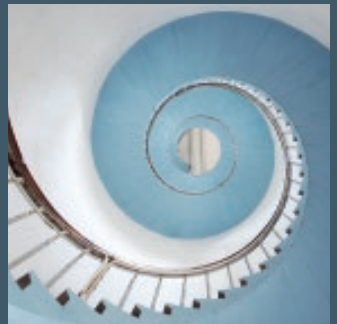
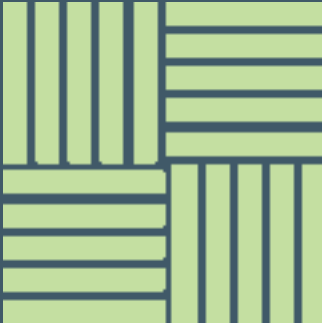


THE SCOTTISH AMERICAN INVESTMENT COMPANY P.L.C.

SAINTS

Income again and again



Interim Financial Report
30 June 2015





Objective

SAINTS' objective is to deliver real dividend growth by increasing capital and growing income.

Investment Policy

SAINTS' policy is to invest mainly in equity markets, but other investments may be held from time to time including bonds, property and other asset classes.

Benchmark

The portfolio benchmark against which performance has been measured is the FTSE All-World 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 are financial risk, regulatory risk, operational risk, premium/discount volatility and leverage risk. An explanation of these risks and how they are managed is set out on page 7 of the Company's Annual Report and Financial Statements for the year to 31 December 2014 which is available on the Company's website: www.saints-it.com. The principal risks and uncertainties have not changed since the date of that 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 FRS 104 'Interim Financial Reporting';
- b) the Interim 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 condensed financial statements, and a description of principal risks and uncertainties for the remaining six months of the year); and
- c) the Interim 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 2015

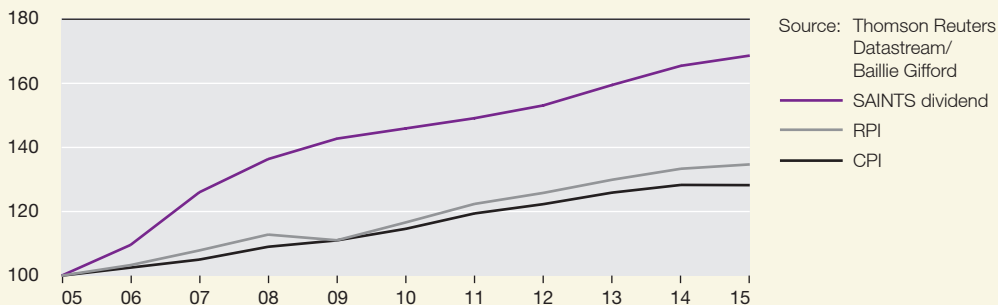
Summary of Unaudited Results

	30 June 2015	31 December 2014	% change
Shareholders' funds	£349.5m	£343.8m	
Net asset value per ordinary share (debenture at fair value)	248.4p	243.7p	1.9
Net asset value per ordinary share (debenture at book value)	262.8p	259.1p	1.4
Share price	270.0p	249.6p	8.2
FTSE All-World Index (in sterling terms)			0.8
Premium – debenture at fair value	8.7%	2.4%	
Premium/(discount) – debenture at book value	2.7%	(3.7%)	
Active share*	89%	89%	

	Six months to 30 June 2015	Six months to 30 June 2014	% change
Revenue earnings per share	6.18p	6.62p	(6.6)
Dividends paid and payable in respect of the period	5.325p	5.225p	1.9

Dividend versus Inflation

Ten Year Cumulative to 30 June 2015 (figures rebased to 100 at 30 June 2005)



	Six months to 30 June 2015	Year to 31 December 2014
Total return performance		
Net asset value (debenture at fair value)	4.0%	2.9%
Net asset value (debenture at book value)	3.4%	4.5%
Share price	10.4%	1.6%
FTSE All-World Index (in sterling terms)	2.2%	11.3%

* Active share, a measure of how actively a portfolio is managed, is the percentage of the equity portfolio that differs from its benchmark. It is calculated by deducting from 100 the percentage of the equity portfolio that overlaps with the benchmark. An active share of 100 indicates no overlap with the benchmark and an active share of zero indicates an equity portfolio that tracks the benchmark.

Past performance is not a guide to future performance.

Interim Management Report

The net asset value total return for the first six months of 2015 was 4.0% and the share price total return was 10.4%. The total return of global equities, as measured by the FTSE All World Index in Sterling, was 2.2%. In June 285,000 shares were issued at a premium to net asset value, with SAINTS' shares ending the period at a significant premium to net asset value. Earnings per share for the six months were 6.18p compared to 6.62p in the same period last year, but the underlying trend showed solid growth. Our expectation is that income for the full year will also show a modest fall compared with the 10.51p earned in the year to 31 December 2014.

A first interim dividend of 2.65p was paid at the end of June and the second interim dividend of 2.675p is payable at the end of September. The total amount of dividends, 5.325p, is 1.9% higher than the amount paid for the corresponding period in 2014. The rate of increase in the dividend exceeds the current annual rates of CPI and RPI inflation of 0.0% and 1.0% respectively as at the end of June 2015. Revenue reserves stand at 10.2p per share.

The NAV performance exceeded the FTSE All World Index return mainly due to strong performance from our equity portfolio. The companies in which the portfolio is invested have in general continued to make solid operational progress. The financial

services sector was an area of particular strength with our holdings of securities exchanges Deutsche Börse and Hong Kong Exchanges and Clearing performing well. The portfolio also benefitted from corporate activity with the announced acquisitions of portfolio constituents Rexam and BG Group.

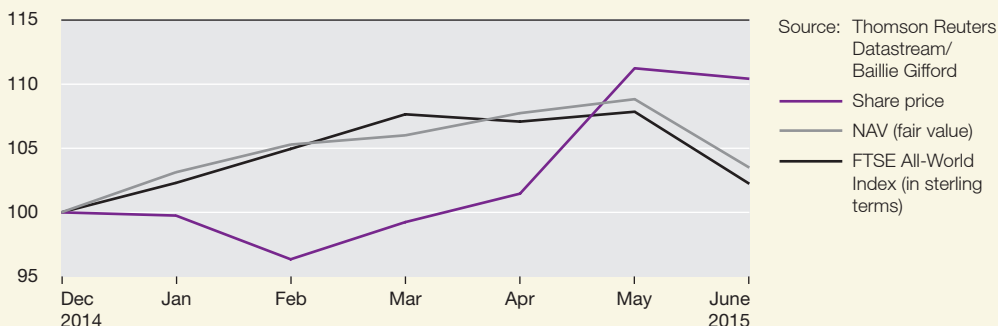
The allocation to directly-held UK property increased modestly during the period, funded from the fixed income portfolio. Valuations on commercial property outside of London continue to look attractive, particularly in light of the continued economic recovery and increasing investment demand. Income from property was boosted by underlying rental income growth and the increased allocation. Prospects for capital and rental income growth from the property portfolio are strong,

We believe that our focus on identifying companies which have good growth prospects, and that offer a dependable and growing income stream, means that the outlook for SAINTS' income and capital growth is strong.

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

Six Months Total Return Performance

(figures plotted on a monthly basis and rebased to 100 at 31 December 2014)



Past performance is not a guide to future performance.

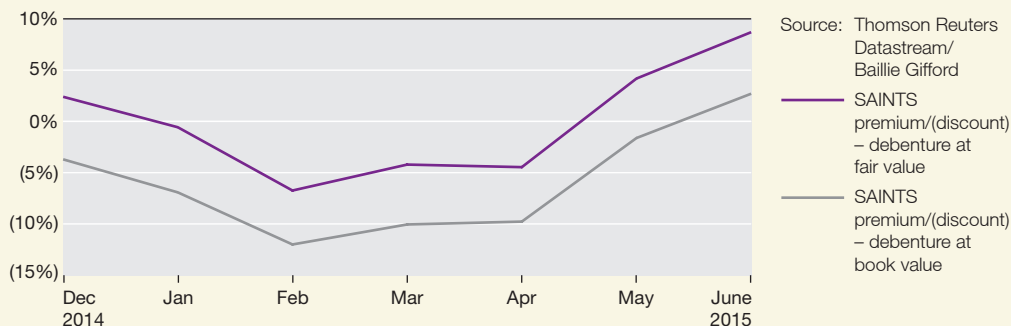
Twenty Largest Equity Holdings at 30 June 2015

Name	Business	Value £'000	% of total assets*
Taiwan Semiconductor Manufacturing	Semiconductor manufacturer	8,059	1.9
Rio Tinto	Mining	7,685	1.8
Analog Devices	Integrated circuits	7,551	1.7
Coca Cola	Beverage manufacturer	7,495	1.7
Want Want	Snacks and milk-based products	7,406	1.7
Deutsche Boerse	Securities exchange owner/operator	7,215	1.7
Roche Holdings	Pharmaceuticals	6,941	1.6
Capita	Business process outsourcing	6,812	1.6
Hiscox	Property and casualty insurance	6,684	1.5
Total	Integrated oil company	6,618	1.5
AVI	Staple foods manufacturer	6,492	1.5
Pepsico	Snack and beverage manufacturer	5,933	1.4
WPP	Advertising agencies	5,807	1.3
Sonic Healthcare	Laboratory testing	5,799	1.3
China Mobile	Mobile telecommunication services	5,720	1.3
Aviva	Investment and life assurance	5,451	1.3
Amlin	Property and casualty insurance	5,341	1.2
Scottish & Southern Energy	Electricity utility	5,308	1.2
New York Community Bank	Banking	5,303	1.2
Johnson and Johnson	Pharmaceuticals and healthcare products	5,262	1.2
		128,882	29.6

* Before deduction of debenture.

Premium/(discount) to Net Asset Value

(figures plotted on a monthly basis)



Past performance is not a guide to future performance.

Performance Attribution for the Six Months to 30 June 2015

Portfolio breakdown	Average allocation		Total return	
	SAINTS %	Benchmark %	SAINTS %	Benchmark %
Global Equities	100.4	100.0	4.1	2.2
Bonds	6.7		(0.9)	
Direct Property	14.5		5.5	
Deposits	1.7		–	
Debtenture at book value	(23.3)		3.4	
Portfolio Total Return (debtenture at book value)			4.2	2.2
Other items*			(0.8)	
Fund Total Return (debtenture at book value)			3.4	2.2
Adjustment for change in fair value of debtenture			0.6	
Fund Total Return (debtenture at fair value)			4.0	2.2

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

Source: Baillie Gifford.

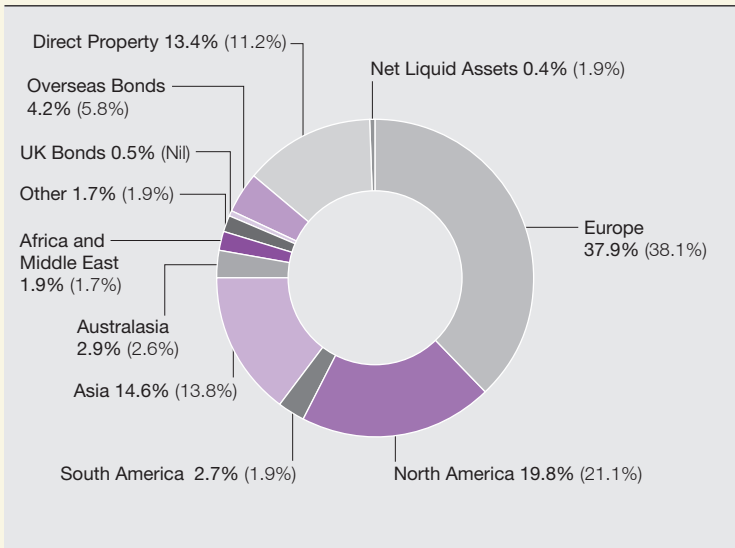
* Includes Baillie Gifford and OLIM management fees.

Past performance is not a guide to future performance.

Distribution of Portfolio

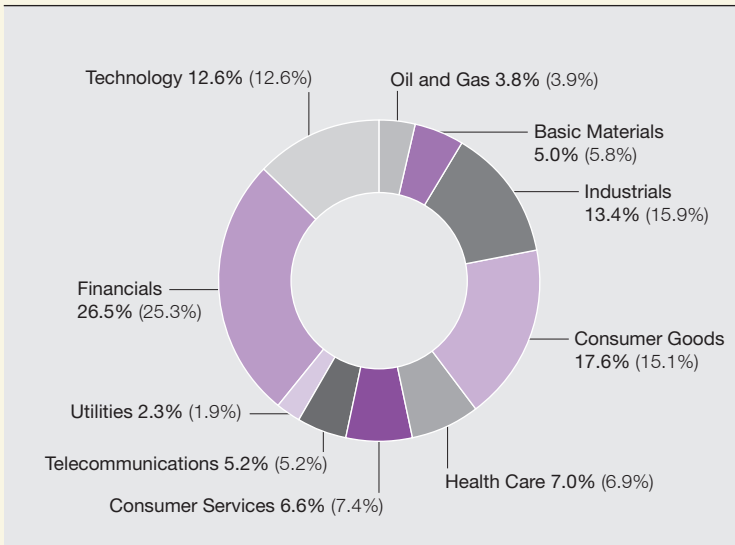
Geographical at 30 June 2015

(31 December 2014)



Equities by Sector at 30 June 2015

(31 December 2014)



Income Statement (unaudited)

Gains on sales of investments – securities
Gains/(losses) on sales of investments – property
Changes in fair value of investments – securities
Changes in fair value of investments – property
Currency (losses)/gains
Income – dividends and interest
Income – rent and other
Management fees
Other administrative expenses

Net return before finance costs and taxation

Finance costs of borrowings

Net return on ordinary activities before taxation

Tax on ordinary activities

Net return on ordinary activities after taxation

Net return per ordinary share (note 4)

Note:

Dividends paid and payable per share (note 5)

For the six months ended 30 June 2015			For the six months ended 30 June 2014		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
–	4,312	4,312	–	15,474	15,474
–	217	217	–	(206)	(206)
–	1,972	1,972	–	(15,716)	(15,716)
–	736	736	–	885	885
–	(1,056)	(1,056)	–	613	613
8,747	–	8,747	9,501	–	9,501
1,990	–	1,990	1,819	–	1,819
(351)	(651)	(1,002)	(339)	(629)	(968)
(639)	–	(639)	(493)	–	(493)
9,747	5,530	15,277	10,488	421	10,909
(1,014)	(1,883)	(2,897)	(1,020)	(1,895)	(2,915)
8,733	3,647	12,380	9,468	(1,474)	7,994
(534)	90	(444)	(679)	140	(539)
8,199	3,737	11,936	8,789	(1,334)	7,455
6.18p	2.82p	9.00p	6.62p	(1.00p)	5.62p
5.325p			5.225p		

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.

Balance Sheet (unaudited)

	At 30 June 2015 £'000	At 30 June 2014 £'000
Fixed assets		
Investments – securities	374,359	376,566
Investments – property	58,250	50,250
	432,609	426,816
Current assets		
Debtors	2,489	1,969
Cash and deposits	2,400	2,333
	4,889	4,302
Creditors		
Amounts falling due within one year	(2,962)	(2,535)
Net current assets	1,927	1,767
Total assets less current liabilities	434,536	428,583
Creditors		
Debenture stock (note 6)	(85,058)	(85,646)
Net assets	349,478	342,937
Capital and reserves		
Called up share capital	33,240	33,169
Share premium	1,054	357
Capital redemption reserve	22,781	22,781
Capital reserve	274,189	267,768
Revenue reserve	18,214	18,862
Shareholders' funds	349,478	342,937
Net asset value per ordinary share (Debenture at fair value) (note 6)	248.4p	245.7p
Net asset value per ordinary share (Debenture at book value)	262.8p	258.5p
Ordinary shares in issue (note 7)	132,960,943	132,675,943

Statement of Changes in Equity (unaudited)

For the six months ended 30 June 2015

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve* £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 January 2015	33,169	357	22,781	270,452	17,047	343,806
Share issued	71	697	–	–	–	768
Net return on ordinary activities after taxation	–	–	–	3,737	8,199	11,936
Dividends paid (note 5)	–	–	–	–	(7,032)	(7,032)
Shareholders' funds at 30 June 2015	33,240	1,054	22,781	274,189	18,214	349,478

For the six months ended 30 June 2014

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve* £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 January 2014	33,169	357	22,781	269,102	16,973	342,382
Net return on ordinary activities after taxation	–	–	–	(1,334)	8,789	7,455
Dividends paid (note 5)	–	–	–	–	(6,900)	(6,900)
Shareholders' funds at 30 June 2014	33,169	357	22,781	267,768	18,862	342,937

* The Capital Reserve balance at 30 June 2015 includes investment holding gains of £57,365,000 (30 June 2014 – gains of £54,107,000).

Condensed Cash Flow (unaudited)

	Six months to 30 June 2015 £'000	Six months to 30 June 2014 £'000
Net cash inflow from operating activities	7,830	8,817
Net cash outflow from servicing of finance	(3,200)	(3,200)
Total tax paid	(439)	(549)
Net cash (outflow)/inflow from financial investment	(4,010)	205
Equity dividends paid (note 5)	(7,032)	(6,900)
Net cash outflow before financing	(6,851)	(1,627)
Financing		
Shares issued	768	–
Net cash inflow from financing	768	–
Decrease in cash	(6,083)	(1,627)
Reconciliation of net cash flow to movement in net debt		
Decrease in cash	(6,083)	(1,627)
Translation difference	(1,493)	4
Other non-cash changes	302	285
Movement in net debt in the period	(7,274)	(1,338)
Net debt at start of the period	(75,384)	(81,975)
Net debt at end of the period	(82,658)	(83,313)
Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities		
Net return before finance costs and taxation	15,277	10,909
(Gains)/losses on investments – securities	(6,284)	242
Gains on investment – property	(953)	(679)
Currency losses/(gains)	1,056	(613)
Changes in debtors and creditors	(1,223)	(1,026)
Other non-cash changes	(43)	(16)
Net cash inflow from operating activities	7,830	8,817

Notes to the Condensed Financial Statements (unaudited)

- 1 The condensed financial statements for the six months to 30 June 2015 comprise the statements set out on pages 6 to 10 together with the related notes on pages 11 and 12. They have been prepared in accordance with FRS 104 'Interim Financial Reporting' and the AIC's Statement of Recommended Practice issued in November 2014 and have not been audited or reviewed by the Auditor pursuant to the Auditing Practices Board Guidance 'Review of Interim Financial Information'. The Company has adopted FRS 102 for its financial year ending 31 December 2015 which has required a change in the treatment of property as explained below. The financial statements for the six months to 30 June 2015 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 2014 except as follows:

Property

As a result of adopting FRS 102, changes in the fair value of investment property and gains and losses on disposal of investment property are recognised as capital items in the Income Statement. Previously these were recognised through the Statement of Total Recognised Gains and Losses. This change in treatment has no impact on net assets.

The basis of determining fair values and levelling of financial instruments is unchanged, details can be found on pages 41 and 42 of the Annual Report and Financial Statements at 31 December 2014.

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 Interim 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 Interim 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 2014 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, did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying their report, and did not contain statements under sections 498(2) or (3) of the Companies Act 2006.
- 3 Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, has been appointed by the Company as its Alternative Investment Fund Manager (AIFM) and Company Secretary. The investment management function has been delegated to Baillie Gifford & Co. The management agreement can be terminated on six months' notice. The annual fee is 0.45% of total assets less current liabilities, excluding the property portfolio, calculated on a quarterly basis.
As AIFM, Baillie Gifford & Co Limited has delegated the management of the property portfolio to OLIM Property Limited. OLIM 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.

Notes to the Condensed Financial Statements (unaudited)

	Six months to 30 June 2015 £'000	Six months to 30 June 2014 £'000
4 Returns per ordinary share		
Revenue return on ordinary activities after taxation	8,199	8,789
Capital return on ordinary activities after taxation	3,737	(1,334)
Total net return	11,936	7,455
Weighted average number of ordinary shares in issue	132,677,821	132,675,943

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.

5 Dividends		
Amounts recognised as distributions in the period:		
Previous year's final of 2.65p (2014 – 2.60p), paid 10 April 2015	3,516	3,450
First interim of 2.65p (2014 – 2.60p), paid 26 June 2015	3,516	3,450
	7,032	6,900
Amounts paid and payable in respect of the period:		
First interim of 2.65p (2014 – 2.60p), paid 26 June 2015	3,516	3,450
Second interim of 2.675p (2014 – 2.625p)	3,559	3,483
	7,075	6,933

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 25 September 2015 to shareholders on the register at the close of business on 21 August 2015. The ex-dividend date is 20 August 2015. The Company's Registrar offers a Dividend Reinvestment Plan and the final date for elections for this dividend is 4 September 2015.

- 6** The market value of the 8% Debenture Stock 2022 at 30 June 2015 was £104.2m (30 June 2014 – £102.6m).
- 7** At 30 June 2015, the Company had the authority to buy back 19,888,123 ordinary shares and to issue 12,982,592 ordinary shares without application of pre-emption rights in accordance with the authorities granted at the AGM in April 2015. During the period under review, 285,000 (2014 – Nil) shares were issued at a premium to net asset value raising proceeds of £768,000 (2014 – Nil). No shares were bought back.
- 8** During the period, transaction costs on equity purchases amounted to £74,000 (30 June 2014 – £75,000) and on equity sales £47,000 (30 June 2014 – £29,000). Transaction costs on property purchases amounted to £550,000 (30 June 2014 – £535,000) and on property sales £8,000 (30 June 2014 – £11,000).
- 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 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. As well as being able to view the details of your plan online, the service also allows you to:

- obtain current valuations;
- make lump sum investments, except where there is more than one holder;
- sell part or all of your holdings, except where there is more than one holder;
- switch between investment trusts, except where there is more than one holder;
- set up a direct debit to make regular investments, except where there is more than one holder; and
- update certain personal details e.g. address and telephone number.

*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 ('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. The value of its shares and any income from them can fall as well as rise and investors may not get back the amount invested.

SAINTS has borrowed money to make further investments (sometimes known as leverage). 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, leverage 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.

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 the Company might receive upon their sale.

SAINTS can make use of derivatives which may impact upon its performance.

(Risk Warnings continued on next page)

Risk Warnings (continued)

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 where difficulties in dealing, settlement and custody could arise, resulting in a negative impact on the value of your investment.

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. These estimates may not be achieved when the property is sold.

SAINTS charges 65% of its investment management fee, borrowing costs and property management fee to capital, which reduces the capital value. Also, where income is low, the remaining expenses may be greater than the total income received, meaning the Company 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.

The favourable tax treatment of ISAs may change.

The Company is listed on the London Stock Exchange and is 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.

The staff of Baillie Gifford & Co and SAINTS Directors may hold shares in SAINTS and may buy or sell such shares from time to time.

Further details of the risks associated with investing in the Company, including how charges are applied, can be found at www.saints-it.com, or by calling Baillie Gifford on 0800 917 2112.

The information and opinions expressed within this Interim Financial Report are subject to change without notice. This information has been issued and approved by Baillie Gifford & Co Limited, the Managers and Secretaries, and does not in any way constitute investment advice.

Directors

Chairman:
Sir Brian Ivory, CBE, CA

Bronwyn Curtis, OBE
Eric Hagman, CBE, CA
Lord Kerr of Kinlochard, GCMG
Peter Moon

Managers, Secretaries and Registered Office

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Company Broker

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Independent Auditor

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Depository

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(UK) Limited
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www.saints-it.com
Company Registration
No. SC489
ISIN GB0007873697
Sedol 0787369
Ticker SCAM

Further Information

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