

Securities Trust of Scotland Plc

Half-yearly financial report
Six months to 30 September 2008

Growing long-term,
delivering high income

A copy of this half-year report can be downloaded at www.securitiestrust.com

Financial highlights

Key data	As at 30 September 2008	As at 31 March 2008	% change
Net asset value per share*	100.7p	123.92p	- 18.7
FTSE All-Share index	2,483.67	2,927.05	- 15.1
Share price	90.00p	116.00p	- 22.4
Discount	10.63%	6.39%	

*Calculated in accordance with the requirements of the AIC. (Following a recent review by the AIC, the net asset value is inclusive of current year revenue).

Total returns†	Six months ended 30 September 2008	Six months ended 30 September 2007
Net asset value per share	-16.5%	-0.4%
FTSE All-Share index	-13.5%	2.7%
Share price	-19.7%	-2.0%

†The combined effect of any dividend paid, together with the rise or fall in the share price, net asset value or index.

Income	Six months ended 30 September 2008	Six months ended 30 September 2007	% change
Revenue return per share	3.04p	2.78p	+9.4%

Total expenses††	Six months ended 30 September 2008	Six months ended 30 September 2007
As a percentage of shareholders' funds (prior to shareholders' redemption liability)	0.6%	0.6%

††Annualised

Key facts

£102.7m Shareholders' funds (prior to shareholders' redemption liability)

Share price

90.00p (down 22.4%)

Interim dividend per share

1.15p (up 4.5%)

Objective

Rising income and long-term capital growth

Portfolio focus

UK

Benchmark

FTSE All-Share index

Capital structure

101,970,223 ordinary shares of 1p each entitled to one vote

Dividends paid

March, June, September and December

Chairman's statement

The investment objective of Securities Trust of Scotland plc ("the Trust") is to achieve rising income and long-term capital growth by investment in the UK. In an exceptionally difficult environment for investing, the Trust continued to deliver income in excess of that available from the UK equity market.

However, after five years of rising stock markets, the past six months has seen a significant fall in capital values, with high yielding shares among the hardest hit.

Income and capital growth

In addition to the well-publicised problems in the banking sector and subsequent dividend cuts by HBOS, RBS and Lloyds TSB, dividend growth from other companies is also likely to be subject to downward pressure during the next 12 months. This would inevitably have an impact on the Trust's income, and while some companies in the portfolio could disappoint in these extremely challenging times the manager remains confident that overall the revenue generated by companies within the portfolio will meet expectations.

Currency movements, in particular the strength of the US dollar against Sterling, should help mitigate dividend reductions by investee companies.

The first interim dividend of 1.15p per share has already been paid in respect of the period to 31 March 2009, a 4.5% rise on the 1.10p paid in the same period in the previous financial year.

The Board has declared a second interim dividend of 1.15p per share payable on 15 December to shareholders on the register on 14 November.

Going forward the company will continue its popular policy of paying dividends quarterly in September, December, March and June.

During the period capital values of high yielding stocks have been particularly badly affected by the fallout from the global financial crisis. In the six months to 30 September, the total return of the net asset value per share fell by 16.5%, compared with the 13.5% fall in the FTSE All-Share Index.

Outlook

The UK market has been subject to some extremely challenging conditions in 2008, and it can be hard to remain calm when some of Britain's best-known high-street lenders are being challenged and house prices are facing a sharp downturn.

After the market's recent rapid and extensive fall, valuations have also fallen to their lowest levels in many years. The Board will actively monitor the dividend growth potential of the holdings in the portfolio to strive to maintain a progressive dividend policy going forward.

In the half-yearly management report, Ross Watson explains the recent performance in more detail and gives his views on the prospects for the Trust in 2009.

The Board echoes the Manager's view that, despite the weak economic backdrop, there is good value to be found in UK equities, particularly those offering a reliable, growing income for shareholders.

Neil Donaldson
17 November 2008

Half-yearly management report

The six months to 30 September 2008 were poor ones for equities worldwide, including the UK. The FTSE All-Share Index fell by 15.1% and the equity portfolio of Securities Trust of Scotland fell by 14.4%. There have been two concurrent themes driving the weakness in equity prices. The enormous problems in the world financial system of huge losses and latterly a significant contraction in the availability of credit have received widespread publicity. The capital raised only a few months ago is now proving to be insufficient particularly in the UK where the authorities have significantly increased the amount of required capital.

At the same time industry and consumers worldwide have been struggling to adapt to the impact of higher fuel, electricity and food prices. Even without the impact of reduced credit availability economic activity was already on a downward trend. Now recession is inevitable in much of the developed world. Corporate profits generally follow economic activity but despite this outlook the estimates of many analysts remain too high and will have to be reduced. However given the very difficult financial background and the weak economic outlook it is no surprise that the fall in equity markets has already discounted weaker corporate profits in many sectors.

Dividend income has traditionally been far more secure than the level of profits as many companies try to deliver a relatively smooth stream of income to shareholders across a number of years. This still holds and the outlook for dividend payments is better than that for profits. The capital raised by a number of UK banks has however been highly dilutive to shareholders and those banks that receive capital from the Government will be precluded from paying ordinary dividends. It could be a number of years before RBS, Lloyds and HBOS are able to pay dividends again. This is clearly bad news for shareholders in these banks and has affected to a modest extent the revenue forecasts for Securities Trust of Scotland.

One mitigating factor has however been the weakness of sterling, particularly against the US dollar in which over 20% of the portfolio income is declared. This has increased the income expected from these holdings including BP, Royal Dutch Shell and HSBC. The dividend payments of these companies look secure.

The portfolio has had an underweight position in the banks sector for some time. At the end of the period part of the existing position was switched into HBOS following the announcement of its agreed merger with Lloyds TSB. The key positive is the ability of the merged group to deliver significant cost savings ahead of those announced at the time of the deal. This will become apparent in profits once the UK economy recovers from its current weakness and give a significant boost to profits and dividend paying ability.

A new holding was established in Unilever, a global consumer products business, as the outlook for its profits appear relatively secure. The future growth of this company will come from the many emerging markets in which it operates. The recent announcement of a new chief executive from outside the group was well received by the market. In difficult times it is good to be invested in a company that has a secure earnings stream for the next few years.

BAE Systems has done much in recent years to improve the quality of its earnings by reducing the risks on many of the long term programmes in which it is involved. It recently increased its interim dividend by 16%, reflecting its confidence in the future, and the holding was therefore increased.

A new holding was established in Petrofac, an oil services company that has long term contracts with major oil companies.

The holding in Go-Ahead, a UK bus and rail stock, was increased as the industry continues to see passenger and revenue growth.

Wolseley has been affected by the very weak US housing industry but is now facing weaker conditions in the UK and Europe. The balance sheet is not strong and the holding was sold. The strong balance sheet and international spread of HSBC mean that it has fared relatively well compared to other banks but this is reflected in the rating and the holding was reduced. Informa, in the media sector, was the subject of a takeover and the holding was reduced before the bid was rejected by the board.

Slower rental growth from its property portfolio as the UK economy weakens means that Land Securities will find it difficult to increase its dividend whilst the planned demerger of the group becomes less likely. The holding was reduced.

After its recent rapid and extensive fall the UK stock market is already discounting a fall in corporate profits during 2009 and the prospective PE multiple of only 9 times has fallen to its lowest level in many years. Confidence is very low amongst investors and the turmoil in the banking sector is certainly not helping. At these levels there is value to be found despite the expected continuation of weak economic news. However in the current environment we shall focus upon the security of income in what are likely to be volatile markets in the months to come.

Ross Watson
17 November 2008

Risks and uncertainties

The principal risks and uncertainties that the Company faces can be found in the table below, with further information on page 12, and pages 34 and 35 of the Company's full annual report for the year to 31 March 2008, which can be obtained free of charge from Martin Currie and is available on the website www.securitiestrust.com.

Risk	Mitigation
Loss of s842 status	In order to qualify as an investment trust, the Company must comply with Section 842 of the Income and Corporation Taxes Act 1988. Section 842 qualification criteria are continually monitored by Martin Currie.
Operational disruption at the Manager's premises	Martin Currie has in place a full disaster recovery and business continuity plan which facilitates continued operation of the business should the Manager's premises be subject to operational disruption. The plan was last tested in October 2008 with successful results. The Manager maintains a fully operational off-site disaster recovery centre for use by key staff during any disruption.
Regulatory, accounting/ internal control breach	The Company must comply with the Companies Act 1985 and 2006 and the UKLA Listing Rules. The Board relies on the services of its company secretary and its professional advisers to ensure compliance.
Loss of investment team or Investment Manager	The Manager takes steps to reduce the likelihood of such an event by ensuring appropriate succession planning and the adoption of a team based approach, as well as special efforts to retain key personnel.
Failure to manage the discount	The Board regularly discusses discount policy and has set parameters for the Manager and the Company's broker to follow.
Investment underperformance	The Board manages the risk of investment underperformance by diversification of investments and through a set of investment restrictions and guidelines that are monitored and reported on by the Manager. The Board monitors the implementation and results of the investment process with the Investment Manager, who attends all Board meetings, and reviews data that show statistical measures of the Company's risk profile.
Gearing/Interest rate risk	From time to time the Company finances its operations through bank borrowings. However, the Board monitors such borrowings (gearing) closely and takes a prudent approach. The amount of such borrowings will not exceed 15% of the Company's total assets.
Currency risk	The Board regularly monitors the impact of currency rate risk.
Counterparty risk	Martin Currie has a counterparty risk committee. It meets regularly to consider all aspects of counterparty risk. Any recommendations are then made to the Board.

Related party transactions

There have been no related party transactions during the first half of the year.

Directors' responsibility

In accordance with Chapter 4 of the Disclosure and Transparency Rules, and to the best of their knowledge, each Director of Securities Trust plc ("the Company") confirms that the financial statements have been prepared in accordance with the applicable set of accounting standards and with the Statement of Recommended Practice 'financial statements of Investment Trust companies', and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company. Furthermore, each Director certifies that the half-yearly management report includes an indication of important events that have occurred during the first six months of the financial year, and their impact on the financial statements, together with a description of the principal risks

and uncertainties that the Company faces. In addition each Director of Securities Trust plc confirms that there have been no related party transactions during the first half of the year.

By order of the Board
Martin Currie Investment Management Limited
Secretaries
Edinburgh
17 November 2008

Portfolio summary

Portfolio distribution as at 30 September

By asset class	2008	2007
	%	%
Equities	109	106
Fixed interest	4	4
Cash	1	-
Less borrowings	(14)	(10)
	100	100

By sector (excluding cash)	2008	2007
	%	%
Financials	26	31
Oil and gas	15	12
Consumer goods	13	10
Industrials	9	10
Basic materials	8	10
Consumer services	8	10
Healthcare	7	3
Telecommunications	7	9
Utilities	6	5
Technology	1	-
	100	100

Portfolio summary

Largest holdings as at 30 September

	2008	2008	2007	2007
	Market value	% of total	Market value	% of total
	£000	portfolio	£000	portfolio
British American Tobacco	8,235	7.15	7,862	4.80
BP	8,081	7.02	9,883	6.04
Royal Dutch Shell	7,162	6.22	9,132	5.58
HSBC	6,096	5.30	10,028	6.12
GlaxoSmithKline	4,852	4.22	5,196	3.17
Aviva	4,623	4.02	4,250	2.60
Vodafone	4,525	3.93	7,968	4.87
BAE Systems	3,496	3.04	2,764	1.69
Scottish and Southern Energy	3,388	2.94	4,005	2.45
National Grid	3,223	2.80	3,874	2.37
AstraZeneca	3,148	2.74	-	-
Imperial Tobacco	2,961	2.57	2,462	1.50
BT	2,873	2.50	4,030	2.46
Royal Bank of Scotland	2,619	2.28	6,769	4.13
Barclays	2,428	2.11	4,428	2.70
Rio Tinto	2,409	2.09	-	-
Xstrata	2,307	2.00	2,803	1.71
Intermediate Capital	2,030	1.76	2,451	1.50
BHP Billiton	1,922	1.67	5,897	3.60
Unilever	1,886	1.64	-	-

Unaudited income statement

		Six months to 30 September 2008			Six months to 30 September 2007		
	Note	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Loss on investments	-		(23,064)	(23,064)	-	(3,543)	(3,543)
Currency gains	-		-	-	-	10	10
Income - Franked	3	2,948	-	2,948	3,019	635	3,654
- Unfranked	3	509	-	509	225	-	225
- Deposit interest	3	37	-	37	49	-	49
- Other income	3	25	-	25	2	-	2
Investment Management fee		(50)	(93)	(143)	(85)	(158)	(243)
Other expenses		(224)	-	(224)	(224)	-	(224)
Net return before finance costs and taxation		3,245	(23,157)	(19,912)	2,986	(3,056)	(70)
Finance Costs –Debt		(137)	(254)	(391)	(150)	(277)	(427)
- Shareholders funds	4	(3,365)	-	(3,365)	(4,126)	-	(4,126)
Net return on ordinary activities before taxation		(257)	(23,411)	(23,668)	(1,290)	(3,333)	(4,623)
Taxation on Ordinary Activities	5	(5)	-	(5)	(3)	-	(3)
Return attributable to ordinary redeemable shareholders		(262)	(23,411)	(23,673)	(1,293)	(3,333)	(4,626)
Return per ordinary redeemable share	2	3.04p	(22.96p)	(19.92p)	2.78p	(3.27p)	(0.49p)

Unaudited income statement

	Note	Six months to			(Audited)		
		30 September 2007			Year to		
		Revenue	Capital	Total	Revenue	Capital	Total
		£000	£000	£000	£000	£000	£000
Losses on investments		-	(3,543)	(3,543)	-	(26,985)	(26,985)
Currency gains		-	10	10	-	10	10
Income							
- franked	3	3,019	635	3,654	6,160	635	6,795
- unfranked	3	225	-	225	400	-	400
- deposit interest	3	49	-	49	106	-	106
- other income	3	2	-	2	16	-	16
Investment management fee		(85)	(158)	(243)	(142)	(264)	(406)
Other expenses		(224)	-	(224)	(441)	-	(441)
Net return before finance costs and taxation		2,986	(3,056)	(70)	6,099	(26,604)	(20,505)
Finance costs							
- debt		(150)	(277)	(427)	(301)	(558)	(859)
- shareholders' funds	4	(4,126)	-	(4,126)	(6,368)	-	(6,368)
Net return on ordinary activities before taxation		(1,290)	(3,333)	(4,623)	(570)	(27,162)	(27,732)
Taxation on ordinary activities	5	(3)	-	(3)	(3)	-	(3)
Return attributable to ordinary redeemable shareholders		(1,293)	(3,333)	(4,626)	(573)	(27,162)	(27,735)
Return per ordinary redeemable share	2	2.78p	(3.27p)	(0.49p)	5.68p	(26.64p)	(20.96p)

The total columns of this statement are the profit and loss accounts of the Company.

The revenue and capital items are presented in accordance with the Association of Investment Companies (AIC) SORP.

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

No operations were acquired or discontinued in the year.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses of the Company have been reflected in the above statement.

Unaudited balance sheet

	Note	As at 30 September 2008		As at 30 September 2007		(Audited) As at 31 March 2008	
		£000	£000	£000	£000	£000	£000
Non-current assets							
Investments at fair value through profit or loss Listed on Exchanges in the UK	6		115,080		163,757		137,823
Current assets							
Loans and receivables	7	717		1,837		1,994	
Cash at bank		1,233		593		451	
		1,950		2,430		2,445	
Creditors							
Amounts falling due within one year	8	(14,345)		(16,720)		(13,910)	
Net Current Liabilities			(12,395)		(14,290)		(11,465)
Shareholders' funds (prior to shareholders' redemption liability)			102,685		149,467		126,358
Creditors							
Distributable capital and reserves attributable to shareholders on redemption	9		(99,945)		(147,185)		(123,356)
			2,740		2,282		3,002
Distributable capital and reserves Revenue reserves			2,740		2,282		3,002
Net asset value per ordinary redeemable share (prior to shareholders' redemption liability)	2		100.70p		146.58p		123.92p

Unaudited statement of cash flow

		Six months to 30 September 2008		Six months to 30 September 2007		(Audited) Year to 31 March 2008	
	Note	£000	£000	£000	£000	£000	£000
Net cash inflow from operating activities	10		4,155		3,603		5,836
Servicing of finance							
Finance costs							
- debt		(339)		(432)		(878)	
- equity		(3,365)		(4,126)		(6,368)	
Net cash outflow from servicing of finance			(3,704)		(4,558)		(7,246)
Taxation							
Overseas taxation paid		(5)		(3)		(3)	
Net cash outflow from taxation			(5)		(3)		(3)
Capital expenditure and financial investment							
Payments to acquire investments		(13,950)		(19,108)		(44,647)	
Receipts from disposal of investments		13,786		17,733		45,335	
Net cash (outflow)/inflow from investing activities			(164)		(1,375)		688
Net cash inflow/(outflow) before use of liquid resources and financing			282		(2,333)		(725)
Financing							
Movement in short-term borrowings		500		1,300		(450)	
Net cash inflow/(outflow) from financing			500		1,300		(450)
Increase/(decrease) in cash for the period			782		(1,033)		(1,175)
Reconciliation of net cash flow to movements in net debt							
Increase/(decrease) in cash as above		782		(1,033)		(1,175)	
(Drawdown)/repayment of short term borrowings		(500)		(1,300)		450	
Change in net cash / (debt) resulting from cash flows			282		(2,333)		(725)
Foreign exchange movements			-		10		10
Movement in net debt in the period			282		(2,323)		(715)
Opening net debt			(13,099)		(12,384)		(12,384)
Closing net debt			(12,817)		(14,707)		(13,099)

Reconciliation of movements in shareholders' funds

	Notes	Called up ordinary share capital £000	Capital redemption reserve £000	Special distributable capital reserve £000	Realised capital reserve £000	Unrealised capital reserve £000	Revenue Reserve £000	Total £000
For the six months to 30 September 2008								
As at 31 March 2008		1,019	62	111,145	18,640	(7,510)	3,002	126,358
Realised losses on investments during the period		-	-	-	(5,320)	-	-	(5,320)
Unrealised depreciation on investments		-	-	-	-	(17,744)	-	(17,744)
Capitalised expenses		-	-	-	(347)	-	-	(347)
Return attributable to shareholders		-	-	-	-	-	(262)	(262)
Balance at 30 September 2008		1,019	62	111,145	12,973	(25,254)	2,740	102,685

	Notes	Called up ordinary share capital £000	Capital redemption reserve £000	Special distributable capital reserve £000	Realised capital reserve £000	Unrealised capital reserve £000	Revenue Reserve £000	Total £000
For the six months to 30 September 2007								
As at 31 March 2007		1,019	62	111,145	9,500	28,792	3,575	154,093
Realised gains on investments during the period		-	-	-	3,599	-	-	3,599
Realised currency gains during the period		-	-	-	10	-	-	10
Unrealised depreciation on investments		-	-	-	-	(7,142)	-	(7,142)
Franked Income	3	-	-	-	635	-	-	635
Capitalised expenses		-	-	-	(435)	-	-	(435)
Return attributable to shareholders		-	-	-	-	-	(1,293)	(1,293)
Balance at 30 September 2007		1,019	62	111,145	13,309	21,650	2,282	149,467

	Notes	Called up ordinary share capital £000	Capital redemption reserve £000	Special distributable capital reserve £000	Realised capital reserve £000	Unrealised capital reserve £000	Revenue Reserve £000	Total £000
For the year ended 31 March 2008								
As at 31 March 2007		1,019	62	111,145	9,500	28,792	3,575	154,093
Realised gains on investments during the year		-	-	-	9,317	-	-	9,317
Realised currency gains during the year		-	-	-	10	-	-	10
Unrealised depreciation on investments		-	-	-	-	(36,302)	-	(36,302)
Franked income	3	-	-	-	635	-	-	635
Capitalised expenses		-	-	-	(822)	-	-	(822)
Return attributable to shareholders		-	-	-	-	-	(573)	(573)
Balance at 31 March 2008		1,019	62	111,145	18,640	(7,510)	3,002	126,358

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

1 Accounting policies

(a) The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for Financial Statements of Investment Trust Companies (SORP), issued in 2005.

Dividends - In accordance with FRS 21: "Events after the balance sheet date", dividends are included in the financial statements in the period in which they are paid.

Functional currency - In accordance with FRS 23: "The effects of changes in foreign currency", the Company is required to nominate a functional currency, being the currency in which the Company predominately operates. The Board has determined that Sterling is the Company's functional currency, which is also the currency in which these financial statements are prepared.

(b) Income from equity investments is determined on the date on which the investments are quoted ex-dividend, or where no ex-dividend date is quoted, when the Company's right to receive payment is established. Income from fixed interest securities is recognised on an effective yield basis. UK dividends received are accounted for at the amount receivable and are not grossed up for any tax credit. Other income includes any taxes deducted at source. Gains and losses arising from the translation of income denominated in foreign currencies are recognised in the revenue reserve.

Scrip dividends are treated as unfranked investment income; any excess in value of shares received over the amount of the cash dividend is recognised in capital reserves.

(c) Interest receivable and payable and management expenses are treated on an accruals basis.

(d) The management fee and interest costs are allocated 65% to capital and 35% to revenue in accordance with the Board's expected long-term split of returns in the form of capital gains and income, respectively. The performance fee is wholly allocated to capital.

(e) Realised and unrealised gains and losses on investments and exchange adjustments to overseas currencies are taken to capital reserve.

(f) Foreign currencies are translated at the rates of exchange ruling on the balance sheet date. Investments are recognised initially as at the trade date of a transaction. Subsequent to this, the disposal of an investment is accounted for once again as at the trade date of a transaction.

(g) Revenue received and interest paid in foreign currencies are translated at the rates of exchange ruling on the transaction date. Any exchange differences relating to revenue items are taken to the revenue account.

(h) The Company's investments are classified as "financial assets at fair value through profit or loss" and are therefore valued at bid price. Gains and losses arising from changes in fair value are included in the capital return for the period.

(i) All financial assets and liabilities are recognised in the financial statements.

(j) Deferred tax is recorded in accordance with Financial Reporting Standard 19 (Deferred Tax). Deferred tax is provided on all timing differences that have originated but not reversed by the balance sheet date. A deferred tax asset is only recognised to the extent that it is regarded as recoverable.

Due 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 for deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

(k) Transaction costs incurred on the purchase and disposal of investments are recognised as a capital item in the income statement.

(l) Shareholders funds - Under FRS25 "Financial instruments: Disclosure and presentation", when shares are issued, any component that creates a financial liability in the balance sheet is measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on redemption. The corresponding dividends relating to the liability component are charged as finance costs in the income statement.

(m) Share buy backs are funded through the capital reserve.

2.

	Six months to 30 September 2008	Six months to 30 September 2007	Year to 31 March 2008
Returns and net asset value			
The returns and net asset value per share are calculated with reference to the following figures:			
Revenue Return			
Revenue Return attributable to ordinary redeemable shareholders	(£262,000)	(£1,293,000)	(£573,000)
Add back finance costs – shareholders' funds	£3,365,000	£4,126,000	£6,368,000
	£3,103,000	£2,833,000	£5,795,000
Average number of shares in issue during the period	101,970,223	101,970,223	101,970,223
Revenue return per ordinary redeemable share	3.04p	2.78p	5.68p
Capital Return			
Capital return attributable to ordinary redeemable shareholders	(£23,411,000)	(£3,333,000)	(£27,162,000)
Average number of shares in issue during the period	101,970,223	101,970,223	101,970,223
Capital return per ordinary redeemable share	(22.96p)	(3.27p)	(26.64p)
Total return			
Total return per ordinary redeemable share	(19.92p)	(0.49p)	(20.96p)
	As at 30 September 2008	As at 30 September 2007	As at 31 March 2008
Net asset value per share			
Net assets attributable to shareholders	£102,685,000	£149,467,000	£126,358,000
Number of shares in issue at period end	101,970,223	101,970,223	101,970,223
Net asset value per ordinary redeemable share	100.70p	146.58p	123.92p

Reconciliation of ex-income and cum-income net asset value per share	As at 30 September 2008	As at 30 September 2007	As at 31 March 2008
Cum-income net asset value per share	100.70p	146.58p	123.92p
Exclusion of undistributed current period revenue	(1.89p)	(1.68p)	(2.39p)
Ex-income net asset value per share	98.81p	144.90p	121.53p

3.

	Six months to 30 September 2008	Six months to 30 September 2007	Year to 31 March 2008
	£000	£000	£000
Income			
Income from investments			
Equities	3,272	3,053	6,187
Fixed interest and convertibles	185	191	373
	3,457	3,244	6,560
Other income			
Interest on deposits	37	49	106
Underwriting commission	25	2	16
	3,519	3,295	6,682

During the six months to 30 September 2008 the Company received no capital dividends (31 March 2008 - £635,000 from Smiths Group).

4.

	Six months to 30 September 2008	Six months to 30 September 2007	Year to 31 March 2008
	£000	£000	£000
Finance Costs –			
Shareholders’ funds			
Year ended 31 March 2007 – third interim dividend of 1.05p	-	1,071	1,071
Year ended 31 March 2007 – fourth interim dividend of 1.90p	-	1,937	1,937
Year ended 31 March 2008 – first interim dividend of 1.10p	-	1,122	1,122
Year ended 31 March 2008 – second interim dividend of 1.10p	-	-	1,122
Year ended 31 March 2008 – third interim dividend of 1.10p	-	-	1,122
Year ended 31 March 2008 – fourth interim dividend of 2.15p	2,192	-	-
Year ended 31 March 2009 – first interim dividend of 1.15p	1,173	-	-
Refund of unclaimed dividends by the registrar	-	(4)	(6)
	3,365	4,126	6,368

5.

Taxation	Six months to 30 September 2008 £000	Six months to 30 September 2007 £000	Year to 31 March 2008 £000
Withholding tax on income from overseas investments	5	3	3

6.

Investments	Six months to 30 September 2008 £000	Six months to 30 September 2007 £000	Year to 31 March 2008 £000
Fair value through profit or loss			
Opening valuation	137,823	166,595	166,595
Add: unrealised depreciation/(appreciation)	7,510	(28,792)	(28,792)
Opening cost	145,333	137,803	137,803
Add: additions at cost	13,801	19,341	43,854
Less: disposals at cost	(18,800)	(15,037)	(36,324)
Closing cost	140,334	142,107	145,333
Add: unrealised (depreciation)/appreciation	(25,254)	21,650	(7,510)
Closing Valuation	115,080	163,757	137,823

Transaction costs

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

	Six months to 30 September 2008 £000	Six months to 30 September 2007 £000	Year to 31 March 2008 £000
Acquisitions	53	103	261
Disposals	20	34	76
	73	137	337

7.

	As at 30 September 2008 £000	As at 30 September 2007 £000	As at 31 March 2008 £000
Loans and receivables			
Dividends receivable	648	879	1,620
Interest accrued	33	32	35
Due from brokers	-	903	306
Tax recoverable	12	7	7
Other debtors	24	16	26
	717	1,837	1,994

8.

	As at 30 September 2008 £000	As at 30 September 2007 £000	As at 31 March 2008 £000
Amounts falling due within one year			
Interest accrued	68	30	16
Due to brokers	-	1,175	149
Sterling bank loan	14,050	15,300	13,550
Other creditors	227	215	195
	14,345	16,720	13,910

The company has a £20,000,000 loan facility with Lloyds TSB which expires in June 2009. Under this agreement £14,050,000 was drawn at 30 September 2008 at a rate of 5.8712%. On 1 October 2008 the loan was rolled-over at a rate of 6.5215% with a maturity date of 3 November 2008.

The fair value of the sterling loan is not materially different from its carrying value. The interest rate is set at each roll-over date at LIBOR plus a margin of 0.5115%.

9.

	Six months to 30 September 2008 £000	Six months to 30 September 2007 £000	Year to 31 March 2008 £000
Distributable capital and reserves attributable to shareholders on redemption			
Called-up share capital	1,019	1,019	1,019
Capital redemption reserve	62	62	62
Special distributable capital reserve	111,145	111,145	111,145
Realised capital reserve	12,973	13,309	9,500
Unrealised capital reserve	(25,254)	21,650	28,792
	99,945	147,185	150,518

10.

	Six months to 30 September 2008 £000	Six months to 30 September 2007 £000	Year to 31 March 2008 £000
Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities			
Net return before finance costs and taxation	(19,912)	(70)	(20,505)
Decrease/(increase) in accrued income and other debtors	976	460	(294)
Increase/(decrease) in creditors	32	(317)	(337)
Currency movements	-	(10)	(10)
Net losses on investments	23,064	3,543	26,985
Taxation withheld from income on investments	(5)	(3)	(3)
Net cash inflow from operating activities	4,155	3,603	5,836

11.

	At 31 March 2008 £000	Cash flow £000	At 30 September 2008 £000
Analysis of debt			
Cash at bank	451	782	1,233
Bank borrowings – Sterling loan	(13,550)	(500)	(14,050)
Net debt	(13,099)	282	(12,817)

12.

Contingent Assets

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

The Board continues to make progress in quantifying the potential repayment to the Company however they do not believe that the payment will be significant and hence the Company has made no provision in these financial statements.

Martin Currie stopped charging VAT as of 1 November 2007.