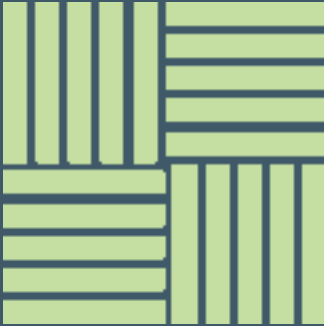


THE SCOTTISH AMERICAN INVESTMENT COMPANY P.L.C.

SAINTS
For income and growth



Half-Yearly Financial Report
30 June 2013





Objective

SAINTS' objective is to increase capital and grow income in order to deliver real dividend growth.

Investment Policy

SAINTS' policy is to invest flexibly and actively across a broad range of assets and markets. Listed equities, both UK and overseas, form the largest part of the portfolio. Investments are also made in bonds, property and other asset classes.

Benchmark

The portfolio benchmark against which performance has been measured is 50% FTSE All-Share Index and 50% FTSE All-World Ex UK Index (in sterling terms).

In comparing NAV performance to the benchmark, the Company's assets and liabilities are measured at fair value.

Principal Risks and Uncertainties

The principal risks facing the Company relate to the Company's investment activities. These risks are market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. An explanation of these risks and how they are managed is contained in note 18 of the Company's Annual Report and Financial Statements for the year to 31 December 2012. The principal risks and uncertainties have not changed since the publication of the Annual Report, which can be obtained free of charge from Baillie Gifford & Co (see contact details on the back cover of this report) and is available on the SAINTS page of the Managers' website:

www.saints-it.com. Other risks facing the Company include the following: regulatory risk (that the loss of investment trust status or a breach of applicable

legal and regulatory requirements could have adverse financial consequences and cause reputational damage); operational/financial risk (failure of service providers' accounting systems could lead to inaccurate reporting or financial loss); the risk that the discount can widen; and gearing risk (the use of borrowing can magnify the impact of falling markets). Further information can be found on page 22 of the Annual Report.

Responsibility Statement

We confirm that to the best of our knowledge:

- a) the condensed set of financial statements has been prepared in accordance with the Accounting Standards Board's statement 'Half-Yearly Financial Reports';
- b) the Half-Yearly Management Report includes a fair review of the information required by Disclosure and Transparency Rules 4.2.7R (indication of important events during the first six months, and their impact on the financial statements, and a description of principal risks and uncertainties for the remaining six months of the year); and
- c) the Half-Yearly Financial Report includes a fair review of the information required by Disclosure and Transparency Rules 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board
Sir Brian Ivory, CBE
Chairman
24 July 2013

Summary of Unaudited Results

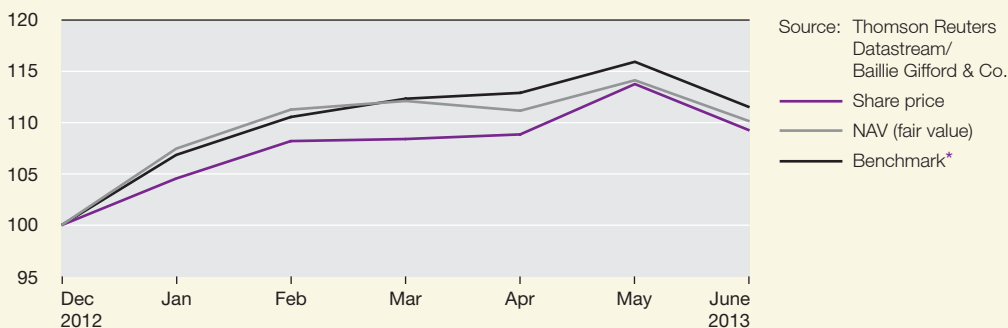
	30 June 2013	31 December 2012	% change
Shareholders' funds	£334.1m	£315.3m	
Net asset value per ordinary share (debenture at fair value)	238.0p	220.5p	7.9
Net asset value per ordinary share (debenture at book value)	251.8p	237.7p	5.9
Share price	241.5p	225.5p	7.1
Benchmark composite index*			9.6
Premium – debenture at fair value	1.5%	2.3%	
Discount – debenture at book value	(4.1%)	(5.1%)	

	Six months to 30 June 2013	Six months to 30 June 2012	% change
Revenue earnings per share	6.26p	5.22p	19.9
Dividends paid and payable in respect of the period	5.05p	4.85p	4.1%

	Six months to 30 June 2013	Year to 31 December 2012
Total return performance		
Net asset value (debenture at fair value)	10.1%	12.3%
Net asset value (debenture at book value)	7.9%	11.7%
Share price	9.2%	13.0%
Benchmark composite index*	11.5%	12.2%

Six Months Total Return Performance

(figures plotted on a monthly basis and rebased to 100 at 31 December 2012)



* 50% FTSE All-Share Index and 50% FTSE All-World Ex UK Index (in sterling terms).

Past performance is not a guide to future performance.

Half-Yearly Management Report

The net asset value total return for the first six months of 2013 was 10.1% and the share price total return 9.2%. The benchmark total return was 11.5%. Earnings per share rose to 6.26p from 5.22p in the same period last year, although this increase was largely due to the timing of dividend receipts and our expectation is that income for the full year will be similar to that earned in the year to 31 December 2012.

A first interim dividend of 2.50p was paid at the end of June and the second interim dividend (payable at the end of September) will be at a higher rate of 2.55p. The total amount of dividends, 5.05p, is 4.1% higher than the amount paid for the corresponding period in 2012. This rate of increase in the dividend exceeds the current rate of inflation.

Global growth is still not strong and inflation is at low levels so most companies are having to work hard to achieve any growth in sales and profits. However, this had little impact on stockmarkets during the period under review. Share prices found support from investors channelling money away from bond markets and into equities. Confidence was also buoyed by news from the United States where the economy seems to be recovering.

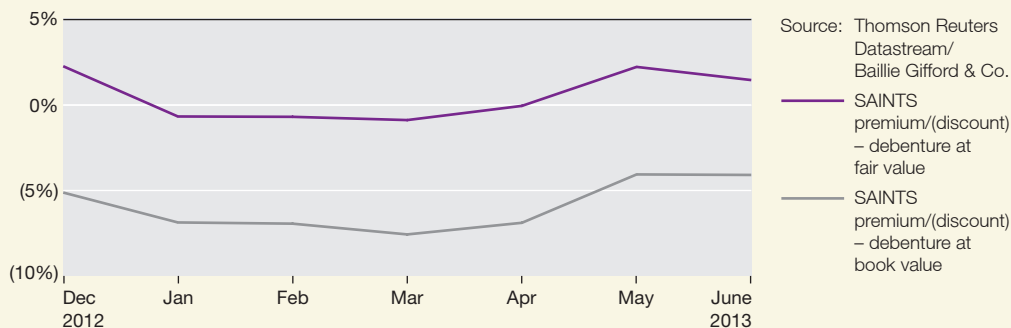
Towards the end of the first half, this growing confidence in the US economy gave rise to speculation about when quantitative easing would be withdrawn. In response, stockmarkets fell back a little during May and June but have recovered in July, as has SAINTS' share price.

Within SAINTS' portfolio the equity allocation rose slightly, in part because of market movements but also because we sold some of our bond investments to fund equity purchases. The NAV performance lagged the benchmark return mainly because of our larger allocation to emerging markets (which underperformed those in the developed economies) and our choice of stocks in the UK.

The principal risks and uncertainties facing the Company are set out on the inside front cover of this report.

Premium/(discount) to Net Asset Value

(figures plotted on a monthly basis)



Past performance is not a guide to future performance.

Twenty Largest Investments at 30 June 2013

Name	Business	Value £'000	% of total assets*
Athena Debt Opportunities Fund	Structured finance investment fund	13,536	3.2
Brazil CPI Linked 15/05/2045	Brazilian government bond	12,894	3.1
Progressive	Property and casualty insurance	11,791	2.8
Baillie Gifford Greater China Fund	Chinese equities investment fund	8,839	2.1
Taiwan Semiconductor Manufacturing	Semiconductor manufacturer	8,556	2.0
Holiday Village in New Romney	Holiday village	8,100	1.9
Rio Tinto	Mining	7,888	1.9
Samsung Electronics	Electronic devices	6,924	1.6
Baillie Gifford High Yield Bond Fund	High yield bond fund	6,451	1.5
Penn West Energy Trust	Oil exploration and production	6,204	1.5
Amlin	Property and casualty insurance	6,125	1.5
Cambium Global Timberland	Forestry investment fund	6,075	1.4
Industrial & Infrastructure Fund	Japanese commercial property fund	6,053	1.4
Jeronimo Martins	Food retailer	5,907	1.4
Japan Residential Investment Company	Japanese residential property fund	5,672	1.4
Philip Morris International	Cigarette manufacturer	5,589	1.3
Nursing home in Kenilworth	Nursing home	5,550	1.3
AES Tiete	Electricity utility	5,519	1.3
Analog Devices	Integrated circuits	5,494	1.3
Royal Dutch Shell	Integrated oil company	5,004	1.2
		148,171	35.1

* Before deduction of debenture.

Performance Attribution for the Six Months to 30 June 2013

Portfolio breakdown	Average allocation		Total return	
	SAINTS %	Benchmark %	SAINTS %	Benchmark %
Quoted Equities*	94.1	100.0	8.7	11.5
Bonds	13.2	–	4.4	
Direct Property	11.2	–	4.5	
Quoted Equity Property Investments	3.4	–	20.2	
Quoted Equity Forestry Investments	1.9	–	(7.8)	
Deposits	1.2	–	–	
Debenture at book value	(25.0)	–	3.4	
Portfolio Total Return (debenture at book value)			8.3	11.5
Other items†			(0.4)	
Fund Total Return (debenture at book value)			7.9	11.5
Adjustment for change in fair value of debenture			2.2	
Fund Total Return (debenture at fair value)			10.1	11.5

The above returns are calculated on a total returns basis with net income reinvested.

Source: Baillie Gifford & Co.

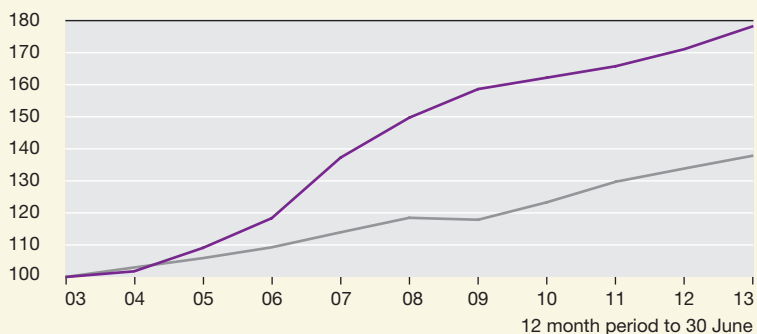
* Excludes quoted equity property and forestry investments.

† This includes Baillie Gifford and OLIM management fees.

Past performance is not a guide to future performance.

Dividend versus RPI

(figures rebased to 100 at 30 June 2003)

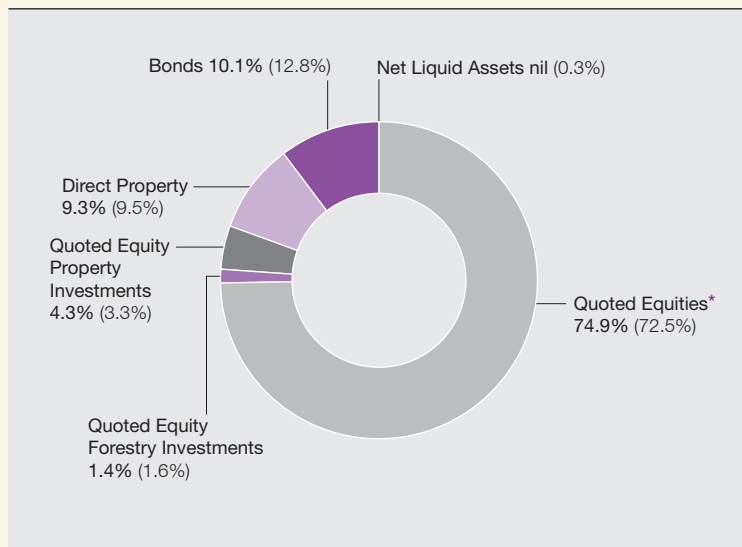


Source: Thomson Reuters
Datastream/
Baillie Gifford & Co.
— SAINTS dividend
— RPI

Asset Allocation and Portfolio Distribution

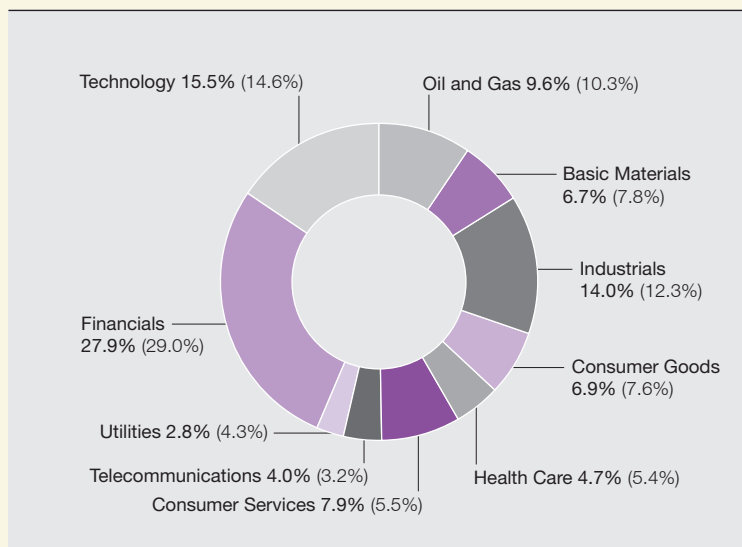
Asset Allocation at 30 June 2013

(31 December 2012)



Quoted Equities* by Sector at 30 June 2013

(31 December 2012)



* Excludes quoted equity property and forestry investments.

Income Statement (unaudited)

	For the six months ended 30 June 2013		
	Revenue £'000	Capital £'000	Total £'000
Gains on sales of investments – securities	–	13,529	13,529
Changes in fair value of investments – securities	–	7,080	7,080
Currency (losses)/gains	–	(1,315)	(1,315)
Income – dividends and interest	9,184	–	9,184
Income – rent and other	1,616	–	1,616
Management fees	(340)	(631)	(971)
Other administrative expenses	(450)	–	(450)
Net return before finance costs and taxation	10,010	18,663	28,673
Finance costs of borrowings	(1,026)	(1,906)	(2,932)
Net return on ordinary activities before taxation	8,984	16,757	25,741
Tax on ordinary activities	(677)	236	(441)
Net return on ordinary activities after taxation	8,307	16,993	25,300
Net return per ordinary share (note 4)	6.26p	12.81p	19.07p

Statement of Total Recognised Gains and Losses (unaudited)

Net return on ordinary activities after taxation	8,307	16,993	25,300
Changes in fair value of investments – property	–	100	100
Total recognised gains for the period	8,307	17,093	25,400
Total recognised gains per ordinary share (note 4)	6.26p	12.88p	19.14p
Note:			
Dividends paid and payable per share (note 5)	5.05p		

All revenue and capital items in the above statements derive from continuing operations.

The total column of this statement is the profit and loss account of the Company.

For the six months ended 30 June 2012			For the year ended 31 December 2012		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
–	13,033	13,033	–	18,109	18,109
–	(7,430)	(7,430)	–	7,069	7,069
–	(6)	(6)	–	288	288
7,807	–	7,807	15,352	–	15,352
1,618	–	1,618	3,204	–	3,204
(312)	(579)	(891)	(627)	(1,164)	(1,791)
(446)	–	(446)	(881)	–	(881)
8,667	5,018	13,685	17,048	24,302	41,350
(1,032)	(1,916)	(2,948)	(2,063)	(3,832)	(5,895)
7,635	3,102	10,737	14,985	20,470	35,455
(704)	365	(339)	(1,421)	705	(716)
6,931	3,467	10,398	13,564	21,175	34,739
5.22p	2.62p	7.84p	10.22p	15.96p	26.18p
6,931	3,467	10,398	13,564	21,175	34,739
–	(550)	(550)	–	(750)	(750)
6,931	2,917	9,848	13,564	20,425	33,989
5.22p	2.20p	7.42p	10.22p	15.39p	25.61p
4.85p			9.80p		

Balance Sheet (unaudited)

	At 30 June 2013 £'000	At 30 June 2012 £'000	At 31 December 2012 £'000
Fixed assets			
Investments – securities	381,370	340,903	362,004
Investments – property	38,750	38,850	38,650
	420,120	379,753	400,654
Current assets			
Debtors	1,946	2,394	1,735
Cash and deposits	1,242	8,981	2,020
	3,188	11,375	3,755
Creditors			
Amounts falling due within one year	(3,030)	(6,735)	(2,629)
Net current assets	158	4,640	1,126
Total assets less current liabilities	420,278	384,393	401,780
Creditors			
Debenture stock (note 6)	(86,199)	(86,719)	(86,467)
Net assets	334,079	297,674	315,313
Capital and reserves			
Called up share capital	33,169	33,169	33,169
Share premium	357	357	357
Capital redemption reserve	22,781	22,781	22,781
Capital reserve	259,267	224,666	242,174
Revenue reserve	18,505	16,701	16,832
Shareholders' funds	334,079	297,674	315,313
Net asset value per ordinary share (Debenture at fair value) (note 6)	238.0p	206.6p	220.5p
Net asset value per ordinary share (Debenture at book value)	251.8p	224.4p	237.7p
Ordinary shares in issue (note 7)	132,675,943	132,675,943	132,675,943

Reconciliation of Movements in Shareholders' Funds (unaudited)

For the six months ended 30 June 2013

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve* £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 January 2013	33,169	357	22,781	242,174	16,832	315,313
Total recognised gains and losses	–	–	–	17,093	8,307	25,400
Dividends paid (note 5)	–	–	–	–	(6,634)	(6,634)
Shareholders' funds at 30 June 2013	33,169	357	22,781	259,267	18,505	334,079

For the six months ended 30 June 2012

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve* £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 January 2012	33,169	357	22,781	221,749	16,138	294,194
Total recognised gains and losses	–	–	–	2,917	6,931	9,848
Dividends paid (note 5)	–	–	–	–	(6,368)	(6,368)
Shareholders' funds at 30 June 2012	33,169	357	22,781	224,666	16,701	297,674

For the year ended 31 December 2012

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve* £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 January 2012	33,169	357	22,781	221,749	16,138	294,194
Total recognised gains and losses	–	–	–	20,425	13,564	33,989
Dividends paid (note 5)	–	–	–	–	(12,870)	(12,870)
Shareholders' funds at 31 December 2012	33,169	357	22,781	242,174	16,832	315,313

* The Capital Reserve balance at 30 June 2013 includes investment holding gains of £62,580,000 (30 June 2012 – gains of £41,101,000; 31 December 2012 – gains of £55,400,000).

Condensed Cash Flow (unaudited)

	Six months to 30 June 2013 £'000	Six months to 30 June 2012 £'000	Year to 31 December 2012 £'000
Net cash inflow from operating activities	8,735	7,770	15,832
Net cash outflow from servicing of finance	(3,200)	(3,200)	(6,400)
Total tax paid	(435)	(324)	(720)
Net cash inflow from financial investment	787	8,142	3,273
Equity dividends paid (note 5)	(6,634)	(6,368)	(12,870)
(Decrease)/increase in cash	(747)	6,020	(885)
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the period	(747)	6,020	(885)
Translation difference	(31)	(204)	(260)
Other non-cash changes	268	253	505
Movement in net debt in the period	(510)	6,069	(640)
Net debt at start of the period	(84,447)	(83,807)	(83,807)
Net debt at end of the period	(84,957)	(77,738)	(84,447)
Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities			
Net return before finance costs and taxation	28,673	13,685	41,350
Gains on investments – securities	(20,609)	(5,603)	(25,178)
Currency losses/(gains)	1,315	6	(288)
Changes in debtors and creditors	(523)	(209)	167
Other non-cash changes	(121)	(109)	(219)
Net cash inflow from operating activities	8,735	7,770	15,832

Notes to the Condensed Financial Statements (unaudited)

- 1** The condensed financial statements for the six months to 30 June 2013 comprise the statements set out on pages 6 to 10 together with the related notes on pages 11 and 12. They have been prepared on the basis of the same accounting policies as set out in the Company's Annual Report and Financial Statements at 31 December 2012 and in accordance with the ASB's Statement 'Half-Yearly Financial Reports' and have not been audited or reviewed by the Auditors pursuant to the Auditing Practices Board Guidance on 'Review of Interim Financial Information'.

The Company's assets, the majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. The Company has no short term borrowings and the redemption date for the Company's Debenture is April 2022. Accordingly, the Half-Yearly Financial Report has been prepared on the going concern basis as it is the Directors' opinion that the Company will continue in operational existence for the foreseeable future.

- 2** The financial information contained within this Half-Yearly Financial Report does not constitute statutory accounts as defined in sections 434 to 436 of the Companies Act 2006. The financial information for the year ended 31 December 2012 has been extracted from the statutory accounts which have been filed with the Registrar of Companies. The Auditor's Report on those accounts was not qualified and did not contain statements under sections 498(2) or (3) of the Companies Act 2006.

- 3** Baillie Gifford & Co are employed by the Company as investment managers and secretaries under a management agreement which can be terminated on six months' notice. Baillie Gifford & Co receive an annual fee of 0.45% of total assets less current liabilities, excluding the property portfolio, calculated on a quarterly basis. Although holdings in collective investment schemes (OEICs) managed by Baillie Gifford & Co are subject to this fee the OEIC share class held by the Company does not itself attract a fee, thereby avoiding any duplication of fees.

The property portfolio is managed by OLIM Property Limited, which receives an annual fee of 0.5% of the value of the property portfolio, subject to a minimum quarterly fee of £6,250. The agreement can be terminated on three months' notice.

4 Returns per ordinary share

Net return per ordinary share is based on the return on ordinary activities after taxation figures in the Income Statement and on 132,675,943 (30 June 2012 – 132,675,943; 31 December 2012 – 132,675,943) ordinary shares of 25p, being the weighted average number of ordinary shares in issue during each period. Total recognised gains and losses per ordinary share is based on the total recognised gains for the period in the Statement of Total Recognised Gains and Losses and on 132,675,943 (30 June 2012 – 132,675,943; 31 December 2012 – 132,675,943) ordinary shares of 25p, being the weighted average number of ordinary shares in issue during each period.

Notes to the Condensed Financial Statements (unaudited)

	Six months to 30 June 2013 £'000	Six months to 30 June 2012 £'000	Year to 31 December 2012 £'000
5 Dividends			
Amounts recognised as distributions in the period:			
Previous year's final of 2.50p (2012 – 2.40p), paid 12 April 2013	3,317	3,184	3,184
First interim of 2.50p (2012 – 2.40p), paid 28 June 2013	3,317	3,184	3,184
Second interim (2012 – 2.45p)	–	–	3,251
Third interim (2012 – 2.45p)	–	–	3,251
	6,634	6,368	12,870
Amounts paid and payable in respect of the period:			
First interim of 2.50p (2012 – 2.40p), paid 28 June 2013	3,317	3,184	3,184
Second interim of 2.55p (2012 – 2.45p)	3,383	3,251	3,251
Third interim (2012 – 2.45p)	–	–	3,251
Final dividend (2012 – 2.50p)	–	–	3,317
	6,700	6,435	13,003

The second interim dividend was declared after the period end date and therefore has not been included as a liability in the balance sheet. It is payable on 27 September 2013 to shareholders on the register at the close of business on 23 August 2013. The ex-dividend date is 21 August 2013. The Company's Registrar offers a Dividend Reinvestment Plan and the final date for elections for this dividend is 6 September 2013.

- 6** The market value of the 8% Debenture Stock 2022 at 30 June 2013 was £104.5m (30 June 2012 – £110.2m; 31 December 2012 – £109.2m).
- 7** At 30 June 2013, the Company had the authority to buy back 19,888,123 ordinary shares and to issue 13,267,592 ordinary shares without application of pre-emption rights in accordance with the authorities granted at the AGM in April 2013. No shares were bought back or issued during the period under review.
- 8** During the period, transaction costs on purchases amounted to £68,000 (30 June 2012 – £37,000; 31 December 2012 – £67,000) and transaction costs on sales amounted to £23,000 (30 June 2012 – £18,000; 31 December 2012 – £38,000).
- 9** None of the views expressed in this document should be construed as advice to buy or sell a particular investment.

Further Shareholder Information

SAINTS' shares are traded on the London Stock Exchange. They can be bought through a stockbroker, by asking a professional adviser to do so, or through the Baillie Gifford savings vehicles.

Baillie Gifford's Investment Trust Share Plan

You can invest from a minimum of £250 or from £30 per month. The plan is designed to be a cost-effective way of saving on a regular or lump sum basis.

Baillie Gifford's Investment Trust ISA

You can invest in a tax efficient way by investing a minimum of £2,000 or from £100 per month or by transferring an ISA with a value of at least £2,000 from your existing manager.

Baillie Gifford's Children's Savings Plan

A cost-effective plan tailored especially to meet the requirements to save for children. You can invest a minimum of £100 or from £25 per month.

Online Management Service

You can now also open and manage your Share Plan, Children's Savings Plan* and/or ISA online, through our secure Online Management Service (OMS) which can be accessed through the Baillie Gifford website at www.bailliegifford.com. OMS enables you to apply for, open and administer a Baillie Gifford Investment Trust Share Plan or Investment Trust ISA online. As well as being able to view the details of your plan online, the service also allows you to:

- get current valuations;
- make lump sum investments;
- switch between investment trusts;
- set up a direct debit to make regular investments; and
- update certain personal details.

* Please note that a Bare Trust cannot be opened via OMS. A Bare Trust application form must be completed.

Certain restrictions apply for accounts where there is more than one holder.

The information about the ISA, Share Plan and Children's Savings Plan has been approved by Baillie Gifford Savings Management Limited ('BGSM'). BGSM is the ISA Manager, the Manager of the Share Plan and Children's Savings Plan. BGSM is wholly owned by Baillie Gifford & Co. Both are authorised and regulated by the Financial Conduct Authority. Baillie Gifford only provides information about its products and does not provide investment advice.

Dividend Reinvestment Plan

Computershare operate a Dividend Reinvestment Plan which can be used to buy additional shares instead of receiving your dividend via cheque or into your bank account. For further information log in to www.investorcentre.co.uk and follow the instructions or telephone 0870 707 1694.

Risk Warnings

Past performance is not a guide to future performance.

SAINTS is a listed UK Company. As a result, the value of its shares and any income from those shares is not guaranteed and could go down as well as up. You may not get back the amount you invested.

SAINTS has borrowed money to make further investments (sometimes known as gearing). The risk is that when this money is repaid by the Company, the value of these investments may not be enough to cover the borrowing and interest costs, and the Company will make a loss. If the Company's investments fall in value, gearing will increase the amount of this loss. SAINTS can buy back its own shares. The risks from borrowing, referred to above, are increased when a company buys back its own shares.

As SAINTS invests in overseas securities, changes in the rates of exchange may also cause the value of your investment (and any income it may pay) to go down or up.

SAINTS invests in emerging markets which could encounter dealing, settlement and custody difficulties more than the main international markets.

SAINTS invests in corporate bonds which are generally perceived to carry a greater possibility of capital loss than investment in, for example, higher rated UK government bonds. Bonds issued by companies and governments may be adversely affected by changes in interest rates and expectations of inflation.

SAINTS has some direct property investments which may be difficult to sell. Valuations of property are only estimates based on the valuer's opinion rather than fact. These estimates may not be achieved when the property is sold.

The favourable tax treatment of ISAs may change.

Investment Trusts are UK public listed companies and as such comply with requirements of the UK Listing Authority. They are not authorised or regulated by the Financial Conduct Authority.

Details of other risks that apply to investments in the above savings vehicles are contained in the product brochures.

Directors

Chairman:

Sir Brian Ivory, CBE, CA

The Rt Hon Sir Menzies Campbell,
CBE, QC, MP

Eric Hagman, CBE, CA

Lord Kerr of Kinlochard, GCMG

Rachel Lomax

Peter Moon

Managers, Secretaries and Registered Office

Baillie Gifford & Co
Calton Square

1 Greenside Row
Edinburgh

EH1 3AN

Tel: 0131 275 2000

www.bailliegifford.com

Registrar

Computershare
Investor Services PLC

The Pavilions
Bridgwater Road
Bristol

BS99 6ZZ

Tel: 0870 702 1282

Company Broker

Winterflood Investment Trusts

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Cannon Bridge

25 Dowgate Hill

London

EC4R 2GA

Independent Auditor

KPMG Audit Plc

Saltire Court

20 Castle Terrace

Edinburgh

EH1 2EG

Company Details

E-mail: saints@bailliegifford.com

www.saints-it.com

Company registration

No. SC489

ISIN GB0007873697

Sedol 0787369

Ticker SCAM

Further Information

Client Relations Team

Baillie Gifford Savings

Management Limited

Calton Square

1 Greenside Row

Edinburgh

EH1 3AN

Tel: 0800 027 0133

Your call may be recorded

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Fax: 0131 275 3955