

THE INDEPENDENT INVESTMENT TRUST PLC

Interim Management Statement - 3 months to 31 August 2010

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 5.8% and 6.4% respectively. The FTSE All-Share Index total return was 1.7%. (Source: Thomson Reuters Datastream)
- During the quarter, the Company bought back 125,000 of its own shares for cancellation at a cost of £211,000, creating an uplift of 0.03% in the net asset value per share.
- During the period, the Company made additions to its holdings in SThree, Persimmon, National Grid and Renishaw; made partial sales of Dunelm Group and Aggreko; and sold its holding in Alliance Trust.
- The interim dividend of 2.0p per share was paid on 27 August 2010 to shareholders on the register at the close of business on 6 August 2010.

Sector Analysis

Name	% of shareholders' funds at 31/08/10	% of shareholders' funds at 31/05/10
Housebuilders	3.9	3.3
Industrials	6.8	7.3
Capital Goods	3.0	2.5
Retailing	16.6	14.9
Recruitment	4.8	4.5
Technology and Telecommunications	7.3	7.1
Mining	3.4	3.6
Offshore Drillers	12.6	13.6
Oilfield Services	3.6	4.2
Oil and Gas Producers	0.9	1.2
Tobacco	6.6	6.5
Pharmaceuticals	1.4	1.4
Leisure	1.5	1.6
Transport	3.9	4.5
Utilities	4.9	4.0
Insurance	6.9	7.1
Property	1.5	1.9
Miscellaneous Financials	2.9	2.8
Net Liquid Assets	7.5	8.0
Total	100.0	100.0

Top Ten Equity Holdings

Name	% of shareholders' funds at 31/08/10	% of shareholders' funds at 31/05/10
Noble Corporation	9.0	9.3
SuperGroup	7.9	4.9
Dunelm Group	7.8	9.2
Aggreko	6.8	7.3
Herald Investment Trust	6.0	5.9
British American Tobacco	4.4	4.2
Diamond Offshore Drilling	3.6	4.3
Schlumberger	3.6	4.2
National Grid	3.1	2.3
IG Group Holdings	2.9	2.2
Total	55.1	53.8

Total Return Performance

	%			
	3 Months	1 Year	3 Years	5 Years
Share Price	6.4	22.9	-30.3	12.6
NAV	5.8	17.7	-17.2	22.7
FTSE All-Share Index	1.7	10.6	-7.3	21.0

Source: Thomson Reuters Datastream

Past performance is not a guide to future performance

General Information

	31/08/10	31/05/10
Total assets (before deduction of borrowings)*	£125.5m	£120.5m
Share price	180.0p	171.0p
Net asset value per share *	204.8p	196.3p
Discount	12.1%	12.9%
Total borrowings	-	-
Net cash	£8.9m	£9.4m
Net cash and bonds	£8.9m	£9.4m
Net cash as a % of shareholders' funds*	7.1%	7.8%
Net cash and bonds as a % of shareholders' funds*	7.1%	7.8%

*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

Contact details:

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List of Investments as at 31 August 2010

Sector	Name	Value (£'000)	%
Housebuilders	Berkeley Group	1,638	1.3
	Persimmon	3,269	2.6
		<u>4,907</u>	<u>3.9</u>
Industrials	Aggreko	8,502	6.8
Capital Goods	IMI	2,047	1.6
	Renishaw	1,710	1.4
		<u>3,757</u>	<u>3.0</u>
Retailing	Dunelm Group	9,793	7.8
	SuperGroup	9,860	7.9
	Topps Tiles	1,135	0.9
		<u>20,788</u>	<u>16.6</u>
Recruitment	Michael Page International	2,546	2.0
	SThree	3,467	2.8
		<u>6,013</u>	<u>4.8</u>
Technology and Telecommunications	Herald Investment Trust	7,600	6.0
	Vodafone Group	1,570	1.3
		<u>9,170</u>	<u>7.3</u>
Mining	BHP Billiton	1,373	1.1
	BlackRock World Mining Trust	2,870	2.3
		<u>4,243</u>	<u>3.4</u>
Offshore Drillers	Diamond Offshore Drilling – USA	4,543	3.6
	Noble Corporation – USA	11,317	9.0
		<u>15,860</u>	<u>12.6</u>
Oilfield Services	Schlumberger – USA	4,508	3.6
Oil and Gas Producers	BP	1,142	0.9
Tobacco	British American Tobacco	5,540	4.4
	Imperial Tobacco	2,699	2.2
		<u>8,239</u>	<u>6.6</u>
Pharmaceuticals	GlaxoSmithKline	1,831	1.4
Leisure	Marston's	1,860	1.5
Transport	First Group	1,391	1.1
	Go-Ahead Group	875	0.7
	Stagecoach Group	2,580	2.1
		<u>4,846</u>	<u>3.9</u>
Utilities	National Grid	3,839	3.1
	Scottish & Southern Energy	2,288	1.8
		<u>6,127</u>	<u>4.9</u>
Insurance	Amlin	2,437	1.9
	Beazley	1,677	1.3
	Catlin Group	987	0.8
	Chaucer Holdings	1,790	1.4
	Hiscox Insurance Portfolio Fund	1,826	1.5
		<u>8,717</u>	<u>6.9</u>
Property	Tamar European Industrial Fund	1,475	1.2
	Orchid Developments Group	450	0.3
		<u>1,925</u>	<u>1.5</u>
Miscellaneous Financials	IG Group Holdings	3,651	2.9
Total Investments		<u>116,086</u>	<u>92.5</u>
Net Liquid Assets		<u>9,395</u>	<u>7.5</u>
Shareholders' Funds		<u>125,481</u>	<u>100.0</u>

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