

THE INDEPENDENT INVESTMENT TRUST PLC

Interim Management Statement - 3 months to 31 August 2012

The Company's objective is to provide good absolute returns over long periods by investing the great majority of its assets in UK and international quoted securities. Full details of the Company's investment policy are set out in the Company's Annual Report, which is available on the Company's website or can be requested from the Company (see contact details below).

Review of the Period

- Over the period, the Company's net asset value and share price total returns were 8.3% and 7.9% respectively. The FTSE All-Share Index total return was 8.6%. (Source: Morningstar)
- During the quarter, the Company made a new investment in C&J Energy Services and complete sales of First Group and Diamond Offshore Drilling. The UK Treasury 5.25% matured in June and was partially replaced by a UK Treasury 4.5% maturing in March 2013.
- The Company bought back 400,000 shares for cancellation during the three months to 31 August 2012, at a cost of £779,000.
- No interim dividend has been paid. Instead the Company expects to pay a full year dividend of not less than 5p per share in April 2013.

Sector Analysis			Top Ten Equity Holdings		
Name	% of shareholders' funds at 31/08/12	% of shareholders' funds at 31/05/12	Name	% of shareholders' funds at 31/08/12	% of shareholders' funds at 31/05/12
Housebuilders	3.4	3.1	Noble	8.3	7.6
Industrials	8.4	8.6	Herald Investment Trust	6.9	7.0
Retailing	6.9	6.5	Schlumberger	4.1	4.0
Recruitment	5.2	5.3	Dunelm Group	4.1	3.7
Technology and Telecommunications	8.2	8.3	SThree	4.0	4.0
Mining	2.8	3.1	Aggreko	3.3	3.3
Oil and Gas Producers	1.4	1.3	Croda International	3.3	3.3
Offshore Drillers	8.3	9.0	Amlin	3.1	2.7
Oilfield Services	10.6	8.9	Halliburton	2.9	2.9
Food Producers	0.6	0.7	Imperial Tobacco	2.6	2.6
Tobacco	4.9	4.9			
Pharmaceuticals	4.0	4.1			
Leisure	2.2	2.1			
Transport	0.7	2.4			
Utilities	4.3	4.4			
Insurance	7.2	6.7			
Miscellaneous					
Financials	2.1	2.3			
Fixed Interest	10.6	15.7			
Net Liquid Assets	8.2	2.6			
Total	100.0	100.0	Total	42.6	41.1

Total Return Performance

	%			
	3 Months	1 Year	3 Years	5 Years
Share Price	7.9	1.2	45.3	-17.6
NAV	8.3	6.2	44.9	0.8
FTSE All-Share Index	8.6	10.2	30.7	9.5

Source: Morningstar

Past performance is not a guide to future performance

General Information

	31/08/12	31/05/12
Total assets (before deduction of borrowings)*	£144.0m	£133.8m
Share price	204.5p	189.5p
Net asset value per share *	241.8p	223.1p
Discount	15.4%	15.1%
Total borrowings	-	-
Net cash	£11.0m	£2.4m
Net cash and bonds	£26.4m	£23.4m
Net cash as a % of shareholders' funds*	7.7%	1.8%
Net cash and bonds as a % of shareholders' funds*	18.3%	17.5%

*These figures have been calculated using the AIC cum income basis (includes current financial year retained income).

The Company's Net Asset Value is calculated daily and can be viewed on the London Stock Exchange website at www.londonstockexchange.com

The Share Price is published daily in the Financial Times.

The interim management statement, together with the Company's Annual and Half-Yearly reports, is available on the Company's website at www.independentinvestmenttrust.co.uk†

†Neither the contents of the Managers' website nor the contents of any website accessible from hyperlinks on the Managers' website (or any other website) is incorporated into, or forms part of, this announcement.

Contact details:

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List of Investments as at 31 August 2012

Sector	Name	Value (£'000)	%
Housebuilders	Berkeley Group	1,444	1.0
	Persimmon	3,490	2.4
		<u>4,934</u>	<u>3.4</u>
Industrials	Aggreko	4,720	3.3
	Croda International	4,710	3.3
	IMI	2,580	1.8
		<u>12,010</u>	<u>8.4</u>
Retailing	Dunelm Group	5,900	4.1
	Halfords Group	1,877	1.3
	Powerland - China	1,143	0.8
	Topps Tiles	940	0.7
	<u>9,860</u>	<u>6.9</u>	
Recruitment	Michael Page International	1,808	1.2
	SThree	5,700	4.0
		<u>7,508</u>	<u>5.2</u>
Technology and Telecommunications	Herald Investment Trust	9,880	6.9
	Vodafone Group	1,815	1.3
		<u>11,695</u>	<u>8.2</u>
Mining	BHP Billiton	1,376	1.0
	BlackRock World Mining Trust	2,665	1.8
		<u>4,041</u>	<u>2.8</u>
Oil and Gas Producers	Bankers Petroleum – Canada	679	0.5
	Ultra Petroleum - USA	1,294	0.9
		<u>1,973</u>	<u>1.4</u>
Offshore Drillers Oilfield Services	Noble Corporation – USA	12,009	8.3
	Baker Hughes – USA	2,870	2.0
	C&J Energy Services - USA	2,282	1.6
	Halliburton – USA	4,125	2.9
	Schlumberger – USA	5,924	4.1
	<u>15,201</u>	<u>10.6</u>	
Food Producers	Asian Citrus Holdings – China	900	0.6
Tobacco	British American Tobacco	3,301	2.3
	Imperial Tobacco	3,684	2.6
		<u>6,985</u>	<u>4.9</u>
Pharmaceuticals	AstraZeneca	2,937	2.0
	GlaxoSmithKline	2,850	2.0
		<u>5,787</u>	<u>4.0</u>
Leisure	Domino's Pizza	3,228	2.2
Transport	Go-Ahead Group	1,037	0.7
Utilities	National Grid	3,417	2.4
	SSE	2,736	1.9
		<u>6,153</u>	<u>4.3</u>
Insurance	Amlin	4,431	3.1
	Beazley	2,486	1.7
	Catlin Group	1,376	0.9
	Polar Capital Global Insurance Fund	2,130	1.5
		<u>10,423</u>	<u>7.2</u>
Miscellaneous Financials	IG Group Holdings	3,013	2.1
Fixed Interest	UK Treasury 4.5% 07/03/2013	15,330	10.6
Total Investments		132,087	91.8
Net Liquid Assets		11,874	8.2
Shareholders' Funds		143,961	100.0

All holdings are in equities domiciled in the UK unless otherwise stated.