Annual General Meeting
21 December 2010	Payment of final dividend of 8.65p per ordinary share
May 2011	Announcement of Half Yearly Financial Report for six months ending 31 March 2011

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are rec ommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately author ised financial adviser. If you have sold or otherwise transferred all your Ordinary shares in Standard Life Equity Income Trust PLC, please forward this document, together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Corporate Summary

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 Convertible preference shares, convertible loan stocks, gilts and corporate bonds may make up the balance of the portfolio. 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.
Benchmark	The Company's benchmark is the FTSE All-Share Index.
Equity Shareholders' funds	£113.7 million at 30 September 2010.
Market capitalisation	£108.8 million at 30 September 2010.
Capital structure	Standard Life Equity Income Trust is a conventional investment trust with Ordinary shares of 25p each only. There were 39,737,907 Ordinary shares in issue at 30 September 2010 of which 1,807,328 Ordinary shares were held in treasury l eaving 37,930,579 ordinary shares with voting rights.
Independent Board	The Directors, all of whom are independent of the management company, meet regularly with the Manager to consider investment strategy and monitor performance.
Manager	During the financial year ending 30 September 2010, the Company was managed by Standard Life Investments with Karen Robertson as the fund manager.
ISA status	The Company's shares are eligible for ISAs and ISA transfers.
Buying shares	The process of buying shares through the Standard Life Investments Share Plan or ISA is shown in 'How to make future investments' on page 47 of this report.
AIC membership	The Company is a member of the Association of Investment Companies.
Website	The Company's website may be accessed from the Manager's Investment Trust website which may be found at www.standardlifeinvestments.com/its and offers investors comprehensive information on the Company including the latest share price and net asset value, performance figures, charts and commentary as well as details on how to invest in the Company.

Financial Highlights

At 30 September 2010	%
Total Return	
Net asset value per ordinary share	11.8
FTSE All -Share Index	12.5

At 30 September	2010	2009	% change
Capital Return			
Net asset value per ordinary share (including net revenue)	299.8p	280.3p	7.0
Net asset value per ordinary share (excluding net revenue)	291.9p	270.7p	7.8
Ordinary share price (mid market)	286.8p	253.5p	13.1
Discount of share price to net asset value (including net revenue)	4.3%	9.6%	n/a
Discount of share price to net asset value (excluding net revenue)	1.8%	6.4%	n/a
FTSE All -Share Index	2,867.6	2,634.8	8.8

At 30 September	2010	2009	% change
Total assets	£127.3m	£115.7m	10.0
Total shareholders' funds	£113.7m	£106.3m	7.0
Total expense ratio (AIC method)	1.0%	1.0%	n/a
Revenue return per ordinary share	11.04p	12.75p	-13.4
Dividend yield	4.1%	4.6%	n/a
Total dividends for the year (net)	11.80p	11.55p	2.2
Ordinary shares in issue (with voting rights)	37,930,579	37,930,579	—

Gearing (ratio of net borrowings to net assets)	2010	2009
Actual gearing ratio	9.5%	7.8%
Potential gearing ratio	11.5%	18.1%

Ten year dividend growth record for Company (pence per share)

Charles Wood OBE

Income and Dividends

Revenue return per ordinary share for the year ended 30 September 2010 was 11.04p compared with 12.75p in the previous year, a decline of 13.4%. The reduction in earnings mainly resulted from a smaller refund of VAT being received in the reporting period. In addition income from investments decreased by 4.2% during the period predominantly due to the suspension of dividends from BP in the second half.

An unchanged interim dividend of 3.15p was paid on 24 March 2010. Your Board is now recommending an increase of 3% in the final dividend to 8.65p per share bringing total dividends to 11.80p per share compared with 11.55p per share last year. Having successfully built up revenue reserves over the last five years, the Board believes it is appropriate to increase the total dividend despite earnings not covering dividends this year. The prospects for dividend growth from the Company's portfolio have improved and the Company has a strong revenue reserve should the outturn be behind the Board's expectations.

VAT on Investment Management Fees

No further repayments of VAT were received during the reporting period but interest of £112,000 was received after the year end from HMRC covering the period 2001 to 2003 and accrued in the accounts. Discussions continue with HMRC through our former manager, Deutsche Asset Management, for the period since the Company's inception in 1991 to 1996. The Board is also supporting the PwC legal action to recover any non-recoverable VAT incurred by the Company since its inception but does not expect a conclusion from this for some years.

Performance

For the year ended 30 September 2010, your Company's net asset value total return was 11.8% compared with a 12.5% total return for the FTSE All-Share Index and 5.2% for the FTSE 350 High Yield Index.

The Company ranks fifth out of 21 peers in the UK Growth & Income sector based on net asset value total return over the three years ended 30 September 2010 (Source JP Morgan Cazenove).

The medium and long term performance of your Company has been reasonably consistent against its peers as the table below illustrates:

UK Growth & Income Peer Group	One Year Total Return	Three Year Total Return	Five Year Total Return
SLEIT	16/21	5/21	4/21

The Company's share price total return increased by 18.1% over the reporting period and the discount reduced to 4.3% (using statutory net asset values).

The Manager's Report on pages 7 to 8 provides further information on the UK economy and equity market as well as a review of the portfolio of investments and activity during the financial year.

Chairman's Statement

Gearing

Your Manager maintained the gearing level at around 10% for the vast majority of the financial year, expecting that the UK equity market would make reasonable progress, and this proved the correct decision with the FTSE All-Share Index providing a total return of 12.5% over the financial year. The Company renewed its borrowing facilities in February 2010 on terms that your Board regards as favourable. A £15m one year credit facility was agreed at 100bps over LIBOR.

Marketing and Shareholder Communications

The Manager held meetings with private client and wealth managers. In addition a number of individual holders attended your Company's Annual General Meeting, held last year at the offices of JP Morgan Cazenove, the Company's stockbrokers.

Proposed European AIFM Directive

The Board and the Manager fully support the action and lobbying undertaken by the AIC to convince the relevant authorities to protect the position of investment trusts and their shareholders including the recognition of the important role of an independent board.

The Directive on Alternative Fund Managers continues to move slowly to completion, possibly later this year. Your directors have taken part in the lobbying by the AIC and the UK authorities at this piece of regulation which remains quite unnecessary given the existing framework of company law and financial regulation in the UK.

Bonus Issue of Subscription Shares and Continuation Vote

I have indicated in the past the Board's desire to increase the size of the Company and thereby improve liquidity of the ordinary shares and reduce the TER. After taking advice and consulting with major shareholders the Board is proposing to issue subscription shares to qualifying shareholders on the basis of one subscription share for every five existing ordinary shares. This will be subject to shareholder approval and I would draw your attention to the combined circular and prospectus that sets out in more detail the anticipated benefits to shareholders.

To enhance the value of the subscription shares to be issued, the Board has been advised to bring forward the next continuation vote to this year allowing a six year life for the subscription shares. Subject to shareholder approval the next continuation vote will therefore be 2016. The Board recommend that shareholders vote in favour of all resolutions to be held at the general meetings in December 2010.

Outlook

The Board and Manager remain confident of the outlook for the UK stock market. Recent macroeconomic data has generally been more positive than expected and portfolio companies are consistently reporting better earnings figures than anticipated by the market, especially those arising from overseas operations (over 60% of FTSE 100 earnings are generated overseas).

One encouraging point is the resumption of growth in dividends particularly in the last two quarters. Across the overall market dividends rose by just 1% in the year ended 30 September 2010, reflecting the impact of the decision by BP; but excluding this, the underlying figure was a rise of 9%. Dividend growth is an indication of a continuing improvement in corporate confidence. Increased merger and acquisition activity should also be supportive of the equity market.

The historic yield on the FTSE All-Share Index is around 3%, about the same return as ten-year Government stocks. For comparison your Company's shares offer a present dividend yield of 4%. Your Board believes that compared with past history equities are cheap relative to bonds and cash. It continues to believe that over the long term your Company will be able to deliver attractive returns from investment in equities.

Charles Wood OBE
Chairman

19 November 2010

Board of Directors

Charles Wood OBE
Chairman
Appointed to the Board in 2003, he is chairman of Northcliffe Trustees Limited and a member of the Investment Committee of the Daily Mail and General Trust plc Pension Scheme. He is also a director of Cazenove Capital Management Pension Trustee Limited.

Chris Rowlands
Director
Appointed to the Board in 2003, he has been designated as the Senior Independent Director and is chairman of the Audit Committee. A Chartered Accountant, he is currently involved in business angel activity and was formerly chief executive of The Television Corporation PLC and HTV Group PLC.

Richard Burns
Director
Appointed to the Board in 2006, he is chairman of the Remuneration & Management Engagement Committee. He is currently a non-executive director of JPMorgan Indian Investment Trust plc, The Bankers Investment Trust PLC, EP Global Opportunities Trust PLC and Mid Wynd International Investment Trust PLC and a former non-executive director of The Baillie Gifford Japan Trust PLC. He was, until May 2006, Joint Senior Partner of Baillie Gifford.

Keith Percy
Director
Appointed to the Board in 1991, he is chairman of the Nomination Committee. He is chairman of Brunner Investment Trust PLC and also non-executive director of JPMorgan Japanese Investment Trust PLC, The Henderson Smaller Companies Investment Trust PLC and of The Children's Mutual.

Financial Record

	Gross revenue £'000	Revenue available for ordinary shareholders £'000	Revenue earnings per share p	Dividends per share p	Net asset value per share (3) p	Shareholders' funds £'000	Share price p	Discount/ (premium) %	Actual gearing ratio (4)	Potential gearing ratio (5)
2000	3,876	2,986	7.62	7.35	262.0	104,166	249.0	5.0	0.96	1.00
2001	4,041	3,228	8.12	7.55	226.8	90,190	219.0	3.4	0.95	1.00
2002	3,555	2,779	6.99	7.60	187.0	74,373	189.5	(1.3)	0.94	1.00
2003	4,207	3,532	8.88	8.00	212.8	84,613	211.0	0.8	0.98	1.00
2004	3,688	2,926	7.36	8.20	235.1	93,495	231.0	1.7	0.97	1.05
2005 (1)	4,917	3,992	10.04	8.60	286.2	113,718	256.0	10.5	1.01	1.06
2006 (2)	4,843	4,161	10.47	9.50	325.1	129,171	297.5	8.5	1.07	1.08
2007	5,404	4,606	11.99	10.45	348.9	132,333	311.0	10.9	1.07	1.10
2008	5,479	4,782	12.61	11.00	262.5	99,573	241.0	8.2	0.96	1.15
2009	4,922	4,836	12.75	11.55	280.3	106,302	253.5	9.6	1.08	1.08
2010	4,715	4,189	11.04	11.80	299.8	113,701	286.8	4.3	1.10	1.11

(1) The figures for 2005 for Shareholders' funds, Net Asset Value and discount/(premium) have been restated to reflect the changes in accounting policies arising from revisions to UK GAAP. The figures for dividends have not been restated and still reflect the dividends for the years in which they were earned.

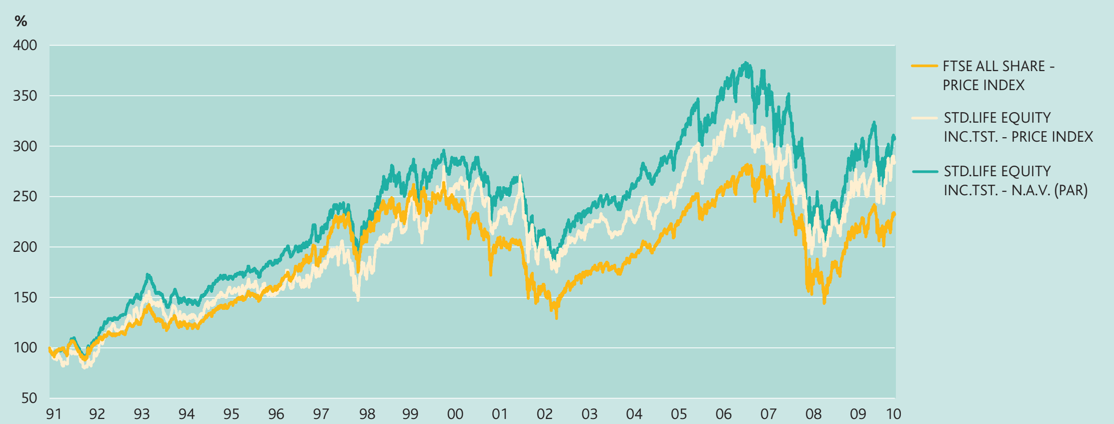
(2) From 1 October 2005, the Directors have established that 70% of the total of finance costs and investment management fees are charged against the realised capital reserve.

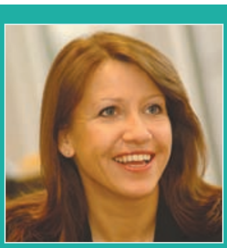
(3) Net Asset Values include net revenue for the period, where applicable.

(4) Total assets less current liabilities excluding all debt being used for investment purposes (irrespective of how long the debt has to run until repayment) less all cash and fixed interest assets divided by shareholders' funds.

(5) Total assets less current liabilities excluding all debt being used for investment purposes (irrespective of how long the debt has to run until repayment) divided by shareholders' funds.

Historic Performance Analysis (rebased to 100 from 14 November 1991)





Karen Robertson

Market Review

Over the last 12 months, UK equities generally continued the rally that began in mid-March 2009 although the market remained volatile on concerns over the sustainability of the global economic recovery. The period started positively, as the global economy moved out of recession and corporate newsflow improved. Companies across a range of sectors, including consumer, industrial and financial firms, reported signs of improved trading, which boosted market performance. Merger and acquisition activity also picked up, with British Airways agreeing a deal with Spanish rival Iberia.

Moving into 2010, UK equities maintained their upward trend, with the FTSE 100 Index exceeding the 5,700 level in March for the first time since June 2008. Initially, the market struggled on concerns over Greece's ability to repay its sovereign debt and President Obama's proposals for tough banking sector regulation. However, positive corporate earnings results and improving global economic data then provided a platform for the market to build on 2009's strong gains. For example, Barclays' £11.6 billion profit in 2009 was ahead of market expectations while many companies reported increasing profitability. Merger activity continued with the US food group Kraft's $19 billion takeover of Cadbury.

However, the market then turned lower on fears over the possibility of a double-dip recession. In particular, fears over Greece's financial position and the possible impact on the rest of the Euro-zone dragged equities lower. The UK market initially reacted positively to the announcement of a €750 billion EU rescue package but this proved short-lived given concerns over the ability of some countries to deliver large debt cuts. In June, downbeat data from a number of countries were a further drag on the market.

Towards the end of the period, UK equities recovered as a measure of risk appetite returned to the market. The latest corporate earnings season got underway in July, with companies generally beating expectations on both earnings and sales. In addition, guidance from management was broadly positive, particularly among the more cyclically exposed businesses. After a weaker August, equities rose in September on better-than-expected macroeconomic data from the US and China, which helped to counter 'double-dip' fears.

Performance

For the year ended 30 September 2010, the Company's net asset value (capital return only) rose by 7.8%, underperforming the FTSE All-Share Index which rose by 8.8% whilst at the same time outperforming the FTSE 350 High Yield Index by 7.5%, which rose by only 0.3% (source: Thomson Datastream). Over the reporting period, the share price rose from 253.5p to 286.8p, an increase of 13.1%.

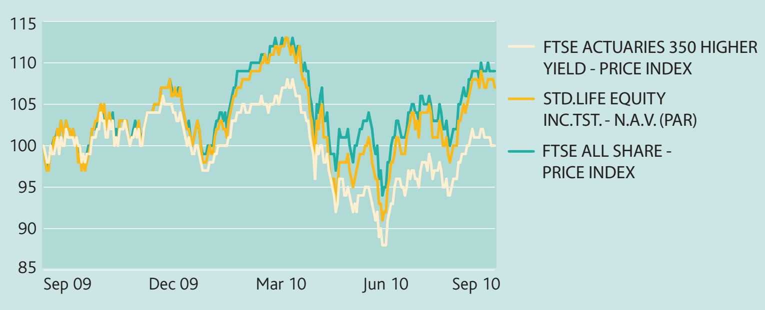
The Company's holdings in industrial stocks geared towards economic recovery were positive for performance during the period. For example, Melrose was the biggest contributor, as it announced interim results well ahead of expectations and raised its dividend. GKN was also positive, benefiting from rising demand for cars. In addition IMI, Fenner, Mondi, and DS Smith, all significantly boosted returns over the last 12 months.

Elsewhere, Xstrata and Rio Tinto added to returns as mining stocks benefited from higher commodity prices. However, not holding either Anglo American and BHP Billiton was a negative factor. Britvic made a strong contribution towards performance following good results and a well received acquisition. In the utilities sector, Northumbrian Water Group added to performance, while International Power received a merger approach from GDF Suez.

On the downside, BP was the main detractor from returns, as the prospect of extensive litigation and clean up costs resulting from the Gulf of Mexico oil spill, alongside the implications for BP's dividend, all negatively impacted the share price. HMV Group detracted from performance as the sector was hit by concerns over the UK consumer and variable trading. Segro was also detrimental following negative sentiment towards the property sector, while management uncertainty proved negative for Micro Focus. Other negatives over the year included not owning SAB Miller which has a below average dividend yield, and owning Brewin Dolphin which underperformed due to concern regarding capital adequacy leading to a share placing.

Manager's Report

Index Performance: year to 30 September 2010 (re-based to 100)



Source: Thomson Datastream

Relative Performance Attribution*	%
Stock Selection	-0.88
Gearing	+0.86
Interest	-0.41
Other including net income	-0.48
Total	-0.91

* based upon statutory NAV

Top 5 Stock Level Contributions	Relative Position (%)	Contribution (%)
Melrose	1.7	0.6
IMI	1.2	0.6
Fenner	1.6	0.6
GKN	1.3	0.4
Barclays	-1.5	0.4
Bottom 5 Stock Level Contributors		
BP	1.4	-0.7
Segro	1.0	-0.4
HMV Group	0.4	-0.3
Anglo American	-2.1	-0.3
Aviva	1.4	-0.3

Source: Standard Life Investments

Activity

During the period, we increased our investment in the utilities sector with the purchase of Severn Trent and United Utilities. Proposals from the OFWAT regulatory review were better than expected, leaving no requirement for equity issuance, and both companies offer attractive dividend yields. We bought National Grid on the expectation of positive regulatory news for its US operation but subsequently sold the company following the announcement of an unexpected rights issue.

Elsewhere, we continued to invest in companies that we expect to benefit from an improving economic outlook. For example, we bought United Business Media, which offered an above-average dividend yield and given signs of improvement in the advertising market. We also bought Stagecoach, as it has made cost savings, is financially strong and has good management. British Airways was another purchase, as it is exposed to a pick up in business travel.

Sales during the period included taking profits in companies following a period of strong performance, such as Mondi and Thomas Cook. In addition, we sold Tomkins after a bid for the company was completed, while we reduced our holding in Tullow Oil due to ongoing uncertainty surrounding licenses in Uganda. In the retail sector, we sold Home Retail Group, because of poor numbers at its Argos business, and HMV Group, following a poor trading statement and given risks to the dividend.

Outlook

UK equities remain attractively valued when compared to bonds and cash. The market continues to be macro data driven at times, reflecting a lack of confidence in the sustainability of the economic recovery. We remain confident in the outlook for the UK equity market given strong corporate earnings momentum and generally strong balance sheets. We believe that our bottom-up Focus on Change investment approach leaves us well positioned to take advantage of investment opportunities as they arise.

Karen Robertson
Standard Life Investments

19 November 2010

Twenty Largest Investments

at 30 September 2010

Stock	Key Business	Valuation as at 30 September 2010 £'000	Weight %	Valuation as at 30 September 2009 £'000
HSBC Holdings	Banks	8,293	6.7	9,093
BP	Oil & Gas Producers	6,685	5.4	8,920
Vodafone	Mobile Telecommunications	6,657	5.3	7,266
GlaxoSmithKline	Pharmaceuticals & Biotechnology	6,485	5.2	5,735
Royal Dutch Shell [A]	Oil & Gas Producers	6,056	4.9	4,085
Rio Tinto	Mining	4,969	4.0	3,193
Xstrata	Mining	4,268	3.4	3,232
British American Tobacco	Tobacco	3,781	3.0	4,163
Imperial Tobacco	Tobacco	3,309	2.7	3,153
AstraZeneca	Pharmaceuticals & Biotechnology	3,034	2.4	2,670
Top ten investments		**53,537**	**43.0**	
Aviva	Life Insurance	2,707	2.2	2,617
Lloyds	Banks	2,216	1.8	—
Fenner	Industrial Engineering	2,117	1.7	1,347
GKN	Automobiles & Parts	2,071	1.7	1,391
Centrica	Gas, Water & Multiutilities	2,066	1.7	1,607
Scottish & Southern	Electricity	2,061	1.7	1,595
Melrose	Industrial Engineering	1,969	1.6	2,092
Britvic	Beverages	1,890	1.5	1,373
Barclays	Banks	1,886	1.5	—
Vedanta Resources	Mining	1,814	1.4	1,593
Top twenty investments		**74,334**	**59.8**	
Other investments (53)		49,988	40.2	
Total investments		**124,322**	**100.0**	

All investments are equity investments.

[A] Valuation is for combined holdings in 'A' and 'B' shares.

Classification of Investments

at 30 September 2010

	2010 £'000	Total portfolio 2010 %	FTSE All-Share Index 2010 %	Total portfolio 2009 %
UK EQUITIES				
Oil & Gas		**11.2**	**16.2**	**13.2**
Oil & Gas Producers		11.2		
BP	6,685			
Royal Dutch Shell B	3,622			
Royal Dutch Shell A	2,434			
Tullow Oil	1,177			
Basic Materials		**10.6**	**12.2**	**8.4**
Forestry & Paper		0.5		
Mondi	647			
Mining		10.1		
Rio Tinto	4,969			
Xstrata	4,268			
Vedanta Resources	1,814			
BHP Billiton	1,529			
Industrials		**14.2**	**7.3**	**14.1**
Construction & Materials		2.2		
Kier	1,413			
Balfour Beatty	1,314			
Aerospace & Defence		0.8		
BAE Systems	1,012			
General Industrials		2.1		
Smith DS	1,384			
Smiths	1,232			
Electronic & Electrical Equipment		0.9		
Morgan Crucible	602			
Domino Printing	496			
Industrial Engineering		4.5		
Fenner	2,117			
Melrose	1,969			
IMI	1,541			
Industrial Transportation		1.8		
BBA Aviation	1,619			
Wincanton	643			
Support Services		1.9		
Carillion	1,120			
Howden Joinery	806			
CPP	434			
Consumer Goods		**9.6**	**11.5**	**10.7**
Automobiles & Parts		1.7		
GKN	2,072			
Beverages		1.5		
Britvic	1,890			

Classification of Investments

at 30 September 2010

	2010 £'000	Total portfolio 2010 %	FTSE All-Share Index 2010 %	Total portfolio 2009 %
Household Goods & Home Construction		0.7		
Bovis Homes	476			
Barratt Developments	423			
Tobacco		5.7		
British American Tobacco	3,781			
Imperial Tobacco	3,309			
Health Care		**7.7**	**7.6**	**7.3**
Pharmaceuticals & Biotechnology		7.7		
GlaxoSmithKline	6,485			
AstraZeneca	3,034			
Consumer Services		**8.6**	**9.9**	**8.5**
General Retailers		2.5		
WH Smith	1,637			
Dixons Retail	768			
Marks & Spencer	705			
Media		2.6		
Daily Mail & General Trust	1,366			
United Business Media	645			
Aegis	611			
Informa	575			
Travel & Leisure		3.5		
Compass	1,240			
Stagecoach	605			
Marston's	599			
Easyjet	587			
British Airways	577			
Thomas Cook	383			
Ladbrokes	303			
Telecommunications		**5.4**	**6.0**	**6.4**
Mobile Telecommunications		5.4		
Vodafone	6,657			
Utilities		**8.6**	**3.8**	**6.5**
Electricity		2.7		
Scottish & Southern Energy	2,061			
International Power	1,299			
Gas, Water & Multiutilities		5.9		
Centrica	2,066			
Severn Trent	1,243			
Northumbrian Water	1,204			
National Grid	1,128			
United Utilities	1,025			
Pennon	629			

Classification of Investments

at 30 September 2010

	2010 £'000	Total portfolio 2010 %	FTSE All-Share Index 2010 %	Total portfolio 2009 %
Financials		**23.1**	**23.7**	**24.2**
Banks		10.9		
HSBC Holdings	8,293			
Lloyds	2,216			
Barclays	1,886			
Standard Chartered	1,197			
Non-life Insurance		3.2		
Admiral	1,404			
RSA Insurance	1,390			
Hiscox	1,189			
Life Insurance/Assurance		3.3		
Aviva	2,707			
Legal & General	1,400			
Real Estate Investment Trusts		2.0		
Hammerson	1,352			
Segro	1,160			
Financial Services		3.7		
Tullett Prebon	1,045			
3i	971			
Ashmore	856			
IG	853			
Brewin Dolphin	525			
Hargreaves Lansdown	371			
Technology		**1.0**	**1.8**	**0.7**
Software & Computer Services		1.0		
Micro Focus International	697			
Invensys	580			
Total Portfolio	**124,322**	**100.0**	**100.0**	**100.0**

All investments are equity investments.

The Directors present their Annual Report and the audited Financial Statements of the Company for the year ended 30 September 2010.

Incorporation and Listing

The Company was incorporated as a public limited company on 24 September 1991 and its Ordinary shares were listed on the London Stock Exchange on 14 November 1991. The Company's registration number is 2648152.

Business Review

In conjunction with the rest of the Annual Report and Financial Statements, in particular, the Chairman's Statement and Manager's Report, this Business Review is intended to provide information about the Company's business and its results for the year.

Status and Principal Activity

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006 and carries on business as an investment trust. The Company is a member of the Association of Investment Companies. The Company has been approved by HM Revenue & Customs as an investment trust for the purposes of Section 842 of the Income and Corporation Taxes Act 1988 for the year ended 30 September 2009. The Directors are of the opinion, under advice, that the Company has conducted its affairs for the year ended 30 September 2010 so as to be able to continue to obtain approval as an investment trust (now under Sections 1158 - 1159 of the Corporation Tax Act 2010) for that year. The Company intends to manage its affairs so as to be a qualifying investment for inclusion in the stocks and shares component of an Individual Savings Account and it is the Directors' intention that the Company should continue to be a qualifying investment.

Investment Objective

The Company's investment objective 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 which 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 aggregate net assets; and
- the top ten holdings within the portfolio will not exceed 50% of net assets.

Convertible preference shares, convertible loan stocks, gilts and corporate bonds may make up the balance of the portfolio.

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 the Manager's 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.

Performance

The investment portfolio at the year end is set out on pages 10 to 12 and the top twenty investments are listed on page 9. In the year ended 30 September 2010, the Company's net asset value (capital, including income) rose by of 7.0% and the FTSE All-Share Index rose by 8.8%. Further details on future trends and factors that may impact on the future performance of the Company are included in the Chairman's Statement and Manager's Report.

Results and Dividends

Details of the Company's results are shown in the Financial Highlights on page 2.

The total revenue return attributable to ordinary shareholders for the year ended 30 September 2010 amounted to £4,189,000 (2009 - £4,836,000). An interim dividend of 3.15p per share was paid to eligible shareholders on 24 March 2010 (2009 – 3.15p) and the Directors are now recommending to shareholders that a final dividend per share of 8.65p (2009 – 8.40p) be paid on 21 December 2010 to shareholders on the share register as at the close of business on 3 December 2010. The ex-dividend date is 1 December 2010. Details of the dividends paid during the year ended 30 September 2010 may be found in Note 7 to the Financial Statements on page 36.

An outline of the Company's performance, market background, investment activity and portfolio strategy during the year under review, as well as the Manager's investment outlook, is provided in the Manager's Report which may be found on pages 7 and 8.

Monitoring Performance – Key Performance Indicators
The key performance indicators (KPIs) shown below have been identified by the Directors for determining the progress of the Company and a record of these measures, with comparatives, is disclosed in the Financial Highlights on page 2:

- Net asset value (total return) relative to the Company's benchmark (FTSE All-Share Index total return)
- Share price (capital return)
- Discount to net asset value

At each Board meeting, the Directors consider a number of performance measures, including the KPIs, to assess the Company's success in achieving its investment objective.

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 normally put to shareholders at every fifth Annual General Meeting ("AGM") and was last passed by shareholders at the AGM held on 20 December 2006. As outlined in the Chairman's Statement, it is proposed to bring forward the next continuation vote to this year allowing a six year life for the subscription shares.
- Shareholder Profile risk: activist shareholders, whose interests are not consistent with the long term objectives of the Company, may be attracted on to 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, further details of which may be found on page 16. 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 30 September 2010 consisted of equity share capital comprising Ordinary shares and debt in the form of a revolving credit facility with The Royal Bank of Scotland plc for up to £15m. 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 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 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 (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.

  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. A full analysis of the Directors' system of internal controls is set out in the Statement of Corporate Governance on page 22.
- Financial instruments and derivatives risk: further information relating to these risks may be found in Note 16 to the Financial Statements on pages 40 to 42.

Directors' Report - General

The names and short biographies of the Directors of the Company as at the date of signing of this report, may be found on page 5.

	Ordinary shares held at 30 September 2010	Ordinary shares held at 1 October 2009
C.A. Wood, OBE	12,500	12,500
R.R.J. Burns	90,000	90,000
K.E. Percy	21,850	21,850
C.J. Rowlands	9,956	9,956

Table 1: Directors' interests in the shares of the Company

The Directors' interests in the share capital of the Company, as at 30 September 2010 and 1 October 2009 are listed in Table 1.

Mr C.J. Rowlands retires from the Board and offers himself for re-election at the next AGM in accordance with the Company's Articles of Association which require that each Director shall retire from office at the third AGM after the AGM at which he was last elected. Mr K.E. Percy, having served as a Director for more than nine years from the date of his first election, retires at the next AGM in accordance with the provisions of the AIC Code and, being eligible, offers himself for re-election.

The other Directors have reviewed the skills and experience of both Mr C. J. Rowlands and Mr K.E. Percy, and have no hesitation in recommending to shareholders their individual re-election at the AGM. The relevant resolutions may be found in the Notice of AGM on page 48 of this report.

No contract or arrangement subsisted during the year in which any of the Directors is or was materially interested. The Directors' interests in the share capital of the Company at 30 September 2010 were unchanged as at the date of this report.

Directors' Indemnity

The Company maintains insurance in respect of Directors' and Officers' liabilities in relation to their acts on behalf of the Company. The Directors also have the benefit of the indemnity provision contained in the Company's Articles of Association. This provides, subject to UK legislation, for the Company to indemnify Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors in which judgment is given in their favour or they are acquitted. The Company has granted indemnities to the Directors on this basis.

Additional Information

The rules governing the appointment of Directors are set out in the Statement of Corporate Governance on pages 20 to 24. The Company's Articles of Association may only be amended by a special resolution at a general meeting of shareholders.

The Company is not aware of any significant agreements to which it is a party which take effect, alter or terminate upon a change of control of the Company following a takeover.

The Directors review each year the principal contracts and other arrangements in place between the Company and third parties. Other than the investment management agreement with the Manager, further details of which are set out below, the Company is not aware of any contractual or other agreements which are essential to its business which ought to be disclosed in the Directors' Report.

Bank Facilities

The Company has agreed a £15m revolving Sterling bank facility ('the facility') with The Royal Bank of Scotland plc. During the year, funds were periodically repaid to or drawn down from the facility as determined by the Manager. As at 30 September 2010, £12.75m was drawn down. Additional information may be found in the "Gearing" section of the Chairman's Statement on page 4.

Share Capital and Voting Rights

The Company did not buy back any shares into treasury or for cancellation during the year ended 30 September 2010 (2009: nil).

The Company's issued share capital at 30 September 2010, and 30 September 2009, consisted of 39,737,907 Ordinary shares of 25p of which 1,807,328 Ordinary shares were held in treasury resulting in 37,930,579 Ordinary shares with voting rights attaching.

Each shareholder is entitled to one vote on a show of hands and, on a poll, to one vote for every share held. There are no restrictions on the transfer of Ordinary shares in the Company other than certain restrictions which may from time to time be imposed by law (for example, insider trading law). The Company is not aware of any agreements between shareholders which may result in restriction on the transfer of securities and/or voting rights.

Investment Management

Since 24 November 2005, investment management services have been provided to the Company by Standard Life Investments under an investment management agreement dated 18 October 2005 which is terminable by either party on not less than six months' notice. Company secretarial and administrative services are provided by Aberdeen Asset Management PLC under a separate agreement with the Manager.

The investment management fee is calculated at 0.65% per annum of total assets payable quarterly in arrears and is chargeable 30% to revenue. The management fees charged during the year are shown in Note 3 to the Financial Statements. Until 31 August 2010 custody services were provided to the Company, under a separate contract, by State Street Bank and Trust Company and the custody fees were payable by the Manager. The custody agreement was transferred to BNP Paribas Securities Services S.A from 1 September 2010 and the custody fees are now payable by the Company.

The Directors believe that, in their collective opinion and for the reasons set out on page 21, the continuing appointment of the Manager, on the terms agreed, is in the interests of shareholders as a whole.

Social, Community, Employee Responsibilities and Environmental Policy

As an investment trust, the Company has no direct social, community, employee or environmental responsibilities. Its principal responsibility to shareholders is to ensure that the investment portfolio is properly managed and invested. The Company has no employees and accordingly no requirement to separately report in this area as the management of the portfolio has been delegated to the Manager. The Manager engages with the Company's underlying investee companies in relation to their corporate governance practices and in developing their policies on social, community and environmental matters and further information may be found in the Statement of Corporate Governance.

Corporate Governance

The Statement of Corporate Governance which forms part of the Directors' Report is shown on pages 20 to 24.

Going Concern

The Company's Articles of Association require that at every fifth AGM the members of the Board shall cause an ordinary resolution to be proposed to the effect that the Company continues as an investment trust. The next AGM, at which this vote would have had to be proposed, is in 2011. However, the Board has decided to bring this vote forward to the AGM in 2010. After consulting with the Company's major shareholders, the Board anticipates that the resolution concerning the continuation vote should be passed by shareholders. The Board will be voting in favour of the resolution in respect of their own shares. 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.

Substantial Interests in Shares

Table 2 sets out the declarations of interests in the voting rights of the Company, as at the date of this report, which have been notified to the Company under the UKLA's Disclosure and Transparency Regulations.

Creditor Payment Policy

It is the policy of the Company to settle all investment transactions in accordance with the terms and conditions of the relevant market in which it operates. All other expenses are paid on a timely basis in the ordinary course of business. The Directors do not consider any creditors to represent trade creditors.

Independent Auditor

The Company's auditor, Grant Thornton UK LLP have expressed their willingness to continue in office and an ordinary resolution will be put to shareholders at the AGM seeking approval of the re-election of Grant Thornton UK LLP as auditor and to authorise the Directors to fix their remuneration. There were no non-audit fees paid during the year to Grant Thornton UK LLP (2009: nil). The Directors have sought assurances from the auditor that they remain independent and objective. The Directors have also reviewed the auditor's procedures in connection with the provision of such non-audit services and remain satisfied that objectivity and independence is being safeguarded by Grant Thornton UK LLP.

Name of Shareholder	No. of Ordinary Shares	% of Ordinary Shares
Brewin Dolphin	4,659,086	12.3
Barclays	1,866,016	4.9
Legal & General Investment Management	1,461,158	3.9
Rensburg Sheppards Investment Management	1,307,820	3.5

Table 2: Declarations of interests in voting rights notified to the Company

Directors' Disclosure of Information to the Auditor

The Directors, who were all Directors at the date of approval of this Directors' Report, each confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditor was unaware and that each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor was aware of that information.

Important Events

Important events during the year and between 30 September 2010 and the date of this report are set out in detail in the Chairman's Statement and Manager's Report.

Electronic Proxy Voting

Legislation has been passed which permits shareholders to submit proxy forms electronically.

To submit a proxy form via the internet, an internet-enabled PC with Internet Explorer 4 or Netscape 4 or above will be required. Shareholders will also need their shareholder reference number (SRN) and Personal Identification Number (PIN), which can be found on the personalised proxy form which accompanies this report, to access this service. Before a proxy can be appointed, shareholders will be asked to agree to the terms and conditions for electronic proxy appointment. The use of the electronic proxy appointment service offered through Computershare Investor Services Limited, the Company's registrars, is entirely voluntary. Shareholders can continue to submit their proxy form by post if they wish. Further information on this service may be found under 'Information for Investors' on pages 45 and 46.

Annual General Meeting

The Notice of the AGM, which will be held this year at 10.30 a.m. on Friday 17 December 2010, may be found on pages 48 to 51.

Continuation Vote (Ordinary Resolution 10)

Resolution 10 put to shareholders at every fifth AGM, (but brought forward by one year to coincide with the subscription share issue) proposes that the Company continues as an investment trust. The Chairman's Statement on page 4 contains further information about the reasons for the Directors believing that shareholders should support this resolution, as the Directors believe that the continuation of the Company is in the best interests of shareholders as a whole.

Authority of Directors to allot shares (Ordinary Resolution 7)

The Directors cannot allot further shares in the capital of the Company without the prior authorisation of the shareholders in general meeting under section 551 of the Companies Act 2006. If resolution 7 is passed, the Directors will have authority to allot unissued share capital up to a maximum nominal amount of £3,129,273, which represents approximately one-third of the Company's issued share capital (excluding shares held in treasury) as at 16 November 2010 (the latest practicable date before the printing of this document). As at that date the Company held 1,807,328 ordinary shares in treasury which represents approximately 4.8% of the Company's issued Share capital (excluding treasury shares). If given, this authority will expire at the conclusion of the next AGM of the Company after the passing of the resolution or, if earlier, on 16 March 2012. The Directors intend to seek a renewal of such power at each AGM. The Directors consider that the authority proposed to be granted by resolution 7 is necessary to retain flexibility, although they do not at the present time have any intention of exercising such authority.

Disapplication of pre-emption rights (Special Resolution 8)

If the Directors wish to exercise the authority under resolution 7 and offer unissued shares for cash, the Companies Act 2006 requires that, unless shareholders have given specific authority for the waiver of the statutory pre-emption rights, the new shares are offered first to existing shareholders in proportion to their existing shareholdings. In certain circumstances, it may be in the best interests of the Company to allot new shares, to grant rights over shares or to sell shares held in treasury for cash without first offering them to existing shareholders in proportion to their holdings. The passing of resolution 8 would disapply the strict statutory pre-emption provisions.

This would provide the Directors with a degree of flexibility to act in the best interests of the Company so that (i) the Company can follow normal practice in the event of a rights issue or other offer of securities in favour of the existing shareholders in proportion to their shareholdings; and (ii) shares may be issued for cash to persons other than existing shareholders up to an aggregate nominal value of £948,264, which represents approximately 10% of the Company's issued share capital as at 16 November 2010. The Directors could, if necessary, use this power to satisfy demand from participants in the Investment Trust Share Plan and Individual Savings Account managed by the Company's Manager if they believe it advantageous to participants and the Company's shareholders to do so. Under no circumstances would the Directors use the power to issue shares at a price which is less than the net asset value per Ordinary share at the time of issue. If given, this authority will expire at the conclusion of the next AGM of the Company after the passing of the resolution or, if earlier, on 16 March 2012. The Directors intend to seek a renewal of such power at each AGM.

Authority for the Company to purchase its own shares (Special Resolution 9)

The Company's Articles of Association permit the purchase by the Company of its own shares subject to shareholders' prior approval being obtained. The Company's buy back authority was last renewed at the AGM of the Company on 16 December 2009. Resolution 9, if passed, would authorise the Company to buy back up to 5,685,793 Ordinary shares, which represents approximately 14.99% of the Company's issued share capital (excluding shares held in treasury) as at 16 November 2010. If given, this authority will expire at the conclusion of the next AGM of the Company after the passing of the resolution or, if earlier, on 16 March 2012. The Directors intend to seek a renewal of such power at each AGM.

The resolution specifies the maximum and minimum prices at which shares may be bought, reflecting the requirements of the Companies Act 2006 and the Listing Rules. Any buy back would only be made on the London Stock Exchange. Any purchases of Ordinary shares will be made within guidelines established from time to time by the Directors, but they will only exercise the authority if, in their opinion, it would be in the interests of the Company to do so. Such purchases will only be made at prices below the prevailing net asset value per Ordinary share and within the price constraints set out in paragraphs (b) and (c) of the resolution.

Under the Companies Act 2006, the Company is allowed to hold its own shares in treasury following a buy back, instead of cancelling them. This gives the Company the ability to re-issue treasury shares quickly and cost-effectively and provides the Company with additional flexibility in the management of its capital base. Shares held in treasury may be resold for cash but all rights attaching to them, including voting rights and any right to receive dividends, are suspended while they are held in treasury. If the Directors exercise the authority conferred by resolution 9, the Company will have the option of either holding in treasury or of cancelling any of its own shares purchased pursuant to the authority and will decide at the time of purchase which option to pursue. The Directors will have regard to any guidelines issued by investor groups at the time of any such purchase, holding or re-sale of treasury shares, but the Directors would not in any circumstances sell treasury shares at less than the net asset value per Ordinary share prevailing at the time of sale.

The Directors unanimously recommend that shareholders vote in favour of each resolution to be put to the AGM.

By order of the Board,

Aberdeen Asset Management PLC
Secretary

London, 19 November 2010

Statement of Corporate Governance

Corporate Governance

This Statement of Corporate Governance forms part of the Directors' Report which is shown on pages 13 to 19.

Introduction

The Company is committed to high standards of corporate governance and the Board is accordingly accountable to the Company' shareholders. The Board has considered the principles and recommendations of the AIC Code of Corporate Governance dated March 2009 ('AIC Code') which is available on the AIC's website: www.theaic.co.uk, by reference to the AIC Corporate Governance Guide for Investment Companies ('AIC Guide'). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the Combined Code on Corporate Governance June 2008 ('Combined Code') which is available on the Financial Reporting Council's website: www.frc.org.uk, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment trusts. The new UK Corporate Governance Code issued earlier this year will apply to the Company's next year end reporting period (2011).

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Combined Code), would provide better information to shareholders. The Company considers that it has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Combined Code, except as set out below, throughout the year under review.

The Combined Code includes provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function

For the reasons set out in the AIC Guide, and in the pre-amble to the Combined Code, the Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

	Board Meeting	Audit Committee	Nomination Committee	Remuneration & Management Engagement Committee
C.A. Wood, OBE	7 (7)	2 (2)	1 (1)	1 (1)
R. R. J. Burns	6 (7)	2 (2)	1 (1)	1 (1)
K.E. Percy	6 (7)	2 (2)	1 (1)	1 (1)
C.J. Rowlands	7 (7)	2 (2)	1 (1)	1 (1)

Table 3: Attendance by Directors with eligibility to attend in brackets

The Board

The Board is comprised of wholly independent non-executive Directors. Their biographical details, set out on page 5, demonstrate a breadth of investment, commercial and professional experience. Mr C.J. Rowlands has been designated as the Senior Independent Director. The Directors meet not less than five times per year and additional meetings are arranged as necessary.

Prior to each meeting, Directors are provided with Board papers containing information on the Company's periodic transactions, financial position and performance as well as receiving specific investment reports from the Manager. At each meeting, the Directors review the overall business of the Company by monitoring compliance with the Company's investment objective and investment policy and by considering any other matters reserved to the Board from time to time. At least once a year the Directors also hold a strategy meeting and a meeting without the Chairman being present and such meetings occurred during the year. The Directors have access to the advice and services of the Company Secretary and additional independent professional advice may be sought at any time by the Directors at the expense of the Company. Attendance by individual Directors at meetings held during the year may be found in Table 3.

There is a formal process for the consideration and authorisation by the Board of Directors' reported actual and potential conflicts of interest, a full analysis of the Directors' appointments and interests having been considered at that meeting. In accordance with the Company's Articles of Association and relevant legislation, each Director abstains from approval of his own position. The Board will continue to monitor and review potential conflicts of interests on a regular basis.

Board Committees

The Directors have appointed a number of Committees as set out below. Copies of their terms of reference, which clearly define the responsibilities and duties of each Committee, are available on request from the Company Secretary or via the download area of the Company's webpage, hosted by the Manager, at www.standardlifeinvestments.com/its

Audit Committee

The Directors have established an Audit Committee with Mr C.J. Rowlands as Chairman. Other members of the Committee are Mr R.R.J. Burns, Mr K.E. Percy and Mr C.A. Wood.

The Directors have satisfied themselves that at least one of the Committee's members has recent and relevant financial experience.

The Committee meets not less than twice per year and reviews the adequacy of accounting systems and controls, accounting policies and the contents of external financial reports. Both the Chairman of the Committee and the Committee as a whole also meet at least once a year with the Company's auditor without the presence of the Manager. In addition, the Committee reviews the auditor's objectivity and independence, their terms of appointment and remuneration including the provision by them of any non-audit services as well as the quality of the services provided to the Company. The Committee has direct access to the senior executives of the Manager and the Company Secretary and also to the Company's auditor who regularly attend and report at its meetings.

The Chairman of the Audit Committee will be present at the AGM to deal with questions relating to the Financial Statements.

Nomination Committee

The Directors have established a Nomination Committee with Mr K.E. Percy as Chairman. Other members of the Committee are Mr R.R.J. Burns, Mr C.J. Rowlands and Mr C.A. Wood. On appointment to the Board, each Director is provided with a summary of the responsibilities and duties of directors as set out in legislation, together with relevant background information on the Company. Consistent with the recommendation of the AIC Code, appropriate training is arranged for new and current Directors where necessary.

Remuneration and Management Engagement Committee

The Directors have established a Remuneration and Management Engagement Committee with Mr R.R.J. Burns as Chairman. Other members of the Committee are Mr K.E. Percy, Mr C.J. Rowlands and Mr C.A. Wood.

The Committee meets at least annually to agree the remuneration of the Directors and also to review the contractual arrangements with external firms.

The Company Secretary, who also supplies accounting, secretarial and administrative services to the Company, provides comparative peer group information when the Committee considers the level of Directors' remuneration. The Directors also have access to independent advice where they consider it appropriate.

At its meeting in May 2010, the Committee reviewed the performance of the Manager. The performance for the Company's financial year has also been reviewed and although the Portfolio slightly under performed the FTSE All-Share Index the Company ranks fifth out of 21 peers in the UK Growth and Income sector based on net asset value total return over the three years ended 30 September 2010. The Directors consider the Manager's performance satisfactory. Accordingly, it was agreed that the continued appointment of the Manager, on the present terms, was in the continued best interests of shareholders as a whole.

Tenure Policy

Directors' appointments are reviewed formally every three years by the Board as a whole. Any Director may resign by notice in writing to the Board at any time. None of the Directors has a service contract with the Company. There are no set notice periods and no compensation is payable to Directors on leaving office.

The Articles of Association and the terms of the Directors' appointment provide that a Director shall retire and be subject to election at the first AGM after appointment and at the third AGM after the AGM at which he was last elected. Accordingly, Mr C. J. Rowlands retires and offers himself for re-election as a Director at the forthcoming AGM.

Notwithstanding that Mr K.E. Percy has served as a Director for more than nine years from the date of his first election, the other Directors are firmly of the view that length of service does not of itself impair a Director's ability to benefit the Company as their long-term perspective can add significant value to a well-balanced investment trust company board comprising of non-executive directors. This view is supported by the AIC Code.

Statement of Corporate Governance

Board

A performance evaluation of the effectiveness of the Board as a whole, and of each individual Director, was carried out during the year which sought to identify that the Board demonstrates sufficient collective skill and experience and that each Director exhibited the commitment required for the Company to achieve its objectives. An evaluation of the Chairman, in his absence, was also carried out by the other Directors led by Mr C.J. Rowlands as the Senior Independent Director. The Board is satisfied with the resulting performance evaluation of the Board, each individual Director and the Chairman.

Internal Controls

The Directors have overall responsibility for the Company's system of internal controls and for reviewing its effectiveness. The Directors confirm that there is an ongoing process for identifying, evaluating and managing the principal risks faced by the Company, that has been in place for the full year under review and up to the date of approval of the Financial Statements, and that this process is regularly reviewed by the Directors and accords with the FRC guidance. Further information on the principal risks may be found in the Business Review on pages 14 and 15 of the Directors' Report.

The Directors have delegated the investment management of the Company's assets to the Manager within overall guidelines and this embraces implementation of the system of internal control, including financial, operational and compliance controls and risk management.

The Directors have reviewed the effectiveness of the Manager's system of internal controls and, in particular, they have reviewed the process for identifying and evaluating the significant risks faced by the Company and the policies and procedures by which these risks are managed.

Risks are identified and documented through a risk management framework by each function within the Manager's activities. Risk is considered in the context of the "Revised Guidance for Directors on the Combined Code" and includes financial, regulatory, market, operational and reputational risk.

This helps the internal audit risk assessment model identify those functions for review. Any weaknesses identified are reported to the Directors and timetables are agreed for implementing improvements to systems. The implementation of any remedial action required is monitored and feedback provided to the Directors. The key components designed to provide effective internal control for the year under review, and up to the date of this report, are outlined below:

- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its investment performance;
- the Directors and the Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Directors. The Manager's evaluation procedure and financial analysis of the companies concerned include detailed appraisal and due diligence;
- as a matter of course the compliance department of the Manager continually reviews the Manager's operations;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers; and
- twice a year, the Board, via the Audit Committee, carries out an assessment of internal controls by considering documentation from the Manager's Head of Internal Audit and the Company Secretary, including their internal audit and compliance functions and taking account of events since the relevant period end.

The Directors have contractually delegated to external firms: (i) shareholder registration services; (ii) custody services (which includes the safeguarding of the assets); (iii) the management of the investment portfolio, and (iv) the day to day accounting, company secretarial and administration services of the Company. These contracts, including the investment management agreement with the Manager, were entered into after full and proper consideration by the Directors of the quality and cost of services offered, including the financial control systems in operation in so far as they relate to the affairs of the Company. These contracts are also reviewed regularly by the Remuneration and Management Engagement Committee. Key staff from the Manager and the Company Secretary regularly attend appropriate Board meetings to brief the Directors on the nature and extent of the risks facing the Company. Both written and oral reports are received throughout the year from the firms to which services are subcontracted, detailing, in each case, the internal control objectives and procedures adopted.

The internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and, by their nature, can provide reasonable but not absolute assurance against material misstatement or loss.

As the Company has no employees it does not have a formal policy concerning the raising in confidence of any concerns about possible improprieties, whether in matters of financial reporting or otherwise, for appropriate independent investigation. The Directors review each year the Manager's and Company Secretary's policies on this matter.

Relations with Shareholders

The Company's net asset value is published each business day. The Company also reports formally to shareholders twice a year by way of the Half Yearly Report and the Annual Report which each include an analysis of the risks and uncertainties facing the Company. A quarterly factsheet is also published on the website of the Manager and is available to all shareholders on request. An Interim Management Statement is also published via the London Stock Exchange for the quarters ended 30 June and 31 December each year.

The Directors are always available to discuss issues of concern or areas of uncertainty with any shareholders and key contacts for the Company may be found on page 44.

The Company has adopted a nominee code, which ensures that, where notification has been received in advance, nominee operators will be provided with copies of shareholder communications for distribution to their customers. Nominee investors may attend general meetings and are entitled to speak at meetings.

Members of the Standard Life Investments Savings Share Plan or Individual Savings Account, whose shares are held in the nominee names of the scheme or plan administrator, are given the opportunity to vote by means of an individual Form of Direction enclosed with the Annual Report. These Forms of Direction are forwarded to the scheme or plan administrator who counts the votes and prepares a proxy form on behalf of the scheme/plan member(s) which is forwarded to the Company's registrars for inclusion in the voting figures. Those members who attend the AGM and who wish to speak are entitled to do so provided that they are in possession of a representation letter issued by the scheme or plan administrator. Further information on how to obtain a representation letter may be found on the Form of Direction.

The Company's AGM provides a forum for communication primarily with private shareholders and is attended by the Chairman of the Board and the Chairmen of the Audit, Remuneration and Management Engagement and Nomination Committees. The Manager makes a presentation to the meeting and the Chairman announces the level of proxies lodged on each resolution, and the balance for and against and votes withheld, where relevant, after the resolution has been put to a show of hands. Each person attending the AGM as a proxy is entitled to vote on a show of hands. A separate resolution is proposed in respect of each substantially separate issue. In order to ensure that detailed discussion of key issues is possible, the Company normally aims to circulate to shareholders the Annual Report and the notice of the AGM not less than 20 working days before the date of the meeting.

Statement of Corporate Governance

Corporate Governance and Socially Responsible Investment Policy

Responsibility for actively monitoring the activities of investee companies has been delegated by the Directors to the Manager, Standard Life Investments. The Manager undertakes constructive engagement with investee companies on governance and socially responsible issues in order to positively influence developments in these areas. The Manager's specific policies are outlined in a set of their Corporate Governance Guidelines which are applied with appropriate care and flexibility. Standard Life Investments gives due weight to that which it considers to be socially responsible when taking investment decisions but the overriding objective is to produce good investment returns for shareholders.

Exercise of Voting Powers as an Institutional Shareholder

The Company operates a corporate governance voting policy which, in summary, is based on the governance recommendations of the Combined Code with the intention of voting in accordance with best practice, while retaining a primary focus on financial returns. In the case of the Company's investments, the Company has given discretionary voting powers to the Manager, Standard Life Investments Limited. The Manager will always seek to vote in a manner consistent with the Company's best interests as shareholders, present and future.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with UK Accounting Standards. The Financial Statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its Financial Statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's webpage hosted by the Manager. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Responsibility Statement

Each Director confirms, to the best of his knowledge, that:

- the Financial Statements have been prepared in accordance with UK Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit; and that
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that the Company faces.

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

Charles Wood, OBE
Chairman

19 November 2010

Directors' Remuneration Report

The Board has prepared this report, in accordance with the requirements of Section 421 of the Companies Act 2006. An ordinary resolution for the approval of this report will be put to shareholders at the next AGM. The law requires your Company's auditor to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such and the auditor's audit opinion is included in their report to shareholders on page 28.

Remuneration Committee

The Company has four non-executive Directors at the date of this report. All Directors who served during the year ended 30 September 2010 are listed in Table 4. As the Company is an investment trust and all its Directors are non-executive, the Company is not required to comply with the Principles of the Combined Code on Corporate Governance in respect of executive directors' remuneration.

Remuneration Policy

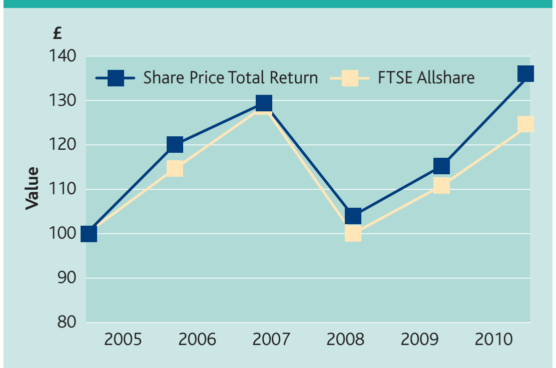
The Company's remuneration policy provides that fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors and should be sufficient to enable candidates of high calibre to be recruited. Directors are remunerated in the form of fees payable quarterly in arrears. There are no long term incentive schemes, share option schemes or pension arrangements and the fees are not specifically related to the Directors' performance, either individually or collectively. Directors' remuneration comprises solely of Directors' fees, details of which are shown in Table 4 and also in Note 4 to the Financial Statements.

The Board consists entirely of non-executive Directors whose appointments are reviewed formally every three years by the Board as a whole. None of the Directors has a service contract with the Company and any Director may resign by notice in writing to the Board at any time; there are no set notice periods and no compensation is payable to a Director on leaving office.

The Company's Articles of Association limit the fees payable to Directors to £150,000 per annum. The policy is for the Chairman of the Board and of each Committee to be paid a fee which is proportionate to the additional responsibilities involved in the position. At the most recent review, it was agreed that the fees payable to the Chairman and each Director should increase, effective 1 May 2010, to £25,000 and £17,500, respectively. The Chairmen of the Audit Committee, Remuneration & Management Engagement Committee and Nomination Committee are paid an additional £5,000, £1,500 and £1,000 respectively. As at 30 September 2010 and the date of this report, the Directors' fees were therefore paid at the following annual rates: Mr C.A. Wood (Chairman) £25,000, Mr R.R.J. Burns £19,000, Mr K.E. Percy £18,500 and Mr C.J. Rowlands £22,500.

It is the intention of the Board that the above remuneration policy will continue to apply in the forthcoming financial year and subsequent years. Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors. The graph below compares the Company's share price total return to ordinary shareholders with the total return on the FTSE All-Share Index over the last five years with the assumption that all dividends are reinvested on the ex-dividend date. This index was chosen for comparison purposes only as it is a widely used indicator for the equity market of which the Company is a constituent.

Five year Total Return Performance (rebased to 30 September 2005)



Audited Information

Directors' Fees

The Directors, as at the date of this report, and who all served throughout the year, received the fees listed in Table 4 which exclude any employers' national insurance contributions, if applicable.

	Date of Appointment to the Board	2009 £'000	2010 £'000
Chairman of the Board: Mr C.A. Wood	3 November 2003	23	24
Chairman of Remuneration and Management Engagement Committee: Mr R.R.J. Burns	23 May 2006	16	18
Chairman of Nomination Committee: Mr K.E. Percy	8 October 1991	16	18
Chairman of Audit Committee: Mr C.J. Rowlands	19 March 2003	20	21
		75	81

Table 4: Director's fees

Approval

This Directors' Remuneration Report was approved by the Board of Directors on 19 November 2010 and signed on its behalf by:

By order of the Board

Richard Burns

Director

London, 19 November 2010

Independent Auditor's Report to the Members of Standard Life Equity Income Trust PLC

We have audited the Financial Statements of Standard Life Equity Income Trust PLC for the year ended 30 September 2010, which comprise the income statement, the balance sheet, the reconciliation of movements in shareholders' funds, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As explained more fully in the Statement of Directors' Responsibilities on page 25, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKP

Opinion on Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2010 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules, we are required to review:

- the Directors' statement, set out on page 17, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review

Julian Bartlett
Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

19 November 2010

Income Statement

for the year ended 30 September

	Notes	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000
Net gains on investments at fair value	9	—	8,261	8,261	—	6,246	6,246
Income	2	4,715	—	4,715	4,922	—	4,922
Investment management fee	3	(234)	(545)	(779)	(183)	(428)	(611)
VAT recoverable on investment management fees	3	—	—	—	348	261	609
Administrative expenses	4	(226)	—	(226)	(240)	—	(240)
NET RETURN BEFORE FINANCE COSTS AND TAXATION		4,255	7,716	11,971	4,847	6,079	10,926
Finance costs	5	(55)	(127)	(182)	(7)	(17)	(24)
RETURN ON ORDINARY ACTIVITIES BEFORE TAXATION		4,200	7,589	11,789	4,840	6,062	10,902
Taxation	6	(11)	—	(11)	(4)	—	(4)
RETURN ON ORDINARY ACTIVITIES AFTER TAXATION		4,189	7,589	11,778	4,836	6,062	10,898
RETURN PER ORDINARY SHARE	8	11.04p	20.01p	31.05p	12.75p	15.98p	28.73p

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.

No operations were acquired or discontinued in the year.

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

The accompanying notes are an integral part of the Financial Statements.

Balance Sheet

at 30 September

	Notes	2010 £'000	2010 £'000	2009 £'000	2009 £'000
FIXED ASSETS					
Investments designated at fair value through profit or loss	9		124,322		114,186
CURRENT ASSETS					
Debtors	10	1,036		812	
AAA money market funds		1,695		737	
Cash and short term deposits		226		8	
		2,957		1,557	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
Bank loan	11	(12,750)		(9,000)	
Other Creditors	11	(828)		(441)	
		(13,578)		(9,441)	
NET CURRENT LIABILITIES			(10,621)		(7,884)
NET ASSETS			113,701		106,302
CAPITAL AND RESERVES					
Called-up share capital	12		9,935		9,935
Share premium account			20,373		20,373
Capital redemption reserve			12,615		12,615
Capital reserve			64,829		57,240
Revenue reserve			5,949		6,139
EQUITY SHAREHOLDERS' FUNDS			113,701		106,302
NET ASSET VALUE PER ORDINARY SHARE	13		299.76p		280.25p

The Financial Statements on pages 29 to 43 were approved by the Board of Directors and authorised for issue on 19 November 2010 and were signed on its behalf by:

C A Wood OBE
Chairman

The accompanying notes are an integral part of the Financial Statements.

Reconciliation of Movements in Shareholders' Funds

for the year ended 30 September 2010

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 September 2009		9,935	20,373	12,615	57,240	6,139	106,302
Return on ordinary activities after taxation		—	—	—	7,589	4,189	11,778
Dividends paid	7	—	—	—	—	(4,379)	(4,379)
BALANCE AT 30 SEPTEMBER 2010		9,935	20,373	12,615	64,829	5,949	113,701

for the year ended 30 September 2009

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 September 2008		9,935	20,373	12,615	51,178	5,472	99,573
Return on ordinary activities after taxation		—	—	—	6,062	4,836	10,898
Dividends paid	7	—	—	—	—	(4,169)	(4,169)
BALANCE AT 30 SEPTEMBER 2009		9,935	20,373	12,615	57,240	6,139	106,302

The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

The accompanying notes are an integral part of the Financial Statements.

Cash Flow Statement

for the year ended 30 September

	Notes	2010 £'000	2010 £'000	2009 £'000	2009 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	14		3,498		4,754
NET CASH OUTFLOW FROM SERVICING OF FINANCE			(177)		(21)
FINANCIAL INVESTMENT					
Purchases of investments		(29,270)		(50,796)	
Sales of investments		27,754		38,292	
NET CASH OUTFLOW FROM FINANCIAL INVESTMENT			(1,516)		(12,504)
EQUITY DIVIDENDS PAID			(4,379)		(4,169)
			(2,574)		(11,940)
MANAGEMENT OF LIQUID RESOURCES					
Purchase of AAA money market funds		(25,083)		(35,475)	
Sale of AAA money market funds		24,125		38,373	
NET CASH (OUTFLOW)/INFLOW FROM MANAGEMENT OF LIQUID RESOURCES			(958)		2,898
NET CASH OUTFLOW BEFORE FINANCING			(3,532)		(9,042)
FINANCING					
Drawdown of loan		3,750		9,000	
NET CASH INFLOW FROM FINANCING			3,750		9,000
INCREASE/(DECREASE) IN CASH			218		(42)
RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET DEBT					
Increase/(decrease) in cash as above		218		(42)	
Net change in liquid resources		958		(2,898)	
Drawdown of loan		(3,750)		(9,000)	
MOVEMENT IN NET DEBT IN YEAR			(2,574)		(11,940)
Opening net (debt)/funds			(8,255)		3,685
CLOSING NET DEBT	15		(10,829)		(8,255)

The accompanying notes are an integral part of the Financial Statements.

1. Accounting policies

(a) Basis of accounting

The Financial Statements have been prepared in accordance with applicable UK Accounting Standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (issued in January 2009).

They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The Financial Statements have been prepared on a going concern basis. The Directors believe this is appropriate for the reasons outlined in the Directors' Report on page 17.

All values are rounded to the nearest thousand pounds (£000) except where indicated otherwise.

(b) Valuation of investments

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided internally on that basis to the Company's Board of Directors. Accordingly, upon initial recognition the Company designates the investments 'at fair value through profit or loss'. They are included initially at fair value, which is taken to be their cost (excluding expenses incidental to the acquisition which are written off in the Income Statement, and allocated to 'capital' at the time of acquisition). Subsequent to initial recognition, investments are valued at fair value through profit or loss. For listed investments, this is deemed to be bid market prices or closing prices for SETS stocks sourced from the London Stock Exchange. SETS is the London Stock Exchange electronic trading service covering most of the market including all FTSE 100 constituents and most liquid FTSE 250 along with some other securities.

Gains and losses arising from changes in fair value are included in net profit or loss for the period as a capital item in the Income Statement and are ultimately recognised in the capital reserve.

(c) AAA money market funds

The AAA money market funds are used by the Company to provide additional short term liquidity. As they are not listed on a recognised exchange and due to their short term nature, they are recognised in the Financial Statements as a current asset and are included at fair value through profit or loss.

(d) Income

Income from equity investments (other than special dividends), including taxes deducted at source, is included in revenue by reference to the date on which the investment is quoted ex-dividend. Special dividends are credited to revenue or capital according to the circumstances. Foreign income is converted at the exchange rate applicable at the time of receipt. Interest receivable on short term deposits is accounted for on an accruals basis.

(e) Expenses and interest payable

Expenses are accounted for on an accruals basis. Expenses are charged to capital when they are incurred in connection with the maintenance or enhancement of the value of investments. In this respect, the investment management fee and relevant finance costs are allocated between revenue and capital in line with the Board's expectation of returns from the Company's investments over the long term in the form of revenue and capital respectively (see notes 3 and 5).

Transaction costs incurred on the purchase and disposal of investments are recognised as a capital item in the Income Statement.

(f) Dividends payable

In accordance with FRS21, dividends that are declared and approved by the Company after the Balance Sheet date are not recognised as a liability of the Company at the Balance Sheet date.

(g) Capital reserves

Gains or losses on disposal of investments and changes in fair values of investments are included within the capital reserve. The capital element of the management fee along with any associated irrecoverable VAT and relevant finance costs are charged to this reserve. Any associated tax relief is also credited to this reserve.

1. Accounting policies (continued)

(h) Taxation

Deferred taxation is recognised in respect of all temporary differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more or a right to pay less tax in future have occurred at the Balance Sheet date measured on an undiscounted basis and based on enacted tax rates. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying temporary differences can be deducted. Temporary differences are differences arising between the Company's taxable profits and its results as stated in the accounts which are capable of reversal in one or more subsequent periods.

Owing to the Company's status as an investment trust company, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

(i) Foreign currency

Overseas monetary assets and liabilities are converted into Sterling at the rate of exchange ruling at the Balance Sheet date. Transactions during the year involving foreign currencies are converted at the rate of exchange ruling at the transaction date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the Income Statement.

2. Income

	2010 £'000	2009 £'000
Income from investments		
Franked investment income	4,398	4,731
Overseas and unfranked investment income	151	92
	4,549	4,823
Other income		
AAA money market interest	9	72
Interest from HMRC	112	21
Underwriting commission	45	6
	166	99
Total income	4,715	4,922

3. Investment management fee

	2010 £'000	2009 £'000
Investment management fee	779	611
Allocated to capital	(545)	(428)
	234	183

The Company has an agreement with Standard Life for the provision of management services. The contract is terminable by either party on not less than six months' notice.

The fee is based on 0.65% of total assets, payable quarterly in arrears and is chargeable 30% to revenue and 70% to capital (see note 1(e)).

On 5 November 2007, the European Court of Justice ruled that management fees on investment trusts should be exempt from VAT.

3. Investment management fee (continued)

Deutsche Asset Management (UK) Limited, the former Investment Manager, has refunded £609,000 (excluding simple interest) to the Company for VAT charged on investment management fees for the period 2001 to 2005 (date of termination) and this was included in the Financial Statements for the year ended 30 September 2009. This repayment was allocated between revenue and capital in line with the accounting policy of the Company for the periods in which the VAT was charged. The reclaim for previous periods is at present uncertain and the Company has taken no account in these Financial Statements of any such repayment. Interest of £112,000 (2009 - £21,000) on the repaid VAT was received on 8 October 2010 and has been recognised in the current year.

4. Administrative expenses

	2010 £'000	2009 £'000
Directors' fees	81	75
Fees payable to the Company's Auditor (excluding VAT):		
- for the audit of the annual Financial Statements	18	17
Professional fees	36	7
Other expenses	91	141
	226	240

With the exception of fees payable to the Company's auditor, irrecoverable VAT has been included under the relevant expense line above. Irrecoverable VAT on fees payable to the Company's auditor is included within other expenses.

Additional information concerning Directors' fees can be found in the Directors' Remuneration Report on pages 26 and 27.

5. Finance costs

	2010 £'000	2009 £'000
On bank loans and overdrafts:		
Allocated to revenue reserve	55	7
Allocated to capital reserve	127	17
	182	24

Finance costs are chargeable 30% to revenue and 70% to capital (see note 1(e)).

Notes to the Financial Statements

6. Taxation	2010 £'000	2009 £'000
(a) Analysis of charge for the year		
Overseas withholding tax	11	4
(b) Factors affecting current tax charge for the year		
A reconciliation of the Company's current tax charge is set out below:		
Total return on ordinary activities before taxation	11,789	10,902
Return on ordinary activities at the UK standard rate of corporation tax 28% (2009 - 28%)	3,301	3,053
Effects of:		
Gains on investments not taxable	(2,313)	(1,749)
Non-taxable income	(1,248)	(1,332)
Excess management expenses and loan relationship debit expenses	260	57
Double tax relief utilised	—	(29)
Overseas withholding tax	11	4
Total taxation	11	4

At 30 September 2010, the Company had unutilised management expenses and loan relationship losses of £12,052,000 (2009 – £11,123,000). No deferred tax asset has been recognised on the unutilised management expenses and loan relationship losses as it is unlikely there will be suitable taxable profits from which the future reversal of the deferred tax asset could be deducted.

7. Dividends on Ordinary shares	2010 £'000	2009 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for 2009 of 8.40p per share (2008 - 7.85p)	3,186	2,978
Interim dividend for 2010 of 3.15p per share (2009 - 3.15p)	1,195	1,195
Return of unclaimed dividends	(2)	(4)
	4,379	4,169

The proposed final dividend for 2010 is subject to approval by shareholders at the AGM and has not been included as a liability in these Financial Statements.

We set out below the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Section 1158-1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £4,189,000 (2009 - £4,836,000).

	2010 £'000	2009 £'000
Interim dividend for 2010 of 3.15p per share (2009 - 3.15p)	1,195	1,195
Proposed final dividend for 2010 of 8.65p per share (2009 - 8.40p)	3,281	3,186
	4,476	4,381

8. Return per Ordinary share

	2010 £'000	2010 p	2009 £'000	2009 p
The returns per Ordinary share have been based on the following figures:				
Revenue return	4,189	11.04	4,836	12.75
Capital return	7,589	20.01	6,062	15.98
Total return	11,778	31.05	10,898	28.73
Weighted average number of Ordinary shares in issue[A]		37,930,579		37,930,579

[A] Calculated excluding shares held in treasury.

9. Investments

	2010 £'000	2009 £'000
Fair value through profit or loss		
Opening book cost	109,652	114,414
Opening fair value gains/(losses) on investments held	4,534	(19,159)
	114,186	95,255
Opening fair value		
Movements in the year:		
Purchases at cost	29,645	50,900
Sales - proceeds	(27,770)	(38,215)
- gains/(losses) on sales	1,123	(17,447)
Current year fair value gains on investments held	7,138	23,693
Closing fair value	124,322	114,186
Closing book cost	112,650	109,652
Closing fair value gains on investments held	11,672	4,534
Closing fair value	124,322	114,186
Gains/(losses) on investments held at fair value through profit or loss		
Gains/(losses) on sales	1,123	(17,447)
Increase in fair value of investments held	7,138	23,693
	8,261	6,246

Transaction costs

During the year, 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:

	2010 £'000	2009 £'000
Purchases	175	307
Sales	36	54
Total	211	361

10. Debtors: amounts falling due within one year	2010 £'000	2009 £'000
Amounts due from brokers	326	310
Net dividends and interest receivable	568	482
Other debtors	142	20
	1,036	812

11. Creditors: amounts falling due within one year	2010 £'000	2009 £'000
Bank loan	12,750	9,000
Amounts due to brokers	520	145
Investment management fee payable	207	189
Sundry creditors	101	107
	13,578	9,441

As at 30 September 2010, the Company had drawn down £10.75 million and £2.0 million (2009 - £9.0 million) of the £15 million (2009 - £20 million) loan facility arranged with The Royal Bank of Scotland plc (2009 - Lloyds TSB), at interest rates of 1.5736% and 1.57204% (2009 - 0.8232%) per annum maturing on 18 October 2010 and 27 October 2010 respectively. Subsequent to the year end, the £10.75 million loan was rolled over from 18 October 2010 to 18 November 2010 at an interest rate of 1.57235%.

	30 September 2010		30 September 2009	
12. Called up share capital	Number	£'000	Number	£'000
Issued and fully paid:				
Ordinary shares of 25p each	37,930,579	9,483	37,930,579	9,483
Treasury shares	1,807,328	452	1,807,328	452
	39,737,907	9,935	39,737,907	9,935

Of the above shares in issue the movements in the ordinary shares held in treasury are as follows:

Balance brought and carried forward	1,807,328	452	1,807,328	452

There were no shares repurchased during the year. The total shares held in treasury is 1,807,328. Shares held in treasury represents 4.5% of the Company's total issued share capital at 30 September 2010 (2009 - 4.5%).

13. Net asset value

	2010	2009
The net asset value per share and the net asset value attributable to the Ordinary shares at the year end calculated in accordance with the Articles of Association were as follows:		
Total shareholders' funds	£113,701,000	£106,302,000
Number of Ordinary shares in issue at year end [A]	37,930,579	37,930,579
Net asset value per share	299.76p	280.25p

[A] Excludes shares in issue held in treasury.

14. Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities

	2010 £'000	2009 £'000
Net return before finance costs and taxation	11,971	10,926
Adjustments for:		
Net gains on investments at fair value	(8,261)	(6,246)
(Increase)/decrease in accrued income	(200)	40
(Increase)/decrease in other debtors	(2)	1
Increase in other creditors	7	37
Net overseas tax paid	(17)	(4)
Net cash inflow from operating activities	3,498	4,754

15. Analysis of changes in net debt

	At 30 September 2009 £'000	Cashflow £'000	At 30 September 2010 £'000
Cash at bank and in hand	8	218	226
AAA money market funds	737	958	1,695
Bank loan	(9,000)	(3,750)	(12,750)
Net debt	(8,255)	(2,574)	(10,829)

16. Financial instruments

Risk management

The Company's financial instruments comprise securities and other investments, cash balances, loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income. The Company also has the ability to enter into derivative transactions for the purpose of managing currency and market risks arising from the Company's activities.

The main risks the Company faces from its financial instruments are (i) market price risk (comprising interest rate risk, currency risk and other price risk), (ii) liquidity risk and (iii) credit risk.

The Board regularly reviews and agrees policies for managing each of these risks. The Manager's policies for managing these risks are summarised below and have been applied throughout the year. The numerical disclosures exclude short-term debtors and creditors which do not carry interest.

(i) Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices.

This market risk comprises three elements - interest rate risk, currency risk and other price risk.

Interest rate risk

Interest rate movements may affect:

- the fair value of the investments in fixed interest rate securities;
- the level of income receivable on cash deposits;
- interest payable on the Company's variable rate borrowings.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions.

It is the Company's policy to increase its exposure to equity market price risk through the judicious use of borrowings. When borrowed funds are invested in equities, the effect is to magnify the impact on Shareholders' funds of changes - both positive and negative - in the value of the portfolio.

Interest rate profile

The interest rate risk profile of the portfolio of financial assets and liabilities at the Balance Sheet date was as follows:

As at 30 September 2010	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £000	Floating rate £000
Assets				
AAA money market funds	—	0.56	—	1,695
Cash deposits	—	0.05	—	226
Total assets	—	0.50	—	1,921
Liabilities				
Bank loans	0.1	1.57	12,750	—
Total liabilities	0.1	1.57	12,750	—
As at 30 September 2009				
Assets				
AAA money market funds	—	0.45	—	737
Cash deposits	—	0.05	—	8
Total assets	—	0.45	—	745
Liabilities				
Bank loans	0.1	0.82	9,000	—
Total liabilities	0.1	0.82	9,000	—

16. Financial instruments (continued)

The weighted average interest rate is based on the current yield of each asset, weighted by its market value. The weighted average interest rate on bank loans is based on the interest rate payable, weighted by the total value of the loans.

The floating rate assets consist of AAA money market funds and cash deposits on call earning interest at prevailing market rates.

All financial liabilities are measured at amortised cost.

Maturity profile

The Company did not hold any financial assets at 30 September 2010 or 30 September 2009 that had a maturity date. As detailed in note 11, the loans drawn down had maturity dates of 18 October 2010 and 27 October 2010 at the Balance Sheet date (2009 : 12 October 2009).

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates at the Balance Sheet date and with the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Company's:

- profit for the year ended 30 September 2010 would increase/decrease by £108,000 (2009 : increase/decrease by £83,000). This is mainly attributable to the Company's exposure to interest rates on its fixed rate borrowings and floating rate cash balances.

Other price risk

Other price risks (ie changes in market prices other than those arising from interest rate or currency risk) may affect the value of the quoted investments.

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector. The allocation of assets and the stock selection process, as detailed on page 13, both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on the London Stock Exchange.

Other price risk sensitivity

If market prices at the Balance Sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders and equity for the year ended 30 September 2010 would have increased/decreased by £12,432,000 (2009 - increase/decrease of £11,419,000). This is based on the Company's equity portfolio held at each year end.

(ii) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk is not considered to be significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of loan and overdraft facilities (note 11).

16. Financial instruments (continued)

(iii) Credit risk

This is failure of the counter party to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss.

The risk is not significant, and is managed as follows:

- where the investment manager makes an investment in a bond, corporate or otherwise, the credit rating of the issuer is taken into account so as to minimise the risk to the Company of default;
- investment transactions are carried out with a large number of brokers, whose credit-standing and credit rating is reviewed periodically by the investment manager, and limits are set on the amount that may be due from any one broker;
- cash and money invested in AAA money market funds are held only with reputable banks with high quality external credit enhancements.

None of the Company's financial assets are secured by collateral or other credit enhancements.

Credit risk exposure

In summary, compared to the amount in the Balance Sheet, the maximum exposure to credit risk at 30 September was as follows:

	2010		2009	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Current assets				
Debtors	1,036	1,036	812	812
Cash and short term deposits	226	226	8	8
	1,262	1,262	820	820

None of the Company's financial assets is past due or impaired.

Fair values of financial assets and financial liabilities

The fair value of borrowings has been calculated at £12,757,000 as at 30 September 2010 compared to an accounts value in the Financial Statements of £12,750,000 (note 11). The fair value of each loan is determined by aggregating the expected future cash flows for that loan discounted at a rate comprising the borrower's margin plus an average of market rates applicable to loans of a similar period of time and currency. All other assets and liabilities of the Company are included in the Balance Sheet at amortised cost which is equivalent to fair value.

17. Fair value hierarchy

Amendments to FRS 29 'Financial Instruments: Disclosures', effective from 1 January 2009, require an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted orices included within Level 1 that are observable for the assets or liabilities, either directly (ie as prices) or indirectly (ie derived from prices); and
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The financial assets and liabilities measured at fair value in the Balance Sheet are grouped into the fair value hierarchy at 30 September 2010 as follows:

Financial assets at fair value through profit or loss	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Quoted equities	124,322	—	—	124,322
AAA money market funds	1,695	—	—	1,695
	126,017	—	—	126,017

18. Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that the Company will be able to continue as a going concern; and
- to maximise the income and capital return to its equity shareholders through an appropriate balance of equity capital and debt. The Board normally seeks to limit gearing to 15% of net assets. At the year end the Company had actual gearing of 9.5% (2009 - 7.8%).

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes the nature and planned level of gearing, which takes account of the Manager's views on the market and the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

Key Contacts

Investment Manager
Standard Life Investments
1 George Street
Edinburgh EH2 2LL
(Authorised and regulated by the Financial Services Authority)

Website Address:
www.standardlifeinvestments.com/its

Investor Services
Telephone: 0845 60 24 247
(Monday to Friday, 9 a.m. – 5 p.m.)

Savings Scheme and ISA Plan administrator
Standard Life Savings
12 Blenheim Place
Edinburgh EH7 5JH
Telephone: 0845 60 24 247
(Authorised and regulated by the Financial Services Authority)

Company Secretary
Aberdeen Asset Management PLC
7th Floor
40 Princes Street
Edinburgh EH2 2BY
Telephone: 0131 528 4000

Registered Office
30 St Mary Axe
London EC3A 8EP
Registered in England & Wales No. 2648152

Independent Auditor
Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Custodian
BNP Paribas Securities
55 Moorgate,
London, EC2R 6PA

Bankers
The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR

Stockbrokers
J.P.Morgan Cazenove
10 Aldermanbury
London EC2V 7RF

Registrars
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 7NH
Telephone: 0870 707 1150
www.investorcentre.co.uk

Shareholders who hold their shares in certificated form can check their shareholding with the registrars, Computershare Investor Services PLC, via www.uk.computershare.com/investor

Please note that to gain access to your details on the Computershare site you will need the holder reference number on the top left hand corner of your share certificate or on your tax voucher.

Notifications of changes of address and all enquiries regarding certificates or dividend cheques should be sent in writing to the registrars.

Disability Act

Copies of this Annual Report or other documents issued by the Company are available from the Company Secretary.

If needed, copies can be made available in larger type.

Our registrars have installed text phones to allow speech and hearing impaired people who have their own text phone to contact them directly without the need for an intermediate operator. Specially trained operators are available during normal business hours to answer queries via this service. The number for this is 0870 702 0005.

Alternatively, you may use a "type talk" operator (provided by the Royal National Institute for the Deaf) on 0800 731 1888.

Share Information

The Company's shares are listed on the London Stock Exchange. Prices are quoted daily in the Financial Times and The Daily Telegraph.

Details of the Company may also be found on the Manager's website which can be found at:

www.standardlifeinvestments.com/its and on TrustNet, website address: www.trustnet.co.uk

Ordinary shares may be purchased or sold directly through a stockbroker or through your bank, solicitor, accountant, or other professional adviser or through the Company's registrars or the Company's Savings Plan or Individual Savings Account.

The net asset value per ordinary share is calculated on a daily basis and is published on the London Stock Exchange where the latest live ordinary share price is also displayed, subject to a delay of 15 minutes. "SLET" is the Code for the ordinary shares which may be accessed at www.londonstockexchange.com

Capital Gains Tax

To assist those shareholders who invested in the Company at its launch in the calculation of capital gains, the apportionment of cost between ordinary shares and warrants on 6 December 1991, the first day on which dealing in ordinary shares and warrants took place separately, is 95.2% and 4.8% respectively.

The apportionment of cost between the ordinary shares and warrants arising out of the conversion of C shares on 14 February 1994, the first day on which dealings took place, is 93.1% and 6.9% respectively.

Other Information

The Company is a member of the Association of Investment Companies (AIC). The AIC publishes a Monthly Information Service which contains a wide range of detailed information including statistical and performance data on all its members. A sample copy can be obtained free of charge from The AIC, 9th Floor, 24 Chiswell Street, London EC1Y 4YY (telephone 020 7282 5555) along with full details of other publications available from the AIC. Alternatively, visit their website on www.theaic.co.uk

Dividend Reinvestment Plan

The Company, in conjunction with Computershare Investor Services PLC, the Company's registrars, has established a Dividend Reinvestment Plan through which shareholders who hold their shares outside our Savings Plan or ISA can use their dividends to purchase further shares in the Company. Full details of the Plan are available from the Company's registrars:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 7NH

Telephone: 0870 707 1150

Information for Investors

Electronic Communications

The Company is now able to send you annual reports and notices of meetings electronically. Full details are given below.

Reports to shareholders are made available on the Manager's website as soon as they are published. As a result of new legislation, we are now allowed to send information, including our Annual Report, to registered shareholders by e-mail and over the internet, rather than in paper form.

How does this work?

Once you register for the electronic communication option an e-mail is sent to you when a document is available. The e-mail provides a link to a website where you will be able to access and download the document.

What documents are typically available?

The documents which are available include the Annual Report and Accounts, Half Yearly Report, notices of general meetings and any other notices to shareholders.

What are the advantages?

If your shares are held in a designated nominee account you can request that the nominee holder registers you to receive the information electronically. Advantages of this facility include documents which can be accessed quickly, nominees who currently receive excess unwanted copies of documents can eliminate waste and cost savings can be made through reduced use of paper handling and storage.

What about Terms and Conditions?

Before you register, you will be asked to agree to the Terms and Conditions for Electronic Communication with Shareholders which will be displayed on the registration screens. It is important that you read them carefully as they set out the basis on which electronic communications will be sent to you.

Do I have to use this service?

No. The use of electronic communications is voluntary. If you wish to continue to receive communications in paper form you should take no action.

What equipment will I need to make use of this service?

An internet-enabled PC with Internet Explorer 4 or Netscape 4 or above. Your browser must be configured to accept cookies.

Who will have access to my e-mail address?

Your e-mail address will not form part of the information that we are required to make public by law. It will be held separately and securely and will not be used by the Company or by its registrars for any purpose other than communication with you as a shareholder. Your details will not be given to any other party.

What about computer viruses?

Every precaution will be taken to ensure that all messages sent to you are free from computer viruses. However, it is possible for e-mail messages to be intercepted by someone else. In choosing to receive electronic communications you are agreeing that neither the Company nor the registrars will be under any liability for losses that may arise as a result of interference by a third party.

What happens if I do not receive a specific electronic communication?

It is possible that there will be a small number of cases where electronic communication is unsuccessful. Although the Company's obligation is satisfied by sending the e-mail to the address provided by you, the Company will make every effort to make sure that every delivery is successful. When a transmission failure is notified, a further attempt will be made at electronic delivery. If delivery is not successful details on how to re-register for electronic shareholder communications will be sent through the post within 48 hours of the original message.

Can I change my e-mail address?

Yes. As with your postal address you will need to inform the registrars of any changes to your e-mail address. This can be done at www-uk.computershare.com/investor

How do I register?

If you wish to receive notice of future communications by e-mail please log on to www-uk.computershare.com/investor and follow these four easy steps to complete the formal registration process. You will need to have your shareholder reference number, which can be found on your tax voucher or share certificate, available when you first log in:

1. Select the "Electronic Shareholder Communications" option
2. Select "STANDARD LIFE EQUITY INCOME TRUST PLC" from the Company list
3. Enter your shareholder details (Shareholder Reference Number and Postcode)
4. Select the Communication Details option
5. Enter your e-mail address

How To Make Future Investments in Standard Life Equity Income Trust

Introduction

Investors may subscribe to the Standard Life Equity Income Trust PLC 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. As well as the 0.5% Government stamp duty, which is currently payable on all share purchases, there is an initial charge of 1.25% deducted from each investment made. A commission payment to a financial adviser of up to 3% of each investment may also be deducted at an investor's request. There is no maximum amount that can be invested in the Company through Standard Life's Savings Scheme and there is no 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 £10,200 in the tax year 2010/2011. 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 and an initial charge of 1.25% are deducted from each investment made, however, there is no 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 and an initial charge of 1.25% are deducted from each investment made, however, there is no 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 call Standard Life Investments on 0845 60 24 247. Lines are open from 9 a.m. to 5 p.m. Monday to Friday.

For information on Standard Life Investments' range of Investment Trusts and Standard Life's views on the markets, please call 0845 60 60 062.

This is not a recommendation to buy, sell or hold shares in Standard Life Equity Income Trust PLC. Shareholders who are unsure of what action to take should contact a financial adviser authorised under the Financial Services and Markets Act 2000. Share values may go down as well as up which may result in a shareholder receiving less than he/she originally invested.

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.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the nineteenth Annual General Meeting of the Company will be held at J.P.Morgan Cazenoves's offices, 20 Moorgate, London, EC2R 6DA on Friday, 17 December 2010 at 10.30 a.m. for the purposes of considering and if thought fit passing the following resolutions, of which resolutions 1 to 7 and 10 inclusive will be proposed as ordinary resolutions, and resolutions 8 to 9 inclusive will be proposed as special resolutions:

ORDINARY BUSINESS

1 To receive the report of the Directors and the audited accounts of the Company for the year ended 30 September 2010, together with the report of the auditor on those audited accounts and the auditable part of the Directors' Remuneration Report.

2 To receive and approve the Directors' Remuneration Report for the year ended 30 September 2010.

3 To approve a final dividend for the year ended 30 September 2010 of 8.65p per Ordinary share.

4 To re-elect Mr C. J. Rowlands, who retires pursuant to Article 95 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a Director of the Company.

5 To re-elect Mr K.E. Percy, who retires pursuant to the Combined Code Provision A.7.2 and who, being eligible, offers himself for re-election as a Director of the Company.

6 To re-appoint Grant Thornton UK LLP as auditor of the Company to hold office from the conclusion of the meeting to the conclusion of the next meeting at which accounts are laid before the Company and to authorise the Directors to fix the remuneration of the auditor.

7 That, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors of the Company be and they are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ("Securities") provided that such authority shall be limited to the allotment of shares and the grant of rights in respect of shares with an aggregate nominal value of up to £3,129,273, such authority to expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, unless previously revoked, varied or extended by the Company in a general meeting, save that the Company may at any time prior to the expiry of this authority make an offer or enter into an agreement which would or might require Securities to be allotted or granted after the expiry of such authority and the Directors shall be entitled to allot or grant Securities in pursuance of such an offer or agreement as if such authority had not expired.

8 That, subject to the passing of resolution number 7 above, and in substitution for any existing power but without prejudice to the exercise of any such power prior to the date hereof, the Directors of the Company be and they are hereby generally empowered, pursuant to Section 570 of the Companies Act 2006 (the "Act"), to allot equity securities (as defined in Section 560 of the Act), including the grant of rights to subscribe for, or to convert securities into Ordinary shares held by the Company as treasury shares (as defined in Section 724 of the Act) for cash pursuant to the authority given by resolution number 7 above as if Section 561(1) of the Act did not apply to any such allotment of equity securities, provided that this power:

(a) expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and

(b) shall be limited to the allotment of equity securities up to an aggregate nominal value £948,264 being approximately 10% of the nominal value of the issued share capital of the Company, as at 16 November 2010.

9 That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of section 693(4) of the Act) of fully paid Ordinary shares of 25p each in the capital of the Company ("Ordinary shares") (either for retention as treasury shares for future reissue, resale, transfer or cancellation), provided that:

(a) the maximum aggregate number of Ordinary shares hereby authorised to be purchased is 5,685,793;

(b) the minimum price (excluding expenses) which may be paid for each Ordinary share is 25p;

(c) the maximum price (excluding expenses) which may be paid for each Ordinary share shall not be more than the higher of:

i. 5% above the average closing price on the London Stock Exchange of an Ordinary share over the five business days immediately preceding the date of purchase; and

ii. the higher of the last independent trade and the highest current independent bid on the London Stock Exchange; and

(d) unless previously varied, revoked or renewed by the Company in a general meeting, the authority hereby conferred shall expire at the conclusion of the Company's next Annual General Meeting or on 16 March 2012 whichever is the earlier, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary shares pursuant to any such contract.

SPECIAL BUSINESS

10 That the Company continues as an investment trust.

By order of the Board

Aberdeen Asset Management PLC
Company Secretary

Registered office:
30 St Mary Axe
London EC3A 8EP

19 November 2010

Notice of Annual General Meeting

Notes:

1 A member is entitled to appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member. If a member wishes to appoint more than one proxy, the member should follow the instructions in the form of proxy accompanying this notice.

2 Any person receiving a copy of this notice as a person nominated by a member to enjoy information rights under the Companies Act 2006 (a "nominated person") should note that the provisions in this notice concerning the appointment of a proxy or proxies to attend the meeting in place of a member do not apply to a nominated person. However, a nominated person may have a right under an agreement between the nominated person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If a nominated person has no such right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.

3 A form of proxy is provided with this notice for members. Completion and return of the form of proxy will not prevent a member from attending the meeting and voting in person. To be effective, the form of proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be deposited with the Company's registrars, Computershare Investor Services PLC, not less than 48 hours (excluding non-working days) before the time of the holding of the meeting or any adjournment thereof. Completion and submission of the form of proxy will not preclude shareholders from attending and voting at the meeting should they wish to do so.

4 The statements of the rights of shareholders in relation to the appointment of proxies in Notes 1 and 3 above do not apply to nominated persons. These rights can only be exercised by members of the Company.

5 Pursuant to Regulation 41(1) of the Uncertificated Securities Regulations 2001 (SI 2001 No 3755), the Company has specified that only those members registered on the register of members of the Company at 6.00 p.m. on 15 December 2010 or, if the meeting is adjourned, at 6.00 p.m. on the day two days (excluding non-working days) prior to the adjourned meeting shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the register of members after the relevant time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

6 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual and/or by logging on to www.euroclear.com/CREST

CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID 3RA50) by the latest time(s) for receipt of proxy appointments specified in Note 3 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

7 If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Rules and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result, any member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Rules and Transparency Rules, need not make a separate notification to the Company and the Financial Services Authority.

8 If you wish to attend the meeting in person, there will be a Members' register for you to sign on arrival.

9 Information regarding the AGM, including information required by Section 311A of the Companies Act 2006, is available from www.standardlifeinvestments.com/its

10 Members have the right to ask questions at the meeting in accordance with section 319A of the Companies Act 2006.

11 Any person holding 3% of the total voting rights in the Company who appoints a person other than the Chairman as his or her proxy(ies) will need to ensure that both he or she and such proxy(ies) comply with their respective disclosure obligations under the UK Disclosure and Transparency Rules.

12 The members of the Company may require the Company to publish, on its website, without payment a statement which is also passed to the auditor setting out any matter relating to the audit of the Company's accounts, including the auditor's report and the conduct of the audit, which they intend to raise at the next meeting of the Company. The Company will be required to do so once it has received such requests from either (i) members representing at least 5% of the total voting rights of the Company or (ii) at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state the members full name and address and be sent to The Company Secretary, Aberdeen Asset Managers Ltd, 40 Princes Street, Edinburgh, EH2 2BY.

13 Shareholders are advised that, unless otherwise stated, any telephone number, website or e-mail address which may be set out in this notice of AGM or in any related documents (including the proxy form) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.

14 As at 16 November 2010 (the latest practicable date before the printing of this document), the Company's total capital consisted of 39,737,907 Ordinary Shares of 25p each, of which 1,807,328 were held in treasury, with a resulting total of 37,930,579 Ordinary Shares with voting rights.

15 No Director has a service agreement with the Company.

MIX
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