

The Scottish Investment Trust PLC
Interim Management Statement
Three Months to 31 January 2010

Objectives

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.

Review of the three months to 31 January 2010

In the three months to 31 January 2010, the ex-income NAV rose by 2.7% with borrowings at par and by 3.5% with borrowings at market value. The company's principal comparator indices, the FTSE All-World Index™ and the UK FTSE All-Share Index™ rose by 4.2% and 2.9% respectively. The company's share price rose by 3.2% and the share price discount to ex-income NAV widened from 8.9% at the year-end to 9.1% (with borrowings at market value).

On a total return basis, the cum-income NAV with borrowings at market rose 3.4% over the period compared with 4.6% for the FTSE All-World Index and 3.6% for the FTSE All-Share Index.

Over the first three months of the year, portfolio activity featured profit taking in holdings which had done well over the last twelve months in Latin America, Europe (ex UK) and Asia Pacific (ex Japan) with reinvestment in shares which have lagged over the same period, particularly in North America which has seen net additions of £25.2m. While effective equity gearing was lowered to 101% by the end of January 2010, it was restored to 105% in February.

At the AGM in February, shareholders approved the declaration of a final dividend of 5.15p per share which was paid on 11 February 2010.

Shareholders also voted to renew the company's authority to repurchase its own shares. These powers are used as part of the share buyback scheme which is intended to keep the discount to ex-income NAV at or below 9% (with borrowings at market value). Over the three months, the company repurchased for cancellation 2.4m shares at an average discount of 10.2% and a cost of £10.2m. The average daily discount over the three months was 9.5%.

A resolution was passed to convert each of the Company's ordinary stock units of 25 pence into an ordinary share of 25 pence. This conversion, in itself, has no practical effect on the interests of stockholders, who have now simply become shareholders.

The board and manager continue to monitor developments relating to the European Parliament's proposed Directive on Alternative Investment Fund Managers and have been participating in lobbying efforts to ensure that the interests of investment trusts are suitably accommodated in the final draft.

Financial Summary

| | 31 January 2010 £,000s | 31 October 2009 £'000s | change % |
|---------------------------------------|------------------------------|------------------------------|-------------|
| Equity investments | 592,943 | 611,455 | |
| Fixed interest investments | 23,993 | 25,274 | |
| Net current assets (cum-income) | 78,197 | 60,242 | |
| Total assets | 695,133 | 696,971 | -0.3 |
| Borrowings at par | (107,643) | (107,612) | |
| Pension liability | (1,684) | (1,684) | |
| Equity shareholders' funds | 585,806 | 587,675 | -0.3 |
| Cum-income NAV with borrowings at par | 472.9p | 465.6p | 1.6 |

| | | | |
|---|--------|--------|-----|
| Cum-income NAV with borrowings at market value | 466.6p | 456.2p | 2.3 |
| Ex-income NAV with borrowings at par | 471.8p | 459.3p | 2.7 |
| Ex-income NAV with borrowings at market value | 465.5p | 449.9p | 3.5 |
| Share price | 423.0p | 410.0p | 3.2 |
| Discount to ex-income NAV with borrowings at market value | 9.1 % | 8.9% | |
| Effective equity gearing | 101% | 105% | |

| | | | |
|-------------------------|--|--|-----|
| FTSE All-World Index | | | 4.2 |
| UK FTSE All-Share Index | | | 2.9 |

NAV and Share Price Performance

| | 1 year | 3 years | 5 years |
|---|--------|---------|---------|
| NAV (with borrowings at par) total return on £100 | 123 | 97 | 141 |
| Share price total return on £100 | 117 | 97 | 146 |

Distribution of Total Assets

| By Sector | 31 January | | By Region | 31 January | |
|--------------------|------------|-----------------|-------------------------|------------|-----------------|
| | 2010 | 31 October 2009 | | 2010 | 31 October 2009 |
| | % | % | | % | % |
| Oil & Gas | 9.0 | 11.1 | UK | 25.1 | 23.7 |
| Basic Materials | 3.1 | 4.0 | Europe (ex UK) | 14.8 | 17.7 |
| Industrials | 14.5 | 19.5 | North America | 21.5 | 17.7 |
| Consumer Goods | 8.9 | 6.9 | Latin America | 6.6 | 9.9 |
| Health Care | 9.2 | 6.0 | Japan | 4.9 | 3.2 |
| Consumer Services | 9.1 | 5.3 | Asia Pacific (ex Japan) | 10.6 | 13.5 |
| Telecommunications | 6.3 | 5.8 | Middle East & Africa | 1.8 | 2.0 |
| Utilities | 3.7 | 1.1 | Fixed interest | 3.5 | 3.6 |
| Financials | 14.4 | 20.7 | Net current assets | 11.2 | 8.7 |
| Technology | 7.1 | 7.3 | | 100.0 | 100.0 |
| Fixed interest | 3.5 | 3.6 | | | |
| Net current assets | 11.2 | 8.7 | | | |
| | 100.0 | 100.0 | | | |

Top Ten Holdings

| Holding | Industry Sector | Country | £'000s | % |
|---------|-----------------|---------|--------|---|
|---------|-----------------|---------|--------|---|

| | | | | |
|------------------------|-------------------|-------------|--------|-----|
| Serco | Industrials | UK | 14,539 | 2.1 |
| Roche | Health Care | Switzerland | 12,643 | 1.8 |
| Li & Fung | Consumer Goods | Hong Kong | 12,007 | 1.7 |
| Apple | Technology | US | 11,731 | 1.7 |
| Gilead Sciences | Health Care | US | 10,556 | 1.5 |
| McDonald's | Consumer Services | US | 10,456 | 1.5 |
| BHP Billiton | Basic Materials | UK | 10,145 | 1.5 |
| HSBC | Financials | UK | 9,815 | 1.4 |
| BP | Oil & Gas | UK | 9,575 | 1.4 |
| Fresenius Medical Care | Health Care | Germany | 9,573 | 1.4 |

Important information

The Scottish Investment Trust PLC (SIT) is not authorised to give financial advice. This information should not be considered an offer or solicitation to deal in investments.

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.

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.

All sources SIT unless otherwise stated.

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NAV is net asset value per share.

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. 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. The reference gilt is the 6% Treasury Stock 2028.

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 percentage distributions are of total assets.
