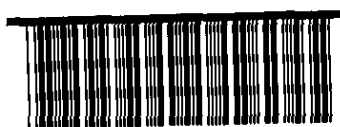


Securities Trust of Scotland plc

Interim report
Six months to 30 September 2003

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**martin
currie**

If you want to find out how to
buy shares in the trust, turn to
page 6 - or visit our website at

www.securitiestrust.com

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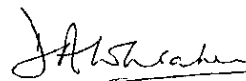
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Welcome

Welcome to the interim report for 2003.
It covers the six-month period to the end
of September.

We have placed a copy of this report on
www.securitiestrust.com. On this site, you
can also find a wealth of information
including the latest share price,
performance figures and a monthly
update.

As ever, we welcome your views and
comments on any issues relating to
the trust. You can write to me via
Martin Currie's Investor services team
at the address on the back of this report,
or e-mail me at
investorservices@martincurrie.com.



David Whitaker
Chairman

About the trust

The objective of Securities Trust of Scotland is to achieve rising income and long-term capital growth by investment in the United Kingdom. The emphasis is on companies with the potential for strong earnings and dividend growth.

The performance of the trust is measured against the FTSE All-Share index.

Gross assets

£430m

Shareholders' funds

£306m

Market capitalisation

£270m

Capital structure

312,023,000 ordinary shares of 25p, each entitled to one vote.

Management and secretarial fees

The total fees payable to Martin Currie Investment Management Ltd in the six months to 30 September 2003 amounted to 0.3% of shareholders' funds (0.2% of gross assets).

Management company

Martin Currie Investment Management Ltd. Founded in 1881, the privately owned group specialises in international equity investment and today manages assets of some £5.9 billion for a range of institutions, pension funds, pooled funds, investment trusts and charities.

AITC membership category

UK Growth & Income

Financial highlights

Key Data

	As at 30 September 2003	As at 31 March 2003	% change
Net asset value per share	98.00p	84.47p	↑ 16.0
Benchmark*	2,027.72	1,735.72	↑ 16.8
Share price	86.50p	74.25p	↑ 16.5
Discount	11.73%	12.10%	

*FTSE All-Share index

Total returns

	Six months ended 30 September 2003	Six months ended 30 September 2002
Net asset value per share	17.5%	(30.7%)
Benchmark*	19.0%	(28.4%)
Share price	20.9%	(30.7%)

*FTSE All-Share index

Income

	Six months ended 30 September 2003	Six months ended 30 September 2002	% change
Revenue return per share	2.47p	2.29p	↑ 7.9
Dividend per share	1.27p	1.27p	-

Total expenses*

	Six months ended 30 September 2003	Six months ended 30 September 2002
As a percentage of gross assets	0.3%	0.4%
As a percentage of shareholders' funds	0.4%	0.5%

*Investment management fee and other expenses are shown in the statement of total return on page 8.

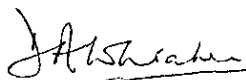
Chairman's statement

The share price total return was 20.9% - nearly 2% ahead of the benchmark.

It's very pleasant to be able to report an increase in the company's net asset value for the first time since 2000. The Company's net asset value total return was 17.5%; the benchmark FTSE All-Share index returned 19.0%. As you are aware, only 85% of the company's assets are in equities, with the balance in bonds or cash. Because our equity portfolio needs to produce a certain level of income, the market's rotation into low-yielding high return stocks has been hard to replicate. As a result, the equities have tended to lag the recovery. However, our decision to maintain a 20% geared exposure to equities has more than compensated. Although our bond content has outperformed the FT Government All Stocks Index, bonds have lagged equities significantly as yields have risen globally. The share price total return, which incorporates net dividends as well as the movement in the share price, was 20.9% - nearly 2% ahead of the benchmark. This was due partly to the narrowing of the discount from 12.1% to 11.7%.

The board has declared a maintained interim dividend of 1.27p per share, payable on 19 December 2003 to shareholders on the register on 28 November 2003. Any increase in the full-year dividend will be made with the final dividend payment.

While investor confidence has improved in response to the significant monetary and fiscal stimuli of the last two years, markets will struggle to maintain the level of momentum that has been built up over the summer.



David Whitaker
29 October 2003

Manager's report

We will continue to concentrate on companies with high or improving returns on capital and real growth in dividends.

In my last report, I talked about the market's attractive valuation and the possibility that investors' appetite for equities could turn positive once economic conditions began to improve. The start of the financial period also coincided with a brief period when equities yielded more than government bonds for the first time since 1959. However, investors have instead bought a combination of highly geared and cyclical stocks - a complete mirror image of the previous period.

We have marginally increased our holdings in cyclical stocks. We bought new holdings in regional brewer **Greene King** and speciality chemical company **Croda**. We also bought **P & O** - we believe that a change in senior management will allow a major repositioning of the company. Meanwhile, we reduced our overweight exposure to the tobacco sector by selling **Gallaher**, which has outperformed significantly since we bought it in 2000. We added to **HSBC** and **HBOS** in the banking sector, and regional housebuilder **Persimmon**. We further reduced **Wood Group**. Although it is a quality business

delivering high returns and growth, the next 18 months are likely to be difficult, as operational difficulties in the oil majors, especially in the deep water gulf, have delayed contracts. We also sold **Scottish & Newcastle**, the share price of which was already partly discounting a bid for the remaining business after the pubs are sold, which we do not believe is likely. We added to **Bunzl**, the supplier of international business consumables, and introduced **Land Securities**, which we believe offers an attractive total return. The company is also one of the major beneficiaries of any move towards the introduction of REITs (real estate investment trusts) in the UK.

The market has sadly neglected 'quality' shares (which we define as a high and consistent return on invested capital, strong cash generation and real dividend growth) over recent months, as cyclical and recovery stocks have dominated. Hopefully, as the market broadens out, it will return to being more discriminating with fundamentals reasserting themselves. This may be happening already. Some of the recent optimism on global recovery has been tempered

slightly, as the US dollar looks to have regained downward momentum. And the widely expected weakening of the oil price continues to be elusive. Although after such a period of monetary and fiscal stimuli the consensus view is for a normal pickup in the US economy, the risks remain high - growth in employment remains hard to identify and valuations are not cheap. Overall we expect the UK equity market to go back to trading in a narrow range - at least until there is more evidence that the early signs of recovery will develop well into 2004. So we will continue to concentrate on companies with high or improving returns on capital and real growth in dividends.



Tom Maxwell
29 October 2003

Portfolio summary

Portfolio distribution as at 30 September

By sector	2003	2002
Financials	35%	30%
Consumer goods	20%	25%
Services	18%	15%
Resources	17%	20%
Utilities	4%	6%
Basic industries	4%	2%
General industrials	2%	2%
	100%	100%

By asset class

Equities	121%	123%
Fixed interest	15%	12%
Cash	4%	9%
Less borrowings	(40%)	(44%)
	100%	100%

Largest holdings as at 30 September 2003

	Market value £000	% of portfolio
HSBC	33,218	7.91
GlaxoSmithKline	30,463	7.25
BP	29,199	6.95
Vodafone	23,094	5.50
Shell Transport & Trading	18,259	4.35
Royal Bank of Scotland	16,830	4.01
AstraZeneca	14,044	3.34
HBOS	11,834	2.82
HBOS (9.25% preference shares)	11,279	2.69
Barclays	11,082	2.64
Man Group	9,910	2.36
Lloyds TSB	9,847	2.34
Intermediate Capital	8,613	2.05
British American Tobacco	8,139	1.94
National Westminster Bank (9% 'A' preference shares)	7,777	1.85
Scottish & Southern Energy	7,177	1.71
Anglo American	7,059	1.68
Diageo	6,465	1.54
National Grid Transco	5,783	1.38
BT	5,315	1.27

Investor information

There are a number of ways in which you can hold shares in Securities Trust of Scotland. Of course, investment trusts - like any listed company - can be bought and sold through a stockbroker, shareshop or bank. But there are other ways too:

Martin Currie FundsCircle

If you want to buy more shares in the trust, then FundsCircle offers a simple way of doing so:

- ◆ Invest lump sums from **£500** - or save from **£50** a month
- ◆ Top-up from **£250** for existing investors
- ◆ **No** initial charge - apart from stamp duty
- ◆ **No** annual charge

Martin Currie FundsCircle ISA

If you want tax-free returns, then FundsCircle ISA could be right for you:

- ◆ **Low cost** and **tax efficient** way to hold shares in the trust
- ◆ Invest lump sums from **£1,000** - or save from **£50** a month
- ◆ **No** initial charge - apart from stamp duty
- ◆ **Low** annual charge of 1%

Martin Currie FundsCircle PEP

You can transfer existing PEPs with other managers to the trust through the FundsCircle PEP Transfer Service:

- ◆ **Low cost** and **tax efficient** way to hold shares in the trust
- ◆ **No** initial charge - apart from stamp duty
- ◆ **Low** annual charge of £30

Share exchange service

If you have shareholdings - large or small - in companies listed on the London Stock Exchange, you can exchange them for shares in Securities Trust of Scotland through Martin Currie FundsCircle or FundsCircle ISA.

With a low charge for selling your existing shares and no charge - except stamp duty - to buy shares through FundsCircle, we believe the share exchange service offers excellent value. And it's a good way of tidying up your portfolio.

For more details about all of these products, call free on **0808 100 21 25**.

Keeping you informed...

We want to make it easy for you to follow your investment and to keep up to date with news on the trust. We publish annual and interim reports each year. We know many of you want to monitor the price of your shares on a more regular basis. You can find the company's share price listed in:

- ◆ The Times
- ◆ The Daily Telegraph
- ◆ The Scotsman
- ◆ The Herald
- ◆ Financial Times

Or you can call the FT City Line on **0906 843 3977** for real-time prices.

...and online

There's a website specifically for the trust. It includes price and performance statistics, online versions of the trust's annual and interim reports and ways in which you can invest. You will find this on

www.securitiestrust.com.

You can also find information about the trust on Martin Currie's website - **www.martincurrie.com/its**.

Tell us what you think

We also value your views and comments. You can write to Martin Currie's Investor services team at the address on the back of this report or e-mail: **investorservices@martincurrie.com**.

Oct Interim results announced	Nov Interim report issued	Dec	Jan	Feb	Mar
Apr Year-end figures announced	May Annual report issued	Jun Annual general meeting	Jul	Aug	Sep

Key Dates 2003/2004

Directors

David Whitaker (chairman)
Neil Donaldson
Anita Frew
Andrew Irvine
Peter Millar
Michael Walker

Manager and secretaries

Martin Currie Investment Management Ltd
Saltire Court
20 Castle Terrace
Edinburgh EH1 2ES
Telephone 0808 100 21 25
Fax 0131 222 2532
website www.martincurrie.com

Authorised and regulated by the Financial Services
Authority and a member of the Investment
Management Association.

Registered office

Securities Trust of Scotland plc
Saltire Court
20 Castle Terrace
Edinburgh EH1 2ES
Registered in Scotland, No 1827

Registrars and transfer office

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Telephone 0870 162 3100
website www.capitaregistrars.com

Auditors

Chiene & Tait, CA
61 Dublin Street
Edinburgh EH3 6NL

Bankers

The Northern Trust Company
50 Bank Street
Canary Wharf
London E14 5NT

Association of Investment Trust Companies (AITC)

AITC
Durrant House
8-13 Chiswell Street
London EC1Y 4YY
Telephone 020 7282 5555
Website www.itsonline.co.uk

Securities Trust of Scotland
is a member of the AITC.

Note: The interim report is not the company's
statutory accounts. The results for the year to 31
March 2003 and the position as at that date are an
abridged version of the full statutory accounts for
that year, which received an unqualified audit report
and did not contain statements under Section 237(2)
or (3) of the Companies Act 1985 and which have
been filed with the Registrar of Companies.

Other investment trusts

Martin Currie manages nine other
investment trusts:

Martin Currie Capital Return Trust
Martin Currie Enhanced Income Trust
Martin Currie European Investment Trust
Martin Currie High Income Trust
Martin Currie Income & Growth Trust
Martin Currie Japan Investment Trust
Martin Currie Pacific Trust
Martin Currie Portfolio Investment Trust
Premium Trust

Unaudited statement of total return

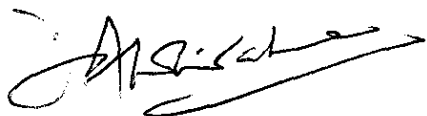
		Six months to 30 September 2003 (unaudited)			Six months to 30 September 2002 (unaudited)			Year to 31 March 2003 (audited)		
	Note	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Gains/(losses) on investments										
- realised		-	16,192	16,192	-	(19,165)	(19,165)	-	(26,003)	(26,003)
- unrealised		-	26,576	26,576	-	(109,528)	(109,528)	-	(110,737)	(110,737)
Currency losses		-	(113)	(113)	-	-	-	-	-	-
Income - franked	2	8,803	-	8,803	8,667	-	8,667	16,864	-	16,864
- unfranked	2	1,043	-	1,043	664	-	664	1,371	-	1,371
Investment management fee		(309)	(720)	(1,029)	(361)	(842)	(1,203)	(692)	(1,615)	(2,307)
Other expenses		(300)	(14)	(314)	(292)	(14)	(306)	(661)	(46)	(707)
Net return before finance costs and taxation		9,237	41,921	51,158	8,678	(129,549)	(120,871)	16,882	(138,401)	(121,519)
Interest payable and similar charges		(1,470)	(3,430)	(4,900)	(1,470)	(3,430)	(4,900)	(2,937)	(6,853)	(9,790)
Return on ordinary activities before taxation		7,767	38,491	46,258	7,208	(132,979)	(125,771)	13,945	(145,254)	(131,309)
Taxation on ordinary activities		(74)	-	(74)	(68)	68	-	-	-	-
Return on ordinary activities after taxation		7,693	38,491	46,184	7,140	(132,911)	(125,771)	13,945	(145,254)	(131,309)
Dividends in respect of equity shares:										
1.29p per ordinary share		(3,963)	-	(3,963)	(3,963)	-	(3,963)	(14,103)	-	(14,103)
Transfer to/(from) reserves		3,730	38,491	42,221	3,177	(132,911)	(129,734)	(158)	(145,254)	(145,412)
Return per ordinary share		2.47p	12.33p	14.80p	2.29p	(42.60p)	(40.31p)	4.47p	(46.55p)	(42.08p)

*The revenue column of this statement is the profit and loss account of the company.
All revenue and capital items in the above statement derive from continuing operations.
No operations were acquired or discontinued in the period.

Unaudited balance sheet

	Note	30 September 2003 (unaudited)		30 September 2002 (unaudited)		31 March 2003 (audited)	
		£000	£000	£000	£000	£000	£000
Fixed assets							
Investments at market value	3		419,876		378,603		364,551
Current assets							
Debtors	4	3,212		12,989		6,492	
Cash at bank		12,343		17,231		28,358	
		15,555		30,220		34,850	
Creditors							
Amounts falling due within one year	5	(5,732)		(5,707)		(11,943)	
Net current assets			9,823		24,513		22,907
Total assets less current liabilities			429,699		403,116		387,458
Creditors							
Amounts falling due after one year	6		(123,902)		(123,862)		(123,882)
Net assets attributable to share capital			305,797		279,254		263,576
Capital and reserves							
Called-up ordinary capital			78,006		78,006		78,006
Capital redemption reserve			2,074		2,074		2,074
Capital reserve			214,022		187,874		175,531
Revenue reserve			11,695		11,300		7,965
Total shareholders' funds			305,797		279,254		263,576
Net asset value per ordinary share of 25p			98.00p		89.50p		84.47p

The financial statements were approved by the board on 29 October 2003.



Unaudited statement of cash flow

		Six months to 30 September 2003 (unaudited)		Six months to 30 September 2002 (unaudited)		Year to 31 March 2003 (audited)	
	Note	£000	£000	£000	£000	£000	£000
Operating activities							
Net dividends and interest received from investments		11,038		10,685		17,493	
Interest received from deposits		479		438		858	
Investment management fee paid		(1,029)		(1,203)		(2,307)	
Cash paid to and on behalf of directors		(39)		(41)		(83)	
Bank charges paid		(9)		(20)		(30)	
Other cash payments		(306)		(283)		(575)	
Net cash inflow from operating activities	7		10,134		9,576		15,356
Servicing of finance							
Interest paid		(4,910)		(4,899)		(9,779)	
Net cash outflow from servicing of finance			(4,910)		(4,899)		(9,779)
Taxation							
Taxation paid		(74)		-		-	
Taxation recovered		22		62		43	
Net cash (outflow)/inflow from taxation			(52)		62		43
Capital expenditure and financial investment							
Payments to acquire investments		(74,380)		(22,735)		(44,225)	
Receipts from disposal of investments		63,446		23,874		59,573	
Exchange losses		(113)		-		-	
Net cash (outflow)/inflow from capital expenditure and financial investment			(11,047)		1,139		15,348
Equity dividends paid			(10,140)		(9,892)		(13,855)
(Decrease)/increase in cash			(16,015)		(4,014)		7,113

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared on the basis of the accounting policies set out in the most recent set of annual financial statements.

	Six months to 30 September 2003 £000	Six months to 30 September 2002 £000	Year to 31 March 2003 £000
2 Income from investments			
From listed investments			
- Equities	7,828	7,321	14,310
- Fixed interest and convertibles	1,625	1,414	2,793
From unlisted investments	-	128	128
Interest on deposits	393	438	945
Underwriting commission	-	19	39
Call option premium	-	11	20
	<u>9,846</u>	<u>9,331</u>	<u>18,235</u>

	As at 30 September 2003 £000	As at 30 September 2002 £000	As at 31 March 2003 £000
3 Investments			
Cost at 1 April	388,424	429,467	429,467
Movements during year:			
Purchases	74,380	19,569	41,059
Disposals at cost	(45,647)	(47,785)	(82,102)
Cost at 30 September/31 March	417,157	401,251	388,424
Unrealised gains/(losses)	2,719	(22,648)	(23,873)
Valuation at 30 September/31 March	<u>419,876</u>	<u>378,603</u>	<u>364,551</u>

4 Debtors			
Dividends receivable	2,982	2,974	4,599
Due from brokers	-	9,861	1,639
Sundry debtors	57	8	21
Accrued income	115	115	201
Taxation recoverable	58	31	32
	<u>3,212</u>	<u>12,989</u>	<u>6,492</u>

5 Creditors - Amounts falling due within one year			
Proposed interim/final dividend	3,963	3,963	10,140
Accrued expenses	1,769	1,743	1,803
Call option	-	1	-
	<u>5,732</u>	<u>5,707</u>	<u>11,943</u>

Notes to the financial statements

	As at 30 September 2003 £000	As at 30 September 2002 £000	As at 31 March 2003 £000
6 Creditors - Amounts falling due after one year			
12% debenture stock 2013	15,000	15,000	15,000
11.5% Trustco debenture stock 2016	10,000	10,000	10,000
6.25% debenture stock 2031	48,902	48,862	48,882
Sterling bank loan (rate of 7.43% per annum - repayable December 2004)	50,000	50,000	50,000
	123,902	123,862	123,882
	Six months to 30 September 2003 £000	Six months to 30 September 2002 £000	Year to 31 March 2003 £000
7 Reconciliation of net revenue before finance costs and taxation to net cash inflow from operating activities			
Net revenue before interest payable and taxation	9,237	8,678	16,882
Decrease in accrued income and other debtors	1,667	1,811	130
Decrease in accrued expenses and other creditors	(24)	(74)	(24)
Capitalised expenses	(720)	(842)	(1,633)
Amortised debenture issue expenses and discount	6	6	12
Net taxation withheld	(48)	(19)	(43)
Effective yield adjustment	16	16	32
Net cash inflow from operating activities	10,134	9,576	15,356

How to contact us

If you want more information about the company, please contact Martin Currie's Investor services team or visit the website.



0808 100 21 25



0131 222 2532



investorservices@martincurrie.com



www.securitiestrust.com



Investor services

Martin Currie
Investment
Management Ltd
Saltire Court
20 Castle Terrace
Edinburgh EH1 2ES