

The Scottish Investment Trust PLC

Interim Report

For the six months to 30 April 2011

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Principal Risks and Uncertainties

The principal risks and uncertainties facing the business are investment and market price risk, interest rate risk, liquidity risk and foreign currency risk. These are unchanged from the previous financial year.

Responsibility Statement

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

- the condensed 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;
- the interim report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- no transactions with related parties took place during the first six months of the financial year.

For and on behalf of the board



Douglas McDougall
Chairman
27 May 2011

The Company

Company Data as at 30 April 2011

£779,393,000

Total Assets

£669,560,000

Shareholders' Funds

£591,565,000

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.

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 and, should stockmarkets fall, such borrowings would magnify any losses on these investments. SIT can buy back and cancel its own shares. All other things being equal, this would have the effect of increasing gearing.

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 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 30 April 2011 the company had in issue 114,866,926 shares and long-term borrowings at par amounted to £107,793,000 with an average annual interest cost of 5.9%.

Management Expenses

The total expenses of managing the company's business during the last financial year were £4,284,000, equivalent to 0.70% of average shareholders' funds. The company aims to keep this percentage low in comparison with competing investment products.

ISA and SIPP

The shares are eligible for ISAs and SIPPs. Details of all of the savings schemes offered by SIT Savings Ltd are shown on page 11.

The Association of Investment Companies (AIC)

The company is a member of the AIC, the trade organisation for the closed-ended investment company industry.

Financial Highlights

Capital

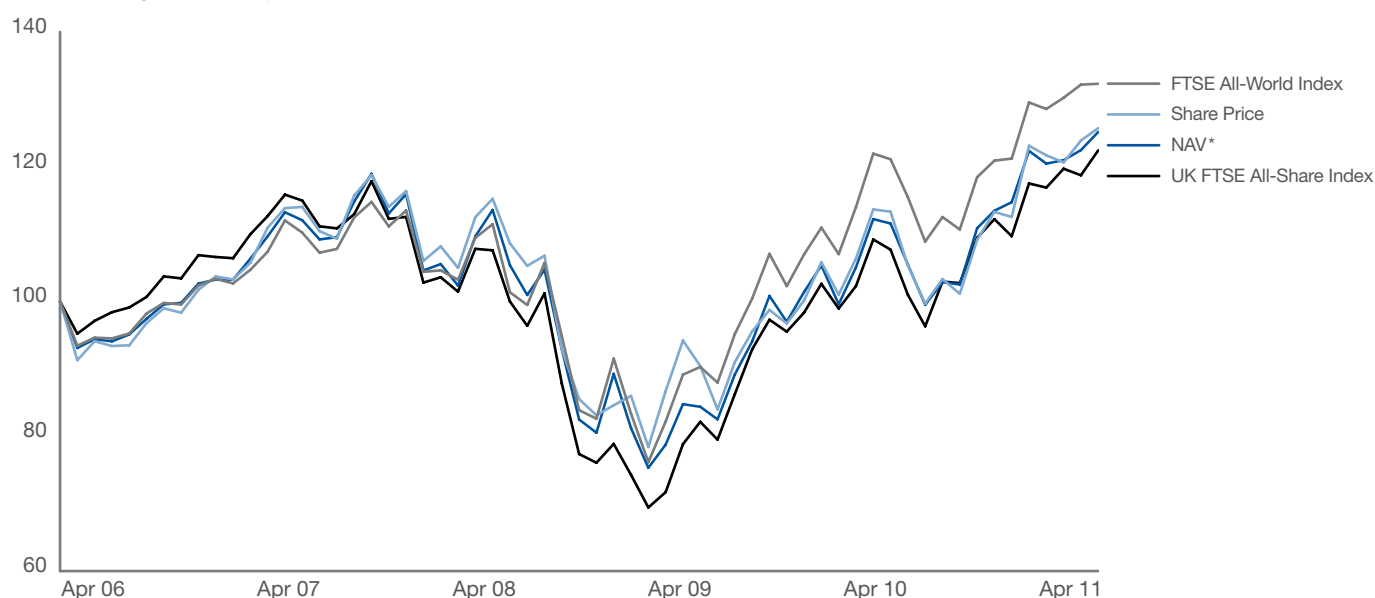
	30 April 2011	31 October 2010	Change %
NAV with borrowings at par	582.9p	533.7p	9.2
NAV with borrowings at market value	572.4p	521.7p	9.7
Ex-income NAV with borrowings at par	578.3p	527.7p	9.6
Ex-income NAV with borrowings at market value	567.8p	515.7p	10.1
Share price	515.0p	469.3p	9.7
Discount to ex-income NAV with borrowings at market value	9.3%	9.0%	
FTSE All-World Index			8.2
UK FTSE All-Share Index			7.5
	£'000	£'000	
Total assets	779,393	740,140	
Borrowings at par	(107,793)	(107,733)	
Pension liability	(2,040)	(2,040)	
Shareholders' funds	669,560	630,367	

Income

	30 April 2011 £'000	Six months to 30 April 2010 £'000	
Total income	8,760	9,686	
Earnings per share	4.48p	4.89p	
Dividend per share	4.60p	4.45p	3.4
UK Consumer Prices Index			4.5
UK Retail Prices Index			5.2

NAV* and Share Price against Comparator Indices

Total return 5 years to 30 April 2011



* With borrowings at par.

Chairman's Review

In the six months to 30 April 2011, the net asset value per share (NAV) total return was 10.8% (with borrowings at market value). The share price total return was 11.0% as the discount remained stable, ending the period at 9.3%. The NAV and share price total return performances were ahead of the company's UK and global comparator indices. The FTSE All-World Index total return was 9.4% and the UK FTSE All-Share Index total return was 9.1%. Stock selection was the key contributor to the outperformance.

From the introduction of the current investment approach at the end of January 2004 to 30 April 2011, the cum-income NAV total return and share price total return have outperformed both the UK and global comparator indices by a significant margin.

The gains made by global equity markets in the six month period were achieved in the face of some significant challenges which included the catastrophic earthquake which struck Japan in March, political unrest in the Middle East which contributed to a rise in oil prices of over 50% in the period and the continuing budget crisis afflicting the periphery of the eurozone. Central banks in emerging regions and most notably China took further action to control rising inflationary pressures. More positively, economic data from the US and the core of Europe was encouraging while strong corporate earnings underlined the broad health of the corporate sector, which was also evident in high levels of merger and acquisition activity. However, the key support to equity markets was the extension to the US Federal Reserve's programme of quantitative easing allied with additional stimulus in the form of an extension to pre-existing tax cuts. Most of the gains in the half year were earned in December as markets reacted to confirmation of these policies.

As a consequence, global sector leadership continued to have a cyclical tilt with the strongest industry returns coming from Oil & Gas, Industrials and Basic Materials. In fact, all seven other industry groups comprising the All-World Index underperformed with returns within a relatively narrow range. In local currency terms, regional leadership was dominated by North America which rose by 14.5% with all other regional returns between -3% and +7%. Sterling strength against the US dollar and weakness against the euro meant that, in sterling terms, leadership was shared by Europe (ex UK) and North America which rose 10.7% and 10.5% respectively. All other regional stockmarket indices lagged the 8.2% sterling capital return of the All-World Index.

Net sales from the equity portfolio amounted to £32.4m in order to finance share buybacks of £16.2m and reduce effective gearing from 109% at the year end to 106%. Share buybacks added 0.3% to NAV performance.

The main portfolio changes during the period involved profit-taking from some of the largest holdings which had done well in recent years and looked more fully valued. In geographic terms, this resulted in reductions of £24.2m to Asia Pacific (ex Japan) with major reductions made to Li & Fung (Hong Kong) and Kia Motors (South Korea). Latin American exposure was reduced by £16.7m as profits were taken in Souza Cruz (Brazil) and Kimberly-Clark de Mexico (Mexico), again on valuation grounds. In the UK, the reduction of £14.7m was attributable to profit-taking on large holdings Serco, Spectris and troubled oil major BP to which we had added at low levels in 2010. Investment in North America was increased (+£29.7m) in a number of healthcare

and service stocks including UnitedHealth, Comcast, Walgreen and Ross Stores. Substantial profits were taken on the largest portfolio holding, Apple, with reductions of £11.0m. We added to Japanese exposure after the stockmarket fell heavily in the aftermath of the earthquake in the belief that the Japanese economy and equity market would recover and our Japanese holdings outperformed the local market.

In industry sector terms, the profit taking referred to above resulted in a significant fall in exposure to Consumer Goods (-£21.8m), Technology (-£12.5m) and Industrials (-£10.8m). Within Oil & Gas, the balance of exposure swung back to oil producers as we added Chevron (US) and Hess (US) to the portfolio and sold service group FMC Technologies (US) which had done well.

The global equity portfolio generated gains of £59.8m over the six months. In geographic terms, the largest absolute gains were made in Europe (ex UK) which appreciated by £18.6m boosted by currency strength and good regional relative performance. By industry sector, the largest gains in the portfolio came from Industrials (+£14.1m). Oil & Gas, Consumer Goods and Technology also did well. Top contributors during the period included Kia Motors, which was the stand-out performer appreciating by £7.0m, as well as Atlas Copco (Sweden), Spectris (UK), Apple (US), Komatsu (Japan), BASF (Germany), BT (UK) and Tencent (Hong Kong).

Dividend income generated from the portfolio was particularly strong, while costs remained under control. The board has declared an interim dividend of 4.60p per share (2010: 4.45p) which will be payable on 15 July 2011.

At the AGM in February, shareholders voted to renew the company's authority to repurchase its own shares for cancellation. These powers are used as part of the share buyback policy which is intended to keep the discount to ex-income NAV at or below 9% (with borrowings at market value). Over the first half of the financial year, the company repurchased for cancellation 3.2m shares (2010: 5.3m) at an average discount of 10.1% and a cost of £16.2m inclusive of dealing expenses. The average discount over the first half of the year was 9.8% and the average estimated discount since the introduction of the scheme was 8.6%.

The company is retaining most of its long-term gearing in cash with a view to deploying it in equity markets at more advantageous levels than currently pertain. While buoyant corporate profits make earnings-based valuation measures appear attractive, corporate profit margins are at high levels and are vulnerable to a reversion to more normal levels. Moreover, robust long-term stockmarket valuation measures are more stretched and the reliance upon extreme stimulus measures to support economic activity in the US and elsewhere argues against deploying more gearing for the time being.

For and on behalf of the board



Douglas McDougall
Chairman
27 May 2011

Changes in Asset Distribution by Sector

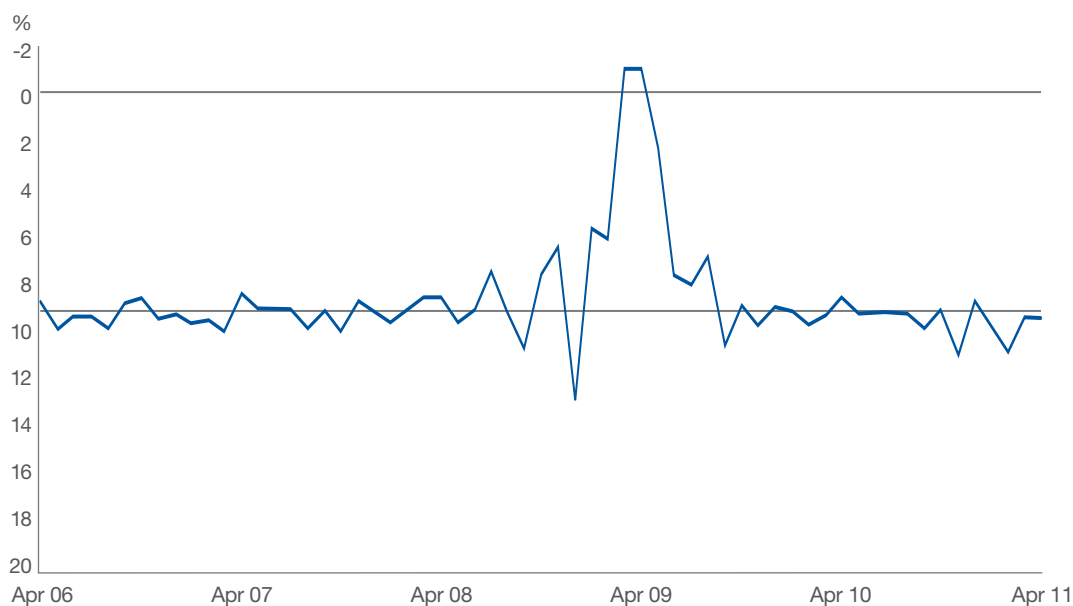
Six months to 30 April 2011

	31 October 2010 £m	Net purchases/ (sales) £m	Appreciation/ (depreciation) £m	30 April 2011 £m
Oil & Gas	63.5	2.2	11.6	77.3
Basic Materials	50.3	(9.9)	5.4	45.8
Industrials	121.9	(10.8)	14.1	125.2
Consumer Goods	111.3	(21.8)	11.3	100.8
Health Care	28.6	3.5	0.9	33.0
Consumer Services	44.0	14.1	0.7	58.8
Telecommunications	45.7	3.5	2.6	51.8
Utilities	21.1	5.0	2.2	28.3
Financials	142.0	(5.7)	4.7	141.0 ¹
Technology	52.6	(12.5)	6.3	46.4
Total equities	681.0	(32.4)	59.8	708.4
Fixed interest	9.3	(2.1)	(0.2)	7.0
Net current assets	49.8	14.5	(0.3)	64.0
Total assets	740.1	(20.0)	59.3	779.4
Borrowings at par	(107.7)	(0.1)	–	(107.8)
Pension liability	(2.0)	–	–	(2.0)
Shareholders' funds	630.4	(20.1)	59.3	669.6

¹ Includes £9.0m of investments which are unlisted.

Discount to Ex-Income NAV*

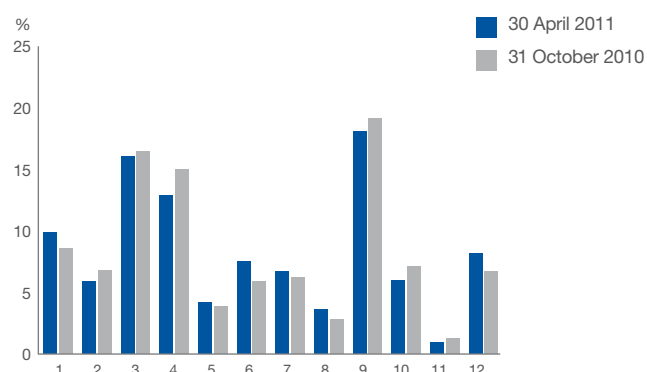
Five years to 30 April 2011



* With borrowings at market value.

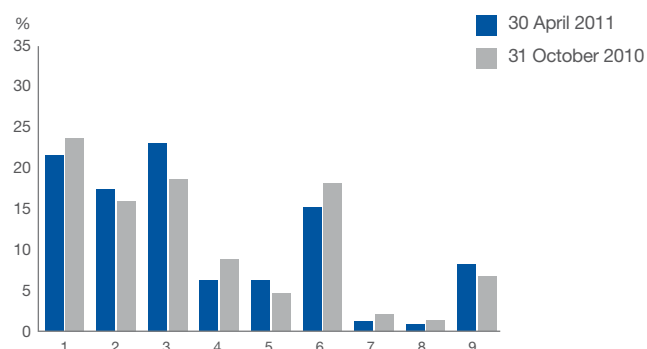
Distribution of Total Assets

By Sector



	30 April 2011 %	31 October 2010 %
1 Oil & Gas	9.9	8.6
2 Basic Materials	5.9	6.8
3 Industrials	16.1	16.5
4 Consumer Goods	12.9	15.0
5 Health Care	4.2	3.9
6 Consumer Services	7.5	5.9
7 Telecommunications	6.7	6.2
8 Utilities	3.6	2.8
9 Financials	18.1	19.2
10 Technology	6.0	7.1
11 Fixed interest	0.9	1.3
12 Net current assets	8.2	6.7
Total assets	100.0	100.0

By Region



	30 April 2011 %	31 October 2010 %
1 UK	21.6	23.7
2 Europe (ex UK)	17.4	16.0
3 North America	23.1	18.7
4 Latin America	6.2	8.8
5 Japan	6.2	4.6
6 Asia Pacific (ex Japan)	15.2	18.1
7 Middle East & Africa	1.2	2.1
8 Fixed interest	0.9	1.3
9 Net current assets	8.2	6.7
Total assets	100.0	100.0

Performance Attribution Analysis

Six months to 30 April 2011

Relative to FTSE:	All-World %	All-Share (UK) %
Increase in ex-income NAV with borrowings at par	9.6	9.6
Increase in index	8.2	7.5
Relative performance	1.3	2.0
Total equities	0.8	1.5
Gearing	0.6	0.6
Buybacks	0.3	0.3
Interest and expenses charged to capital	-0.4	-0.4
Relative performance	1.3	2.0

List of Investments

At 30 April 2011

Listed Equities

Holding	Country	Market value £'000	Cumulative weight %	Holding	Country	Market value £'000	Cumulative weight %
Apple	US	17,213*		Impax Environmental Markets	UK	4,763	
McDonald's	US	13,527*		Shanghai Industrial	China	4,747	
Atlas Copco	Sweden	12,627*		General Electric	US	4,723	
BT	UK	12,120*		Freeport-McMoRan Copper & Gold	US	4,604	
Repsol YPF	Spain	11,021*		BP	UK	4,356	84.8
Kia Motors	South Korea	10,870*		Standard Life	UK	4,081	
Chevron	US	10,851*		Banco Santander	Spain	3,788	
Spectris	UK	10,692*		ITV	UK	3,745	
Sampo	Finland	10,420*		Li & Fung	Hong Kong	3,723	
América Móvil	Mexico	10,207*	16.7	Svenska Handelsbanken	Sweden	3,671	
Tencent	Hong Kong	10,069		MTN	South Africa	3,666	
National Oilwell Varco	US	9,955		China Overseas Land & Investments	China	3,609	
CIMB	Malaysia	9,908		Antofagasta	UK	3,607	
Komatsu	Japan	9,710		US Bancorp	US	3,430	
BHP Billiton	UK	9,609		Kuehne+Nagel	Switzerland	3,384	90.0
Daito Trust Construction	Japan	9,298		MedicX	UK	3,375	
Tüpras	Turkey	9,125		Walmex	Mexico	3,259	
BASF	Germany	8,920		Imperial Tobacco	UK	3,215	
Petrobras	Brazil	8,896		Schneider Electric	France	3,087	
Volkswagen	Germany	8,830	29.9	Credit Suisse Group	Switzerland	3,012	
Severn Trent	UK	8,766		Associated British Foods	UK	2,925	
Qualcomm	US	8,591		IG Group	UK	2,875	
Sega Sammy	Japan	8,532		Citigroup	US	2,826	
CCR	Brazil	8,377		Standard Chartered	UK	2,753	
Vinci	France	8,344		Morrison (Wm.) Supermarkets	UK	2,712	94.2
Fresenius Medical Care	Germany	8,179		Banco Brasil	Brazil	2,699	
GKN	UK	8,018		Cairn Energy	UK	2,458	
Daihatsu Motor	Japan	7,999		Changsha Zoomlion Heavy Industry	China	2,379	
Capital One Financial	US	7,992		Ladbrokes	UK	2,131	
Hess	US	7,890	41.5	H & M	Sweden	1,933	
BNP Paribas	France	7,842		Fast Retailing	Japan	1,875	
Jardine Matheson	Singapore	7,832		Tata Motors	India	1,851	
Honda Motor	Japan	7,800		Greggs	UK	1,689	
UnitedHealth	US	7,630		Aberforth Geared Income Trust	UK	1,620	
LG	South Korea	7,597		KDDI	Japan	1,587	97.0
Ross Stores	US	7,489		Daikin Industries	Japan	1,554	
Nestlé	Switzerland	7,488		Lloyds Banking Group	UK	1,505	
Rockwell Automation	US	7,480		Natura Cosméticos	Brazil	1,278	
Norfolk Southern	US	7,314		Hengan International	Hong Kong	1,108	
United Utilities	UK	7,296	52.0	Total listed equities		699,346	97.8
Vodafone	UK	7,215					
Comcast	US	7,204					
Royal Dutch Shell	UK	7,030					
Marine Harvest	Norway	7,001					
CPFL Energia	Brazil	6,946					
Serco	UK	6,940					
Vale	Brazil	6,892					
Hg Capital Trust	UK	6,765					
eBay	US	6,757					
Newcrest Mining	Australia	6,748	61.8				
Aberdeen Asset Management	UK	6,530					
DBS	Singapore	6,519					
Wharf Holdings	Hong Kong	6,490					
Walgreen	US	6,437					
ANZ Banking	Australia	6,370					
China Mobile	China	6,324					
KT & G	South Korea	6,083					
Pfizer	US	6,007					
Aspen Pharmacare	South Africa	5,942					
Michelin	France	5,918	70.5				
Noble	US	5,720					
Tele2	Sweden	5,550					
HSBC	UK	5,503					
Hutchison Port Holdings Trust	Singapore	5,486					
Rio Tinto	UK	5,389					
Oracle	US	5,310					
Aviva	UK	5,297					
GlaxoSmithKline	UK	5,285					
JPMorgan Indian Investment Trust	India	5,282					
Enel	Italy	5,279	78.1				
Philip Morris International	US	5,180					
Taiwan Mobile	Taiwan	5,169					
Accenture	US	5,168					
Coca-Cola	US	4,880					
British Land	UK	4,803					

Unlisted

Holding	Country	Market value £'000	Cumulative weight %
Boston Ventures VI	US	4,395	
Apax Europe V-B	UK	1,863	
Heritable Property & Loans	UK	1,153	
Sprout Capital VII	US	633	
Boston Ventures V	US	544	
Others (under £0.5m) (4)		423	
Total unlisted		9,011	1.2
Total equities		708,357	99.0

Fixed Interest

Holding	Coupon	Date	Country	Market value £'000	Cumulative weight %
KPN	4.5%	2011	Netherlands	894	
Carrefour	4.4%	2011	France	891	
Saint Gobain	4.3%	2011	France	891	
Western Union	5.4%	2011	US	842	
Lowe's	5.6%	2012	US	836	
Kraft Foods	6.3%	2011	US	822	
CVS Caremark	5.8%	2011	US	798	
Metro Finance	4.6%	2011	Germany	534	
E.ON	6.4%	2012	Germany	473	
Total fixed interest				6,981	1.0
Total investments				715,338	100.0

* Denotes 10 largest holdings with an aggregate market value of £119,548,000.

Income Statement (unaudited)

	Six months to 30 April 2011			Six months to 30 April 2010			Year to 31 October 2010		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net gains on investments held at fair value through profit and loss	-	59,527	59,527	-	78,201	78,201	-	83,571	83,571
Net (losses)/gains on currencies	-	(285)	(285)	-	1,239	1,239	-	28	28
Income	8,760	-	8,760	9,686	-	9,686	19,542	-	19,542
Expenses	(1,433)	(996)	(2,429)	(1,384)	(961)	(2,345)	(2,531)	(1,753)	(4,284)
Net Return before Finance Costs and Taxation	7,327	58,246	65,573	8,302	78,479	86,781	17,011	81,846	98,857
Interest payable	(1,593)	(1,593)	(3,186)	(1,593)	(1,593)	(3,186)	(3,214)	(3,213)	(6,427)
Return on Ordinary Activities before Tax	5,734	56,653	62,387	6,709	76,886	83,595	13,797	78,633	92,430
Tax on ordinary activities	(506)	-	(506)	(667)	-	(667)	(1,334)	-	(1,334)
Return attributable to Shareholders	5,228	56,653	61,881	6,042	76,886	82,928	12,463	78,633	91,096
Return per share	4.48p	48.56p	53.04p	4.89p	62.24p	67.13p	10.26p	64.73p	74.99p
Weighted average number of shares in issue	116,663,147			123,537,194			121,484,325		
	£'000			£'000			£'000		
Dividends paid and proposed	5,284			5,359			11,856		
Income comprises:									
Dividends	8,497			9,557			19,079		
Interest	258			471			741		
Gains/(losses) on FX forwards	5			(342)			(278)		
	8,760			9,686			19,542		

Summary Balance Sheet (unaudited)

	30 April 2011 £'000	31 October 2010 £'000	30 April 2010 £'000
Equity investments	708,357	680,976	702,438
Fixed interest investments	6,981	9,351	9,693
Net current assets	64,055	49,813	38,002
Total assets less current liabilities	779,393	740,140	750,133
Borrowings at par	(107,793)	(107,733)	(107,672)
Pension liability	(2,040)	(2,040)	(1,684)
Shareholders' funds	669,560	630,367	640,777
Net asset value per share with borrowings at par	582.9p	533.7p	529.8p

Statement of Total Recognised Gains and Losses (unaudited)

	Six months to 30 April 2011 £'000	Six months to 30 April 2010 £'000	Year to 31 October 2010 £'000
Total recognised gains	61,881	82,928	90,488*
Total recognised gains per share	53.04p	67.13p	74.48p

* Includes an actuarial loss of £608,000.

Reconciliation of Movements in Shareholders' Funds (unaudited)

	Six months to 30 April 2011 £'000	Six months to 30 April 2010 £'000	Year to 31 October 2010 £'000
Opening shareholders' funds	630,367	587,675	587,675
Total recognised gains	61,881	82,928	90,488
Dividend payments	(6,497)	(6,391)	(11,750)
Share repurchases	(16,191)	(23,435)	(36,046)
Closing shareholders' funds	669,560	640,777	630,367

Cash Flow Statement (unaudited)

	Six months to 30 April 2011 £'000	Six months to 30 April 2010 £'000	Year to 31 October 2010 £'000
Net cash flow from operating activities	3,274	5,932	14,141
Servicing of finance	(3,153)	(3,153)	(6,306)
Taxation recovered	304	29	541
Purchases of investments	(172,898)	(314,161)	(507,257)
Sales of investments	209,804	319,601	553,999
Dividends paid	(6,497)	(6,391)	(11,750)
(Increase)/decrease in short-term deposits	(13,743)	16,000	(4,000)
Share buybacks	(16,224)	(23,018)	(34,761)
Increase/(decrease) in cash	867	(5,161)	4,607

Notes

The interim accounts have been prepared under accounting policies consistent with those used in the preparation of the annual report and accounts for the year to 31 October 2010.

The figures for 31 October 2010 have been extracted from the annual report and accounts for the year ended on that date which has been filed with the Registrar of Companies and which contains an unqualified report from the auditors.

Based on the number of shares in issue at 30 April 2011, the interim dividend would absorb £5,284,000 (2010: £5,359,000) and is payable on 15 July 2011 to shareholders registered at 10 June 2011. The shares will be traded 'ex' the interim dividend from 8 June 2011 and investors purchasing on or after that date will not be entitled to the interim dividend for 2010/11.

Equity investments include the unlisted portfolio of £9.0m (31 October 2010: £10.0m).

The weighted average number of shares in issue during the half-year was 116,663,147 (2010: 123,537,194) and this figure has been used in calculating the return per share shown in the income statement. The net asset value per share at 30 April 2011 has been calculated using the number of shares in issue on that date which was 114,866,926 (31 October 2010: 118,102,926).

Analysis of Changes in Net Debt

	31 October 2010 £'000	Cash flows £'000	30 April 2011 £'000
Cash at bank	19,729	867	20,596
Short-term deposits	34,000	13,743	47,743
Borrowings due after one year	(107,733)	(60)	(107,793)
	(54,004)	14,550	(39,454)

Glossary

Total assets means total assets less current liabilities.

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

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

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

Borrowings at market value is the company's estimate of the 'fair value' of its borrowings. The current estimated fair value of the company's secured bonds is based on the redemption yield of the reference gilt plus a margin of 100 basis points (1 percentage point). The reference gilt is the 6% Treasury Stock 2028.

Discount is the difference between the market price of a share and the 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.

Gross gearing is the gearing ratio if all borrowings were invested in equities: shareholders' funds (excluding current year revenue) + borrowings at par, expressed as a percentage of shareholders' funds.

Effective equity gearing is the true geared position of the company: shareholders' funds (excluding current year revenue) + borrowings at par – fixed interest investments – net current assets, expressed as a percentage of shareholders' funds.

Industry Classification Benchmark (ICB) is used for sector analysis. ICB is jointly owned by FTSE and Dow Jones and has been licensed for use. All rights, therein are reserved. FTSE and Dow Jones do not accept liability to any person for any loss or damage arising out of any error or omission in the ICB.

How to Invest

SIT shares can be bought directly on the stockmarket through a stockbroker. Your bank, lawyer, accountant or other professional adviser may also be able to help with this. SIT's registrar, Computershare Investor Services PLC, provides a sharedealing service which can be accessed on its website, www.investorcentre.co.uk or by telephoning 0870 703 0084.

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

STOCKPLAN

SIT's investment trust savings scheme is one of the most cost-effective available. There is no initial plan charge, other than stamp duty and dealing spread, and no annual charge. It costs just £11.95 to sell some or all of your holding. STOCKPLAN 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 restart 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 lowest-charging 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 currently capped at £30 + VAT regardless of how much your SIT ISA investment grows or how many years' ISA allowances you have invested with SIT.

The SIT ISA Transfer

SIT can accept the transfer of existing stocks and shares ISAs from other qualifying managers into The SIT ISA at any time without losing the ISA's tax status. SIT can also accept the transfer of cash ISAs into The SIT ISA. This would turn the cash ISA you are transferring into a stocks and shares ISA. SIT makes no charge for transfers in. However, your previous ISA manager may charge for administering the transfer out.

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. You can also set up a SIT SIPP for a child or a non-earning spouse or partner.

Update on Tax-Efficient Investing ISAs

- The maximum total investment into an ISA per individual for the tax year 2011 – 2012 is £10,680.
- The full £10,680 can be invested in a stocks and shares ISA with one provider. Alternatively, up to £5,340 may be placed in a cash ISA and the balance can be invested in a stocks and shares ISA with either the same or another provider.
- 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.

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, Halifax Share Dealing Ltd (HSDL), and it should be used by holders of our STOCKPLAN, STOCKPLAN: A Flying Start and ISA schemes for:

- giving change of address details
- instructing a sale
- requesting a valuation
- making an investment using a debit card
- changing the amount of your monthly investment
- account queries
- information about your scheme
- help with accessing STOCKPLAN and ISA information on line

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

Dividends

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 shareholders (investors whose names are on our share register and who hold their shares 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, SIT's Registrar, on 0870 703 0195, or from the investor relations section on our website, www.sit.co.uk

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 halifaxsharedealing-online. This can be accessed through the links in the various product sections on our website, www.sit.co.uk or by visiting www.halifaxsharedealing.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 shares and access their account online, by visiting www.halifaxsharedealing.co.uk/online

Name on register shareholders

Investors who hold shares in their own name on SIT's share register can check their holdings on our Registrar's website, www.investorcentre.co.uk 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 share certificate.

Moreover, 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.investorcentre.co.uk for further information.

Electronic Communications

Name on register shareholders

If you are a name on register shareholder (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 shareholder 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.

Risk Warning

The capital value of shares and the income from them can go down as well as up as a result of market and currency fluctuations and cannot be guaranteed. This 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 and, should stockmarkets fall, such borrowings would magnify any losses on these investments. SIT can buy back and cancel its own shares. All other things being equal, this would have the effect of increasing gearing. Investment in SIT is intended as a long-term investment.

Taxation levels, bases and reliefs are subject to change and depend on individual circumstances.

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.

Investor Information (continued)

Board of Directors

Douglas McDougall OBE (Chairman)
Francis Finlay
Hamish Buchan
James MacLeod
Russell Napier

Investor Relations

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
Facsimile: 0131 226 3663
Email: info@sit.co.uk

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

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.

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.investorcentre.co.uk

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

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

Helpline: 0845 850 0181
Website: www.halifaxsharedealing.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



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

Telephone: 0131 225 7781
Facsimile: 0131 226 3663

www.sit.co.uk