The Scottish Investment Trust PLC

121st Annual Report & Accounts
for the year to 31 October 2008

Contents

Responsibility statement

The board of directors confirms that to the best of its knowledge:

a) the set of financial statements, which has been prepared in accordance with applicable accounting standards, gives a true and fair view of the assets, liabilities, financial position and return of the company;

b) the annual report includes a fair review of important events that have occurred during the financial year and their impact on the financial statements and a description of the principal risks and uncertainties the company faces; and

c) no transactions with related parties took place during the financial year.

For and on behalf of the board

Douglas McDougall

Douglas McDougall
Chairman
8 December 2008

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or otherwise transferred all of your ordinary stock in The Scottish Investment Trust PLC, please forward this document and the accompanying form of proxy as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was or is being effected for delivery to the purchaser or transferee.

The Company

Company Data as at 31 October 2008

£633,521,000
Total Assets

£525,679,000
Stockholders' Funds (with borrowings at par)

£482,210,000
Market Capitalisation

Objectives of The Scottish Investment Trust PLC
To provide investors, over the longer term, with above average returns through a diversified portfolio of international equities and to achieve dividend growth ahead of UK inflation. The company's investment policy is shown in the Directors' Report on page 18.

Investment Risk
The Scottish Investment Trust PLC (SIT) investment portfolio is diversified over a range of industries and regions in order to spread risk. SIT has a long-term policy of borrowing money to invest in equities in the expectation that this will improve returns. However, should stockmarkets fall, such borrowings would magnify any losses. Investment risk is considered in more detail on pages 18 and 19 of the Directors' Report

Performance Comparators
The company does not have a formal benchmark. Performance is reviewed in the context of returns achieved by a broad basket of UK equities through the FTSE All-Share Index™ and of international equities through the FTSE All-World Index™. The portfolio is not modelled on any index.

Management
The company is managed by its own employees led by the manager who is responsible to the directors for all aspects of the day to day management of the company.

Capital Structure
At 31 October 2008 the company had in issue 129,626,218 ordinary stock units and long-term borrowings at par amounted to £107,492,000 with an average annual interest cost of 5.9%.

Management Expenses
The total expenses of managing the company's business during the year were £4,440,000, equivalent to 0.67% of average stockholders' funds. The company aims to keep this percentage low in comparison with competing investment products.

ISA and SIPP
The ordinary units are eligible for ISAs and SIPPs. Details of all of the savings schemes offered by SIT Savings Ltd are shown on page 45.

The Association of Investment Companies (AIC)
The company is a member of the AIC, the trade organisation for the closed-ended investment company industry.

Ten Year Record

Year to 31 October	Earnings per ordinary unit net (p)[1]	Dividend per ordinary unit net (p)[2]	Total expenses £'000	Total expense ratio %	Total assets £'000	Stock-holders' funds £'000	NAV (debt at par) per ordinary unit (p)	Stock price per ordinary unit (p)	Discount to ex-income NAV %[4]	NAV (debt at par) total return %
1998	6.41	6.50	3,751	0.35	1,176,244	1,095,685	386.6	344.0	–	9.0
1999	8.34	6.65	4,467	0.37	1,364,145	1,287,086	466.4	393.5	–	22.7
2000	7.93	6.90	4,568	0.35	1,578,998	1,356,861	538.9	457.0	14.6	17.1
2001	9.33	7.05	4,821	0.43	1,130,370	908,066	402.1	359.0	8.7	(24.4)
2002	8.24	7.50	4,558	0.58	893,915	671,443	314.8	259.0	15.6	(20.2)
2003	9.28	7.80	4,129	0.59	942,154	719,515	342.1	281.0	16.2	11.5
2004[3]	9.29	8.10	4,108	0.56	888,578	739,342	353.9	298.8	14.3	6.2
2005[3]	9.86	8.40	3,973	0.49	1,044,315	894,412	428.1	377.0	9.5	23.6
2006	9.39	8.72	4,481	0.55	839,641	730,594	510.4	451.0	8.5	21.3
2007	11.02	9.10	4,709	0.61	910,574	802,353	597.6	529.0	9.9	19.5
2008	**11.00**	**9.50**	**4,440**	**0.67**	**633,521**	**525,679**	**405.5**	**372.0**	**7.5**	**(30.7)**

Ten Year Growth Record

	Earnings per ordinary unit net[1]	Dividend per ordinary unit net[2]	Retail Prices Index	NAV (debt at market) per ordinary unit	NAV (debt at par) per ordinary unit	Stock price per ordinary unit	NAV (debt at par) per ordinary unit total return	Stock price per ordinary unit total return	UK FTSE All-Share Index total return	FTSE All-World Index total return
1998	100.0	100.0	100.0	–	100.0	100.0	100.0	100.0	100.0	100.0
1999	130.1	102.3	101.2	–	120.6	114.4	122.7	116.6	118.8	129.6
2000	123.7	106.2	104.3	100.0	139.4	132.8	143.6	137.6	128.7	150.0
2001	145.6	108.5	106.0	73.5	104.0	104.4	108.6	109.8	103.5	112.3
2002	128.5	115.4	108.1	57.4	81.4	75.3	86.7	81.0	85.6	90.3
2003	144.8	120.0	111.0	62.7	88.5	81.7	96.7	90.7	97.3	104.3
2004[3]	144.9	124.6	114.7	66.0	91.5	86.8	102.7	99.6	108.6	110.4
2005[3]	153.8	129.2	117.5	78.7	110.7	109.6	127.0	128.8	130.0	131.7
2006	146.5	134.2	121.8	93.4	132.0	131.1	154.0	157.2	158.2	150.7
2007	171.9	140.0	127.0	111.0	154.6	153.8	184.0	188.6	179.8	173.3
2008	**171.6**	**146.2**	**132.3**	**76.4**	**104.9**	**108.1**	**127.5**	**135.8**	**118.0**	**126.7**
Ten Year Return Per Annum	5.5%	3.9	2.8%	–	0.5%	0.8%	2.5%	3.1%	1.7%	2.4%
Five Year Return Per Annum	3.5%	4.0	3.6%	4.0%	3.5%	5.8%	5.7%	8.4%	3.9%	4.0%

1. From 1 November 1999 to 31 October 2005 the company charged two-thirds of eligible expenses and finance costs to capital reserves-realised and since 1 November 2005 the company has charged half of eligible expenses and finance costs to capital reserves-realised.
2. Excluding special dividends of 0.75p in 1998, 1.00p in 2001, 2.00p in 2006 and 2.00p in 2007.
3. Figures for 2004 and 2005 have been restated, where applicable, in accordance with accounting changes.
4. Discount to ex-income NAV with borrowings at market value.

Financial Highlights

Capital

	2008	2007	Change
NAV with borrowings at par	405.5p	597.6p	(32.1%)
NAV with borrowings at market value	408.9p	593.9p	(31.2%)
Ex-income NAV with borrowings at par	398.9p	590.8p	(32.5%)
Ex-income NAV with borrowings at market value	402.2p	587.1p	(31.5%)
Stock price	372.0p	529.0p	(29.7%)
Discount to ex-income NAV with borrowings at market value	7.5%	9.9%	
FTSE All-World Index			(28.9%)
UK FTSE All-Share Index			(36.8%)
	£'000	£'000	
Equity investments	539,634	835,357	
Net current assets	93,887	75,217	
Total assets	633,521	910,574	
Borrowings at par	(107,492)	(107,372)	
Pension liability	(350)	(849)	
Equity stockholders' funds	525,679	802,353	

Income

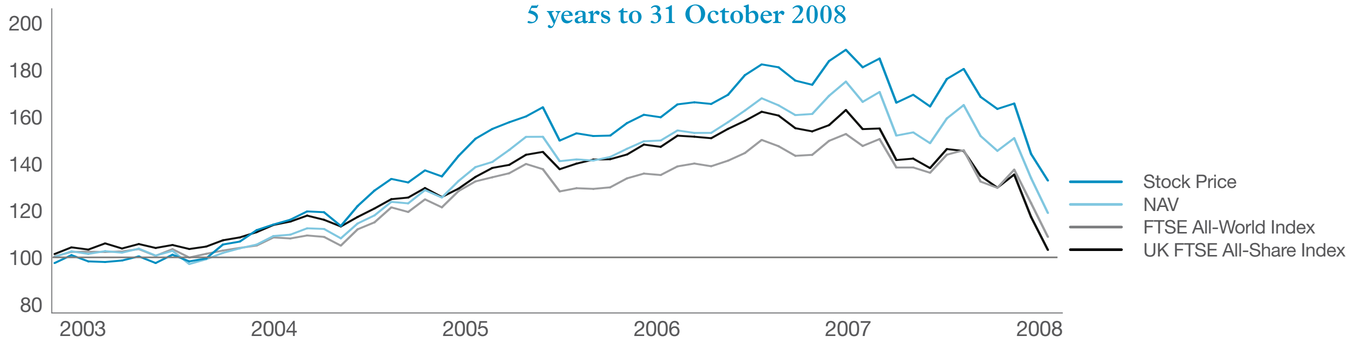
	2008	2007	Change
Total income	22,653	23,704	
Earnings per ordinary unit	11.00p	11.02p	
Dividend per ordinary unit	9.50p	9.10p	4.4%
Special dividend per ordinary unit	–	2.00p	
UK Retail Prices Index			4.2%

Year's High & Low

	Year to 31 October 2008 High	Year to 31 October 2008 Low	Year to 31 October 2007 High	Year to 31 October 2007 Low
Published ex-income NAV with borrowings at market value	587.2p	360.4p	587.3p	493.1p
Closing stock price	529.0p	323.0p	535.0p	444.5p
Discount to ex-income NAV with borrowings at market value	11.0%	1.0%	9.9%	6.6%

Performance

NAV* and Stock Price against Comparator Indices
5 years to 31 October 2008



* with borrowings at par.

Chairman's Statement

Performance

Over the year to 31 October 2008, the net asset value per ordinary unit (NAV) fell by 31.2% with borrowings at market value, in between our primary comparator indices, the UK FTSE All-Share Index which fell by 36.8% and the global FTSE All-World Index (-28.9%). In total return terms, the outcome was -29.7% compared with -34.4% for the FTSE All-Share and -26.9% for the FTSE All-World.

In stark contrast to the previous year, which saw new stockmarket highs reached in October 2007, last year was a very difficult one for investors. Extraordinary turbulence in financial markets and stresses in the domestic and international banking systems as the US mortgage crisis unfolded prompted major falls in the main international equity markets and a sharp slowdown in the world economy. The bursting of the US mortgage bubble was attributable to the over-promotion of mortgages in the US, the incorrect risk assessment of securities comprising parcels of such mortgages and the excessive leverage applied by banks purchasing these securities. What followed was a domino-like collapse of major institutions which had become over-extended and vulnerable, with the failure of Lehman Brothers being a pivotal moment. The subsequent wholesale deleveraging by banks and hedge funds has added further downward pressure on stockmarkets culminating in the heavy recent sell-offs. This unwinding process has been rendered more complex by the opaque transference of risks around the world by means of credit derivatives. An unfortunate aspect has been the extent of the involvement by UK banks, several of which were paying increased dividends as recently as this year.

While the NAV performance was ahead of both the UK FTSE All-Share Index and the average of global growth investment trusts, it was below the FTSE All-World Index owing to the equity portfolio's lagging that index for the first time in five years. This in turn was due principally to a relative under-exposure to North America, which has a dominant presence in the global index, and to a lesser extent Japan. This was despite having raised our North American allocation to its highest level for many years. Sterling returns from these two areas benefited materially from currency strength against sterling which transformed their poor local currency returns. A corresponding over-exposure to the UK was also detrimental to relative performance despite the allocation there being its lowest in many years. The 22.2% appreciation of the dollar meant that in sterling terms North America was the most resilient area globally, down by 20.0%. The same issue affected Japan, as its 47.0% decline in local terms was reduced in sterling to a fall of 20.2%. Stock selection was mixed this year with a small number of consumer-exposed selections performing poorly in relative terms and sub-optimal selection in banks and telecommunications also holding back returns. Overall, our sector positioning was appropriate as the portfolio was moved to a defensive stance over the year. We also benefited from the creation of a large position in oil production and service companies in the spring, with profits taken as the oil price peaked.

Gearing deployed in January 2008 was eliminated over the early summer as markets deteriorated. Equity exposure was maintained at or near 100% as markets fell heavily in September. By the end of September effective equity exposure was around 93%. Markets then fell further in October as economic concerns came to the fore and at that point the decision was taken to buy a number of good quality growth and cyclical companies which had fallen heavily. Gearing was thereby restored to around 104% by the year end.

Having sold some £74m of financials in the 2006/07 year, we sold a further £39.8m during the year. We also made useful reductions of £46.4m to our Asia Pacific (ex Japan) holdings fearing a slowdown in China and related economies which now appears to be underway.

The purchase of a number of new holdings late in the year at depressed valuations necessitated a deliberate reversal of the trend over recent years whereby the number of holdings had been coming down. It is expected that the number of listed portfolio holdings will fall from the year end level of 117 (2007: 98) over the coming year.

The company outperformed the main comparator indices, the UK FTSE All-Share and FTSE All-World, over the last 3 and 5 years in terms of both share price total return and NAV total return. Against the AIC group of global growth investment trusts, the company has generated an above-average NAV total return and share price total return over the past 1, 3 and 5 years.

Income

Good dividend growth from holdings, exchange rates and lower expenses combined to offset the effects of falling interest rates on cash deposits and a lower allocation in UK equities, resulting in earnings per ordinary unit of 11.00p (2007: 11.02p).

The board is recommending an increase of 4.4% in the regular dividend for the year to 9.50p per ordinary unit (2007: 9.10p), which compares with the October UK RPI annual inflation rate of 4.2%. We have increased our dividend in each of the last 25 years and it is a stated objective of the company to increase the dividend by more than the UK rate of inflation over the longer term.

Stock Price, Buybacks and Discount

Having reached a new all-time high of 535p in October 2007, the stock price fell by 29.7% over the year to 31 October 2008. The stock price discount to ex-income NAV (with borrowings at market value) narrowed over the year from 9.9% to 7.5%. Under the company's buyback policy, which is intended to keep the discount at or below 9% in normal market conditions, 4.6m stock units were repurchased for cancellation over the financial year (adding 0.3% to NAV performance and utilising 2.22 percentage points of the 14.99% authority renewed at the January 2008 AGM) at an average discount of 9.6% and a cost of £22.9m inclusive of dealing expenses. The average discount over the year was 8.5% and the estimated daily average since the introduction of the scheme in February 2006 was 8.9%. During moments of extreme volatility in stockmarkets late in the year, the discount narrowed materially and was at times close to being eliminated.

Board Composition

Sir George Mathewson retires from the board at the Annual General Meeting. He has been a most stimulating colleague over a long period of service to the company and I thank him on behalf of the stockholders.

Outlook

Much of the developed world is already in an economic recession which may prove to be both deep and long. Interest rates have been lowered in many regions and are likely to be cut further as the authorities grapple with the problems of the damaged banking system and widespread economic weakness. Earnings expectations for companies worldwide are being reduced and the outlook for dividend growth is the weakest for many years. While there are numerous imponderables facing investors, it is reasonable to assume that much bad news has been discounted by the recent sharp falls in stockmarkets worldwide. Consequently, as we have retained the bulk of our long-term relatively low coupon borrowings in cash we are in a position to deploy this capital while equity markets are at depressed levels for the long-term benefit of stockholders.

Annual General Meeting

The 121st Annual General Meeting will be held at the Roxburghe Hotel, Charlotte Square, Edinburgh, on Friday 30 January 2009 at 10.30am. I hope to see as many stockholders there as possible.

Douglas McDougall

Douglas McDougall
Chairman
8 December 2008

Board of Directors

*†Douglas McDougall OBE

was appointed to the board in September 1998 and became chairman in October 2003. He is chairman of The Law Debenture Corporation, The Independent Investment Trust and Foreign & Colonial Eurotrust and a director of The Monks Investment Trust, Pacific Horizon Investment Trust and Herald Investment Trust. He is a former senior partner of Baillie Gifford & Co and a former chairman of IMRO, the Association of Investment Companies and the Fund Managers' Association.

Sir George Mathewson CBE LLD FRSE

joined the board in 1981. He was chief executive of the Scottish Development Agency from 1981 to 1987. He joined the Royal Bank of Scotland Group in 1987 and in 1990 was appointed deputy group chief executive. In 1992 he was appointed group chief executive and, following the acquisition of NatWest, was appointed executive deputy chairman in 2000. In 2001 Sir George became chairman of the group, retiring from the chairmanship in 2006 but continuing as an adviser. He was president of the International Monetary Conference from 2005 to 2006. He is a director of Stagecoach Group and chairman of Toscafund Holdings and Cheviot Capital. In 2007 he was appointed chairman of the Council of Economic Advisers to The Scottish Government, chairman of Wood Mackenzie and chairman of The Royal Botanic Garden Edinburgh Board of Trustees.

Francis Finlay

joined the board in November 1996. He is chairman of the New York based international fund management firm Clay Finlay, which he co-founded in 1982, and a director of SVG Capital. Previously he held senior investment management positions with Lazard Frères and Morgan Guaranty in Paris and New York. He is also a director of a number of international investment companies and charitable organisations.

*†Hamish Buchan

was appointed to the board in November 2003. He is a director of the Association of Investment Companies and was formerly chairman of NatWest Securities in Scotland. He is chairman of JP Morgan American Investment Trust, a director of Aberforth Smaller Companies Trust, Personal Assets Trust, Standard Life European Private Equity Trust and Templeton Emerging Markets Investment Trust PLC. He is chairman of the remuneration committee.

*†James MacLeod

was appointed to the board in September 2005. He is a chartered accountant. He was a partner in Ernst & Young and its predecessor firms for 25 years until his retirement in 1998 and specialised in corporate tax, particularly for investment trusts and insurance companies. He was a visiting professor at the University of Edinburgh until 2001. He is a director of British Assets Trust, INVESCO Perpetual AIM VCT and INVESCO Perpetual Recovery Trust 2011. He is chairman of the audit committee.

* Member of audit committee
† Member of remuneration committee

Management

Manager

John Kennedy

Investment Management

Hugh Duff, Assistant Manager and Senior Investment Manager (UK)

Martin Robertson, Assistant Manager and Senior Investment Manager (Europe)

James Kinghorn, Senior Investment Manager (Americas)

Howard Kippax, Senior Investment Manager (Pacific)

Secretary

Steven Hay

Assistant Secretary

Michael Creasey

Statistics and Information Technology Manager

Neill Wood

Investor Relations and Compliance Manager

Alan Jamieson

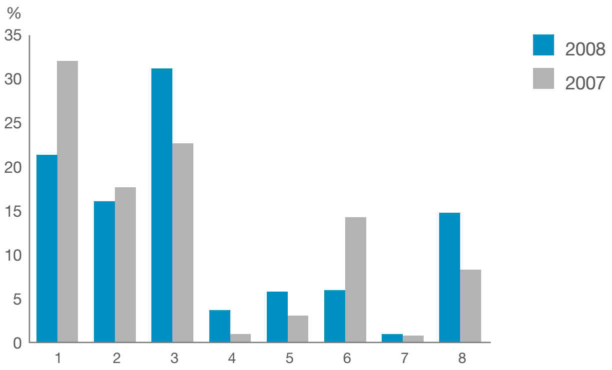
Marketing Manager – SIT Savings Ltd

Sherry-Ann Sweeting

Management Review

Distribution of Total Assets by Region

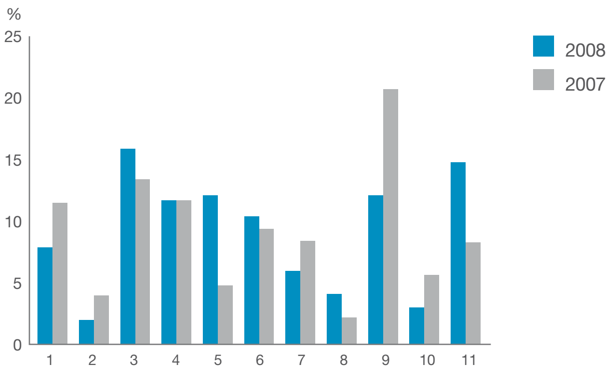
At 31 October 2008



		2008 %	2007 %
1	UK	21.4	32.1
2	Europe (ex UK)	16.1	17.7
3	North America	31.2	22.7
4	Latin America	3.7	1.0
5	Japan	5.8	3.1
6	Asia Pacific (ex Japan)	6.0	14.3
7	Middle East & Africa	1.0	0.8
8	Net current assets	14.8	8.3
	Total assets	**100.0**	**100.0**

Distribution of Total Assets by Sector

At 31 October 2008



		2008 %	2007 %
1	Oil & Gas	7.9	11.5
2	Basic Materials	2.0	4.0
3	Industrials	15.9	13.4
4	Consumer Goods	11.7	11.7
5	Health Care	12.1	4.8
6	Consumer Services	10.4	9.4
7	Telecommunications	6.0	8.4
8	Utilities	4.1	2.2
9	Financials	12.1	20.7
10	Technology	3.0	5.6
11	Net current assets	14.8	8.3
	Total assets	**100.0**	**100.0**

Changes in Asset Distribution by Sector

	Opening Valuation £m	Net Purchases/ (Sales) £m	Appreciation/ (Depreciation) £m	Closing Valuation £m
Oil & Gas	104.7	(44.9)	(9.5)	50.3
Basic Materials	36.9	(3.8)	(20.3)	12.8
Industrials	121.9	9.9	(30.9)	100.9
Consumer Goods	106.9	(3.6)	(29.1)	74.2
Health Care	44.1	32.7	(0.3)	76.5
Consumer Services	85.7	21.3	(41.3)	65.7
Telecommunications	76.6	(11.0)	(27.8)	37.8
Utilities	19.7	12.6	(6.7)	25.6
Financials	188.3	(39.8)	(71.6)	76.9[1]
Technology	50.6	(13.3)	(18.4)	18.9
Total equities	835.4	(39.9)	(255.9)	539.6
Net current assets	75.2	14.0	4.7	93.9
Total assets	910.6	(25.9)	(251.2)	633.5
Borrowings	(107.4)	(0.1)	0.0	(107.5)
Pension liability	(0.8)	0.0	0.5	(0.3)
Equity stockholders' funds	**802.4**	**(26.0)[2]**	**(250.7)**	**525.7**

1. Includes £12.5m of investments which are unlisted. 2. Includes stock buybacks and interest & expenses apportioned to capital.

Summary

- Five year long bull market ended abruptly in 2008
- Subsequent sharp falls formed a severe bear market
- Sterling weakness had a major bearing on returns for UK investors
- Portfolio was moved to a defensive stance during the year
- Cash raised ahead of further market weakness in October
- Investments made in a number of stocks at depressed valuations

Global Equity Market

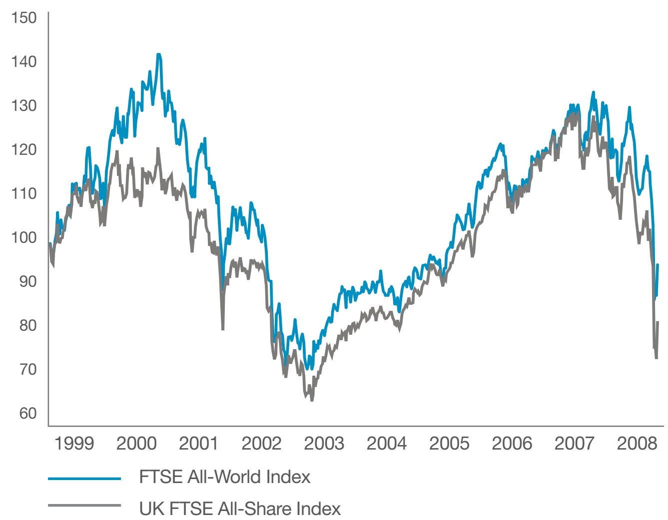
The five year long bull market ended abruptly in 2008 with subsequent sharp falls culminating in a severe bear market. This reversal was a reaction to the collective impacts of the US sub-prime mortgage crisis, the worldwide credit crisis and an imminent global economic slowdown.

Over the 12 months to 31 October 2008, the FTSE All-World Index was down by 28.9% and the UK FTSE All-Share Index was lower by 36.8%.

The defining events of the year included the collapse of Lehman Brothers in September, the fall in equity markets, and the decline in sterling which boosted sterling returns from the major overseas stockmarkets.

The financial year to 31 October 2008 opened with markets close to all-time highs as central banks tried to ease the initial strains stemming from the US mortgage crisis which had surfaced in mid-2007. Global equities had been rising for over five years with tailwinds from a strong world economy and buoyant corporate profitability. Although the oil price had been rising sharply over the summer and US interest rates had been increasing until 2006, there were few indications of an imminent recession.

Stockmarket Performance
10 years to 31 October 2008



Source: Thomson Datastream

The banking and credit crisis had its roots in a property asset bubble created in part by loose monetary policy. Other factors included the over-promotion of sub-prime mortgages, parcelled and sold on as less risky securities than they proved to be. With large parts of the global financial system over-committed to mortgage assets underpinned by borrowers unable to service them, the situation was made yet more opaque by the widespread use of credit derivatives.

It was only as the year progressed that the true extent of the problems facing the global financial system emerged. Markets were generally weak over the first five months of the year as banks marked down the value of mortgage-linked portfolios. Equity market sector leadership rotated towards more defensive areas as investors became more risk averse. The Chinese equity market, which had become highly valued in late 2007, fell sharply between November and January. Another sign of waning risk appetites was the appreciation of the Japanese yen which signalled the end of the so-called 'carry trade', whereby investors borrowed in yen to speculate in higher yielding assets.

Buoyed initially by strong demand from China and then latterly by speculation, the oil price had been rising sharply over the summer of 2007. Rising energy costs along with simultaneous increases in metals prices and other commodities fuelled inflation concerns.

However, by December the US growth outlook had deteriorated such that the risk of recession outweighed the inflationary threat. The Federal Reserve Bank (Fed) cut rates by 0.25% in December with two further cuts in January to leave rates at 3.0%. UK rates were also cut in December and February by 0.25% to 5.25%. By March, major problems surfaced as Wall Street bank Bear Stearns struggled for funding and was salvaged by US rival JPMorgan Chase.

Sterling weakened as further UK interest rate cuts were anticipated and the condition of the domestic banking system became critical while in the US, housing and economic data worsened. In March, US rates were cut by a further 0.75% to 2.25%. Global markets were buoyed by the rescue of Bear Stearns and assertive actions by central banks and rallied between mid-March and mid-May. However, global markets fell 9% in June as the oil price surge towards $140 per barrel fuelled new concerns over the prospect of rising inflation and slowing growth.

Markets were volatile in July as the inflation-sensitive European Central Bank increased interest rates by 0.25% to 4.25% and the major US mortgage provider IndyMac Bank was placed into receivership. However, markets rallied again over the late summer. During this spell, the oil price peaked at around $146 per barrel and the hitherto resilient Latin America region started to underperform. The stockmarkets of China and the Asia Pacific region continued to slide, and, with a sharp sell-off in oil due to demand concerns, the oil-heavy Russian stockmarket collapsed, falling 14% in July alone.

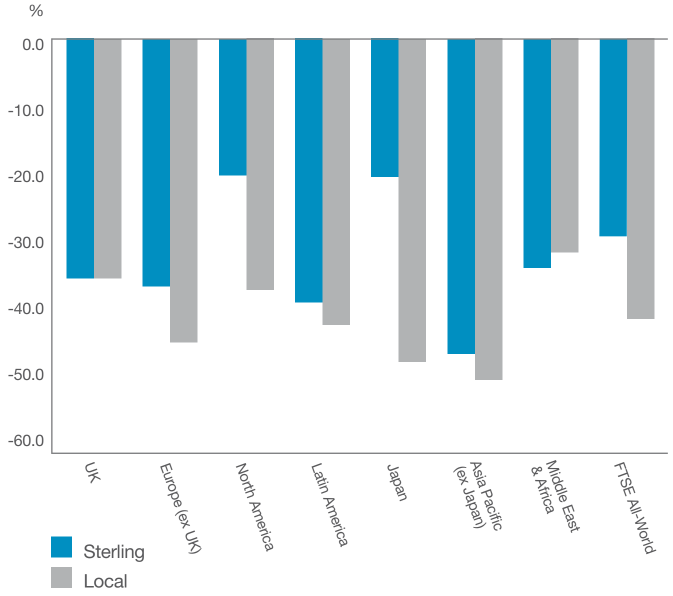
Oil Price
Year to 31 October 2008

Source: Thomson Datastream

It was in September that the full force of the credit crisis struck markets. The US authorities formalised the rescue of the government sponsored entities Fannie Mae and Freddie Mac which were integral to the $12 trillion US mortgage market. September also featured extraordinary gyrations in the value of major financial institutions and a series of momentous events including: the sale of Wall Street bank Merrill Lynch; the collapse of Lehman Brothers; insurer AIG borrowing $85bn to stave off bankruptcy; and the unveiling of the US Troubled Asset Relief Programme (TARP) bailout package. In the UK and elsewhere, the inter-bank money markets ceased to function normally. The global financial system was on the brink of collapse.

The initial draft of TARP failed to pass through the US legislature causing more turmoil. However, a revised version of the $700bn package was passed in early October. This was no panacea though as the following week saw the US S&P 500 Index drop 18% in the worst week for US shares since 1933. On 8 October, the world's major central banks announced a coordinated sequence of interest rate cuts. Plans were announced whereby UK banks would be forced to bolster their capital ratios, with optional underwriting by the UK government which could lead to partial nationalisation. Other nations announced alternative plans for supporting their banking systems. There were also serious problems in Iceland when its banking system collapsed. During October, there was a palpable shift in sentiment away from solely the credit crisis as the deteriorating world economy and risk of recession became the focus of investor concerns. At the end of October, the Fed cut rates once more to leave US official rates at 1.0% while the oil price dropped by 37% over the month to end at just under $60 – down 59% from its mid-year peak. The FTSE All-World Index fell by 10.4% in September and a further 11.8% in October with forced selling by hedge funds facing redemptions a key feature.

Regional Performance
Year to 31 October 2008



Indices are components of the FTSE All-World Index Series

Regional Performance

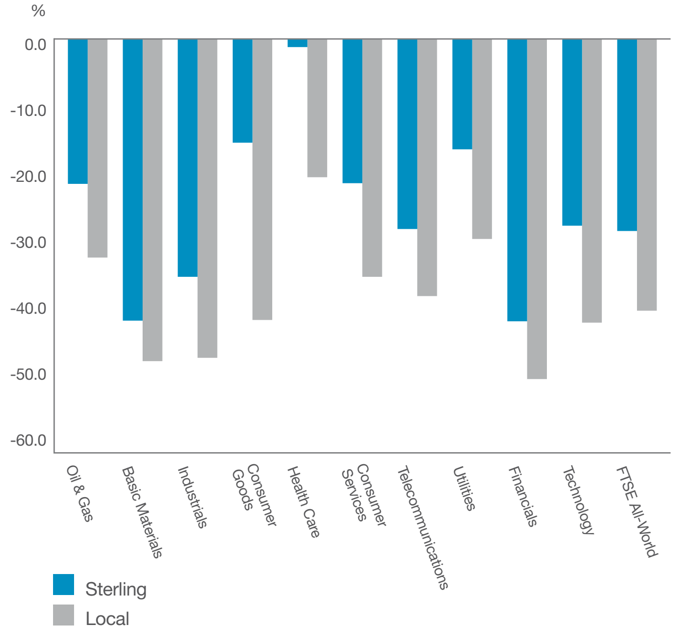
In local currency terms, all of the regions comprising the FTSE All-World Index fell by over 30%. Middle East & Africa (-31.3%) and the UK (-35.0%) fell by the least. North America fell by 36.7%. The others all fell by over 40%: Latin America (-41.7%), Europe (ex UK) (-44.3%), Japan (-47.0%) and Asia Pacific (ex Japan) (-49.8%). Within Asia Pacific, the Chinese and Hong Kong markets fell by 68.2% and 56.9% respectively as the Chinese growth bubble burst.

For sterling-based investors however, currency had a major bearing on returns. The US dollar appreciated by 22.2% against sterling, reducing North America's sterling fall to just 20.0%. In Japan, the local decline of almost 50% was transformed by the 33.6% appreciation of the yen against sterling to a decline of 20.2%, making Japan and North America the most resilient areas globally in sterling terms. The euro was more subdued, rising by 11.3% against the pound over the year. Sterling's weakness was attributable partly to anticipation of falling interest rates allied with the deterioration in the UK's fiscal position as well as heavy exposure to troubled banks and falling property values.

Industry Sector Performance

As the reality of an imminent economic slowdown took hold, there was an inversion of the prevailing sector trends. The strongest area, by a wide margin, was the defensive Health Care sector which was barely changed over the year (-1.2%). Utilities were resilient in relative terms but still fell by 16.6% while Consumer Goods (-15.6%) also held up better than most due to relatively good performances from defensive areas including tobacco, household goods and food producers. Oil & Gas outperformed the global index but fell by 21.8% reflecting the sharp drop in the oil price over the second half of the year. The three underperforming industry groups were either financial or cyclical: Industrials (-35.8%), Basic Materials (-42.4%) and Financials (-42.5%).

Industry Sector Performance
Year to 31 October 2008



Indices are components of the FTSE All-World Index Series

Performance Attribution Analysis

The company's NAV (with borrowings at par) fell by 32.1%, ahead of one of the two performance comparators, the FTSE All-Share Index (-36.8%) but behind the other, the FTSE All-World Index which fell by 28.9%.

In view of the significant impact of currency over the year, the performance attribution against the FTSE All-World Index is presented overleaf showing both geographical and industry sector analyses. Taking the latter first, stock selection appears poor at -8.5% offset in part by a positive contribution from sector positioning. The sector positioning result was attributable to first, being heavy in Oil & Gas mid-year before selling £77m of oil holdings as the oil price peaked; second, being light in Financials; and third, moving the portfolio to a defensive stance. Stock selection was disappointing in Telecommunications, Consumer Goods and Consumer Services.

The geographic attribution captures the role of currency movements and enables a more complete analysis. The combined impact of being relatively under-exposed in the US and Japan, whose currencies appreciated materially against sterling, together with the consequent over-exposure to the UK, lowered performance by 3.9% with a much smaller impact from stock selection. Gearing had a neutral impact despite falling markets as effective gearing was eliminated over the summer and cash was raised ahead of the market falls in early October. Stock buybacks added 0.3% while gains on dollar and other cash deposits added 0.9%. Interest and expenses charged to capital lowered the NAV by 0.5%.

Performance Attribution Analysis
Year to 31 October 2008

	%
Decrease in NAV	-32.1
Decrease In FTSE All-World Index	-28.9
Relative performance	-4.6

	by Sector	by Geography
Allocation	3.2	-3.9
Stock selection	-8.5	-1.4
Total equities	-5.3	-5.3
Gearing		0.0
Currency movements on cash deposits		0.8
Buybacks		0.3
Interest and expenses charged to capital		-0.5
Reduction in pension liability		0.1
Relative performance		-4.6

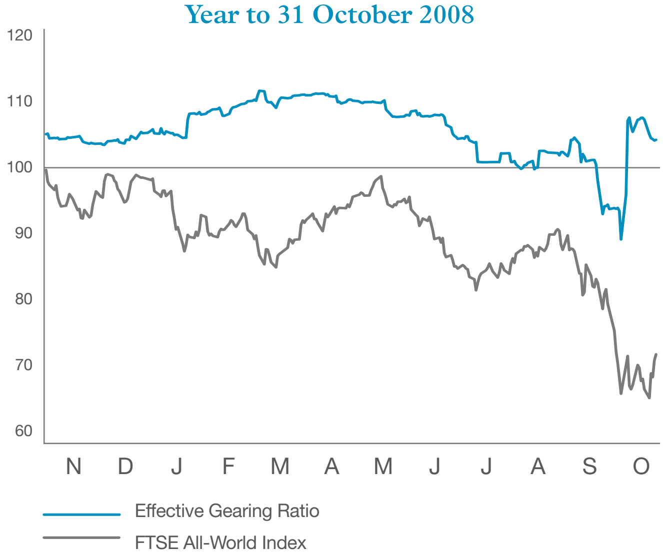
Changes in Distribution

Partly in view of the prospects for sterling, the US allocation was raised to its highest level in recent times and similarly, the UK allocation was taken to new lows.

Some gearing was deployed in mid-January ahead of a market rally between mid-March and mid-May and was then removed as markets sold off in the summer. Gearing had effectively been eliminated going into September which was a weak month for global markets. Further cash was raised in late September with a move to a less than 100% invested position for the first time in many years, taking effective gearing down to approximately 93%. As markets fell further in the first half of October, a further £17m of holdings which had held up well over the year were sold.

After the sharp falls of early October, investments were made in a range of good quality growth and cyclical companies, together with further investment in certain existing holdings, which had fallen heavily. This opportunistic programme restored a fully invested position with a small amount of gearing deployed at the year end but with the majority still retained in cash.

Effective Gearing
Year to 31 October 2008



Gearing was deployed actively and effective gearing was within a range of 89% to 112% with an average level of 106% (2007 – 103%). Effective gearing ended the year at 104.3%. The potential gearing, that is if total borrowings were invested in equities, was 120.8%. The average interest cost of borrowings, all of which are fixed rate and long term, was 5.9% (2007 – 5.9%). Net current assets at the year end totalled £93.9m or 14.8% of total assets (2007 – 8.3%) and the total equity portfolio depreciated by £255.9m (2007 – appreciation £118.3m).

Over the year, there were net reductions to the equity portfolio of £39.9m with £22.9m of these proceeds being used for stock buybacks.

Industry Sectors*

Oil & Gas

The Oil & Gas industry performed strongly until May, peaking shortly ahead of the July top in the oil price. Over the year, it outperformed global markets by 10.0%. Exposure to service companies and drillers was built up to take advantage of strong demand and by the end of June, 21.5% of the equity portfolio was in Oil & Gas. Profits were taken as the oil price started to fall from its highs with £77m of sales over the summer. A large reduction in Petrobras (Brazil) proved timely as was the complete sale of Petrochina in January as part of a broader move out of China.

Basic Materials

Basic Materials also peaked in May. Mining shares were seen as plays on China-led global growth. Agrochemicals company, Monsanto (US), was built into one of the largest holdings mid-year and outperformed very strongly. NAV relative performance benefited from a low industry exposure here as it fell by 42.4%.

Industrials

Global Industrials fell by 35.8%, underperforming by 9.8%. Stock selection was good with contributions from US infra-red technology specialist Flir Systems and catering equipment supplier Enodis (UK). The poor market conditions were exemplified by UK outsourcer Serco, which outperformed world markets by 15.2% but still depreciated by £3.1m. Bank note printer De La Rue (UK) and US railroad operator Norfolk Southern both produced useful gains. However, construction equipment group Komatsu (Japan), oil rig builder Keppel Corp (Singapore) and aerospace parts maker Meggitt (UK) all depreciated.

Consumer Goods

The Consumer Goods industry group outperformed by 18.7%, helped by resilient performances from food producers, tobacco and beverages stocks. Large reductions were made to automobile investments Continental (Germany) and Fiat (Italy) on economic concerns. The residual holding in Fiat lost value. A new holding in US house builder, Toll Brothers, generated a useful gain. However, it was an error to retain UK house builder Persimmon on valuation grounds. Hong Kong-listed consumer goods manufacturer HengAn International proved resilient as did new holding KT&G (Korea).

Health Care

Health Care was the strongest performing global industry group and its decline of 1.2% over the year translated into a relative outperformance of 38.9%. £32.7m was added to Health Care over the year, helping boost its allocation from 5.3% to 14.2% of the equity portfolio. Three large holdings performed well over the period: largest holding, Gilead Sciences (US); German kidney care specialist Fresenius Medical Care; and Roche (Switzerland).

Consumer Services

Consumer Services fell by 21.7% over the year, outperforming by 10.1% as defensive areas such as food retailers and some general retailers held up. Two new food retailers were added: Carrefour (France) and Belgian discount retailer Colruyt, with the latter being a very strong performer. Mexican food retailer Walmex, a subsidiary of Wal-Mart Stores (US), was built up while the parent company was also bought and performed well. Two holdings held back performance in this area; first, Informa was built up on M&A potential but the absence of an acceptable offer and its high borrowings resulted in underperformance. Second, despite sizeable reductions to a large holding in clothing group Esprit (Hong Kong), the shares underperformed on economic concerns. Japanese rail operator East Japan Railway generated gains with some profits taken late in the year.

Telecommunications

The Telecommunications industry group performed in line with the broader market. China Mobile, which had generated gains of £13.6m in the previous year, suffered as Chinese equity markets were sold off. This sizeable holding was sold outright ahead of significant further price falls relating to prospects for tighter regulation. Mexican mobile operator América Móvil underperformed moderately. Fixed-line operators BT (UK) and AT&T (US) were sold to leave the emphasis on mobile telephony and emerging markets with a new holding taken in African mobile operator MTN (South Africa). In Japan, a new holding in mobile operator KDDI performed well.

Utilities

Globally, Utilities outperformed the FTSE All-World Index but fell by 16.6%. £12.6m was added to this area over the year with a major addition to United Utilities (UK) proving worthwhile in relative terms as its share price depreciated by only 2.9% over the year.

* Relative performance references are against the FTSE All-World Index Series (in sterling terms).

Financials

Financials was the worst performing industry sector, down by 42.5% over the year. While Financials holdings were reduced by £74.3m in 2006/07, residual holdings depreciated heavily. A further £39.8m net sales were made this year. A major mistake, other than not getting out of UK and European banks completely, was to misinterpret the rising dividends from UK banks in early 2008 as a positive sign. The extent of their involvement in US mortgage debt was also underestimated. Once UK bank exposure was reined in, stock selection in this area was reasonable with main exposures latterly through BNP Paribas (France) and HSBC (UK) proving resilient. Elsewhere in Financials, we avoided much of the trouble outwith the UK and had no exposure to Lehman Brothers, Bear Stearns, Fannie Mae, Freddie Mac or AIG.

Technology

Fearing the impact of a widespread fall in consumer demand, several technology hardware holdings were sold outright with reductions of £25.2m made. Outright sales included a timely exit from Hon Hai Precision Industry (Taiwan) which manufacturers iPods for Apple (US), which was also sold outright along with mobile handset manufacturer Nokia (Finland) and Cisco Systems (US). In technology software, there were additions of £11.9m primarily invested in publishing software leader Adobe Systems (US) and new holdings in software group Oracle (US) and Chinese internet business Tencent (Hong Kong), both of which performed well from purchase.

Portfolio Turnover

Total purchases of investments amounted to £827.7m (2007: £388.2m) and sales were £867.6m (2007: £422.0m) including purchases and sales of UK gilts. The ratio of investment sales as a percentage of average total assets was 112.4% (2007: 48.2%). Commission paid to brokers during the year was £2.4m (2007: £1.3m).

Investment turnover was well above normal levels due to a number of factors. First, the application and removal of gearing between January and May; second, the raising of cash in September; third, moving the portfolio to a more defensive position over the year; fourth, the reinvestment of cash after stockmarket weakness in October and fifth, the purchase and sale of UK gilts as an alternative to bank deposits during the banking crisis. Considerable use of low-cost dealing facilities was made to limit dealing expenses.

Forward currency contracts were used to guarantee exchange rates for a portion of our US dollar-denominated income.

Holdings in UK Listed Investment Companies

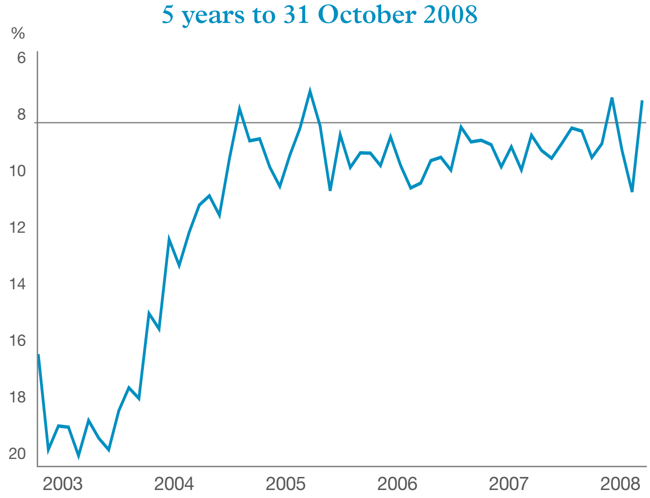
Company holdings include investments in UK listed investment companies of £14.2m (2007: £21.7m). These are held to provide, variously, exposure to private equity, commercial property, mining and environmental equities. The company has a policy not to invest more than 15% of gross assets in other UK listed investment companies.

Unlisted Portfolio

The company's unlisted portfolio appreciated by £0.3m reflecting a number of small uplifts and currency benefits in US partnerships, offset by depreciations in the listed Hg Capital Trust (UK) and also Apax Europe V-B. Distributions from the maturing unlisted portfolio partnerships totalled £4.3m. No new partnerships were entered into during the year and outstanding commitments to invest in such partnerships totalled £1.9m (2007: £1.9m).

The unlisted portfolio was valued at £21.1m (2007: £25.0m) which is equivalent to 4.0% of stockholders' funds. Included in the unlisted portfolio is £8.7m (2007: £9.9m) invested in Hg Capital, a listed fund which specialises in unlisted investments. Provisions were taken against unlisted partnership valuations where deemed appropriate to reflect the falls in equity markets at the year end.

Discount to ex-income NAV with borrowings at market value
5 years to 31 October 2008



Source: SIT

Stock Price, Discount and Buybacks

The stock price fell by 29.7% in weak global stockmarkets. The stock price discount to ex-income NAV (with borrowings at market value) narrowed over the year from 9.9% to 7.5%.

Under the company's buyback policy, which is intended to keep the discount at or below 9% in normal market conditions, 4.6m stock units were repurchased for cancellation over the financial year (adding 0.3% to NAV performance and utilising 2.22 percentage points of the 14.99% authority renewed at the January 2008 AGM) at an average discount of 9.6% and a cost of £22.9m inclusive of dealing expenses. The average discount over the year was 8.5% and the estimated daily average since the introduction of the scheme in February 2006 was 8.9%.

Analysis of Stock Register at 31 October 2008

Category of holder	Number	Ordinary capital %
Individuals	25,444	63.8*
Investment companies	54	5.2
Insurance companies	13	19.0
Pension funds	31	5.5
Other	115	6.5
Total	**25,657**	**100.0**

* Includes 18.5% held in SIT Savings' products.

Glossary

Total assets means total assets less current liabilities.

NAV is net asset value per ordinary unit after deducting borrowings at par or market value, as stated.

Ex-income NAV is the NAV excluding revenue for current year.

Borrowings at par is the book value of the company's borrowings, the nominal value less unamortised issue expenses.

Borrowings at market value is the company's estimate of the fair value of its borrowings.

Discount is the difference between the market price of our stock units and their NAV expressed as a percentage of the NAV.

Gearing is the term used to describe the process of borrowing money for investment purposes in the expectation that the returns on the investments purchased will exceed the cost of those borrowings.

Potential gearing is the gearing ratio if all borrowings were invested in equities – (stockholders' funds + borrowings at par) expressed as a percentage of stockholders' funds.

Effective gearing is the true geared position of the company – (stockholders' funds + borrowings at par – net current assets), expressed as a percentage of stockholders' funds.

GDP references are to gross domestic product adjusted for inflation.

Distribution of Total Assets by Sector

	2008 %	2007 %
Oil & Gas	**7.9**	**11.5**
Oil & Gas Producers	4.2	6.1
Oil Equipment, Services & Distribution	3.7	5.4
Basic Materials	**2.0**	**4.0**
Chemicals	0.2	1.1
Forestry & Paper	0.5	0.3
Mining	1.3	2.6
Industrials	**15.9**	**13.4**
Construction & Materials	2.0	2.1
Aerospace & Defence	2.8	1.8
General Industrials	0.4	1.3
Electronic & Electrical Equipment	1.2	1.7
Industrial Engineering	3.0	3.3
Industrial Transportation	1.2	–
Support Services	5.3	3.2
Consumer Goods	**11.7**	**11.7**
Automobiles & Parts	1.4	3.3
Beverages	0.9	3.2
Food Producers	1.8	–
Household Goods	1.7	1.5
Leisure Goods	2.4	1.6
Personal Goods	1.0	1.2
Tobacco	2.5	0.9
Health Care	**12.1**	**4.8**
Health Care Equipment & Services	4.7	2.3
Pharmaceuticals & Biotechnology	7.4	2.5
Consumer Services	**10.4**	**9.4**
Food & Drug Retailers	2.1	2.8
General Retailers	5.1	2.7
Media	2.0	1.5
Travel & Leisure	1.2	2.4
Telecommunications	**6.0**	**8.4**
Fixed Line Telecommunications	1.9	4.2
Mobile Telecommunications	4.1	4.2
Utilities	**4.1**	**2.2**
Electricity	–	0.5
Gas, Water & Multiutilities	4.1	1.7
Financials	**12.1**	**20.7**
Banks	6.7	11.5
Non-life Insurance	0.6	2.6
Life Insurance	0.3	0.8
Real Estate	0.1	1.5
General Financial	0.9	1.2
Equity Investment Instruments	3.5	3.1
Technology	**3.0**	**5.6**
Software & Computer Services	2.5	1.2
Technology Hardware & Equipment	0.5	4.4
Total equities	**85.2**	**91.7**
Net current assets	**14.8**	**8.3**
Total assets	**100.0**	**100.0**

At 31 October 2008 the company held no convertible securities (2007: nil).

List of Investments

Listed Investments

Holding	Country	Market value £'000	Cumulative weight %
Gilead Sciences	US	16,450*	
United Utilities	UK	15,438*	
De La Rue	UK	14,446*	
Fresenius Medical Care	Germany	13,560*	
National Oilwell Varco	US	13,293*	
Serco	UK	12,954*	
Telefónica	Spain	11,670*	
Monsanto	US	11,486*	
Roche	Switzerland	10,474*	
Adobe Systems	US	10,399*	24.1
Nintendo	Japan	10,052	
Flir Sytems	US	9,645	
BG Group	UK	8,755	
Hg Capital Trust	UK	8,676	
Novartis	Switzerland	8,457	
NuVasive	US	8,370	
Wal-Mart Stores	US	8,351	
Lowe's	US	8,289	
Walmex	Mexico	8,185	
East Japan Railway	Japan	7,794	40.2
KDDI	Japan	7,678	
KT&G	Korea	7,597	
Imperial Tobacco	UK	6,871	
McGraw-Hill	US	6,809	
Rio Tinto	UK	6,534	
HSBC	UK	6,417	
Accenture	US	6,415	
Vossloh	Germany	6,254	
Petrobras	Brazil	6,142	
JPMorgan Chase	US	6,103	52.5
Norfolk Southern	US	5,832	
Informa	UK	5,764	
América Móvil	Mexico	5,378	
Tesco	UK	5,349	
Vodafone	UK	5,316	
CSL	Australia	5,306	
BNP Paribas	France	5,265	
Wells Fargo	US	5,153	
DBS	Singapore	5,083	
Noble	US	5,048	62.5
Toll Brothers	US	5,025	
E.ON	Germany	4,814	
Royal Dutch Shell	UK	4,792	
Bank of America	US	4,779	
Severn Trent	UK	4,399	
Bombardier	Canada	4,359	
China Unicom	Hong Kong	4,354	
EnCana	Canada	4,130	
Anheuser-Busch InBev	Belgium	4,047	
HengAn International	Hong Kong	4,015	70.7
Baxter International	US	3,965	
Carrefour	France	3,951	
Johnson & Johnson	US	3,944	
Meggitt	UK	3,872	
Oracle	US	3,713	
Colruyt	Belgium	3,672	
Medtronic	US	3,591	
Spectris	UK	3,567	
Desarrolladora Homex	Mexico	3,478	
Pride International	US	3,345	77.6
Quanta Services	US	3,183	
Continental	Germany	3,156	
BorgWarner	US	3,104	
Deere	US	2,966	
Roper Industries	US	2,943	
HBOS	UK	2,927	
Suncor Energy	Canada	2,878	
China Communications Services	China	2,833	
Nucor	US	2,829	
Kingfisher	UK	2,770	83.1
Impax Environmental Markets	UK	2,651	
Electronic Arts	US	2,623	
BBVA	Spain	2,438	
Aspen Pharmacare	South Africa	2,410	
Li & Fung	Hong Kong	2,388	
Esprit	Hong Kong	2,384	
AXA	France	2,291	
Jacobs Engineering	US	2,263	
Alstom	France	2,248	
Carlisle Companies	US	2,197	87.5
Persimmon	UK	2,188	
Intercontinental Exchange	US	2,153	
Kurita Water Industries	Japan	2,114	
Standard Life	UK	2,077	
Investor	Sweden	2,037	
Vinci	France	2,036	
Murray & Roberts	South Africa	2,020	
Tencent	Hong Kong	1,973	
BlackRock World Mining Trust	UK	1,961	
Schlumberger	US	1,924	91.3
MTN	South Africa	1,888	
Nikon	Japan	1,876	
Royal Bank of Scotland	UK	1,813	
PepsiCo	US	1,729	
Komatsu	Japan	1,667	
Syngenta	Switzerland	1,486	
Bharti Airtel	India	1,473	
RSA Insurance	UK	1,435	
Deutsche Bank	Germany	1,435	
Bouygues	France	1,432	94.3
Kuehne + Nagel	Switzerland	1,424	
CRH	Ireland	1,396	
Hennes & Mauritz	Sweden	1,288	
BMW	Germany	1,262	
Japan Tobacco	Japan	1,204	
ABB	Switzerland	1,157	
MAN	Germany	1,144	
Fiat	Italy	1,116	
Aeon	Japan	1,094	
Japan Steel Works	Japan	990	96.6
Daikin Industries	Japan	967	
Veolia Environnement	France	964	
Shimano	Japan	948	
Outotec	Finland	906	
Bank of East Asia	Hong Kong	749	
Standard Life Investment Property Trust	UK	675	
ThyssenKrupp	Germany	558	
Invista European Real Estate Trust	UK	254	
Total listed investments		**527,165**	**97.7**

Unlisted Investments

Holding	Country	£'000	Cumulative weight %
Boston Ventures VI	US	4,422	
Apax Europe V – B	UK	2,320	
Boston Ventures V	US	1,554	
Heritable Property & Loans	UK	1,333	
Sprout Capital VII	US	743	
Sprout Capital VIII	US	606	
Cahill Warnock Strategic Partners	US	551	
Others (under £0.5m) (6)		940	
Total unlisted investments		**12,469**	**2.3**
Total equities		**539,634**	**100.0**

* Denotes ten largest holdings with an aggregate market value of £130,170,000.

Directors' Report

Business Review

Investment policy

The company carries on its business as a global growth investment trust. Its objective is to provide investors, over the longer term, with above average returns through a diversified portfolio of international equities and to achieve dividend growth ahead of UK inflation.

In order to achieve this objective, the company invests in an integrated global portfolio constructed through an investment process whereby assets are primarily allocated on the basis of the investment merits of individual stocks rather than that of regions, sectors or themes.

The company's portfolio is actively managed and typically will contain 70 to 120 listed international equity investments. The portfolio is widely diversified both by industrial sector and geographic location of investments in order to spread investment risk.

Whilst performance is measured against major global and UK indices, the composition of indices has no influence on investment decisions or the construction of the portfolio. As a result, it is expected that the company's investment portfolio and performance should deviate from the comparator indices.

Since the company's assets are invested globally and without regard to the composition of any index, there are no restrictions on maximum or minimum exposures to specific geographic regions, industry sectors or unlisted investments. However, such exposures are reported in detail to, and monitored by, the board at each board meeting in order to ensure that adequate diversification is maintained.

Liquidity and long-term borrowings are managed with the aim of improving returns to stockholders. In pursuing its investment objective, from time to time the company will hold certain financial instruments comprising: equity and non-equity shares; fixed income securities; interests in limited partnerships; structured products; and cash and liquid resources. The company may use derivatives for hedging or tactical investment purposes with the prior authorisation of the board. However, it is the policy of the company not to trade in such instruments. The company has the ability to enter into contracts to hedge against currency risks on both capital and income.

The company's investment activities are subject to the following limitations and restrictions:

- under the company's articles of association, up to 40% of the company's total assets (as at the last audited balance sheet) may be used to make investments of up to a maximum of 8% of the value of total assets in any one company, at the time the investment is made. Thereafter, individual investments may not exceed 3% of the value of total assets, at the time the investment is made
- the levels of effective and potential gearing are monitored closely by the board and manager. The company applies a ceiling on effective gearing of 120%. While effective gearing will be employed in a typical range of 100% to 120%, the company retains the ability to lower equity exposure below 100% if deemed appropriate
- the company has a policy not to invest more than 15% of gross assets in other UK listed investment companies
- the company may not make investments in respect of which there is unlimited liability.

Investment policy – implementation

During the year under review, the assets of the company were invested in accordance with the company's investment policy. For details of how the company's absolute performance and relative performance compared to its comparator indices were achieved, please refer to the Management Review on pages 8 to 15.

A full list of holdings is disclosed on page 17 and detailed analyses of the spread of investments by industry sector and geographic region are shown on pages 8 and 16. Further analysis of changes in asset distribution by industry sector over the year and the sources of gain and loss is shown on page 8. An attribution of NAV relative performance against a global equity index is also shown on page 12.

At the year end the number of listed holdings was 118, including one holding which was held within the company's unlisted portfolio. The top ten holdings comprised 20.5% of total assets (2007: 18.0%).

Details of the extent to which the company's objective has been achieved and how the investment policy was implemented are provided in the Chairman's Statement on pages 4 to 5 and the Management Review on pages 8 to 15.

Additional limitations on borrowings
Under the company's articles of association, the directors restrict the company's borrowings and control the borrowings of the company's subsidiaries to secure that the aggregate amount of all group borrowings (excluding intra-group borrowings) do not, unless approved by an ordinary resolution of holders of ordinary stock units, exceed the aggregate of the issued and fully paid share capital, share premium account and reserves of the company and its subsidiaries, as published in the latest accounts (excluding any part of any reserve arising out of unrealised capital profits). In addition, the directors are entitled to incur temporary borrowings in the ordinary course of business of up to 10% of the company's issued and fully paid share capital. Such temporary borrowings are to be for no longer than six months.

Principal risks and uncertainties
The principal risks and uncertainties facing the business are as follows:
- investment and market price risk
- interest rate risk
- liquidity risk
- foreign currency risk

These and other risks facing the company are reviewed regularly by the audit committee and the board. Further information is given in note 18 to the accounts on pages 39 to 43.

Performance
The management provides the board with detailed information on the company's performance at every board meeting. Performance is measured in comparison with the company's peer group and comparator indices.

Key Performance Indicators, including the following, are used:
- NAV total return
- NAV total return against comparators
- NAV and stock price total return against peers
- discount with debt at market value
- dividend growth against RPI
- total expense ratio

Dividends
The holders of ordinary stock units are entitled to all surplus income or revenue. The company may declare dividends, including interim dividends, in general meetings but no dividend is payable except out of the company's profits or in excess of the amount recommended by the directors. Neither unrealised appreciation of capital assets nor realised profits arising from the sale of capital assets are available for dividend.

The directors recommend a final dividend of 5.05p per ordinary stock unit payable on 5 February 2009. With the interim dividend of 4.45p already paid in July 2008, this makes a total of 9.50p for the year. The total dividend absorbs £12,351,000.

Status
The company is a self-managed investment trust and is an investment company within the meaning of the Companies Act 2006.

HM Revenue and Customs has approved the company as an investment trust for the purposes of S842, Income and Corporation Taxes Act 1988 up to the accounting period ended 31 October 2007. This approval is subject to any subsequent enquiry by HM Revenue and Customs under Schedule 18 Finance Act 1998. The company continues to satisfy the conditions for such approval.

Ordinary Stock
General
The company had 129,626,218 ordinary stock units in issue at 31 October 2008. There are no other classes of ordinary stock in issue. The rights attaching to ordinary stock units in the company are set out in the company's articles of association and they are also supplemented by (and are subject to) relevant provisions of the Companies Act 1985, the Companies Act 2006 and other legislation applying to the company from time to time (the 'Statutes'). In accordance with the Statutes, the company's articles of association may be amended by the passing of a special resolution of holders of ordinary stock; that is, by the approval of a majority of not less than 75%.

Rights to the capital of the company on winding up
The holders of ordinary stock units would be entitled to the assets of the company in the event that the company were to be wound up (after the company's other liabilities have been satisfied).

Voting
On a show of hands, every holder of ordinary stock units present in person or by proxy has one vote and on a poll every member present in person or by proxy has one vote for each complete £1 nominal of stock held.

Deadlines for exercising voting rights
If a holder of ordinary stock wishes to appoint a proxy to attend, speak and vote at a meeting on his behalf, a valid appointment is made if the form of proxy (together, where relevant, with a notarially certified copy of the power of attorney or other authority under which the form of proxy is signed) is received by the company not less than 48 hours before the start of the meeting or

the adjourned meeting at which the proxy is appointed to vote (or, in the case of a poll taken more than 48 hours after it is demanded, no later than 24 hours before the time appointed for taking the poll). In the calculation of these time periods, no account is taken of any part of a day that is not a working day.

Stock Buybacks

Under the company's stock buyback policy, the company actively seeks to buy back stock with the aim, in normal market conditions, of maintaining a discount to NAV of 9% or less. In calculating NAV for the purposes of the buyback policy, the company's borrowings are taken at their market value so as to ensure that future repurchases of stock will take into account changes in the value of the borrowings brought about by movements in long-term interest rates. The company has, during the year ended 31 October 2008, bought back for cancellation a total of 4,641,297 ordinary stock units representing 3.5% of ordinary stock units in issue at 31 October 2007, at a cost of £22,919,000, utilising 2.22 percentage points of the 14.99% authority renewed at the January 2008 AGM.

Substantial Stockholdings

At 5 December 2008 the company had been notified of the following holdings in excess of 3% of its ordinary stock.

		Ordinary stock units	% of issue at date of notification
AXA Group	– direct	14,887,914	11.0
	– indirect	225,000	0.2
Legal & General	– direct	5,478,401	4.0
D C Thomson	– direct	5,400,000	3.8

Directors

The directors of the company at 31 October 2008 and their biographical details are shown on page 6.

The following table shows the attendance of directors at board and committee meetings during the year to 31 October 2008.

	Board	Audit	Remuneration	Nomination
Number of meetings	8	3	3	1
D C P McDougall	8	3	3	1
Sir George Mathewson	7	n/a	n/a	1
D F K Finlay	7	n/a	n/a	1
H N Buchan	7	3	3	1
J S MacLeod	7	2	3	1

The performance of each director was appraised by the nomination committee during the year. The chairman's performance was appraised in his absence by the other directors and the results were communicated to him. The board believes that each director is independent of the management in character and judgement and there are no relationships with the company or its employees which might compromise their independence.

Three directors are standing for re-election at the AGM. Douglas McDougall and Francis Finlay have served as directors for more than nine years and therefore retire on an annual basis. James MacLeod is standing for re-election because it is three years since he was elected as a director. After formal performance evaluation, the chairman confirms that the directors continue to perform effectively and with great commitment and he recommends their re-election. Sir George Mathewson will be retiring from the board at the AGM and will not be standing for re-election.

The appointments of Douglas McDougall and Francis Finlay as directors run for one year at a time. Hamish Buchan was appointed in November 2003 and James MacLeod was appointed in September 2005 both for initial terms of three years. Hamish Buchan's appointment was renewed in November 2006 and James MacLeod's appointment was renewed in September 2008. Directors' letters of appointment will be available for inspection at the AGM.

The company maintains insurance in respect of directors' and officers' liabilities in relation to their acts on behalf of the company. The company's articles of association provide that any director or other officer of the company may be indemnified out of the assets of the company against any liability incurred by him as a director or other officer of the company to the extent permitted by law.

Directors' Interests

The interests of the directors and their families in the company's capital are as follows:

	Ordinary stock units of 25p	
Beneficial interests	31 October 2008	1 November 2007
D C P McDougall	60,000	60,000
Sir George Mathewson	73,983	65,383
D F K Finlay	60,000	60,000
H N Buchan	22,325	22,325
J S MacLeod	21,216	21,216
Non-beneficial interests		
Sir George Mathewson	26,500	26,500

There have been no changes in the directors' interests between 31 October 2008 and 5 December 2008.

Corporate Governance

Compliance

The board considered the principles set out in the Combined Code on Corporate Governance (the Combined Code) and believes that the way the company is governed is consistent with these principles. Throughout the year the company complied with the provisions of the Combined Code except that there is no senior independent director. The directors consider that, where all directors are independent and non-executive, there is no compelling case for having a senior independent director. The Combined Code is available from the Financial Reporting Council – www.frc.org.uk.

Directors

The board normally meets eight times throughout the year while the audit and remuneration committees meet three times each. The nomination committee meets annually.

There is a schedule of matters reserved for the board which include: investment strategy; accounting and financial controls; dividends and announcements; capital structure; gearing and major contracts.

All five members of the board are non-executive and are independent of the company's management.

Day to day management, including the selection of investments, is delegated to the company's executive management which reports directly to the board.

All directors have been appointed for fixed terms not exceeding three years. All directors are required to retire by rotation at their first AGM and at intervals of not more than three years thereafter. In addition, the company's articles of association provide that a director is to vacate office if he becomes bankrupt, ceases to have legal capacity, is absent from board meetings for a continuous period of six months without special leave of absence, resigns or is removed in accordance with applicable legislation. No compensation is payable to a director who leaves the board before the expiry of his term of office. No director has a service contract with the company. No contract or arrangement entered into by the company in which any director is interested has subsisted during the year.

The company has a policy on tenure which is shown on its website. It states that: "All non-executive directors will be appointed for fixed terms of three years. Each director shall be subject to re-election by the company in general meeting at least once every three years up to and including the ninth anniversary of his appointment.

"The performance of each director will be appraised by the nomination committee annually and prior to the renewal of a three-year term. A more rigorous appraisal will take place prior to the second or subsequent renewal of a three-year term.

"The directors recognise that independence is not a function of service or age and that experience is an important attribute within the board. The directors may decide to recommend a director with more than nine years' service for re-election. In such a case, shareholder approval will be sought annually."

Prior to each board meeting, directors are provided with a comprehensive set of papers giving detailed information on the company's transactions, financial position and performance. There is a procedure for directors to seek independent professional advice at the expense of the company and training is available to directors as required.

Nomination committee

There is a nomination committee comprising the whole board. The committee meets at least annually to review the structure, size and composition of the board and is responsible for identifying and nominating candidates to fill board vacancies as and when they arise. It has written terms of reference which are shown on the company's website.

Unless nominated by the board, a person nominated as a director is not eligible for election at a general meeting unless a shareholder who is entitled to vote at the meeting gives the company secretary at least six clear days' written notice of his intention to propose the relevant nominee for election, along with a notice in writing signed by the nominee confirming his willingness to be elected.

Remuneration committee

The board has appointed a remuneration committee to recommend pay and conditions for the board and employees. It has written terms of reference which are shown on the company's website.

Directors' fees are set with a view to attracting individuals of appropriate calibre and experience, taking into account the time commitment required and the level of fees paid by similar investment trusts. No other benefits are provided to directors. Fees recommended by the remuneration committee are subject to approval by the board. The company's articles of association provide for a maximum level of total remuneration payable to directors in any financial year. This level is set at £250,000 in aggregate.

With regard to its employees, the company aims to provide levels of remuneration in line with similar organisations and to reward responsibility and achievement. Basic salaries are compared annually with those of equivalent employees in a group of comparable fund management organisations operating in Scotland. Remuneration consists of basic salary, a performance-related bonus and benefits including a contributory pension scheme.

Relations with stockholders

The company recognises the value of good communication with its stockholders. The management meets regularly with private client stockbrokers and the company's major institutional stockholders. The board receives regular briefings from the company's brokers. Newsletters are sent to stockholders during the year and are posted on the company's website. Stockholders are encouraged to attend the AGM and ask questions of the board and management. Any stockholder wishing to raise questions at other times should write to the chairman. Proxy voting figures for each resolution are announced to the meeting after voting on a show of hands. Separate items of business are proposed as separate resolutions including the receipt of the report and accounts and the approval of the directors' remuneration report. The annual report is sent to stockholders at least 21 clear days before the AGM.

Accountability and audit

The respective responsibilities of the directors and auditors in respect of the financial statements are given below and on page 44.

The audit committee has written terms of reference which are shown on the company's website. Its duties include risk assessment, reviewing internal controls, the company's accounting policies, financial statements prior to their release and the company's procedures on whistleblowing. The committee is also responsible for all aspects of the company's relationship with its external auditors including: reviewing the scope and effectiveness of the annual audit; the auditors' remuneration; the terms of engagement and the level of non-audit work, if any, carried out by the auditors. The committee will also ensure that the level of non-audit work does not compromise the auditors' independence.

The directors continue to believe that the financial statements should be prepared on a going concern basis as the assets of the company consist mainly of readily realisable securities.

The company does not have an internal audit function as the audit committee believes that the company's straightforward structure and small number of employees do not warrant such a function. This is reviewed by the committee annually.

The board is responsible for ensuring that the company has in place an effective system of internal controls designed to maintain the integrity of accounting records and to safeguard the company's assets.

The board has applied Principle C.2 of the Combined Code by establishing a continuous process for identifying, evaluating and managing the significant risks the company faces. This process, which has been in place throughout the year and up to and including the date of approval of this report, is in accordance with Internal Control; Revised Guidance for Directors on the Combined Code published in October 2005 (The Turnbull Guidance).

In compliance with Provision C.2 of the Combined Code, the board reviews the effectiveness of the company's system of internal control at six-monthly intervals. The board's monitoring covers all controls, including financial, operational, and compliance controls and risk management. It is based principally on reviewing reports from management and considering whether significant risks are identified, evaluated, managed and controlled, and whether any significant weaknesses are promptly remedied or indicate a need for more extensive monitoring. During the course of its review of the system of internal control, the board has not identified nor been advised of any failings or weaknesses which it has determined to be significant. Therefore a confirmation in respect of necessary actions has not been considered appropriate. The audit committee assists the board in discharging its review responsibilities.

Detailed procedures are in place to ensure that:
- all transactions are accounted for accurately and reported fully to the board
- the management observes the authorisation limits set by the board
- there is clear segregation of duties so that no investment transaction can be completed by one person
- control activities are regularly checked
- compliance procedures are in place for legal and regulatory obligations.

The board recognises that such systems can only provide reasonable, not guaranteed, assurance against material misstatement or loss.

Directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for the year to 31 October 2008 which give a true and fair view of the state of affairs of the company and of the revenue and cash flows for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Acts 1985 and 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.

The audit committee has reviewed the matters within its terms of reference and reports as follows:

- it has approved the financial statements for the year to 31 October 2008
- it has reviewed the effectiveness of the company's internal controls and risk management
- it has reviewed the need for a separate internal audit function
- it has recommended to the board that a resolution be proposed at the AGM for the reappointment of the external auditors and it has considered the proposed terms of their engagement
- it has satisfied itself as to the independence of the external auditors
- it has satisfied itself that the terms of the business review are consistent with the accounts.

Annual General Meeting

The directors consider that the resolutions, each of which constitutes ordinary business, are all in the best interests of the company and of stockholders as a whole, and recommend that stockholders vote in favour of them.

Resolution 8 set out in the notice of the annual general meeting on page 48 seeks to renew the authority to repurchase ordinary stock units until 30 April 2010. The principal reasons for such repurchases are to enhance the net asset value of the ordinary stock by repurchasing ordinary stock units for cancellation at prices which, after allowing for costs, represent a discount to the prevailing net asset value and to allow implementation of the company's stock buyback policy.

Under the Listing Rules of the UK Listing Authority, the maximum price that may be paid on the exercise of the authority must not exceed the highest of (i) 105% of the average of the middle market quotations for the ordinary stock units over the five business days immediately preceding the date of purchase, (ii) the price of the last independent trade and (iii) the highest current independent bid. The minimum price which may be paid is 25p per ordinary stock unit.

Voting Policy

The management reviews the business to be conducted at general meetings of the companies in which it invests and, wherever practicable, will cast its vote, usually by proxy.

Socially Responsible Investing

When investments are made, the primary objective is to achieve the best investment return while allowing for an acceptable degree of risk. In pursuing this objective, various factors that may impact on the performance are considered and these will include socially responsible investment issues. If it is considered that a company's social, environmental or ethical record will adversely affect financial performance and result in poor returns, then an investment will not be made in the company.

Auditors

Re-appointment of auditors

On 1 December 2008 Deloitte & Touche LLP changed its name to Deloitte LLP. Accordingly, a resolution to re-appoint Deloitte LLP as the company's auditors, and to authorise the directors to fix their remuneration, will be proposed at the forthcoming annual general meeting.

Disclosure of information to auditors

It is the company's policy to allow the auditors unlimited access to its records. The directors confirm that, so far as each of them is aware, there is no relevant audit information of which the company's auditors are unaware and they have taken all the steps which they should have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Payment of Creditors

It is the company's policy to agree in advance the terms of business with suppliers and then to abide by those terms.

As the company has no trade creditors, no disclosure can be made of creditor days at the year end.

Donations

No charitable or political donations were made during the year.

By order of the board

Steven Hay
Company Secretary
8 December 2008

Directors' Remuneration Report

This report has been prepared in accordance with the requirements of Schedule 7A to the Companies Act 1985 incorporating the Directors' Remuneration Report Regulations 2002. An ordinary resolution for the approval of the report will be put to stockholders at the AGM on 30 January 2009.

Remuneration Committee

The company has a remuneration committee whose terms of reference include setting the fees of the directors. The full terms of reference are posted on the company's website. The committee is chaired by Hamish Buchan and the other members are Douglas McDougall and James MacLeod. The committee agreed that the fees for the chairman and directors should be maintained at current levels.

Policy on Directors' Fees

At the year end the board consisted of five directors, all of whom are non-executive. Directors' fees are set with a view to attracting individuals of appropriate calibre and experience, taking into account the time commitment required and the level of fees paid by similar investment trusts. It is intended that this policy will apply for the year to 31 October 2009 and to subsequent years. The directors do not receive bonuses, share options, long-term incentives, pension or other benefits.

Directors' Emoluments (audited)

Fees	Year to 31 October 2008 £	Year to 31 October 2007 £
Douglas McDougall	40,000	40,000
Sir George Mathewson	24,000	24,000
Francis Finlay	24,000	24,000
Hamish Buchan	24,000	24,000
James MacLeod	24,000	24,000
Hamish Leslie Melville	–	6,000
	136,000	**142,000**

Hamish Leslie Melville retired from the board on 26 January 2007. His fees were paid to Credit Suisse Securities (Europe) Limited. The other directors received their fees personally.

Service Contracts

The directors do not have service contracts. They have letters of appointment for fixed terms of not more than three years which can be renewed but there is no notice period and no compensation is payable on early termination. All directors are subject to retirement by rotation and re-election subject to stockholders' approval at intervals of not more than three years.

Company Performance

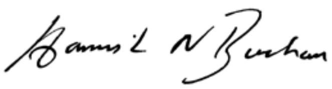
The graph below shows the company's five year stock price total return compared to the notional total return of the FTSE All-Share Index over the same period.

This index has been chosen as it is a common performance comparator for companies such as SIT.

Source : Datastream

Approval

The directors' remuneration report was approved by the board on 8 December 2008 and signed on its behalf by the chairman of the remuneration committee.



Hamish Buchan
Director
8 December 2008

Income Statement

for the year to 31 October 2008

	Notes	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000	2007 Revenue £'000	2007 Capital £'000	2007 Total £'000
Net (losses)/gains on investments and currencies	15	–	(250,090)	(250,090)	–	118,591	118,591
Income	1	22,653	–	22,653	23,704	–	23,704
Expenses	2	(2,623)	(1,817)	(4,440)	(2,779)	(1,930)	(4,709)
Net Return before Finance Costs and Taxation		20,030	(251,907)	(231,877)	20,925	116,661	137,586
Interest payable	5	(3,215)	(3,215)	(6,430)	(3,213)	(3,213)	(6,426)
Return on Ordinary Activities before Tax		16,815	(255,122)	(238,307)	17,712	113,448	131,160
Tax on ordinary activities	6	(2,340)	1,450	(890)	(2,346)	1,501	(845)
Return attributable to Equity Stockholders		**14,475**	**(253,672)**	**(239,197)**	**15,366**	**114,949**	**130,315**
Return per Ordinary Stock Unit		**11.00p**	**(192.82p)**	**(181.82p)**	**11.02p**	**82.43p**	**93.45p**
Weighted average number of Ordinary Stock Units in issue during the year			**131,554,807**			**139,446,127**	

	2008 £'000	2007 £'000
Dividends paid and proposed (note 7):		
Interim dividend 2008 – 4.45p (2007: 4.30p)	5,805	5,974
Final dividend 2008 – 5.05p (2007: 4.80p)	6,546	6,368
Special dividend 2008 (2007: 2.00p)	–	2,655
	12,351	**14,997**

The total column of this statement is the profit and loss account of the company.

The accompanying notes are an integral part of this statement.

Balance Sheet
as at 31 October 2008

	Notes	2008 £'000	2008 £'000	2007 £'000	2007 £'000
Fixed Assets					
Equity investments	8		539,634		835,357
Current Assets					
Debtors	11	12,848		3,832	
Cash and deposits	8	82,224		72,523	
		95,072		76,355	
Creditors: liabilities falling due within one year	12	(1,185)		(1,138)	
Net Current Assets			93,887		75,217
Total Assets less Current Liabilities			633,521		910,574
Creditors: liabilities falling due after more than one year					
Long-term borrowings at par	13		(107,492)		(107,372)
Pension liability	4		(350)		(849)
Net Assets			**525,679**		**802,353**
Capital and Reserves					
Called-up share capital	14		32,407		33,567
Share premium account	15		39,922		39,922
Other reserves	15				
Capital redemption reserve			38,454		37,294
Capital reserve-realised			401,348		417,412
Capital reserve-unrealised			(30,153)		230,263
Revenue reserve			43,701		43,895
Equity Stockholders' Funds			**525,679**		**802,353**
Net Asset Value per Ordinary Stock Unit with borrowings at par			**405.5p**		**597.6p**
Number of Ordinary Stock Units in issue at year end	14		**129,626,218**		**134,267,515**

The financial statements on pages 26 to 43 were approved by the board of directors on 8 December 2008 and were signed on its behalf by:

Douglas McDougall
Director

The accompanying notes are an integral part of this statement.

Statement of Total Recognised Gains and Losses

for the year to 31 October 2008

	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000	2007 Revenue £'000	2007 Capital £'000	2007 Total £'000
Return attributable to equity stockholders	14,475	(253,672)	(239,197)	15,366	114,949	130,315
Actuarial gains (note 4)	159	111	270	615	428	1,043
Total recognised gains for the year	14,634	(253,561)	(238,927)	15,981	115,377	131,358
Total recognised gains per ordinary stock unit	**11.12p**	**(192.74p)**	**(181.62p)**	**11.46p**	**82.74p**	**94.20p**

Reconciliation of Movements in Stockholders' Funds

for the year to 31 October 2008

	2008 £'000	2007 £'000
Opening equity stockholders' funds as previously reported	802,353	730,594
Total recognised (losses)/gains	(238,927)	131,358
Dividend payments	(14,828)	(15,365)
Ordinary stock repurchases	(22,919)	(44,234)
	525,679	**802,353**

Cash Flow Statement
for the year to 31 October 2008

	Notes	2008 £'000	2008 £'000	2007 £'000	2007 £'000
Net Cash Inflow from Operating Activities			**17,325**		**17,986**
Servicing of Finance					
Net cash outflow from servicing of finance – interest paid			(6,309)		(6,305)
Taxation					
Net cash inflow from taxation – overseas tax recovered			72		170
Investing Activities					
Purchases of investments – equities		(775,036)		(387,957)	
– fixed interest		(49,832)		–	
Disposals of investments – equities		811,422		419,530	
– fixed interest		49,793		–	
Net cash inflow from investing activities			36,347		31,573
Equity Dividends Paid			(14,828)		(15,365)
Net cash inflow before use of liquid resources and financing			32,607		28,059
Management of Liquid Resources					
Decrease in current asset investments and short term deposits	16		7,338		18,000
Financing					
Net cash outflow from financing – stock buybacks	14		(22,906)		(44,365)
Increase in Cash	16		17,039		1,694
Reconciliation of Net Revenue before Finance Costs and Taxation to Net Cash Inflow from Operating Activities					
Net revenue before finance costs and taxation			20,030		20,925
Expenses charged to capital			(1,817)		(1,930)
Scrip dividends			–		(83)
Decrease/(Increase) in accrued income			369		(228)
Increase in other creditors			34		120
(Increase)/Decrease in other debtors			(4)		21
Adjustment for pension funding			(229)		97
Tax on investment income			(1,058)		(936)
Net Cash Inflow from Operating Activities			**17,325**		**17,986**

The accompanying notes are an integral part of this statement.

Accounting Policies

A summary of the principal accounting policies is set out in paragraphs (a) to (i) below. All have been applied consistently throughout the current and the preceding year:

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention, modified to include the revaluation of investments, and in accordance with applicable United Kingdom accounting standards. The company's accounting policies comply with the AIC Statement of Recommended Practice (SORP) 'Financial Statements of Investment Trust Companies'.

(b) Valuation of Investments

Listed investments are valued at fair value through profit or loss. Fair value is the closing bid or last traded price according to the recognised convention of the markets on which they are quoted. Where trading in the securities of an investee company is suspended, the investment is valued at the board's estimate of its net realisable value. Where appropriate the directors have adopted the guidelines issued by the International Private Equity and Venture Capital Association for the valuation of unlisted investments. Heritable property is included at a professional valuation. Depreciation is not charged on heritable property as it is not material.

Realised surpluses or deficits on the disposal of investments and permanent impairments in the value of investments are taken to capital reserve – realised, and unrealised surpluses and deficits on the revaluation of investments are taken to capital reserve – unrealised as explained in note (h) below.

Year end exchange rates are used to translate the value of investments which are denominated in foreign currencies.

(c) Income

Dividends receivable on quoted shares are brought into account on the ex-dividend date. Dividends receivable on shares where no ex-dividend date is quoted are brought into account when the company's right to receive payment is established.

Fixed returns on non-equity shares are recognised on a time apportionment basis so as to reflect the effective yield on the shares. Other returns on non-equity shares are recognised when the right to the return is established. The fixed return on a debt security is recognised on a time apportionment basis so as to reflect the effective yield on the debt security.

Where the company elects to receive dividends in the form of additional shares rather than in cash, the amount of the cash dividend is recognised as income. Any excess in the value of the shares received over the amount of the cash is recognised in capital reserves.

(d) Expenses

All expenses are accounted for on an accruals basis.

Eligible investment expenses have been charged one-half to revenue reserve and one-half to capital reserve-realised in line with the directors' expectations of the nature of long-term future returns from the company's investments (2007: same).

Expenses which are incidental to the acquisition of an investment are included within the cost of the investment.

Expenses which are incidental to the disposal of an investment are deducted from the proceeds of the investment.

(e) Finance Costs

Interest payable has been charged one-half to revenue reserve, one-half to capital reserve-realised in line with the directors' expectations of long-term future returns from the company's investments (2007: same). Tax relief applicable to those charges is allocated between revenue and capital using the marginal basis.

The discount and expenses of issue on the secured bonds due 2030 have been included in the financing costs of the issue which are being written off over the life of the bonds.

(f) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted. The company has no deferred tax asset or liability.

(g) Foreign Currency

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates at the date of the transaction or, where appropriate, at the rate of exchange in a related forward contract. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. 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 capital reserve or in the revenue account depending on whether the gain or loss is of a capital or revenue nature.

(h) Capital Reserves

Capital reserve – realised

The following are accounted for in this reserve:

- gains and losses on the realisation of investments
- realised exchange differences of a capital nature
- realised gains and losses on transactions undertaken to hedge an exposure of a capital nature
- the funding of ordinary stock repurchases
- expenses, interest and tax charged to capital.

Capital reserve – unrealised

The following are accounted for in this reserve:

- increases and decreases in the valuation of investments held at the year end
- unrealised exchange differences of a capital nature
- unrealised gains and losses on transactions undertaken to hedge an exposure of a capital nature
- increases and decreases in the valuation of the pension fund surplus or deficit.

(i) Pensions

Information on the company's pension scheme is contained in note 4 to the Financial Statements on page 32.

Notes to the Financial Statements
for the year to 31 October 2008

1. Income

	2008 £'000	2007 £'000
UK franked income including special dividends of £9,000 (2007: £353,000)	8,617	9,413
UK unfranked income	646	765
Overseas dividends including special dividends of £905,000 (2007: £218,000)	10,171	8,409
Scrip dividends	–	83
Deposit interest	3,372	4,951
Forward sales of US dollars	(153)	83
	22,653	**23,704**
Income includes:		
Listed UK	9,262	10,175
Listed overseas	10,171	8,492
Unlisted	1	3
	19,434	**18,670**

2. Expenses

	2008 £'000	2007 £'000
Staff costs (Note 3)	2,712	2,781
Auditors' remuneration for audit services	28	27
Pension scheme audit	4	3
Auditors' remuneration for tax advisory services	8	4
Other financial advisory services	1	1
Other expenses	1,687	1,893
	4,440	4,709

Eligible investment expenses have been charged one-half to revenue reserve and one-half to capital reserve-realised (2007: same).

3. Staff Costs

	2008 £'000	2007 £'000
Remuneration	2,047	2,078
Social security costs	229	237
Pensions and post-retirement benefits	436	466
	2,712	2,781

The average monthly number of persons employed during the year was:

	2008 Number	2007 Number
Investment	11	11
Administration	11	11
	22	22
Directors' remuneration: Fees for services as directors	**£136,000**	**£142,000**

4. Pension Scheme

The company's defined benefit pension scheme based on final salary is now closed to new entrants. The assets of the scheme are held separately from those of the company. The fund is under the control of trustees and is administered by Punter Southall & Co, consulting actuaries.

Actuarial valuations are obtained triennially and are updated at each balance sheet date. A full actuarial valuation was carried out in 2007 which disclosed a scheme deficit of £2,006,000 on 31 July 2007. The company has agreed to meet this deficit over nine years by equal instalments. It should be noted that this deficit differs from that disclosed by Financial Reporting Standard 17 (FRS17) which is set out below and which is the liability required to be shown in the financial statements. The main reason for the difference is that FRS17 requires future liabilities to be calculated actuarially using a rate of return based on the yield from investment grade corporate bonds which is lower than the expected rate of return on the equities in which the scheme is invested. The FRS17 liability is separately disclosed in the balance sheet.

For the defined benefits scheme the amounts charged against revenue, as part of staff costs, are the actuarial estimation of 'current service costs' (that is, the increase in scheme liabilities arising from employee service) for the current accounting period and gains and losses from settlements (whereby the company is relieved of a pension obligation) and from curtailments (whereby the estimated years of future service are reduced) in the period. The cost of past service benefits which have vested are charged against revenue as they arise. Where such benefits have not vested costs are accrued until vesting occurs.

For employees who are not members of the defined benefits scheme, the company operates a defined contribution scheme under which the company has agreed to pay contributions as a percentage of salary, but has no obligation to pay further contributions. For this scheme, the amount charged to revenue is the contributions payable for the year.

The following statement has been prepared for the defined benefits scheme in accordance with the requirements of FRS17, the purpose of which is to ensure that:
1. the company's financial statements show the assets of the scheme at fair value, and the liabilities arising from its obligations to employees on their retirement, actuarially estimated as prescribed by FRS17;
2. the operating costs of providing retirement benefits to employees, actuarially estimated, are charged against the profits of the years in which employees earn those benefits; and
3. the financial statements adequately disclose the cost of providing retirement benefits and the related gains, losses, assets and liabilities.

The major assumptions used for the actuarial valuation of the final salary scheme were:

		2008 %	2007 %	2006 %	2005 %	2004 %
Rate of increase in salaries		5.0	5.2	4.9	4.9	4.9
Rate of increase in pensions in payment		3.4	3.5	3.5	3.5	3.8
Discount rate		6.9	5.8	5.0	5.0	5.5
Inflation		3.0	3.2	2.9	2.9	2.9
Life expectancies on retirement at age 60 are:						
Retiring today	– males	26.2	26.1			
	– females	28.7	28.6			
Retiring in 20 years time	– males	27.5	27.4			
	– females	29.7	29.7			

The expected rates of return from the scheme assets on the balance sheet date were:

	2008 %	2007 %	2006 %	2005 %	2004 %
Equities	7.7	7.7	7.2	7.3	7.7
Bonds	4.7	4.7	4.2	4.3	4.7
With-profit policies	4.5	5.8	4.7	4.7	4.7
Cash	4.5	5.8	4.8	4.5	4.8

4. Pension Scheme (continued)

The fair value of the scheme assets and the present value of the scheme liabilities were:

	2008 £'000	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Equities	2,286	3,311	2,994	2,494	3,252
Bonds	83	104	100	71	93
With-profit policies	1,293	1,223	1,054	1,262	2,121
Cash	2,182	1,984	1,627	999	897
Total fair value of assets	5,844	6,622	5,775	4,826	6,363
Present value of scheme liabilities	(6,194)	(7,471)	(7,570)	(6,757)	(7,793)
Net pension liability	**(350)**	**(849)**	**(1,795)**	**(1,931)**	**(1,430)**

Reconciliation of the opening and closing balances of the present value of the scheme assets	2008 £'000	2007 £'000
Fair value of scheme assets at beginning of year	6,622	5,775
Expected return on scheme assets	437	355
Actuarial gain/(loss)	(1,371)	137
Contributions by employers	543	380
Contributions by plan participants	37	41
Benefits paid	(424)	(66)
Fair value of scheme assets at year end	5,844	6,622

Reconciliation of the opening and closing balances of the present value of the scheme liabilities	2008 £'000	2007 £'000
Liabilities at beginning of year	7,471	7,570
Current Service Cost	333	444
Interest Cost	418	388
Contributions by scheme participants	37	41
Actuarial (gain)	(1,642)	(906)
Benefits paid	(423)	(66)
Liabilities at end of year	6,194	7,471

4. Pension Scheme (continued)

Analysis of amount chargeable to operating profit during the year

	2008 £'000	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Current service cost	370	484	446	363	424
Settlement/curtailments	–	–	–	–	(1,530)
Total operating charge	370	484	446	363	(1,106)
Employee contribution to be set off	(37)	(41)	(37)	(35)	(49)
Analysis of amount credited to other finance income:					
Expected return on assets	437	355	298	360	430
Interest on liabilities	(418)	(388)	(347)	(370)	(423)
Net return	19	(33)	(49)	(10)	7
Movement in deficit during year:					
Deficit at beginning of year	(849)	(1,795)	(1,931)	(1,430)	(1,174)
Movement in year:					
Current service cost	(370)	(484)	(446)	(363)	(424)
Contributions for year	580	420	362	314	303
Contributions prepaid	–	–	–	–	–
Settlements/curtailments	–	–	–	–	1,530
Net return from other finance income	19	(33)	(49)	(10)	7
Actuarial gain/(loss) in statement of total recognised gains and losses	270	1,043	269	(442)	(1,672)
Deficit at end of year	**(350)**	**(849)**	**(1,795)**	**(1,931)**	**(1,430)**

	2008 £'000	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Analysis of the actuarial deficit in the statement of recognised gains and losses:					
Actual return less expected return on assets	(1,371)	137	365	256	(376)
Experience (losses)/gains on liabilities	(143)	363	(96)	(153)	(988)
Change in assumptions	1,784	543	–	(545)	(308)
Actuarial gain/(loss) in statement of total recognised gains and losses	**270**	**1,043**	**269**	**(442)**	**(1,672)**

History of experience gains and losses

	2008 %	2008 £'000	2007 %	2007 £'000	2006 %	2006 £'000	2005 %	2005 £'000	2004 %	2004 £'000
Difference between actual and expected return on assets	(24)	(1,371)	2	137	6	365	5	256	6	(376)
Experience (losses)/gains on liabilities	(2)	(143)	5	363	1	(96)	2	(153)	13	(988)
Total amount recognised on statement of total recognised gains and losses	3	270	14	1,043	4	269	7	(442)	21	(1,672)

The pension cost of operating the defined contribution scheme amounted to £65,000 (2007: £52,000).

5. Interest Payable

	2008 £'000	2007 £'000
On secured bonds, debentures, bank loans, overdrafts and other loans	6,309	6,306
Amortisation of secured bond issue expenses	121	120
	6,430	**6,426**

Interest payable has been charged one-half to revenue reserve and one-half to capital reserve-realised (2007: same).

6. Tax on Ordinary Activities

	2008 £'000	2007 £'000
Taxation		
UK Corporation tax at 28.83% (2007: 30%)	–	–
Overseas tax	890	845
Current tax	890	845

The tax charge for the year is lower than that resulting from applying the standard rate of corporation tax in the UK of 30% for financial year 2007 and 28% for financial year 2008 (2007: 30%).

	2008 £'000	2007 £'000
Return on ordinary activities before tax	**(238,307)**	**131,160**
Corporation tax at 28.83% (2007: 30%)	(68,704)	39,348
Effects of:		
Non taxable capital losses/(returns)	73,552	(34,034)
Finance costs charged to capital	(1,451)	(1,543)
Non taxable UK dividends	(2,485)	(2,824)
Non taxable scrip dividends	–	(25)
Unutilised expenses	(912)	(922)
Overseas tax	890	845
	890	**845**

There are unrelieved management expenses at 31 October 2008 of £55,083,000 (2007: £54,825,000) but the related deferred tax asset has not been recognised. This is because the company is not expected to generate taxable profits in a future period in excess of the deductible expenses of that future period and, accordingly, it is unlikely that the company will be able to reduce future tax liabilities through the use of existing unrelieved expenses.

7. Dividends

	2008 £'000	2007 £'000
Dividends paid on ordinary stock recognised in the year:		
Previous year final of 4.80p per unit (2006: 4.57p)	6,368	6,531
Previous year special of 2.00p per unit (2006: 2.00p)	2,655	2,860
Interim paid of 4.45p per unit (2007: 4.30p)	5,805	5,974
	14,828	**15,365**

Dividends paid take into account stock buybacks between the ex-dividend and payment dates.

8. Investments

	2008 £'000	2007 £'000
Investments listed on a recognised investment exchange	527,165	820,251
Unlisted investments	12,366	15,003
Subsidiary undertakings (Note 9)	103	103
	539,634	**835,357**

	Listed in UK £'000	Listed overseas £'000	Unlisted £'000	Total 2008 £'000
Opening book cost	195,453	398,448	10,463	604,364
Opening unrealised appreciation	90,453	135,897	4,643	230,993
Opening valuation	**285,906**	**534,345**	**15,106**	**835,357**
Movements in the year:				
Purchases at cost	237,462	590,164	133	827,759
Sales–proceeds	(292,096)	(571,252)	(4,262)	(867,610)
Sales–realised gains on sales	(2,121)	4,974	1,802	4,655
Decrease in unrealised appreciation	(97,253)	(162,964)	(310)	(260,527)
Closing valuation	131,898	395,267	12,469	539,634
Closing book cost	138,698	422,334	8,136	569,168
Closing unrealised (depreciation)/appreciation	(6,800)	(27,067)	4,333	(29,534)
Closing valuation	**131,898**	**395,267**	**12,469**	**539,634**

The purchases at cost and sales proceeds figures include transaction costs of £3,602,000 (2007: £1,840,000), comprising commissions, government stamp duty and other exchange fees.

	2008 £'000	2007 £'000
Realised gains on sales	4,655	90,709
(Decrease)/increase in unrealised appreciation	(260,527)	27,573
(Losses)/gains on investments	**(255,872)**	**118,282**

Unlisted investments include heritable property valued at £1,230,000 (2007: £1,230,000). The property was valued on an open market basis by Ryden, chartered surveyors, on 30 October 2006.

Financial assets – cash, deposits and current asset investments

	2008 Fixed £'000	2008 Floating £'000	2008 Total £'000	2007 Fixed £'000	2007 Floating £'000	2007 Total £'000
Sterling	40,000	7,875	47,875	69,000	1,502	70,502
Euro	–	1,824	1,824	–	12	12
US dollar	21,662	10,863	32,525	–	1,985	1,985
Other	–	–	–	–	24	24
	61,662	**20,562**	**82,224**	**69,000**	**3,523**	**72,523**

The maximum period for fixed rate deposits outstanding at the year end was 1 day (2007: 34 days). The weighted average fixed interest rate at the year end was 2.59% (2007: 5.90%). Floating interest rates vary in relation to short term rates in the currencies in which deposits are held.

9. Subsidiary Undertakings

The company has investments in the following subsidiary undertakings:

Name of undertaking	Principal activity	Country of incorporation and voting and operation	Description of shares held	Proportion of nominal value of issued shares and voting rights held
Hurtree Limited	Investment	UK	Ordinary	100%
SIT Savings Limited	Investment products	UK	Ordinary	100%

The accounts of these subsidiaries have not been consolidated with those of the parent company as, in the opinion of the directors, the amounts involved are not material. The directors are satisfied that the valuation of the subsidiaries reflects and does not exceed the value of the underlying assets.

10. Significant Interests

Details of investments, other than subsidiaries, in which the company has an interest of 20% or more of the nominal value of the allotted shares of any class, or of the net assets, are as follows:

Name of undertaking	Country of incorporation and operation	Description of shares held	Percentage held	Aggregate capital and reserves £'000	Profit/(loss) after tax for year £'000
Sprout Growth Limited	Cayman Islands operating in USA	Ordinary and participating	49.7	235	(4)

11. Debtors

	2008 £'000	2007 £'000
Amounts due from brokers	11,900	2,614
Overseas tax recoverable	197	102
Prepayments and accrued income	751	1,116
	12,848	**3,832**

12. Creditors: Liabilities Falling Due Within One Year

	2008 £'000	2007 £'000
Amounts due to brokers	537	524
Other creditors	648	614
	1,185	**1,138**

13. Creditors: Liabilities Falling Due After More Than One Year

	2008		2007	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
4% perpetual debenture stock	350	273	350	270
4¼% perpetual debenture stock	700	583	700	576
5% perpetual debenture stock	1,009	985	1,009	972
5¾% secured bonds due 17/4/2030	105,433	101,277	105,313	110,431
	107,492	**103,118**	**107,372**	**112,249**

The secured bonds are secured by a floating charge over the assets of the company and have a redemption value in 2030 of £108,015,000.

The debenture stocks and secured bonds are stated in the balance sheet at book value. Restating them at estimated market value of £103.1m (2007: £112.2m) has the effect of increasing the year end NAV per ordinary stock unit from 405.5p to 408.9p (2007: 597.6p to 593.9p). Estimated market value is the fair value of the company's secured bonds and debenture stocks.

14. Called-Up Share Capital

	Authorised		Issued	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Ordinary stock units of 25p	85,500	85,500	32,407	33,567
Number of ordinary stock units in issue			129,626,218	134,267,515

4,641,297 ordinary stock units were repurchased in the stockmarket during the year to 31 October 2008 (2007: 8,880,100).

8,000 ordinary stock units were repurchased between 31 October 2008 and 5 December 2008.

15. Reserves

	Share premium account £'000	Capital redemption reserve £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Revenue reserve £'000
At 1 November 2007	39,922	37,294	417,412	230,263	43,895
Exchange difference	–	–	5,782	–	–
Net gain on realisation of investments	–	–	4,655	–	–
Decrease in unrealised appreciation	–	–	–	(260,527)	–
Ordinary stock repurchased	–	1,160	(22,919)	–	–
Actuarial gain relating to pension scheme	–	–	–	111	159
Interest, expenses and tax charged to capital in current year	–	–	(3,582)	–	–
Revenue return on ordinary activities after tax	–	–	–	–	14,475
Dividends paid during the year	–	–	–	–	(14,828)
At 31 October 2008	39,922	38,454	401,348	(30,153)	43,701

15. Reserves (continued)

The Company may only distribute accumulated 'realised' profits. The Institute of Chartered Accountants in England and Wales, has issued guidance (TECH 01/08), stating that profits arising out of the change in fair value of assets, recognised in accordance with Accounting Standards, may be distributed, provided the relevant assets can be readily converted into cash. Securities listed on a recognised stock exchange are generally regarded as being readily convertible into cash and hence revaluation gains less losses on listed investments currently included within the Capital reserve – unrealised may be regarded as distributable under company law. However it should be noted that the company's articles of association prohibit the distribution of capital profits by way of dividend.

16. Analysis of Changes in Net Debt During the Year

	1 November 2007 £'000	Cash flows £'000	Non-cash movements £'000	31 October 2008 £'000
Cash at bank	3,523	17,039	–	20,562
Short term deposits	69,000	(7,338)	–	61,662
Borrowings due after one year	(107,372)	–	(120)	(107,492)
	(34,849)	**9,701**	**(120)**	**(25,268)**

17. Contingencies, Guarantees and Financial Commitments

	2008 £'000	2007 £'000
Contingencies, guarantees and financial commitments of the company at the year end, which have not been accrued, are as follows:		
Commitments to provide additional funds to investees	1,949	1,872

18. Financial Instruments

Summary of financial assets and financial liabilities by category

The carrying amounts of the company's financial assets and financial liabilities at the balance sheet date are as follows. The accounting policies on page 30 explain how the various categories of financial instrument are measured.

	2008 £'000	2007 £'000
Financial assets		
Financial assets at fair value through profit or loss		
Fixed asset investments – designated as such on initial recognition	539,634	835,357
Current assets:		
Debtors	12,848	3,832
Cash and short term deposits	82,224	72,523
	95,072	76,355
Financial liabilities		
Creditors: liabilities falling due within one year		
Purchases awaiting settlement	(537)	(524)
Other creditors	(648)	(614)
Creditors: liabilities falling due after more than one year		
Long-term borrowings at par	(107,492)	(107,372)
Pension liability	(350)	(849)
	(109,027)	**(109,359)**

18. Financial Instruments (continued)

Financial instruments, risk management policies and procedures

As an investment trust the company invests in equities and other investments for the long-term so as to secure its investment objectives stated on page 1. In pursuing its investment objective, the company is exposed to a variety of risks that could result in either a reduction in the company's net assets or a reduction in the profits available for dividends.

The main risks include investment and market price risk (comprising foreign currency risk and interest rate risk), liquidity risk and credit risk and the directors' approach to the management of them, is set out below. The board of directors, the manager and the company secretary coordinate the company's risk management.

The objectives, policies and processes for managing the risks, and the methods used to measure the risks, set out below, have not changed from those applying in the comparative year.

a. Investment and market price risk

The holding of securities and investing activities involve certain inherent risks. Events may occur which affect the value of investments. The company holds a portfolio which is well diversified across industrial and geographical areas to help minimise these risks. It may also use derivatives. Trading in derivatives is not within the normal activities of an investment trust nor is it the company's policy to trade in such instruments. However, from time to time the company may wish to use such instruments in order to protect against a specific risk or to facilitate a change in investment strategy such as the movement of funds from one area to another. No such transaction may take place without the prior authorisation of the board.

b. Foreign currency risk

Approximately 64% of the company's assets are invested overseas which gives rise to a currency risk. This risk is monitored by the managers on a daily basis and by the board monthly. From time to time specific hedging transactions are undertaken. The company's overseas income is subject to currency movements. During the year, US dollar dividend income was hedged by forward sales of US dollars. The currency profile of the company's monetary assets and liabilities is set out in notes 8 and 13. In accordance with FRS 13, short-term debtors and creditors have been excluded from the disclosures.

Management of the risk

The manager monitors the company's exposure to foreign currencies on a daily basis, and reports to the board at regular intervals. The manager measures the risk to the company of the foreign currency exposure by considering the effect on the company's net asset value and income of a movement in the rates of exchange to which the company's assets, liabilities, income and expenses are exposed.

Foreign currency borrowings and forward currency contracts may be used to limit the company's exposure to anticipated future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments or the income received from them. These borrowings and contracts are limited to currencies and amounts commensurate with the asset exposure to those currencies.

Income denominated in foreign currencies is converted to sterling on receipt. The company does not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt.

18. Financial Instruments (continued)

Foreign currency exposure

The fair values of the company's monetary items which have foreign currency exposure at 31 October 2008 are shown below. The company's equity investments (which are not monetary items) which are priced in a foreign currency, have been included separately in the analysis so as to show the overall level of exposure.

2008	US $ £'000	Euro £'000	Other £'000
Debtors (amounts due from brokers, dividends receivable and accrued income)	133	–	366
Cash at bank	32,524	1,824	–
Foreign currency exposure on net monetary items	32,657	1,824	366
Equity investments at fair value through profit or loss	201,462	77,938	126,733
Total net foreign currency exposure	**234,119**	**79,762**	**127,099**

2007	US $ £'000	Euro £'000	Other £'000
Debtors (amounts due from brokers, dividends receivable and accrued income)	2,884	–	85
Cash at bank	1,985	12	24
Foreign currency exposure on net monetary items	4,869	12	109
Equity investments at fair value through profit or loss	201,980	146,640	199,028
Total net foreign currency exposure	**206,849**	**146,652**	**199,137**

The above year end amounts are not representative of the exposure to risk during the year, because the levels of monetary foreign currency exposure may change significantly throughout the year. The maximum and minimum net monetary assets/(liabilities) amounts for each currency were as follows.

Year ended 31 October 2008	US $ £'000	Euro £'000	Other £'000
Maximum	55,809	19,334	11,850
Minimum	(16,537)	10	(14,655)
Year ended 31 October 2007			
Maximum	4,511	10,480	8,009
Minimum	(1,106)	(7,686)	4

18. Financial Instruments (continued)

Foreign currency sensitivity

The following table illustrates the sensitivity of the total return for the year and the stockholders equity in regard to the company's monetary financial assets and financial liabilities. It assumes a 10% depreciation of sterling against both the US dollar and the euro. These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the company's monetary foreign currency financial instruments held at each balance sheet date.

	2008 US $ £'000	2008 Euro £'000	2007 US $ £'000	2007 Euro £'000
If sterling had weakened by 10% against the currencies shown, this would have had the following effect:				
Income statement – return on ordinary activities after taxation:				
Revenue return	162	423	202	270
Capital return	23,282	8,427	21,108	16,505
Return attributable to equity stockholders	**23,444**	**8,850**	**21,310**	**16,775**

A 10% strengthening of sterling against the above currencies would result in an equal and opposite effect on the above amounts.

In the opinion of the directors, the above sensitivity analyses are broadly representative of the whole of the current and comparative years.

c. Interest rate risk

The company finances its operations through a combination of investment realisations, retained revenue reserves, bank credit facilities, debenture stocks and secured bonds. All of the existing debenture stocks and secured bonds are at fixed rates. The company has undrawn short-term multicurrency line of credit facilities which can be drawn at variable rates of interest. Details of interest rates on financial assets are included in note 8. Details of interest rates on financial liabilities are included in note 13.

Management of the risk

The company finances part of its activities through borrowings at levels which have been approved and are monitored by the board. The company, generally, does not, except in exceptional market conditions, hold significant cash balances.

Interest rate exposure

The exposure, at the year end, of financial assets and financial liabilities to interest rate risk is shown by reference to floating interest rates.

	2008 Within one year £'000	2008 More than one year £'000	2008 Total £'000	2007 Within one year £'000	2007 More than one year £'000	2007 Total £'000
Exposure to floating interest rates						
Cash at bank	20,562	–	20,562	3,523	–	3,523
Exposure to fixed interest rates						
Short term deposits	61,662	–	61,662	69,000	–	69,000
Long term borrowings	–	(107,492)	(107,492)	–	(107,372)	(107,372)
Total exposure	**82,224**	**(107,492)**	**(25,268)**	**72,523**	**(107,372)**	**(34,849)**

18. Financial Instruments (continued)

Interest rate sensitivity

If interest rates had decreased by 5% on the reporting date, with all other variables held constant, the return attributable to equity stockholders as shown on the Income Statement would have decreased by the amounts shown in the table below:

	2008 £'000	2007 £'000
Income statement – return on ordinary activities after taxation		
Revenue return	(8)	(87)
Capital return	161	161
Return attributable to equity stockholders	**153**	74

A 5% increase in interest rates would result in an equal and opposite effect on the above amounts.

d. Liquidity risk

The majority of the company's assets comprise listed securities which represent a ready source of funds. In addition the company has access to short-term borrowing facilities. The maturity profile of the company's borrowings is included in note 13.

Management of the risk

Liquidity risk is not as significant as the other risks as the majority of the company's assets are investments in quoted equities and are readily realisable. The manager reviews the liquidity of the portfolio when making investment decisions.

e. Credit risk

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the company suffering a loss.

Management of the risk

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

- by only dealing with brokers which have been approved by the board of directors and banks, also approved by the board of directors, with high credit ratings assigned by international credit rating agencies; and
- by setting limits as to the maximum exposure to any one counterparty at any time. These are reviewed semi-annually at meetings of the audit committee.

f. Capital management policies and procedures

The company carries on its business as a global growth investment trust. Its objective is to provide investors, over the longer term, with above average returns through a diversified portfolio of international equities and to achieve dividend growth ahead of UK inflation.

The levels of effective and potential gearing are monitored closely by the board and manager. The company applies a ceiling on effective gearing of 120%. While effective gearing will be employed in a typical range of 100% to 120%, the company retains the ability to lower equity exposure below 100% if deemed appropriate.

The board, with the assistance of the manager, monitors and reviews the broad structure of the company's capital on an ongoing basis. This review includes the planned level of gearing which will take into account the manager's view on the market, the need to buy back stock units for cancellation which takes account of the difference between the net asset value per stock unit and the stock price (the company seeks to maintain a discount of 9% or less) 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 previous year.

Independent Auditors' Report

To the members of The Scottish Investment Trust PLC

We have audited the financial statements of The Scottish Investment Trust PLC for the year ended 31 October 2008 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movement in Stockholders' Funds, and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 October 2008 and of its return for the year then ended
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP
Chartered Accountants and Registered Auditors
Edinburgh, UK
8 December 2008

Investor Information

The company's wholly-owned subsidiary, SIT Savings Ltd, provides a number of low-cost, flexible investment products which enable investors to access SIT stock.

How to Invest

You can buy SIT stock using the low-cost investment products outlined below. SIT stock can also be bought directly on the stockmarket through a stockbroker. Your bank, lawyer, accountant or other professional adviser may be able to help with this.

STOCKPLAN

SIT's investment trust savings scheme is one of the lowest charging available. Extremely flexible, it allows you to invest regularly (minimum investment £25 per month) and/or with a lump sum (minimum investment £250). There is no maximum investment limit and you can stop and start investing at any time.

STOCKPLAN: A Flying Start

SIT's Investing for Children plan is based on the STOCKPLAN scheme. It benefits from the same low charges and flexibility and can be opened in one of two ways; either as a designated plan or, more formally, as a bare trust. STOCKPLAN: A Flying Start enables family and friends to invest on behalf of a child to help build savings for the future.

The SIT ISA

This is one of the most competitively priced stocks and shares ISAs on offer. There is no initial plan charge, other than stamp duty and dealing spread, nor are there closure or selling charges. The annual management fee of 0.6% of the value of the investment is capped at £30 + VAT regardless of how much your ISA investment grows or how many years' ISA allowances you invest with SIT.

The SIT SIPP

This allows investment into SIT through a low-cost, flexible, self-invested personal pension. The wide choice of investments available, including SIT, enables you to tailor the investment combination in the SIPP to suit your particular needs and objectives – whether you are just starting to contribute to your pension or are approaching retirement. You can open a SIT SIPP even if you are already an active member of an employer's pension scheme or are contributing to other pension plans.

Update on tax-efficient investing

ISAs

The overall ISA annual investment limit for the current tax year is £7,200 (up to £3,600 in a cash ISA and the balance, or full amount, in a stocks and shares ISA).

Transfers from cash ISAs into stocks and shares ISAs are permitted and do not count against the current year's subscription.

Investment in ISAs continues to be free from any capital gains tax. Higher rate tax payers do not have to pay any additional tax on the dividend, nor does it need to be included in a tax return.

The SIT SIPP

The SIT SIPP now accepts what is known as protected rights money.

Previously, the only option for most individuals who had built up a protected rights fund through contracting out of SERPs or the State Second Pension (S2P) into a personal pension was to hold it in a traditional style personal pension or stakeholder plan.

The government's new rules, which came into effect on 1 October 2008, give investors holding protected rights funds in a SIPP much greater investment flexibility.

SIT Schemes' Administrator Address

Halifax Share Dealing Limited (HSDL), SIT's STOCKPLAN and ISA Administrator, has changed its address.

HSDL's new address is:

SIT Schemes
Halifax Share Dealing Limited
Lovell Park Road
Leeds
LS1 1NS

Although post sent to HSDL's old address will be forwarded, it would be appreciated if SIT scheme investors could use the new address in any future correspondence with HSDL.

SIT Schemes' Administrator Telephone Number

There is one telephone number for the administration of the SIT STOCKPLAN and ISA schemes. This is the number for our scheme administrator, HSDL, and it should be used by holders of our STOCKPLAN, STOCKPLAN: A Flying Start and ISA schemes for:

- account queries
- requests for valuations
- information about your scheme
- instructing a sale
- making an investment using a debit card
- giving change of address details
- help with accessing STOCKPLAN and ISA information on line

The number is: **0845 850 0181**.

Dividends

The following dividends have been paid or proposed during 2008:

Dividends	Amount	XD date	Record date	Payment date
Final and Special 2007	6.80p	2 January 2008	4 January 2008	7 February 2008
Interim 2008	4.45p	11 June 2008	13 June 2008	18 July 2008
Final 2008	5.05p	7 January 2009	9 January 2009	5 February 2009

The STOCKPLAN and ISA schemes provide automatic reinvestment of dividends. However, they also allow for dividends to be taken as income, if required. STOCKPLAN and ISA holders should contact the scheme administrator, HSDL, on 0845 850 0181 if they would like to change their dividend arrangements.

Conversely, name on register stockholders (investors whose names are on our stock register and who hold their stock in certificated form) where dividends are automatically paid as income, can have their dividends reinvested by joining our Dividend Reinvestment Plan (DRIP). Details are available from Computershare Investor Services, our Registrar, on 0870 703 0195, or from the investor relations section on our website, **www.sit.co.uk**

Monitoring Your Investment

SIT's stock price, together with performance information and product details, can be found on SIT's website, **www.sit.co.uk**

The price of ordinary stock units is published daily in most quality newspapers and is also available on Ceefax and Teletext, listed as Scot.IT. In addition, a number of financial websites, such as the FT website, **www.ft.com** and Trustnet (Financial Express), **www.trustnet.com** carry stock price information.

SIT publishes a weekly NAV and a monthly statement on its website. An interim report is issued in June of each year, with the annual report being distributed to all investors in late December.

STOCKPLAN, STOCKPLAN: A Flying Start and ISA investors receive twice yearly statements of their holdings and SIT's investor newsletter is issued twice yearly.

Accessing Your Account Online

ISA, STOCKPLAN and STOCKPLAN: A Flying Start designated scheme investors

The above scheme investors may view their accounts online by registering with halifax-online. This can be accessed through the links in the various product sections on our website, **www.sit.co.uk** or by visiting **www.halifax.co.uk/online** Please note you will need your Share Dealing Personal Reference Number (PRN) to access this service. If you do not have this, please contact SIT's scheme administrator, HSDL, on 0845 850 0181.

SIPP investors

SIPP investors can set up monthly payments, buy and sell stock and access their account online, by visiting **www.halifax.co.uk/online**

Name on register stockholders

Investors who hold ordinary stock in their own name on SIT's stock register can check their holdings on our Registrar's website, **www-uk.computershare.com** or through the link in the investor relations section on SIT's website, **www.sit.co.uk** Please note that to access this facility, investors will need to quote the reference number shown on their stock certificate. Alternatively, by registering for the Investors' Centre facility on Computershare's website, investors can view details of all their holdings for which Computershare is Registrar, as well as access additional facilities and documentation.

Please see **www-uk.computershare.com/investor** for further information.

Electronic Communications

If you are a name on register stockholder (i.e. not in the STOCKPLAN, ISA or SIPP schemes, nor in a broker's nominee) you may choose to receive our interim and annual reports and other stockholder communications electronically instead of in paper form. All you need to do to register is to visit the link in the investor relations section on our website, **www.sit.co.uk** and provide your email details. You will then be advised by email when an electronic communication is available to be accessed.

Stockholders' Meetings

Investors whose names appear on the main stock register (i.e. not in one of our schemes, nor in a broker's nominee) are entitled to attend and vote at the AGM and other general meetings. Notices of meetings and proxy cards are sent to their registered addresses.

STOCKPLAN, STOCKPLAN: A Flying Start and ISA investors are entitled to attend the AGM and other general meetings and vote on a poll by completing and returning the form of direction enclosed with this report.

The AGM will be held at the Roxburghe Hotel, Charlotte Square, Edinburgh on 30 January 2009 at 10.30am.

Electronic Voting

Name on register stockholders in their own right (ie not in one of our schemes, nor in a broker's nominee) are able to submit proxy votes electronically for our AGM. Please follow the instructions on your proxy card.

Personal Taxation

Income Tax

Currently, all UK dividends are paid to stockholders net of a tax credit of 10%. Changes to the tax regime mean that from April 1999 non-tax payers are no longer able to reclaim the tax credit.

Non-ISA stockholders liable to higher rates of tax will be assessed for any additional tax through their annual tax return.

Investor Information (continued)

Capital Gains Tax (CGT)

Investment trusts currently pay no CGT on gains made within the portfolio. When investors sell all or part of their holdings, they may be liable to CGT. Currently, the first £9,600 pa of such gains from all sources is exempt.

For investors who purchased stock prior to 31 March 1982 the cost for CGT purposes may be based on the price on that date of 41.472p.

Investors who are in any doubt as to their liability for CGT should seek professional advice.

ISA investments remain exempt from CGT.

Please remember that we are unable to offer individual investment or taxation advice. If you require such advice, you should consult your professional adviser. SIT Savings Limited is authorised and regulated by the Financial Services Authority (FSA), 25 The North Colonnade, Canary Wharf, London E14 5HS.

Risk Warning

The capital value of stock units and the income from them can go down as well as up as a result of market and currency fluctuations and cannot be guaranteed. That means you may not get back the amount you originally invested. Past performance may not be repeated and is no indicator of future performance. The Scottish Investment Trust PLC has a long-term policy of borrowing money to invest in equities in the expectation that this will improve returns for stockholders. However, if markets fall, these borrowings will magnify any losses. Investment in SIT is intended as a long-term investment. Taxation levels, bases and reliefs are subject to change and may depend on individual circumstances.

Further Information

For further information and brochures on any SIT products please visit our website, **www.sit.co.uk** or contact:

SIT Investor Relations
SIT Savings Limited
Freepost EH882
Edinburgh
EH2 0BR

Brochure Request Line: 0800 42 44 22
Fax: 0131 226 3663
Email: heather@sit.co.uk

Notice of Meeting

Notice is hereby given that the one hundred and twenty first annual general meeting of The Scottish Investment Trust PLC will be held at The Roxburghe Hotel, Charlotte Square, Edinburgh, on 30 January 2009 at 10:30am, for the purpose of transacting the following:

As ordinary business:

1. To receive and consider the directors' report and statement of accounts for the year to 31 October 2008.
2. To approve the directors' remuneration report for the year to 31 October 2008.
3. To declare a final dividend of 5.05p per ordinary stock unit.
4. To re-elect Mr Douglas McDougall as a director.
5. To re-elect Mr Francis Finlay as a director.
6. To re-elect Mr James MacLeod as a director.
7. To re-appoint Deloitte LLP as auditors and to authorise the directors to fix their remuneration.
8. To authorise the company, in accordance with section 166 of the Companies Act 1985 (the 'Act') and in substitution for any pre-existing such authority, to make market purchases (within the meaning of section 163 (3) of the Act) of ordinary stock units of 25p each ('ordinary stock units'), provided that:
   a. the maximum number of ordinary stock units hereby authorised to be purchased shall be 14.99% of the issued ordinary stock on the date this resolution is passed;
   b. the minimum price which may be paid for an ordinary stock unit shall be 25p;
   c. the maximum price (exclusive of expenses) which may be paid for an ordinary stock unit shall be the higher of:
      (i) 105% of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the five business days immediately preceding the date of purchase; and
      (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out;
   d. unless previously varied, revoked or renewed, the authority hereby conferred shall expire on 30 April 2010, save that the company may, prior to such expiry, enter into a contract to purchase ordinary stock units under such authority which will or might be executed wholly or partly after the expiration of such authority and may make a purchase of ordinary stock pursuant to any such contract.

All resolutions are ordinary resolutions except number 8 which is a special resolution.

Steven Hay
Secretary
8 December 2008

Notes

Arrangements have been made to enable all investors to attend and vote at the annual general meeting.

Registered stockholders whose names appear on the company's register of members at the close of business on 28 January 2009 are entitled to attend and vote at the meeting in respect of ordinary stock registered in their names at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote on his or her behalf. If a stockholder wishes to appoint more than one proxy, each proxy must be appointed to exercise rights attaching to a different £1 nominal value, or multiple of £1 in nominal value, of ordinary stock units held by the stockholder. A proxy need not be a member of the company. Proxy forms must be lodged with the company's registrar not less than 48 hours (excluding non-working days) before the meeting or, in the case of a poll taken more than 48 hours after it was demanded, not less than 24 hours before the time appointed for the taking of the poll. Completion of the proxy form will not prevent a member from attending the meeting and voting in person.

In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate stockholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that stockholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate stockholder attends the meeting but the corporate stockholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate stockholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – **www.icsa.org.uk** – for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed as described in (i) above.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the annual general meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. 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 or instruction made using the CREST service to be valid, the appropriate CREST message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Computershare Investor Services PLC (Crest ID Number 3RA50) no later than 10.30am on 28 January 2009. A message received through the CREST network after this time will not be accepted. The time of receipt will be taken to be the time from which the company's registrar is able to retrieve the message by enquiry to CREST.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear 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.

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.

Any person holding 3% of the total voting rights in the company who appoints a person other than the chairman as his proxy will need to ensure that both he and such third party comply with their respective disclosure obligations under the Disclosure and Transparency Rules. As at 5 December 2008, the total number of voting rights exercisable at the meeting was 32,405,000.

Members may require the company to publish, on its website, a statement setting out any matter relating to the audit of the company's accounts, including the auditors' report and the conduct of the audit, which they intend to raise at the meeting. 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 stock in the company on which there has been paid up an average sum per member of at least £100.

STOCKPLAN, STOCKPLAN: A Flying Start and ISA investors are welcome to attend and may vote on a poll by completing the Form of Direction enclosed with this report. This must be returned to the company's registrar no later than 10.30am on 23 January 2009. Other investors whose holdings are in nominee names and who wish to attend and vote are advised to contact their nominee before 23 January 2009.

The final dividend, if approved, will be paid on 5 February 2009 to stockholders registered at the close of business on 9 January 2009.

This report is sent to the address at present registered for communications. Any change of address should be notified to the company's registrar or the savings scheme administrator.

The register of directors' interests maintained by the company will be available for inspection at the meeting together with copies of directors' appointment letters.

Financial Calendar 2009

Dividend and Interest Payments	
Ordinary stock final for the financial year to 31 October 2008	5 February 2009
Ordinary stock interim	July
Secured bonds	17 April, 17 October
Perpetual debenture stock	30 April, 31 October

Announcement of Results	
NAV	Weekly
NAV & Monthly Statement	Monthly
Interim Management Statement	February, August
Interim figures	May
Preliminary final figures	November
Annual Report & Accounts	December
Annual General Meeting (AGM)	30 January 2009

Useful Addresses

Registered Office

6 Albyn Place
Edinburgh
EH2 4NL
Registered no. SCO 01651

Telephone 0131 225 7781
Facsimile 0131 226 3663
website **www.sit.co.uk**

Auditors

Deloitte LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2DB

Bankers

The Royal Bank of Scotland plc
The Bank of New York Mellon
Brown Brothers Harriman & Co

Actuaries

Punter Southall & Co
Charlotte House
2 South Charlotte Street
Edinburgh
EH2 4AW

The Association of Investment Companies

SIT is a member of The Association of Investment Companies (AIC) which publishes a number of useful free booklets and explanatory leaflets for investors interested in investment trusts. Their address is:

The AIC
9th Floor
24 Chiswell Street
London
EC1Y 4YY

Telephone 020 7282 5555
website **www.theaic.co.uk**

For valuations and other details of your investment or to notify a change of address please contact the following:

Registrar

Computershare Investor Services PLC
PO Box 82
The Pavilions
Bridgwater Road
Bristol
BS99 7NH

Helpline 0870 703 0195
website **www-uk.computershare.com**

STOCKPLAN and STOCKPLAN: A Flying Start and The SIT ISA Administrator

Halifax Share Dealing Limited
Lovell Park Road
Leeds
LS1 1NS

Helpline 0845 850 0181
website **www.halifax.co.uk/online**

The SIT SIPP Administrator

If you have any specific questions about the administration of your SIT SIPP or any other pension related enquiries, contact the SIPP Administrator, AJ Bell Management Limited:

The SIT SIPP
Halifax Share Dealing SIPP Administration Team
AJ Bell Management Limited
Trafford House
Chester Road
Manchester
M32 0RS

Helpline 08457 22 55 25

Notes

Notes

The Scottish Investment Trust PLC
6 Albyn Place
Edinburgh
EH2 4NL

Telephone 0131 225 7781
Facsimile 0131 226 3663

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