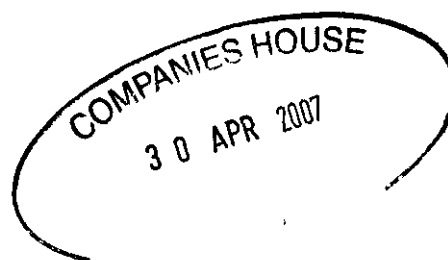


GLASGOW INCOME TRUST PLC

Company Number SC111955

**Unaudited Interim Accounts for the period
1 October 2006 to 31 March 2007**

**Prepared under Section 272
Companies Act 1985**



GLASGOW INCOME TRUST PLC

Income Statement for the period 1 October 2006 to 31 March 2007

	Notes	Revenue £	Capital £	Total £
GAINS				
Gains on investments	6		12,499,397	12,499,397
REVENUE				
Dividend income	2	1,896,088		1,896,088
Fixed interest income	2	1,023,450		1,023,450
Deposit interest	2	107,994		107,994
Traded Option premiums	2	170,451		170,451
Other Income	2			
		<u>3,197,983</u>	<u>12,499,397</u>	<u>15,697,380</u>
EXPENSES				
Investment management fee	3	(251,516)	(251,516)	(503,032)
Other administrative expenses	4	(91,993)		(91,993)
Finance cost of borrowings	5	(9,853)	(9,853)	(19,706)
Zero coupon finance costs	7		(802,602)	(802,602)
		<u>(353,362)</u>	<u>(1,063,971)</u>	<u>(1,417,333)</u>
PROFIT BEFORE TAX		2,844,621	11,435,426	14,280,047
Taxation		(310,200)	80,699	(229,501)
PROFIT FOR THE PERIOD		<u>2,534,421</u>	<u>11,516,125</u>	<u>14,050,546</u>

The total column of this statement represents the Company's Income Statement, prepared in accordance with International Financial Reporting Standards. The revenue and capital columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

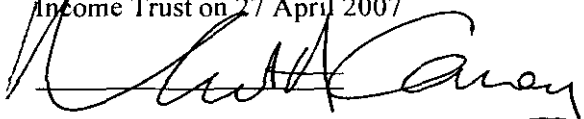
The accompanying notes are an integral part of this statement.
All items in the above statement derive from continuing operations.
No operations were acquired or discontinued in the period.

GLASGOW INCOME TRUST PLC

Balance Sheet as at 31 March 2007

	Notes	£	£
NON CURRENT ASSETS			
Listed investments	6		185,451,541
Zero coupon finance call options	7		16,382,049
Zero coupon finance put options	7		5,480,299
Investment in subsidiary undertaking	8		5,000
			<u>207,318,889</u>
CURRENT ASSETS			
Trade and other receivables	9	2,645,466	
Cash and cash equivalents		574,762	
		<u></u>	3,220,228
TOTAL ASSETS			<u>210,539,117</u>
CURRENT LIABILITIES			
Trade and other payables	10	(625,677)	
Short term borrowings	11	(6,000,000)	
		<u></u>	
NON CURRENT LIABILITIES			
Zero coupon finance call options	7	(55,848,726)	(6,625,677)
Zero coupon finance put options	7	(22,588,424)	
		<u></u>	(78,437,150)
TOTAL LIABILITIES			<u>(85,062,827)</u>
NET ASSETS			<u>125,476,290</u>
ISSUED CAPITAL AND RESERVES			
Called up share capital	12		30,485,629
Share premium account	13		53,213,338
Special reserve	14		5,000,000
Realised capital reserve	15		18,892,041
Unrealised capital reserve	15		15,620,385
Revenue reserve	16		2,264,897
EQUITY SHAREHOLDERS' FUNDS			<u>125,476,290</u>

Approved by Michael A Carney, Secretary of Glasgow Investment Managers, Secretaries of Glasgow
Income Trust on 27 April 2007



The accompanying notes are an integral part of this balance sheet

GLASGOW INCOME TRUST PLC

Statement of Changes in Equity for the period 1 October 2006 to 31 March 2007

	Notes	Share Capital	Share Premium	Capital Redemption Reserve	Realised Capital Reserve	Unrealised Capital Reserve	Retained Revenue Reserve	Total
		£	£	£	£	£	£	£
As at 1 October 2006		23,496,260	32,714,425	5,000,000	9,079,443	13,916,858	2,547,066	86,754,052
Revenue for the period	16						2,534,421	2,534,421
Capital Profits for the period	15				9,812,598	1,703,527		11,516,125
Equity dividends paid	17						(2,816,590)	(2,816,590)
Issues of share capital	12,13	6,989,369	20,498,913					27,488,282
As at 31 March 2007		30,485,629	53,213,338	5,000,000	18,892,041	15,620,385	2,264,897	125,476,290

GLASGOW INCOME TRUST PLC

Notes to the Financial Statements

1 ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS). The principal accounting policies are as follows:

- (a) **Basis of preparation**
The financial statements are prepared on the historical cost basis except that investments and derivative financial instruments are stated at their fair value.
- (b) **Investments**
At 1 October 2005, the Company designated all its investments into the financial assets at fair value through profit and loss category. The fair value of investments is based upon their quoted market bid price at close of business on the balance sheet date.
- (c) **Gains and losses on investment transactions**
Gains and losses arising on sales of investments are taken to realised capital reserve. Changes in the fair value of investments are recognised in the income statement through the unrealised capital reserve.
- (d) **Income and expenditure**
Dividends on equity investments are credited to revenue on the date when the investment is first quoted ex dividend at the amount receivable without any attributable tax credit.

Interest income from certain fixed interest securities is recognised in the income statement as it accrues, using the effective interest rate of the instrument calculated at the acquisition date. Interest income includes the amortisation of any discount or premium or other differences between the initial carrying amount of the interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Interest from deposits, interest payable and expenses of management are dealt with on an accruals basis.

The finance costs of borrowings and the fee payable to the Company's managers are charged partly to capital and partly to revenue in proportion to the expected long term split of returns in the form of capital gains and income from the Company's entire investment portfolio. All other expenses of management are charged to revenue.

The Company has in place medium term funding in the form of zero coupon finance through a series of option transactions on the FTSE 100 Index. These options are classed as derivative financial instruments and are shown separately at their fair values on the face of the balance sheet. Movements in the fair value of these instruments are recognised in the income statement and charged against the unrealised capital reserve.

Underwriting commission is taken to revenue, unless any shares underwritten are required to be taken up, in which case the commission received is deducted from the cost of the investment.

GLASGOW INCOME TRUST PLC

Notes to the Financial Statements

2 REVENUE

	£
<i>Income from investments</i>	
Dividend income	1,896,088
Fixed interest income	1,023,450
	<hr/>
	2,919,538
	<hr/>
<i>Other revenue</i>	
Interest receivable from deposits	107,994
Traded Option Premiums	170,451
Other Income	
	<hr/>
Total income	<u><u>3,197,983</u></u>

3 SECRETARIAL AND MANAGEMENT FEE

Glasgow Investment Managers Limited ("*Glasgow*") acts as investment managers and secretaries to the Company under a contract which is subject to one year's notice of termination. The fee is at an annual rate of 0.75% of the amount of net assets calculated monthly and paid quarterly. The fee has been allocated 50% to capital and 50% to revenue.

4 OTHER ADMINISTRATIVE EXPENSES

	£
Directors' remuneration fees as directors	22,250
Fees payable to auditors and associates as auditors	8,000
for other services	4,875
Other management expenses	56,868
	<hr/>
	<u>91,993</u>
	<hr/>

5 FINANCE COSTS OF BORROWINGS

	Revenue £	Capital £	Total £
Bank loans and overdrafts	<u>9,853</u>	<u>9,853</u>	<u>19,706</u>

GLASGOW INCOME TRUST PLC

Notes to the Financial Statements

6	LISTED INVESTMENTS	£
	Value at 1 October 2006 under IFRS	125,902,402
	Purchases	100,698,780
	Amortised cost adjustments to fixed interest securities	(104,960)
	Sales proceeds	(53,012,605)
	net profits on sales	9,587,767
	Movement in unrealised appreciation	2,380,157
	Value at 31 March 2007	<u>185,451,541</u>
	Cost at 31 March 2007	165,817,086
	Unrealised appreciation at 31 March 2007	19,634,455
	Value at 31 March 2007	<u>185,451,541</u>
	GAINS ON INVESTMENTS	£
	Net gains on sales of investments	9,587,767
	Movement in unrealised appreciation of investments	2,380,157
	Other profits on Investments	405,501
	Movement in fair value of traded options	125,972
	Amortisation of zero coupon finance expenses	
		<u>12,499,397</u>

7 ZERO COUPON FINANCE

The zero coupon finance arrangement comprises a set of separately traded financial instruments (FTSE 100 Index options). As stated in note 1(d), these options are classed as derivative financial instruments and are shown separately at their fair values on the face of the balance sheet.

On 4 December 2006 new zero coupon finance arrangements were taken out which expire in April 2011. The net proceeds raised from this new arrangement were £10,065,250. A further tranche of zero coupon finance was taken out on 21 December 2006 which expires in April 2011. The net proceeds raised from this new arrangement were £3,073,000.

	£
Value at 1 October 2006 under IFRS	40,645,600
Net proceeds of new zero coupon finance	15,126,600
Movements in fair value	802,602
At 31 March 2007	<u>56,574,802</u>

GLASGOW INCOME TRUST PLC

Notes to the Financial Statements

7 ZERO COUPON FINANCE (continued)

The amounts outstanding in respect of zero coupon finance comprise

£

Non Current Assets

Call Options

Expiring in December 2008	1,386,900
Expiring in January 2010	6,528,549
Expiring in April 2011	8,466,600
	<hr/>
	16,382,049

Put options

Expiring in December 2008	3,600
Expiring in January 2010	2,479,400
Expiring in April 2011	2,997,299
	<hr/>
	5,480,299

Non Current Liabilities

Call options

Expiring in December 2008	(5,772,600)
Expiring in January 2010	(25,132,100)
Expiring in April 2011	(24,944,026)
	<hr/>
	(55,848,726)

Put options

Expiring on December 2008	(515,700)
Expiring on January 2010	(11,157,300)
Expiring on April 2011	(10,915,424)
	<hr/>
	(22,588,424)

Net Zero Coupon Finance Liability	<hr/>
	(56,574,802)
	<hr/>

8 SUBSIDIARY UNDERTAKING

Shares at cost	£5,000
	<hr/>

The Company owns the whole of the ordinary share capital of GIT Securities Limited, an investment dealing company registered in Scotland

In the opinion of the Directors, the value of this investment is not less than cost

GLASGOW INCOME TRUST PLC

Notes to the Financial Statements

9 TRADE & OTHER RECEIVABLES

	£
Accrued income	2,213,180
Due from subsidiary undertaking	423,704
Prepayments & other debtors	8,582
	<u>2,645,466</u>

10 TRADE & OTHER PAYABLES

	£
Traded Options	52,500
Accrued charges	343,677
Corporation Tax due	229,500
	<u>625,677</u>

11 SHORT TERM BORROWINGS

	£
Short term bank loans	6,000,000
	<u>6,000,000</u>

12 CALLED UP SHARE CAPITAL

<i>Authorised</i>	
200,000,000 ordinary shares of 25 pence each	<u>£50,000,000</u>

<i>Allotted, called up and fully paid</i>	Number	£
Ordinary shares of 25 pence each		
At 1 October 2006	93,985,042	23,496,260
Issued in period	27,957,475	6,989,369
	<u>121,942,517</u>	<u>£30,485,629</u>

13 SHARE PREMIUM ACCOUNT

	£
At 1 October 2006	32,714,425
On issue of new ordinary shares	21,361,752
Expenses of issue	(862,839)
	<u>53,213,338</u>

GLASGOW INCOME TRUST PLC

Notes to the Financial Statements

14 SPECIAL RESERVE

At 1 October 2006 and 31 March 2007	£5,000,000
	<u>=====</u>

15 OTHER CAPITAL RESERVES

£

Realised capital reserve

At 1 October 2006	9,079,443
-------------------	-----------

Net gains on sales of investments during the period (note 6)	9,587,767
Management fee	(251,516)
Finance cost of borrowings	(9,853)
Tax credit from revenue	80,699
Other Profits on Investment	405,501

At 31 March 2007	18,892,041
	<u>=====</u>

Unrealised capital reserve

At 1 October 2006	13,916,858
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Movement during the period	
Listed investments (note 6)	2,380,157
Movement in fair value of zero coupon finance (note 7)	(802,602)
Amortisation of expenses	
Movement in fair value of traded options	125,972

At 31 March 2007	15,620,386
	<u>=====</u>

The capital reserves are not distributable

16 REVENUE RESERVE

£

At 1 October 2006	2,547,066
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Profit for the period	2,534,421
Dividends paid (note 17)	(2,816,590)

At 31 March 2007	2,264,897
	<u>=====</u>

GLASGOW INCOME TRUST PLC

Notes to the Financial Statements

17 DIVIDENDS ON EQUITY SHARES £

Fourth interim dividend of 2005/06 of 1 81p per share paid on 31 October 2006	1,701,130
First interim dividend of 2006/07 of 0 6846p per share paid on 31 January 2007	643,422
Second interim dividend of 2006/07 of 0 4204p per share paid on 31 January 2007	<u>472,038</u>
	<u>2,816,590</u>

The Company has declared a third interim dividend in respect of the year to 30 September 2007 of 1 105p per share which is payable on 30 April 2007. The total amount payable in respect of this dividend is £1,347,465.