

The Scottish Investment Trust PLC

Interim Report

For the six months to 30 April 2012

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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, foreign currency risk and credit risk. These are unchanged from the previous financial year.

Responsibility statement

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

- a) the condensed set of financial statements, which has been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, gives a true and fair view of the assets, liabilities, financial position and return of the company;
- b) the interim report includes a fair review of the development and performance of the business and the position of the company together with a description of the principle risks and uncertainties the company faces; and
- c) no transactions with related parties took place during the first six months of the financial year other than fees payable to the directors.

For and on behalf of the board



Douglas McDougall
Chairman
25 May 2012

The Company

Company Data as at 30 April 2012

£731,786,000

Total Assets

£621,624,000

Shareholders' Funds

£539,294,000

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 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 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 30 April 2012 the company had in issue 112,822,926 shares and long-term borrowings at par amounted to £107,913,000 with an average annual interest cost of 5.8%.

Management Expenses

The total expenses of managing the company's business during the last financial year were £4,443,000, equivalent to 0.72% 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)

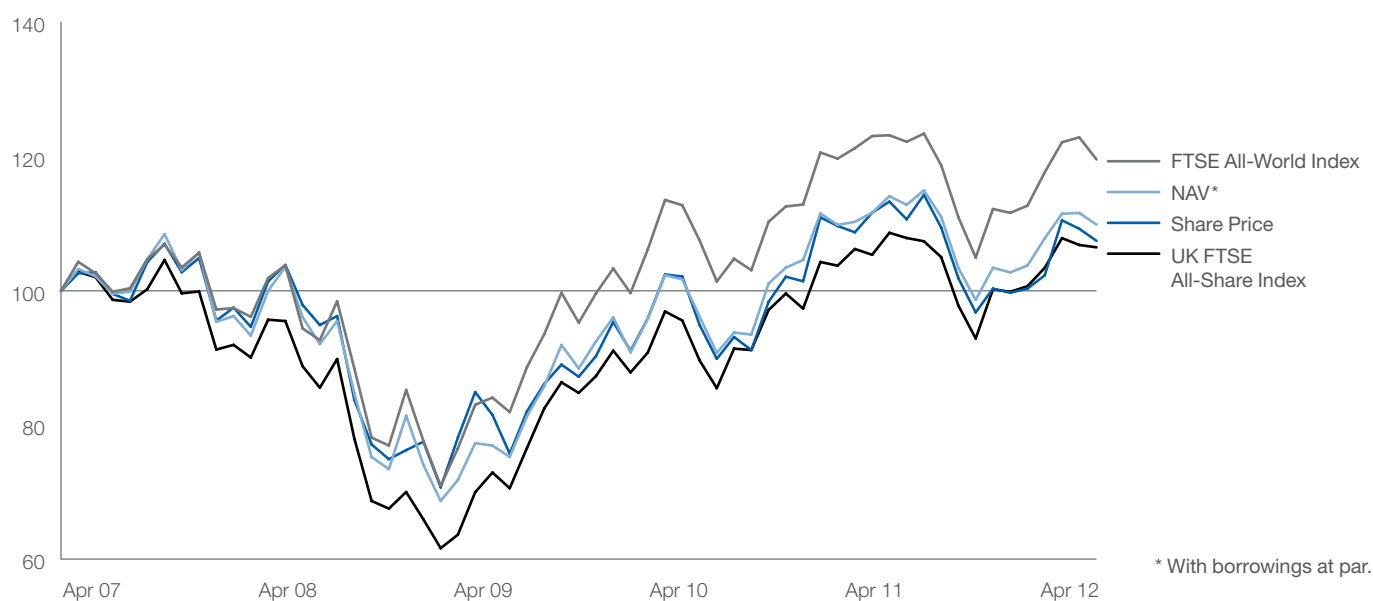
The company is a member of the AIC, the trade organisation for the closed-ended investment company industry.

Financial Highlights

	30 April 2012	31 October 2011	Change %	Total return %
NAV with borrowings at par	551.0p	524.2p	5.1	6.2
NAV with borrowings at market value	529.2p	500.2p	5.8	7.0
Ex-income NAV with borrowings at par	545.0p	516.3p	5.6	
Ex-income NAV with borrowings at market value	523.2p	492.2p	6.3	
Share price	478.0p	452.0p	5.8	7.1
Discount to ex-income NAV with borrowings at market value	8.6%	8.2%		
FTSE All-World Index			5.2	6.6
UK FTSE All-Share Index			4.3	6.2
	£'000	£'000		
Total assets	731,786	708,972		
Long-term borrowings at par	(107,913)	(107,853)		
Pension liability	(2,249)	(2,249)		
Shareholders' funds	621,624	598,870		

	Six months to 30 April 2012 £'000	Six months to 30 April 2011 £'000	%
Total income	10,409	8,760	
Earnings per share	5.98p	4.48p	
Dividend per share	4.60p	4.60p	
UK Consumer Prices Index – annual inflation			3.0
UK Retail Prices Index – annual inflation			3.5

NAV* and Share Price against Comparator Indices Total Return (5 years to 30 April 2012)



Chairman's Review

In the six months to 30 April 2012, the net asset value per share (NAV) total return was 7.0% (with borrowings at market value). This was ahead of both the company's global and UK comparator indices. The FTSE All-World Index total return was 6.6% and the UK FTSE All-Share Index total return was 6.2%. The share price discount to ex-income NAV (with borrowings at market value) ended the period at 8.6%.

The listed equity portfolio rose by 8.2% in total return terms. There was a strong absolute and relative contribution from North American holdings which produced a total return of 16.3%, compared with 11.3% for the regional index. UK, Latin American and Asia Pacific (ex Japan) holdings also performed well on a relative basis. By industry group, the largest capital gains came from Technology (+£13.1m) with strong contributions from the company's largest holding, Apple (US), Chinese internet service group Tencent and telephony semiconductor group Qualcomm (US). Consumer Services holdings appreciated by £8.7m with good contributions from another internet-related company, eBay (US), as well as retailer Ross Stores (US) and US cable media group Comcast. Consumer Goods appreciated by £6.1m boosted by Philip Morris International (US) and a new holding in Brazilian brewer Ambev. Gains in Health Care holdings were led by the appreciation in Aspen Pharmacare (South Africa). Oil & Gas holdings depreciated by £3.6m.

Net additions to the equity portfolio amounted to £16.5m reflecting investment in a small number of higher dividend yielding equities, the aggregate yield on which is above the annual interest rate on the company's long-term fixed rate borrowings. The £15.1m added to Industrials included some of these investments such as Sydney Airport (Australia) and Swedish construction group NCC as well as new holdings in US agricultural equipment manufacturer Deere and Mexican airport operator Aeroportuario del Sureste. Higher yield investments also featured within the modest additions to Financials (+£8.3m) and Oil & Gas (+£6.8m). Significant exposure to the Telecommunications industry was reduced by £15.4m with reductions to América Móvil (Mexico) and complete sales of KDDI (Japan) and China Mobile (Hong Kong).

Effective equity gearing rose modestly from 94% at the last year end to 99% (with borrowings at market value). At the period end, potential gearing stood at 122% with borrowings at market value.

The main issues preoccupying stockmarket investors over the period were the developments within the eurozone and the fate of the most indebted countries on the region's periphery. After a weak start, global stockmarkets rallied between December and mid-March as concerns over the eurozone government finances and banking system subsided, following central bank actions to provide monetary stimulus and liquidity support.

Economic rescue measures for Greece were coordinated eventually although worries about the Greek and other economies persist. General signs of improvement from US economic data releases also helped lift sentiment although worries about the slowdown in the important Chinese economy were a recurring feature.

Dividend income generated from the portfolio was robust and total income increased by 18.8%, while expenses remained under control. The board has declared an interim dividend of 4.60p per share (2011: 4.60p) which will be payable on 13 July 2012.

At the AGM in January, 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 1.4m shares (2011: 3.2m) accounting for 1.2% of the outstanding shares in issue at the start of the period, at an average discount of 9.6% and a cost of £6.7m inclusive of dealing expenses. The average discount over the first half of the year was 9.4% and the average estimated discount since the introduction of the scheme was 8.6%.

The company retains all of its long-term gearing in cash and short-term treasury bonds which, together with other cash to hand, leaves net current assets of £138.3m.

Over the past six months, there has been relatively little change in the investment outlook. While valuations appear reasonable, the outlook for the eurozone remains extremely difficult to predict, with clear risks from further deterioration. Consequently, we prefer to keep most of the company's long-term borrowings liquid with a view to deploying them at more attractive levels as and when opportunities arise.



Douglas McDougall
Chairman
25 May 2012

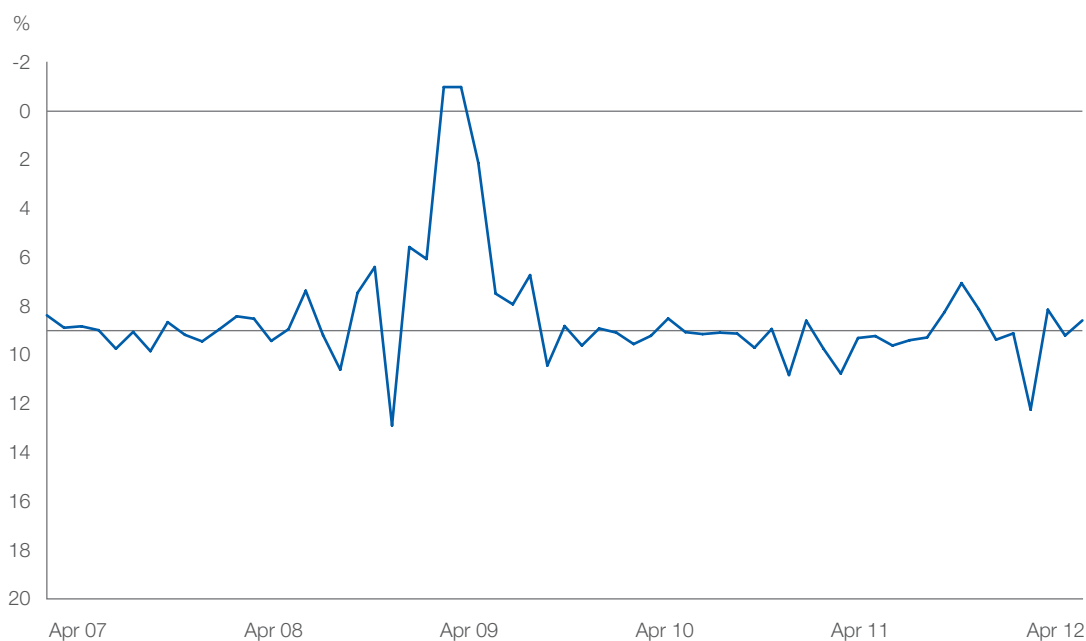
Changes in Asset Distribution by Industry

	31 October 2011 £m	Net purchases/ (sales) £m	Appreciation/ (depreciation) £m	30 April 2012 £m
Oil & Gas	48.7	6.8	(3.6)	51.9
Basic Materials	29.9	(0.2)	(1.9)	27.8
Industrials	66.0	15.1	3.8	84.9
Consumer Goods	75.8	(2.0)	6.1	79.9
Health Care	33.0	(4.0)	4.1	33.1
Consumer Services	57.5	8.1	8.7	74.3
Telecommunications	49.7	(15.4)	1.1	35.4
Utilities	22.1	(3.0)	0.4	19.5
Financials	110.5	8.3	1.5	120.3 ¹
Technology	48.4	2.8	13.1	64.3
Total equities	541.6	16.5	33.3	591.4
Fixed interest	3.0	(0.9)	0.0	2.1
Net current assets	164.4	(24.7)	(1.4)	138.3
Total assets	709.0	(9.1)	31.9	731.8
Borrowings at par	(107.9)	0.0	(0.1)	(108.0)
Pension liability	(2.2)	–	–	(2.2)
Shareholders' funds	598.9	(9.1)	31.8	621.6

¹ Includes £5.9m of investments which are unlisted.

Discount to ex-income NAV*

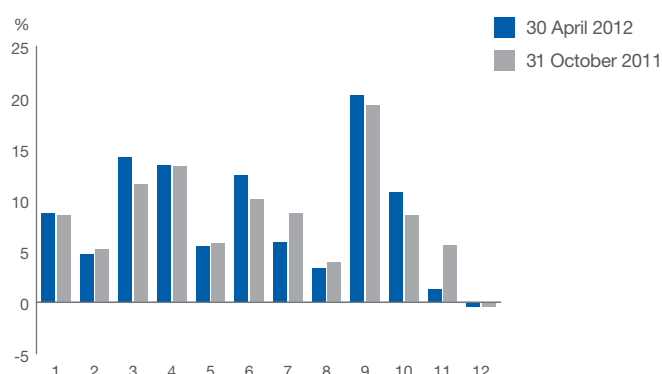
5 years to 30 April 2012



* With borrowings at market value (monthly).

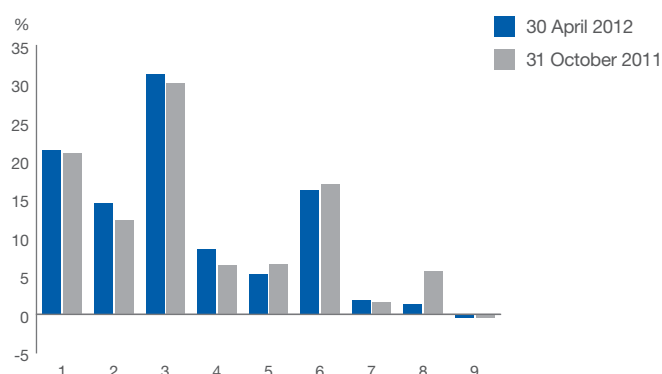
Distribution of Shareholders' Funds

By Industry



	30 April 2012 %	31 October 2011 %
1 Oil & Gas	8.7	8.5
2 Basic Materials	4.7	5.2
3 Industrials	14.2	11.5
4 Consumer Goods	13.4	13.3
5 Health Care	5.5	5.8
6 Consumer Services	12.4	10.1
7 Telecommunications	5.9	8.7
8 Utilities	3.3	3.9
9 Financials	20.2	19.3
10 Technology	10.8	8.5
Total equities	99.1	94.8
Fixed interest	0.3	0.5
Net current assets	23.2	28.8
Borrowings at market value	(22.2)	(23.7)
11 Net liquidity	1.3	5.6
12 Pension liability	(0.4)	(0.4)
Shareholders' funds	100.0	100.0

By Region



	30 April 2012 %	31 October 2011 %
1 UK	21.4	21.0
2 Europe (ex UK)	14.5	12.3
3 North America	31.3	30.1
4 Latin America	8.5	6.4
5 Japan	5.3	6.5
6 Asia Pacific (ex Japan)	16.2	16.9
7 Middle East & Africa	1.9	1.6
Total equities	99.1	94.8
Fixed interest	0.3	0.5
Net current assets	23.2	28.8
Borrowings at market value	(22.2)	(23.7)
8 Net liquidity	1.3	5.6
9 Pension liability	(0.4)	(0.4)
Shareholders' funds	100.0	100.0

NAV Attribution Analysis

Six months to 30 April 2012

Relative to FTSE:	All-World %	All-Share (UK) %
NAV with borrowings at market value total return	7.0	7.0
Index total return	6.6	6.2
Relative performance	0.4	0.7
Total equities	+1.3	+1.6
Gearing	-0.3	-0.3
Other income, tax and currency	-0.3	-0.3
Buybacks	+0.1	+0.1
Interest and expenses	-0.9	-0.9
Change in market value of borrowings	+0.5	+0.5
Relative performance	+0.4	+0.7

List of Investments

Listed Equities

Holding	Country	Market value £'000	Cumulative weight %	Holding	Country	Market value £'000	Cumulative weight %
Apple	US	24,399*		JPMorgan Indian Investment Trust	India	3,955	
McDonald's	US	15,852*		British Land	UK	3,916	
Ross Stores	US	12,847*		Taiwan Mobile	Taiwan	3,839	
Capital One Financial	US	11,730*		Seadrill	Norway	3,769	
Qualcomm	US	10,951*		Imperial Tobacco	UK	3,762	
Chevron	US	10,848*		Deere	US	3,677	
Spectris	UK	10,793*		Aviva	UK	3,653	
Tencent	Hong Kong	9,932*		HSBC	UK	3,610	
Ambev	Brazil	9,315*		Associated British Foods	UK	3,544	
CIMB	Malaysia	9,000*	21.2	Tüprás	Turkey	3,499	87.0
eBay	US	8,992		MedicX Fund	UK	3,465	
UnitedHealth	US	8,930		NCC	Sweden	3,403	
CCR	Brazil	8,830		Shanghai Industrial	China	3,078	
Comcast	US	8,553		Freeport-McMoRan Copper & Gold	US	3,061	
Sampo	Finland	8,344		Continental	Germany	3,051	
Kia Motors	South Korea	8,184		Sydney Airport	Australia	3,031	
Aspen Pharmacare	South Africa	8,044		MTN	South Africa	2,971	
National Oilwell Varco	US	7,913		Aberforth Geared Income Trust	UK	2,916	
Casino Guichard Perrachon	France	7,861		Weir	UK	2,805	
BT	UK	7,567	35.2	Sumitomo Mitsui Financial	Japan	2,789	92.1
Jardine Matheson	Singapore	7,516		Fast Retailing	Japan	2,758	
CPFL Energia	Brazil	6,923		Daihatsu Motor	Japan	2,758	
Philip Morris International	US	6,856		CRH	Ireland	2,727	
Royal Dutch Shell	UK	6,787		Petrobras	Brazil	2,559	
Pfizer	US	6,741		Standard Chartered	UK	2,498	
Toyota Motor	Japan	6,719		Repsol YPF	Spain	2,356	
Accenture	US	6,635		Mahle Metal Leve	Brazil	2,183	
Petrofac	UK	6,593		Walmex	Mexico	2,176	
US Bancorp	US	6,369		KT & G	South Korea	2,114	
Norfolk Southern	US	6,242	46.5	MasterCard	US	2,110	96.2
DBS	Singapore	6,193		Greggs	UK	2,060	
Rockwell Automation	US	6,188		Oil Search	Australia	2,045	
ANZ Banking	Australia	6,142		Coach	US	2,004	
Vodafone	UK	6,131		AirAsia	Malaysia	1,789	
Coca-Cola	US	5,921		Enel	Italy	1,785	
Severn Trent	UK	5,909		BNP Paribas	France	1,138	
BHP Billiton	UK	5,894		Intuit	US	1,071	
Daito Trust Construction	Japan	5,822		Ophir Energy	UK	1,047	
Konica Minolta	Japan	5,708		Yum! Brands	US	985	
Atlas Copco	Sweden	5,663	56.6	Aberdeen Latin American Income Fund	UK	697	
Nestlé	Switzerland	5,659		Total listed equities		585,506	98.7
Telstra	Australia	5,627					
Samsung Electronics	South Korea	5,601					
Ladbroke's	UK	5,529					
Wharf Holdings	Hong Kong	5,446					
Zurich Insurance	Switzerland	5,423					
BASF	Germany	5,315					
Vale	Brazil	5,123					
Hutchison Port Holdings Trust	Singapore	5,114					
Hg Capital Trust	UK	5,076	65.7				
América Móvil	Mexico	4,995					
Sega Sammy	Japan	4,929					
United Utilities	UK	4,872					
TF1	France	4,849					
GlaxoSmithKline	UK	4,786					
Persimmon	UK	4,655					
Fresenius Medical Care	Germany	4,636					
Serco	UK	4,559					
Aeropuerto del Sureste	Mexico	4,533					
Hess	US	4,511	73.6				
Svenska Handelsbanken	Sweden	4,466					
Tele2	Sweden	4,316					
Rio Tinto	UK	4,242					
China Overseas Land & Investment	China	4,179					
Newcrest Mining	Australia	4,176					
Banco Brasil	Brazil	4,152					
GKN	UK	4,133					
Volkswagen	Germany	4,084					
Standard Life	UK	4,036					
Vinci	France	3,993	80.7				

Holding	Country	Market value £'000	Cumulative weight %
Boston Ventures VI	US	2,750	
Heritable Property	UK	1,152	
Apax Europe V-B	UK	1,105	
Boston Ventures V	US	515	
Others (under £0.5m) (4)	US	402	
Total unlisted		5,924	1.0
Total equities		591,430	99.7

Holding	Coupon	Date	Country	Market value £'000	Cumulative weight %
Lowe's	5.6%	2012	US	821	
Kraft Foods	6.3%	2012	US	808	
E.ON	6.4%	2012	Germany	452	
Total fixed interest				2,081	0.3
Total investments				593,511	100.0

* Denotes 10 largest holdings with an aggregate market value of £125,667,000.

Income Statement (unaudited)

	Six months to 30 April 2012			Six months to 30 April 2011			Year to 31 October 2011		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net gains/(losses) on investments held at fair value through profit and loss	-	33,334	33,334	-	59,527	59,527	-	(8,445)	(8,445)
Net losses on currencies	-	(1,463)	(1,463)	-	(285)	(285)	-	(745)	(745)
Income	10,409	-	10,409	8,760	-	8,760	21,544	-	21,544
Expenses	(1,481)	(1,029)	(2,510)	(1,433)	(996)	(2,429)	(2,623)	(1,820)	(4,443)
Net Return before Finance Costs and Taxation	8,928	30,842	39,770	7,327	58,246	65,573	18,921	(11,010)	7,911
Interest payable	(1,598)	(1,598)	(3,196)	(1,593)	(1,593)	(3,186)	(3,213)	(3,213)	(6,426)
Return on Ordinary Activities before Tax	7,330	29,244	36,574	5,734	56,653	62,387	15,708	(14,223)	1,485
Tax on ordinary activities	(538)	-	(538)	(506)	-	(506)	(1,341)	-	(1,341)
Return attributable to Shareholders	6,792	29,244	36,036	5,228	56,653	61,881	14,367	(14,223)	144
Return per share	5.98p	25.74p	31.72p	4.48p	48.56p	53.04p	12.43p	(12.31)p	0.12p
Weighted average number of shares in issue	113,593,596			116,663,147			115,558,047		
	£'000			£'000			£'000		
Dividends proposed and paid	5,190			5,273			11,875		
Income comprises:									
Dividends	10,018			8,497			21,045		
Interest	208			258			628		
Gains/(losses) on FX forwards	183			5			(129)		
	10,409			8,760			21,544		

Summary Balance Sheet (unaudited)

	30 April 2012 £'000	31 October 2011 £'000	30 April 2011 £'000
Equity investments	591,430	541,554	708,357
Fixed interest investments	2,081	2,988	6,981
Net current assets	138,275	164,430	64,055
Total assets less current liabilities	731,786	708,972	779,393
Long-term borrowings at par	(107,913)	(107,853)	(107,793)
Pension liability	(2,249)	(2,249)	(2,040)
Shareholders' funds	621,624	598,870	669,560
Net asset value per share with borrowings at par	551.0p	524.2p	582.9p

Statement of Total Recognised Gains and Losses (unaudited)

	Six months to 30 April 2012 £'000	Six months to 30 April 2011 £'000	Year to 31 October 2011 £'000
Total recognised gains/(losses)	36,036	61,881	(406)*
Total recognised gains/(losses) per share	31.72p	53.04p	(0.35)p

* Includes an actuarial deficit of £550,000.

Reconciliation of Movements in Shareholders' Funds (unaudited)

	Six months to 30 April 2012 £'000	Six months to 30 April 2011 £'000	Year to 31 October 2011 £'000
Opening shareholders' funds	598,870	630,367	630,367
Total recognised gains/(losses)	36,036	61,881	(406)
Dividend payments	(6,602)	(6,497)	(11,770)
Share buybacks	(6,680)	(16,191)	(19,321)
Closing shareholders' funds	621,624	669,560	598,870

Cash Flow Statement (unaudited)

	Six months to 30 April 2012 £'000	Six months to 30 April 2011 £'000	Year to 31 October 2011 £'000
Net cash inflow from operating activities	5,921	3,274	14,736
Servicing of finance	(3,153)	(3,153)	(6,306)
Taxation recovered	59	304	328
Purchases of investments	(124,178)	(172,898)	(205,017)
Disposals of investments	102,055	209,804	338,911
Dividends paid	(6,602)	(6,497)	(11,770)
Decrease/(increase) in current asset investments and short-term deposits	27,660	(13,743)	(111,325)
Share buybacks	(6,212)	(16,224)	(20,770)
(Decrease)/increase in cash	(4,450)	867	(1,213)

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 2011.

The information contained in this report for the year ended 31 October 2011 does not constitute statutory accounts as defined in section 435 of the Companies Act 2006, where applicable the figures 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. The financial information contained in this interim report does not constitute statutory accounts as defined in section 434-436 of the Companies Act 2006. The financial information for the six months ended 30 April 2012 and 30 April 2011 has not been audited.

Based on the number of shares in issue at 30 April 2012, the interim dividend will cost £5,190,000 (2011: £5,273,000) and is payable on 13 July 2012 to shareholders registered at 8 June 2012. The shares will be traded 'ex' the interim dividend from 6 June 2012 and investors purchasing on or after that date will not be entitled to the interim dividend for 2011/12.

Equity investments include the unlisted portfolio of £5.9m (31 October 2011: £8.1m).

The weighted average number of shares in issue during the half-year was 113,593,596 (2011: 116,663,147) 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 2012 has been calculated using the number of shares in issue on that date which was 112,822,926 (31 October 2011: 114,238,926).

Analysis of Changes in Net Debt

	31 October 2011 £'000	Cash flows £'000	Non-cash movements £'000	30 April 2012 £'000
Cash	18,516	(4,450)	–	14,066
Short-term deposits	78,878	25,552	–	104,430
Current asset investments	65,768	(53,212)	631	13,187
Long-term borrowings at par	(107,853)	–	(60)	(107,913)
	55,309	(32,110)	571	23,770

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 borrowings is based on the redemption yield of the relevant existing reference gilt plus a margin derived from the spread of AA UK corporate bond yields (15 year+) over UK gilt yields (15 year+) (31 October 2011: margin was fixed at 1 percentage point). The reference gilt for the secured bonds is the 6% UK Treasury Stock 2028 and the reference gilt for the perpetual debenture stocks is the longest dated UK Treasury Stock listed in the Financial Times.

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 (potential) gearing is the gearing ratio if all borrowings were invested in equities: shareholders' funds + borrowings at market value, expressed as a percentage of shareholders' funds.

Effective equity gearing is the true geared position of the company: shareholders' funds + borrowings at market value – fixed interest investments – net current assets, expressed as a percentage of shareholders' funds.

Industry Classification Benchmark (ICB) is a product of FTSE International Limited ('FTSE') and all intellectual property rights in and to ICB vest in FTSE. SIT has been licensed by FTSE to use ICB. FTSE is a trade mark of London Stock Exchange and the Financial Times Limited and is used by FTSE under licence. FTSE and its licensors do not accept any liability to any person for any loss or damage arising out of any error or omission in ICB.

How to Invest

The company's wholly-owned subsidiary, SIT Savings Ltd, provides a number of low-cost, flexible investment products which enable investors to acquire 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 investment trust company 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 ISAs' tax status. SIT can also accept the transfer of cash ISAs into The SIT ISA. This would turn the cash ISA being transferred into a stocks and shares ISA. SIT makes no charge for transfers in. However, the current 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.

In addition to these products, you can buy SIT shares 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 0195.

Update on Tax-Efficient Investing

ISAs

- The overall annual ISA investment limit is currently £11,280.
- Up to the full £11,280 can be invested in a stocks and shares ISA with one provider.
- Alternatively, up to £5,640 can be saved in a cash ISA with one provider; the remainder of the £11,280 can be invested in a stocks and shares ISA with either the same or another provider.
- Transfers from previous years' 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.

Contact Telephone Numbers

Full contact details for the scheme administrator and registrar can be found on page 13.

STOCKPLAN and ISA investors wishing to:

- give a change of address
- instruct a sale
- request a valuation
- make an investment using their debit card
- change the amount of their monthly investment
- obtain help with accessing their STOCKPLAN and ISA information online
- make general enquiries about their account or scheme

can contact the scheme administrator, Halifax Share Dealing Limited (HSDL), on: **0845 850 0181**.

SIT SIPP investors with questions about the administration of their SIPP, or any other pension-related enquiry, can contact the SIPP administrator, AJ Bell Management Limited, on: **08457 22 55 25**.

Name on register shareholders can contact the registrar, Computershare Investor Services PLC, on: **0870 703 0195**.

Dividends

SIT STOCKPLAN and ISA schemes

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

Name on register shareholders

Conversely, for name on register shareholders (investors whose names are on SIT's share register and who hold their shares in certificated form) dividends are automatically paid as income. However, it is easy to arrange to have these dividends reinvested by joining SIT's 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 SIT's 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 SIT's 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 by registering on SIT's registrar's website, www.investorcentre.co.uk The registrar's website can also be accessed through the link in the investor relations section on SIT's website, www.sit.co.uk

Please note that to register, investors will need to quote the shareholder reference number shown on their share certificate.

By registering for the Investors' Centre facility on Computershare's website, investors can also 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 SIT's interim and annual reports and other shareholder communications electronically instead of in paper form. To register, simply visit the link in the investor relations section on SIT's 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

Past performance may not be repeated and is not a guide to future performance. The value of shares and the income from them can go down as well as up as a result of market and currency fluctuations. You may not get back the amount you invest. 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 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.

Tax rates and reliefs can change in the future and the value of any tax advantages will depend on personal 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

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

Telephone: 0131 225 7781
Facsimile: 0131 226 3663
Website: www.sit.co.uk
Email: info@sit.co.uk

Auditor

Deloitte LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2DB

Bankers

The Royal Bank of Scotland plc
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.

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

Telephone: 020 7282 5555
Website: www.theaic.co.uk

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

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

Name on register shareholders:

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 investors:

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

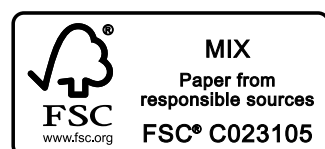
Helpline: 0845 850 0181
Website: www.halifaxsharedealing.co.uk/online

The SIT SIPP investors

If you have any specific questions about the administration of your SIT SIPP, or any other pension-related enquiries, please contact The SIT 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

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