

The Company

Company Data as at 31 October 2006

| TOTAL ASSETS | STOCKHOLDERS' FUNDS (with borrowings at par) | MARKET CAPITALISATION |
|--------------|---|-----------------------|
| £839,641,000 | £730,594,000 | £645,596,000 |

Objectives of The Scottish Investment Trust PLC (SIT)

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.

Risk

The 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 losses.

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 2006 the company had in issue 143,147,615 ordinary stock units and long-term borrowings at par amounted to £107,252,000 with an average annual interest cost of 5.9%.

Management Expenses

The total expenses of managing the company's business during the year were £4,481,000, equivalent to 0.55% of average stockholders' funds. The company aims to keep this percentage low in comparison with competing investment products.

ISA/PEP

The ordinary units are fully eligible for both ISAs and PEPs. Details of the schemes run by the company are on page 38.

AIC

The company is a member of The Association of Investment Companies.