

Scottish Mortgage Investment Trust PLC

Your low cost choice for global investment



Objective

Scottish Mortgage Investment Trust PLC is a low cost investment trust that aims to maximise total return over the long term from a focused and actively managed portfolio. It invests globally, looking for strong businesses with above-average returns.

Benchmark

The portfolio benchmark against which performance is measured is the FTSE All World Index (in sterling terms).

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 22 of the Company's Annual Report and Financial Statements for the year to 31 March 2011. 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 Scottish Mortgage page of the Managers' website: www.scottishmortgageit.com. Other risks facing the Company include the following: gearing risk (the use of borrowings can magnify the impact of falling markets); 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); and the risk that the discount can widen. Further information can be found on page 21 of the Annual Report and Financial Statements.

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, their impact on the financial statements, and a description of the 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 – see note 3 on page 11).

By order of the Board

John Scott
Chairman

27 October 2011

Summary of Unaudited Results

| | 30 September 2011 | 31 March 2011 (audited) | % change | |
|--|------------------------------------|-------------------------------|--------------------------|---------|
| Total assets (before deduction of debentures, long and short term borrowings) | £2,097.2m | £2,502.3m | | |
| Shareholders' funds | £1,725.2m | £2,132.3m | | |
| Net asset value per ordinary share (after deducting borrowings at fair value)*† | 648.7p | 816.5p | (20.5%) | |
| FTSE All World Index (in sterling terms) | 175.7 | 209.4 | (16.1%) | |
| Share price | 623.0p | 742.0p | (16.0%) | |
| Discount (after deducting borrowings at fair value) | (4.0%) | (9.1%) | | |
| | Six months to 30 Sept 2011 | Six months to 30 Sept 2010 | % change | |
| Revenue earnings per share | 10.83p | 8.64p | 25.3% | |
| Interim dividend per share# | 6.20p | 5.80p | 6.9% | |
| | Six months to 30 September 2011 | | Year to 31 March 2011 | |
| Period's high and low | High | Low | High | Low |
| Share price | 781.0p | 623.0p | 742.5p | 533.0p |
| Net asset value (after deducting borrowings at fair value)† | 861.6p | 648.7p | 816.5p | 604.1p |
| Discount (after deducting borrowings at fair value)† | (3.1%) | (10.5%) | (6.5%) | (15.0%) |
| Average sector discount (AIC Global Growth Sector) | (9.1%) | (11.5%) | (10.3%) | (13.0%) |

Past performance is not a guide to future performance.

Notes

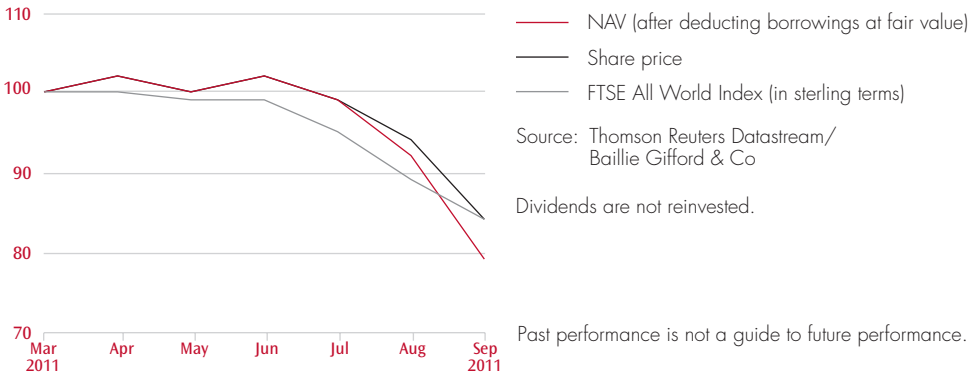
* Borrowings are deducted at fair value (the estimate of market worth).

† Cum-income.

See note 5, page 12.

Six Months Performance

(figures plotted on a monthly basis have been rebased to 100 at 31 March 2011)



Half-Yearly Management Report

Results

Over the six months net asset value per share fell by 20.5% and the benchmark (the FTSE All World Index in sterling terms) fell by 16.1% but thanks to a tightening in the discount the decline in the share price matched the benchmark.

As has been often repeated in these reports, short term performance will be variable both in absolute terms and also relative to the index. As the portfolio is managed with a long term view in mind, the Board pays much closer attention to five year numbers. Over the five years to the end of September 2011, the net asset value per share total return (capital and dividends) was 28% and in share price terms, 40%. Both were well ahead of the Benchmark Index which returned 15%.

Earnings and Dividend

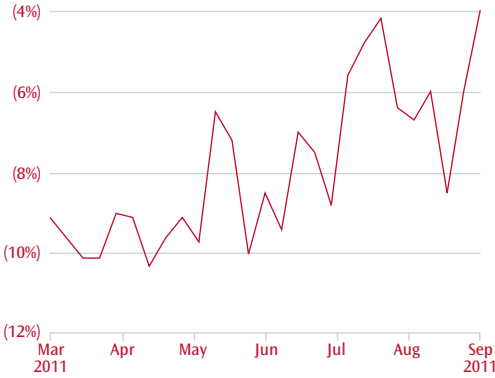
Thanks in part to the timing of dividend receipts, earnings per share for the period increased, totalling 10.8p compared to 8.6p in the corresponding period of the previous year. This illustrates in practical terms the current, and often unreported, health of much of the corporate sector. An increased interim dividend of 6.2p per share is proposed (5.8p in the corresponding period last year).

Markets

Over the past six months equity markets have been weak and volatile. In particular, since July they have reacted with intense nervousness to day to day developments in the Eurozone and to the challenges of dealing with the implications of a Greek debt default. This nervousness has been self feeding and little attention has been paid to more promising and positive news flow especially at company level.

Discount to Net Asset Value

(plotted on a weekly basis)



— Scottish Mortgage Discount
(after deducting borrowings at fair value)

Source: Thomson Reuters Datastream/
Baillie Gifford & Co

The discount is the difference between Scottish Mortgage's quoted share price and its underlying net asset value calculated after deducting borrowings at fair value.

The Portfolio

During the period changes were made to the portfolio. These included the sale of some long standing US holdings where performance over time has been good. The proceeds of these sales were used to add to existing holdings where the level of long term conviction is high and also to introduce some new holdings. The strong operational performance of some of the large holdings including, but not exclusively, Amazon (now 10% of total assets) and Baidu (7%) was noteworthy.

Performance at the end of the reporting period suffered a reversal when a number of share prices and markets were marked down as short term investors sought shelter in so called "risk off" positions. In the light of this reversal, a careful assessment of the holdings and their individual long term investment merits was made. The overall conclusion was that, while hard, current market conditions have to be endured with a steady eye kept on both the strong individual investment cases and on longer term dynamics and not short term market preoccupations.

Outlook

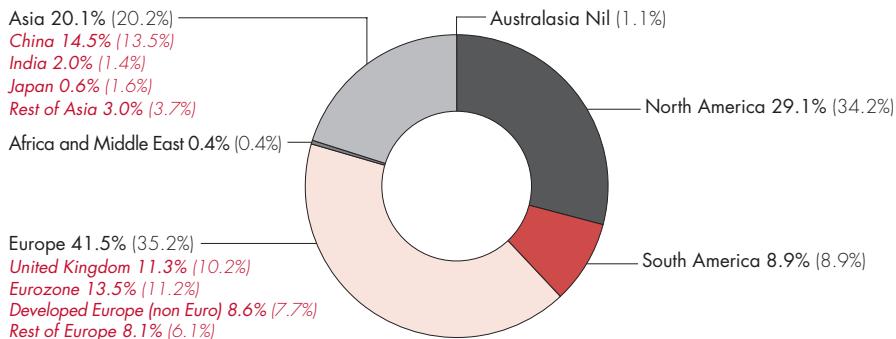
The IMF September forecast predicts global economic growth of 4% with developed economies (including the US and Europe) in aggregate growing at 1.6% and emerging and developing economies growing at 6.4%. While conditions in developed markets may continue to be tough and achieving growth overall here may be a struggle, many individual companies are likely to continue to do well. Powerful longer term positive influences, notably the rapid growth of developing countries and the rapid pace of technological advance across many fields, remain in place. As stated earlier, painful market conditions may have to be endured for the remainder of the year, and possibly longer, but taking a deliberate long term and unfashionably optimistic view provides succour.

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

Distribution of Total Assets*

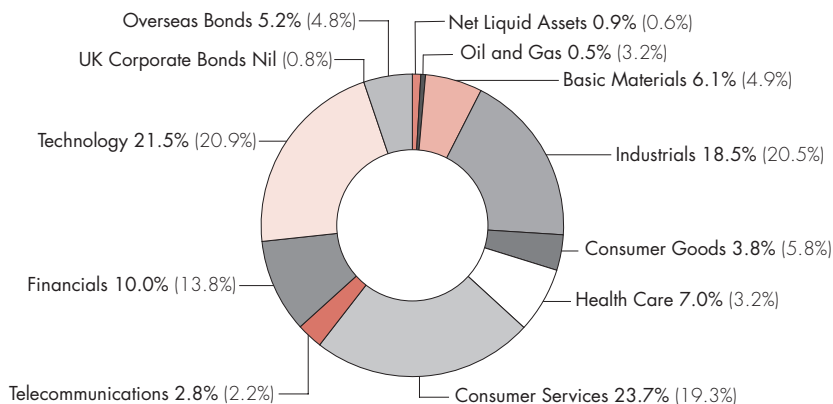
Geographical Analysis at 30 September 2011

(31 March 2011)



Sectoral Analysis at 30 September 2011

(31 March 2011)



*Total assets before deduction of debentures, long and short term borrowings.

Thirty Largest Holdings and Performance at 30 September 2011

| Name | Business | Fair value £'000 | % of total assets | Contribution to absolute performance % [†] |
|--|--|---------------------|-------------------------|---|
| Amazon.com | Online retailer | 204,587 | 9.8 | 1.6 |
| Baidu | Online search engine | 148,084 | 7.1 | (1.7) |
| Brazil CPI Linked 2045 | Brazilian government inflation linked bond | 108,352 | 5.2 | (0.2) |
| PPR | Luxury goods producer and retailer | 106,412 | 5.1 | (0.8) |
| Atlas Copco | Engineering | 86,807 | 4.1 | (1.2) |
| Tencent Holdings | Internet service portal | 78,840 | 3.8 | (0.5) |
| Banco Santander | Banking | 64,606 | 3.1 | (0.8) |
| Google | Online search engine | 58,148 | 2.8 | (0.3) |
| Illumina | Biotechnology equipment | 56,531 | 2.7 | (0.8) |
| Vale (CVRD) | Iron ore and nickel mining | 54,946 | 2.6 | (0.7) |
| Inditex | International clothing retailer | 52,906 | 2.5 | 0.2 |
| salesforce.com | Cloud computing software | 46,841 | 2.2 | (0.3) |
| Intuitive Surgical | Surgical robots | 45,054 | 2.1 | 0.2 |
| New Oriental Education & Technology | Education and training | 42,671 | 2.0 | (0.3) |
| KGHM | Copper mining | 42,240 | 2.0 | (0.8) |
| Novozymes | Enzyme manufacturer | 41,501 | 2.0 | (0.1) |
| Deere | Farm machinery | 39,678 | 1.9 | (0.8) |
| ABB | Power systems and automation | 37,969 | 1.8 | (0.4) |
| First Solar | Solar energy technology | 35,340 | 1.7 | (1.8) |
| Garanti Bankasi | Banking | 33,880 | 1.6 | (0.2) |
| Telfonica O2 Czech Republic | Fixed and mobile telecoms | 31,722 | 1.5 | 0.0 |
| Reckitt Benckiser Group | Household goods | 29,911 | 1.4 | 0.0 |
| Meggitt | Aerospace equipment and systems | 28,874 | 1.4 | (0.1) |
| Telekomunikacja Polska | Fixed and mobile telecoms | 27,328 | 1.3 | (0.1) |
| Intertek Group | Business support providers | 27,146 | 1.3 | (0.1) |
| Whole Foods Market | Food retailer | 26,073 | 1.2 | 0.0 |
| Hero Motocorp | Motorcycle and scooter manufacturer | 25,174 | 1.2 | 0.0 |
| Taiwan Semiconductor Manufacturing | Semiconductor manufacturer | 24,377 | 1.2 | 0.0 |
| Rolls Royce Group | Aerospace equipment | 23,800 | 1.1 | 0.0 |
| Prudential | Life insurance | 22,134 | 1.1 | (0.1) |
| | | 1,651,932 | 78.8 | |

[†] Contribution to absolute performance has been calculated on a total return basis over the period 1 April 2011 to 30 September 2011.

Source: Baillie Gifford & Co/StatPro.

Past performance is not a guide to future performance.

Income Statement (unaudited)

| | For the six months ended 30 September 2011 | | |
|--|--|------------------|------------------|
| | Revenue £'000 | Capital £'000 | Total £'000 |
| Gains on sales of investments | – | 49,444 | 49,444 |
| Changes in investment holding (losses)/gains | – | (461,647) | (461,647) |
| Currency losses | – | (248) | (248) |
| Income from investments and interest receivable | 38,891 | – | 38,891 |
| Other income | 8 | – | 8 |
| Investment management fee (note 3) | (1,848) | (1,848) | (3,696) |
| Other administrative expenses | (1,268) | – | (1,268) |
| Net return before finance costs and taxation | 35,783 | (414,299) | (378,516) |
| Finance costs of borrowings | (4,692) | (4,692) | (9,384) |
| Net return on ordinary activities before taxation | 31,091 | (418,991) | (387,900) |
| Tax on ordinary activities | (3,319) | – | (3,319) |
| Net return on ordinary activities after taxation | 27,772 | (418,991) | (391,219) |
| Net return per ordinary share (note 4) | 10.83p | (163.34p) | (152.51p) |
| Dividends paid and proposed per ordinary share (note 5) | 6.20p | | |

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

All revenue and capital items in this statement derive from continuing operations. No operations were acquired or discontinued during the year.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses of the Company have been reflected in the above statement.

For the six months ended 30 September 2010

For the year ended 31 March 2011 (audited)

| Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
|------------------|------------------|----------------|------------------|------------------|-----------------|
| – | 44,367 | 44,367 | – | 109,495 | 109,495 |
| – | 22,609 | 22,609 | – | 215,698 | 215,698 |
| – | (3,625) | (3,625) | – | (4,578) | (4,578) |
| 32,124 | – | 32,124 | 53,379 | – | 53,379 |
| 17 | – | 17 | 324 | – | 324 |
| (1,680) | (1,680) | (3,360) | (3,638) | (3,638) | (7,276) |
| (1,085) | – | (1,085) | (2,438) | – | (2,438) |
| 29,376 | 61,671 | 91,047 | 47,627 | 316,977 | 364,604 |
| (4,335) | (4,335) | (8,670) | (8,814) | (8,814) | (17,628) |
| 25,041 | 57,336 | 82,377 | 38,813 | 308,163 | 346,976 |
| (2,715) | – | (2,715) | (4,439) | – | (4,439) |
| 22,326 | 57,336 | 79,662 | 34,374 | 308,163 | 342,537 |
| 8.64p | 22.20p | 30.84p | 13.32p | 119.40p | 132.72p |
| 5.80p | | | 12.00p | | |

Balance Sheet (unaudited)

| | At 30 Sept 2011 £'000 | At 30 Sept 2010 £'000 | At 31 March 2011 (audited) £'000 |
|--|-----------------------------|-----------------------------|---|
| Fixed assets | | | |
| Investments held at fair value through profit or loss | 2,078,613 | 2,241,818 | 2,486,251 |
| Current assets | | | |
| Debtors | 13,500 | 6,086 | 15,468 |
| Cash and short term deposits | 22,826 | 24,159 | 14,699 |
| | 36,326 | 30,245 | 30,167 |
| Creditors | | | |
| Amounts falling due within one year: | | | |
| Bank loans (note 6) | (116,087) | (165,622) | (164,605) |
| Other creditors | (17,767) | (6,490) | (14,140) |
| | (133,854) | (172,112) | (178,745) |
| Net current liabilities | (97,528) | (141,867) | (148,578) |
| Total assets less current liabilities | 1,981,085 | 2,099,951 | 2,337,673 |
| Creditors | | | |
| Amounts falling due after more than one year: | | | |
| Bank loans (note 6) | (104,635) | (52,846) | (54,001) |
| Debenture stocks | (151,279) | (151,465) | (151,378) |
| | (255,914) | (204,311) | (205,379) |
| | 1,725,171 | 1,895,640 | 2,132,294 |
| Capital and reserves | | | |
| Called up share capital | 71,086 | 71,086 | 71,086 |
| Capital redemption reserve | 19,094 | 19,094 | 19,094 |
| Capital reserve | 1,546,874 | 1,726,291 | 1,965,865 |
| Revenue reserve | 88,117 | 79,169 | 76,249 |
| Shareholders' funds | 1,725,171 | 1,895,640 | 2,132,294 |
| Net asset value per ordinary share (after deducting borrowings at fair value) (note 7) | 648.7p | 714.7p | 816.5p |
| Net asset value per ordinary share (after deducting borrowings at par) | 674.7p | 736.8p | 833.5p |
| Ordinary shares in issue (note 8) | 256,519,897 | 258,069,897 | 256,519,897 |

Reconciliation of Movements in Shareholders' Funds (unaudited)

For the six months ended 30 September 2011

| | Share capital £'000 | Capital redemption reserve £'000 | Capital reserve † £'000 | Revenue reserve £'000 | Shareholders' funds £'000 |
|--|------------------------|-------------------------------------|----------------------------|--------------------------|------------------------------|
| Shareholders' funds at 1 April 2011 | 71,086 | 19,094 | 1,965,865 | 76,249 | 2,132,294 |
| Net return on ordinary activities after taxation | – | – | (418,991) | 27,772 | (391,219) |
| Shares bought back (note 8) | – | – | – | – | – |
| Dividends paid during the period (note 5) | – | – | – | (15,904) | (15,904) |
| Shareholders' funds at 30 September 2011 | 71,086 | 19,094 | 1,546,874 | 88,117 | 1,725,171 |

For the six months ended 30 September 2010

| | Share capital £'000 | Capital redemption reserve £'000 | Capital reserve † £'000 | Revenue reserve £'000 | Shareholders' funds £'000 |
|--|------------------------|-------------------------------------|----------------------------|--------------------------|------------------------------|
| Shareholders' funds at 1 April 2010 | 71,086 | 19,094 | 1,677,917 | 71,811 | 1,839,908 |
| Net return on ordinary activities after taxation | – | – | 57,336 | 22,326 | 79,662 |
| Shares bought back (note 8) | – | – | (8,962) | – | (8,962) |
| Dividends paid during the period (note 5) | – | – | – | (14,968) | (14,968) |
| Shareholders' funds at 30 September 2010 | 71,086 | 19,094 | 1,726,291 | 79,169 | 1,895,640 |

For the year ended 31 March 2011 (audited)

| | Share capital £'000 | Capital redemption reserve £'000 | Capital reserve † £'000 | Revenue reserve £'000 | Shareholders' funds £'000 |
|--|------------------------|-------------------------------------|----------------------------|--------------------------|------------------------------|
| Shareholders' funds at 1 April 2010 | 71,086 | 19,094 | 1,677,917 | 71,811 | 1,839,908 |
| Net return on ordinary activities after taxation | – | – | 308,163 | 34,374 | 342,537 |
| Shares bought back (note 8) | – | – | (20,215) | – | (20,215) |
| Dividends paid during the year (note 5) | – | – | – | (29,936) | (29,936) |
| Shareholders' funds at 31 March 2011 | 71,086 | 19,094 | 1,965,865 | 76,249 | 2,132,294 |

† The Capital Reserve balance at 30 September 2011 includes investment holding gains on fixed asset investments of £376,681,000 (30 September 2010 – gains of £645,239,000 and 31 March 2011 – gains of £838,328,000).

Condensed Cash Flow Statement (unaudited)

| | Six months to 30 Sept 2011 £'000 | Six months to 30 Sept 2010 £'000 | Year to 31 March 2011 (audited) £'000 |
|--|---|---|---|
| Net cash inflow from operating activities | 29,681 | 29,936 | 49,530 |
| Net cash outflow from servicing of finance | (9,288) | (9,340) | (18,323) |
| Total tax suffered | (2,997) | (2,634) | (4,467) |
| Net cash inflow/(outflow) from financial investment | 8,012 | (38,494) | (30,592) |
| Equity dividends paid (note 5) | (15,904) | (14,968) | (29,936) |
| Net cash inflow/(outflow) before use of liquid resources and financing | 9,504 | (35,500) | (33,788) |
| Shares bought back (note 8) | – | (8,962) | (20,215) |
| Net cash (outflow)/inflow from bank loans (note 6) | (1,377) | 49,723 | 49,804 |
| Increase/(decrease) in cash | 8,127 | 5,261 | (4,199) |
| Reconciliation of net cash flow to movement in net debt | | | |
| Increase/(decrease) in cash in the period | 8,127 | 5,261 | (4,199) |
| Decrease/(increase) in bank loans (note 6) | 1,377 | (49,723) | (49,804) |
| Exchange movement on bank loans | (3,493) | (5,620) | (5,677) |
| Other non-cash changes | 99 | 87 | 174 |
| Movement in net debt in the period | 6,110 | (49,995) | (59,506) |
| Net debt at start of the period | (355,285) | (295,779) | (295,779) |
| Net debt at end of the period | (349,175) | (345,774) | (355,285) |
| Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities | | | |
| Net return on ordinary activities before finance costs and taxation | (378,516) | 91,047 | 364,604 |
| Net losses/(gains) on investments | 412,203 | (66,976) | (325,193) |
| Currency losses | 248 | 3,625 | 4,578 |
| Amortisation of fixed income book cost | (3) | (43) | (46) |
| Changes in debtors and creditors | (4,251) | 2,283 | 5,587 |
| Net cash inflow from operating activities | 29,681 | 29,936 | 49,530 |

Notes to the Condensed Financial Statements (unaudited)

- The condensed financial statements for the six months to 30 September 2011 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 March 2011 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; 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.
- 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 March 2011 has been extracted from the statutory accounts which have been filed with the Registrar of Companies. The Auditors' Report on those accounts was not qualified and did not contain statements under sections 498(2) or (3) of the Companies Act 2006.
- Baillie Gifford & Co are employed by the Company as investment managers and secretaries under a management agreement which can be terminated on not less than six months' notice, or on shorter notice in certain circumstances. The fee in respect of each quarter is 0.08% of total assets less current liabilities (excluding short term borrowings for investment purposes).

| | Six months to 30 Sept 2011 | Six months to 30 Sept 2010 | Year to 31 March 2011 (audited) |
|--|----------------------------------|----------------------------------|--|
| | £'000 | £'000 | £'000 |
| 4 Net return per ordinary share | | | |
| Revenue return on ordinary activities after taxation | 27,772 | 22,326 | 34,374 |
| Capital return on ordinary activities after taxation | (418,991) | 57,336 | 308,163 |
| Total net return | (391,219) | 79,662 | 342,537 |

| Weighted average number of ordinary shares in issue | 256,519,897 | 258,254,050 | 258,103,596 |
|---|--------------------|--------------------|--------------------|
|---|--------------------|--------------------|--------------------|

The net return per ordinary share figures are based on the above totals of revenue and capital and the weighted average number of ordinary shares in issue during each period.

There are no dilutive or potentially dilutive shares in issue.

| | Six months to 30 Sept 2011 | Six months to 30 Sept 2010 | Year to 31 March 2011 (audited) |
|---|----------------------------------|----------------------------------|--|
| | £'000 | £'000 | £'000 |
| 5 Dividends | | | |
| Amounts recognised as distributions in the period: | | | |
| Previous year's final dividend of 6.20p (2010 – 5.80p), paid 4 July 2011 | 15,904 | 14,968 | 14,968 |
| Interim dividend for the year ended 31 March 2011 of 5.80p, paid 3 December 2010 | – | – | 14,968 |
| | 15,904 | 14,968 | 29,936 |

Notes to the Condensed Financial Statements (unaudited)

| | Six months to 30 Sept 2011 £'000 | Six months to 30 Sept 2010 £'000 | Year to 31 March 2011 (audited) £'000 |
|--|---|---|---|
| 5 Dividends (cont.) | | | |
| Dividends paid and proposed in the period: | | | |
| Interim dividend for the year ending 31 March 2012 of 6.20p (2011 – 5.80p) | 15,904 | 14,968 | 14,968 |
| Final dividend for the year ended 31 March 2011 | – | – | 15,904 |
| Adjustment to provision for previous year's final dividend re shares bought back | – | – | (84) |
| | 15,904 | 14,968 | 30,788 |

The interim dividend was declared after the period end date and has therefore not been included as a liability in the balance sheet. It is payable on 25 November 2011 to shareholders on the register at the close of business on 11 November 2011. The ex dividend date is 9 November 2011. The Company's Registrars offer a Dividend Reinvestment Plan and the final date for elections for this dividend is 14 November 2011.

- 6 The bank loans falling due within one year comprise US\$99 million and €61 million (30 September 2010 – US\$99 million; ¥6,712.5 million and €59.8 million; 31 March 2011 – US\$99 million, US\$80 million and €59.8 million).

The bank loans falling due in more than one year comprise US\$163 million (30 September 2010 – €61 million; 31 March 2011 – €61 million).

During the period bank loans of US\$80 million and €59.8 million were repaid and a loan of US\$163 million was drawn down.

- 7 The fair value of the borrowings at 30 September 2011 was £433,041,000 (30 September 2010 – £421,076,000; 31 March 2011 – £407,861,000).

| | At 30 Sept 2011 No. of Shares | At 30 Sept 2010 No. of Shares | At 31 March 2011 (audited) No. of Shares |
|--|-------------------------------------|-------------------------------------|---|
| 8 Share Capital: Ordinary shares of 25p each | | | |
| Allotted, called up and fully paid | 256,519,897 | 258,069,897 | 256,519,897 |
| Treasury shares | 27,826,279 | 26,276,279 | 27,826,279 |
| Total | 284,346,176 | 284,346,176 | 284,346,176 |

In the six months to 30 September 2011 there were no ordinary shares bought back (30 September 2010 a total of 1,450,000 ordinary shares were bought back at a total cost of £8,962,000; 31 March 2011 a total of 3,000,000 ordinary shares were bought back at a total cost of £20,215,000).

- 9 Transaction costs on purchases amounted to £754,000 (30 September 2010 – £232,000; 31 March 2011 – £483,000) and transaction costs on sales amounted to £546,000 (30 September 2010 – £180,000; 31 March 2011 – £455,000).

None of the views expressed in this document should be construed as advice to buy or sell a particular investment.

Further Shareholder Information

Scottish Mortgage's 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 a minimum of £250 or from £30 per month. The plan is designed to be a cost-effective way of saving on a lump sum or regular 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 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. 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 (except where there is more than one holder);
- 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.

The information about the ISA, Share Plan and Children's Savings Plan has been approved by Baillie Gifford Savings Management Limited.

Baillie Gifford Savings Management Limited is the ISA Manager, the Manager of the Baillie Gifford Investment Trust Share Plan and Children's Savings Plan. Baillie Gifford Savings Management Limited is wholly owned by Baillie Gifford & Co. Both are authorised and regulated by the Financial Services Authority and both are based at Calton Square, 1 Greenside Row, Edinburgh EH1 3AN. Baillie Gifford only provides information about its products and does not provide investment advice.

Risk Warnings

- Past performance is not a guide to future performance.
- Scottish Mortgage is listed on the London Stock Exchange. 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.
- As Scottish Mortgage 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.
- Scottish Mortgage invests in emerging markets where difficulties in dealing, settlement and custody could arise, resulting in a negative impact on the value of your investment.
- Scottish Mortgage 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, any borrowings will increase the amount of this loss.
- Scottish Mortgage can buy back its own shares. The risks from borrowing, referred to above, are increased when a company buys back its shares.
- Market values for securities which have become difficult to trade may not be readily available and there can be no assurance that any value assigned to such securities will accurately reflect the price Scottish Mortgage might receive upon their sale.
- Scottish Mortgage charges 50% of the investment management fee and 50% of borrowing costs to capital which reduces the capital value. Also, where income is low, the remaining expenses may be greater than the total income received, meaning Scottish Mortgage may not pay a dividend and the capital value would be further reduced.
- You should note that tax rates and reliefs may change at any time and their value depends on your circumstances.
- Details of other risks that apply to investment in the savings vehicles shown on this page are contained in the product brochures.

The staff of Baillie Gifford and/or the Directors of Scottish Mortgage may hold shares in Scottish Mortgage and may buy or sell such shares from time to time.

Scottish Mortgage Investment Trust PLC is a UK public listed company and as such complies with the requirements of the UK Listing Authority. It is not authorised or regulated by the Financial Services Authority.

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