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Final dividend

The Scottish Investment Trust PLC 2008 final dividend of 5.05p was paid on 5 February 2009, bringing the total dividend for the year to 9.50p per ordinary unit. This was an increase of 4.4% year-on-year (2007: 9.10p) which compares with the October UK Retail Prices Index annual inflation rate of 4.2%.

SIT has increased its 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.

| AIC Category | Global Growth |
|---|---------------|
| Total assets | £616 million |
| Cum-income NAV with borrowings at par | 394.2p |
| Cum-income NAV with borrowings at market value | 392.4p |
| Ex-income NAV with borrowings at par | 392.8p |
| Ex-income NAV with borrowings at market value | 391.0p |
| Stock price | 369.0p |
| Discount to ex-income NAV with borrowings at market value | 5.6% |
| Effective gearing | 103% |

NAV and Stock Price Performance

| | 1 year | 5 years | 10 years |
|---|--------|---------|----------|
| NAV (with borrowings at par) total return on £100 | 78 | 126 | 113 |
| Stock price total return on £100 | 81 | 151 | 130 |

£100 invested with dividends reinvested, before expenses are deducted.

Performance 31 October 2008 - 31 January 2009 (%)

| | |
|--------------------------------------|------|
| Ex-income NAV with borrowings at par | -1.5 |
| Share price | -0.8 |
| FTSE All-World Index™ | -1.3 |
| UK FTSE All-Share Index™ | -4.8 |

Comparative Performance on £1,000 invested

| | 1 year | 5 years | 10 years |
|--|--------|---------|----------|
| The Scottish Investment Trust PLC | £788 | £1,473 | £1,267 |
| UK Savings £25,000+ Account ¹ | £1,023 | £1,137 | £1,313 |
| Retail Prices Index ² | £1,001 | £1,147 | £1,286 |

Figures are calculated with net income reinvested, where applicable. The SIT figures are adjusted to allow for all expenses of investing through SIT's STOCKPLAN Investment Trust Savings Scheme.

UK Savings £25,000+ with interest reinvested net of basic rate tax. Please note that with a UK savings deposit account your capital is secure.

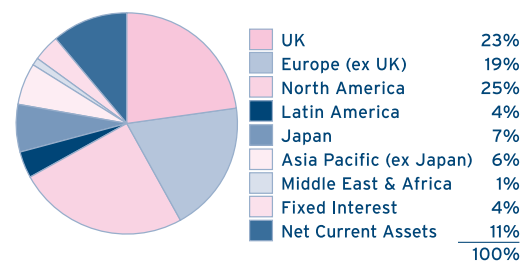
Sources: 1 Source and copyright © Standard & Poor's. All rights therein are reserved 2 National Statistics

Top 10 Holdings

as % of total assets

| | | |
|----|----------------------------------|-----|
| 1 | Gilead Sciences - US | 2.8 |
| 2 | Royal Dutch Shell - UK | 2.4 |
| 3 | Monsanto - US | 2.2 |
| 4 | Vodafone - UK | 2.1 |
| 5 | Nintendo - Japan | 2.1 |
| 6 | Telefónica - Spain | 2.0 |
| 7 | United Utilities - UK | 1.9 |
| 8 | BP - UK | 1.9 |
| 9 | KDDI - Japan | 1.8 |
| 10 | Fresenius Medical Care - Germany | 1.8 |

Geographical Distribution of Total Assets



Standardised Past Performance

| Last Price to last price net income reinvested year to 31 January | 2005 % growth | 2006 % growth | 2007 % growth | 2008 % growth | 2009 % growth |
|---|---------------|---------------|---------------|---------------|---------------|
| The Scottish Investment Trust PLC | 21.4 | 36.4 | 9.9 | 2.2 | -18.9 |

NAV is net asset value per ordinary stock unit. In line with our reporting policy, the NAVs are calculated taking the valuation of investments at closing bid or last price, as the case may be. The latest NAVs are unaudited. Borrowings at market value is the company's estimate of the fair value of its borrowings. Borrowings at par is the nominal value of the borrowings less any unamortised issue expenses. Total assets means total assets (cum-income) less current

liabilities. Gearing is based on ex-income figures with borrowings at par. All sources SIT unless otherwise stated. Industry Classification Benchmark (ICB): Source and copyright © FTSE International Limited and Dow Jones & Company, Inc. All rights therein reserved.

Past performance 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.

Review of World Equity Markets - 3 months to 31 January 2009

- Global equity markets fell for the third consecutive quarter as a barrage of bleak news-flow concerning the global financial crisis and the rapid deterioration in the world economy took its toll. After falling sharply in early November to what proved to be the low for the period, markets rallied before drifting off at the end of the quarter to leave the FTSE All-World Index™ down 11.9% in US dollar terms. However, UK-based investors were sheltered from the worst of the fall in global equities by the weakness of the pound with the All-World Index down by just 1.3% in sterling terms. SIT's ex-income NAV (with borrowings at par) fell by 1.5% while the stock price fell by just 0.8%, leaving the discount to ex-income NAV (with borrowings at market value) at 5.6%.
- Analysing the All-World Index in regional terms, currency movements had a critical role with sterling falling by double-digit percentages against the major currencies. In local currencies, all areas were down except Latin America which rebounded by 3.5% and Middle East & Africa (+0.2%). The UK and Asia Pacific (ex Japan) did comparatively well, falling -5.1% and -3.8% respectively, while Japan (-9.6%), Europe (ex UK) (-13.4%) and North America (-14.3%) all fell heavily. However, viewed in sterling, the 18.5% swing in the sterling/yen exchange rate meant that in sterling terms, Japan rose 10.9% while Europe (ex UK) and North America fell only slightly and outperformed the UK. Over 12 months, the All-World Index was down by 22.5% in sterling.
- Of the ten industry groups, only Financials (-16.3%) and Technology (-1.3%) fell in sterling terms with the rest either flat or in positive territory with the clearest outperformance from defensive areas Utilities (8.4%), Health Care (7.7%) and Telecommunications (7.6%). The 23.4% drop in the Banks sector reflected the worsening solvency crisis afflicting the global banking system.
- Bond markets were strong as investors sought protection from the deteriorating economic outlook. As near-term inflation expectations dissolved, US 10 year government bond yields fell by over 1 percentage point to under 3.0%. Gold also benefitted from safe-haven buying, rallying 23.3% to \$898.3 / ounce while oil retreated further, falling 26.3% to \$43.8 (Brent).
- Economic news from around the world reflected the weakening world economy with falling inflation, slowing growth, falling consumer confidence and industrial output. Forward-looking indicators provided no cause for optimism. UK and US housing markets remained weak. Stimulus packages were announced in the UK, US and Europe as were emergency measures to rescue banks in these regions. Official interest rates fell sharply across the world with UK rates falling by 3.0% points to 1.5%, by 1.75 percentage points in the Eurozone to 2.0%, and to a range of 0-0.25% in the US with an accompanying promise by the US authorities to "...use all available tools..." to support the economy.
- In the US, Barack Obama was elected as the 44th president of the United States and announced policy measures which included a \$787 bn stimulus package. Corporate news-flow was generally very negative as results and outlook statements prompted a slew of earnings forecast downgrades and some dividend cuts, with more in prospect. In the UK and US, several well-known retail names collapsed. The HBOS/Lloyds TSB merger remained controversial with Lloyds' share price coming under pressure as did the RBS price. Resource group BHP Billiton abandoned its proposed merger with Rio Tinto while other M&A features included Fiat's strategic alliance with the struggling US auto group Chrysler and a \$68bn merger between US pharmaceutical groups Pfizer and Wyeth. Other negative developments during the quarter included the attacks in Mumbai, major accounting irregularities at an Indian IT group and the uncovering of an alleged \$50bn fraud at a US hedge fund.

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Please contact us for information on the following:

- The SIT SIPP
- STOCKPLAN Investment Trust Savings Scheme
- The SIT ISA
- ISA Transfer
- Investing for Children - STOCKPLAN: A Flying Start
- Annual and Interim Reports

SIT FactFile Established - 1887 • Year end - 31 October • Accounts published: Annual - January, Interim - June
Annual General Meeting - January • Manager - John Kennedy

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 **The Scottish
Investment Trust PLC**