

The Scottish Investment Trust PLC
Interim Management Statement
Three Months to 31 July 2008

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 third quarter

There has been further weakness in world stockmarkets since the end of April 2008 reflecting widespread concerns over first, the global economic outlook and related pressure on corporate profitability, second, the impact of sustained high oil prices and third, the continuing problems afflicting the global financial services industry.

In the three months to 31 July 2008, the net asset value per ordinary stock unit (NAV) fell by 8.6% (with borrowings at par and excluding current year revenue). On a cum-income basis, the NAV fell by 8.7%. The company's principal comparator indices, the FTSE All-World Index™ and the UK FTSE All-Share Index™ fell by 9.9% and 11.3% respectively. The company's stock price fell by 7.3% and the stock price discount to ex-income NAV narrowed from 9.9% at the year-end to 7.4% (with borrowings at market value).

On 2 June 2008, the board announced an interim dividend of 4.45p per ordinary stock unit which was paid on 18 July 2008. Consequently, the cum-income NAV with borrowings at par on a total return basis was down 7.9%.

The company has a buyback scheme which is intended to maintain the company's stock price discount to NAV with borrowings taken at market value at 9% or less. Over the three months, the company repurchased for cancellation 1.7m stock units at an average discount of 9.6% and a cost of £8.4m. The average daily discount over the three months was 8.9%.

Effective gearing was decreased over the period to 102% from the end-April interim level of 111%. Effective gearing decreased despite a fall in markets due to net sales of £62.3m including stock buybacks.

The Board is not aware of any significant events or transactions which have occurred between 31 July 2008 and the date of publication of this statement which would have a material impact on the financial position of the Company or its subsidiary undertakings.

Financial Summary

	31 July 2008 £,000s	30 April 2008 £'000s	change %
Equity investments	653,527	784,081	
Net current assets (cum-income)	100,575	40,695	
Total assets	<u>754,102</u>	<u>824,776</u>	
Borrowings at par	(107,462)	(107,432)	
Pension liability	(849)	(849)	
Equity stockholders' funds	<u>645,791</u>	<u>716,495</u>	
Cum-income NAV with borrowings at par	496.4p	543.8p	-8.7
Cum-income NAV with borrowings at market value	500.1p	546.8p	-8.5
Ex-income NAV with borrowings at par	491.0p	537.3p	-8.6
Ex-income NAV with borrowings at market value	494.7p	540.3p	-8.4
Stock price per ordinary unit	458.0p	494.0p	-7.3
Discount to Ex-income NAV with borrowings at market value	7.4%	8.6%	

Effective Gearing	102.2%	110.6%
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FTSE All-World Index TM	-9.9
UK FTSE All-Share Index TM	-11.3

NAV and Share Price Performance to 31 July 2008

	1 year	3 years	5 years
NAV (with borrowings at par) total return on £100	92	125	163
Share price total return on £100	95	131	186

Distribution of Total Assets

By Sector	31 July 2008		By Region	31 July 2008	
	%	30 April 2008 %		%	30 April 2008 %
Oil & Gas	11.6	16.7	UK	25.3	28.6
Basic Materials	7.2	7.6	Europe (ex UK)	15.9	16.6
Industrials	15.5	14.8	North America	26.9	26.8
Consumer Goods	7.5	9.0	Latin America	5.6	7.6
Health Care	8.8	6.4	Japan	3.0	3.0
Consumer Services	7.3	8.2	Asia Pacific (ex Japan)	8.1	10.8
Telecommunications	6.3	8.8	Middle East & Africa	1.9	1.7
Utilities	4.4	3.6	Net current assets	13.3	4.9
Financials	15.4	16.7		100.0	100.0
Technology	2.7	3.3			
Net current assets	13.3	4.9			
	100.0	100.0			

Top Ten Holdings

Holding	Industry Sector	Country	£'000s	%
Monsanto	Basic Materials	US	20,148	2.7
Gilead Sciences	Health Care	US	19,222	2.5
United Utilities	Utilities	UK	18,890	2.5
FLIR Systems	Industrials	US	17,463	2.5
Rio Tinto	Basic Materials	UK	16,084	2.3
DBS	Financials	Singapore	14,932	2.1
E.On	Utilities	Germany	14,511	2.0
HSBC	Financials	UK	14,199	1.9

BNP Paribas	Financials	France	13,708	1.8
De La Rue	Industrials	UK	13,644	1.8

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.

Cum-income means includes undistributed current year revenue.

Ex-income means excludes current year revenue.

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 percentage distributions are of total assets.
