

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 which apply to the company for the first time this year. An ordinary resolution for the approval of the report will be put to stockholders at the AGM on 30 January 2004.

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 Mr Hamish Leslie Melville and other members are Sir George Mathewson and Mr Douglas McDougall.

The remuneration committee met on 28 November 2003 and considered a report prepared by consultants MacDonald Kinnaird on the level of directors' fees within the investment trust industry. The report noted that recent changes in corporate governance and regulation have imposed increased duties and responsibilities on directors of public companies. Based on this report the committee recommended to the board that directors' fees, with effect from 1 November 2003, should be £35,000 p.a. for the chairman and £20,000 p.a. for other directors. The proposed fees are materially below those recommended in the external report. The present level of directors' fees has remained unchanged since 31 October 2000.

Policy on Directors' Fees

At the year end the board consisted of five directors, all of whom are non-executive. Sir Angus Grossart was a non-executive director during the year until his retirement on 6 October 2003. 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 shall apply for the year to 31 October 2004 and to subsequent years. The directors do not receive bonuses, share options, long-term incentives, pension or other benefits.

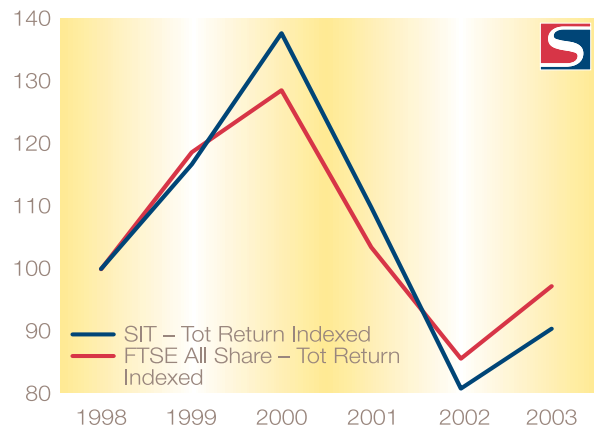
Service Contracts

The directors do not have service contracts as such. Directors appointed since 1995 have letters of appointment for fixed terms of 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 at intervals of not more than three years.

Company Performance

The graph below shows the company's five year total return compared to the notional return on the FTSE All-Share Index over the same period. This index has been chosen as it is a common performance comparator for companies like SIT.



Directors' Emoluments for the Year to 31 October 2003 (audited)

Fees	2003 £	2002 £
Sir Angus Grossart	26,564	28,500
Douglas McDougall	18,045	17,250
Sir George Mathewson	17,250	17,250
Francis Finlay	17,250	17,250
Hamish Leslie Melville	17,250	17,250
Sir Paul Nicholson	17,250	17,250
	113,609	114,750

Fees in respect of Sir Angus Grossart and Mr Hamish Leslie Melville were paid to Noble Grossart Limited and Credit Suisse First Boston respectively. The other directors receive their fees personally.

Approval

The directors' remuneration report was approved by the board on 28 November 2003 and signed on its behalf by the chairman of the remuneration committee.

Hamish Leslie Melville

Hamish Leslie Melville

10 December 2003