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Dunedin Smaller Companies Investment Trust PLC

Half Yearly Report

For the 6 months ended 30 April 2010



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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your Ordinary shares in Dunedin Smaller Companies Investment Trust PLC, please forward this document, together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Financial Summary

Financial Highlights

	30 April 2010	31 October 2009	% Change
Total assets ^A (£'000)	68,235	64,020	+6.6
Total shareholders' funds (£'000)	63,235	56,020	+12.9
Net asset value per Ordinary share ^B	132.14p	117.07p	+12.9
Share price per Ordinary share (mid)	108.50p	100.25p	+8.2
Interim dividend per share	1.85p	1.85p ^C	
Discount to net asset value	17.9%	14.4%	

^A Represents total assets less current liabilities (before deducting bank loan).

^B Including undistributed revenue for the period.

^C For six months ended 30 April 2009.

Performance (total return)

	Six months ended 30 April 2010	Year ended 31 October 2009
Net asset value per Ordinary share	+15.4%	+36.6%
Share price per Ordinary share	+11.1%	+44.2%
FTSE SmallCap Index (ex Investment Companies)	+1.9%	+52.2%

Financial Calendar

21 June 2010	Announcement of unaudited interim results for the six months ended 30 April 2010
23 July 2010	Interim ordinary dividend payable for year ending 31 October 2010
July 2010	Half-Yearly Report posted to shareholders
December 2010	Announcement of results for the year ending 31 October 2010
December 2010	Annual Report posted to shareholders
February 2011	Annual General Meeting

Chairman's Statement

Our investment portfolio is constructed to deliver both capital and income growth and we remain focused on identifying good quality companies run by strong management teams, particularly where an above-average dividend yield is available. As a general rule, we do not invest in loss-making businesses which may be high-risk and carry a material chance of failure. The success of this approach is reflected in our results for the period under review as well as over longer time periods, as outlined in the table below.

Over the six months ended 30 April 2010, the Company's net asset value (NAV) and share price rose by 12.9% and 8.2% respectively while the FTSE SmallCap Index (excluding Investment Companies) rose by only 0.5% - the FTSE 100 Index rose by 10.1%. The out-performance of the NAV relative to the index was attributable to a number of factors. One of the most striking features of the period has been a sharp pick up in merger and acquisition activity. The portfolio has been a beneficiary of this. This is not surprising as many of the features that we find attractive in investments are also attractive to trade and private equity buyers. During the period Care UK has been acquired and Chloride Group and Rensburg have all received offers.

The Company maintained an essentially ungeared position over the period and held a net cash position at 30 April 2010.

The subscription shares which are listed on the London Stock Exchange had a closing price of 1.50p per share at 30 April 2010.

Equity markets remained volatile over the period with the positive news flow from signs of recovery from recession being offset by bouts of nervousness from investors over debt default in Dubai, escalating government debt issues in the Euro area and election uncertainty in the UK. These factors caused investors to become more risk averse and this change in sentiment was reflected in the performance of UK smaller companies which struggled to make any progress and lagged behind the gains recorded by the more defensive and internationally focused large cap stocks.

The worst of the cuts in dividends from our portfolio companies appears to be over. This was an unwelcome feature of markets in 2009 as companies sought to rebuild balance sheets and preserve cash. It is encouraging that a number of companies in the portfolio are increasing dividend payouts once again. There has been an improvement in the Company's revenue return per share from 1.39p to 1.87p and the Board is declaring an unchanged interim dividend of 1.85p per share which will be paid on 23 July 2010 to shareholders on the register on 9 July 2010. The Board will continue to utilise the Company's revenue reserves, which amount to 6.17p per share, with the objective of maintaining dividend payments to shareholders in the medium term

during which time we expect to see further increases in the dividends received from the companies in our portfolio. Based on the interim dividend for the current year and last year's final dividend, the dividend yield on the Company's shares is 4.3% at the date of this report.

The Company did not repurchase any ordinary shares during the period. The Directors will continue to monitor the Company's discount with that of its peer group and will use the Company's share buyback powers, subject to market conditions, when it feels this to be appropriate. The discount at 30 April 2010 was 17.9%.

In our financial statements to 31 October 2008 we recognised a sum of £580,000 representing the VAT charged on our management fees between 2004 and 2007. In this interim report we are recognising a further sum of £183,000 representing the VAT charged on our management fees between 2001 and 2003. A claim has been submitted for the VAT incurred on management fees during the period 1990 to 1996, although the amount recoverable remains uncertain and therefore there has been no recognition of any sums due from this claim in the interim statements.

The economic background is improving and this is reflected in company profitability which is benefiting from both cost cutting and higher volumes. Investors however remain nervous and as a result equity markets are volatile in the face of a number of potentially negative factors. These include government debt issues in Greece and other European countries and the weakness of the euro, inflation in the UK and the implications for interest rates, the scale of fiscal tightening and public sector cuts in the UK and increasing regulatory interference in the operation of financial markets. Nonetheless, volatility in share prices will present opportunities and we are well-placed to invest in good quality companies which offer robust balance sheets, transparent profitability and strong cash flows.

At the beginning of this year the Board made a number of visits to shareholders and analysts. One topic which we discussed, other than our performance and investment philosophy, was the possibility of the Company reissuing shares bought in to treasury at a lesser discount than that at which they were purchased. Buying back shares at a discount enhances shareholder value and reissuing shares from treasury allows the Board to manage the discount without necessarily shrinking the size of the Company and improves liquidity in the Company's shares. We therefore intend to seek shareholder approval to enable treasury shares to be reissued at a discount to net asset value at the annual general meeting. It is the Board's intention that shares will only be reissued from treasury either at a price representing a premium to the net asset value per share at the time of reissue or at a discount to the net asset value per share

provided that such discount is lower than the weighted average discount to the net asset value per share when the shares were bought back by the Company.

Risks and Uncertainties

The Board has identified a number of key risks that affect its business. During the last six months there has been no change in the principal risks facing the Company, which are set out in detail in the Directors' Report on pages 18 and at note 18 on pages 39 to 43 of the last set of annual accounts. The major risks associated with the Company are market price risk, being the risk that the value of investments will fluctuate as a result of factors other than interest rate or currency movements, gearing risk and, to a lesser extent, liquidity risk and credit. Other risks include performance risk, discount volatility and regulatory risk.

Directors' Responsibility Statement

The Directors are responsible for preparing the half-yearly financial report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements within the half-yearly financial report has been prepared in accordance with the statement "Half-Yearly Financial Reports" issued by the UK Accounting Standards Board;
- the Chairman's Statement (constituting the interim management report) includes a fair review of the information required by rule 4.2.7R of the Disclosure and Transparency Rules (being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year) and 4.2.8R (being related party transactions that have taken place during the first six months of the financial year and that have materially affected the financial position of the Company during that period; and any changes in the related party transactions described in the last annual report that could so do).

The half-yearly financial report for the six months to 30 April 2010 comprises the Interim Board Report, the Directors' Responsibility Statement and a condensed set of financial statements. The Independent Review Report of the Auditors is contained on page 14.

The Earl of Dalhousie

Chairman
18 June 2010

Performance to 30 April 2010	1 year return	3 year return	5 year return	10 year return
Total return	%	%	%	%
Share price	+41.2	-21.4	+44.3	+75.0
Net asset value per share	+47.8	-18.5	+36.1	+46.3
FTSE SmallCap Index (ex Investment Companies)	+33.6	-32.2	+1.5	+3.3

Source: Morningstar

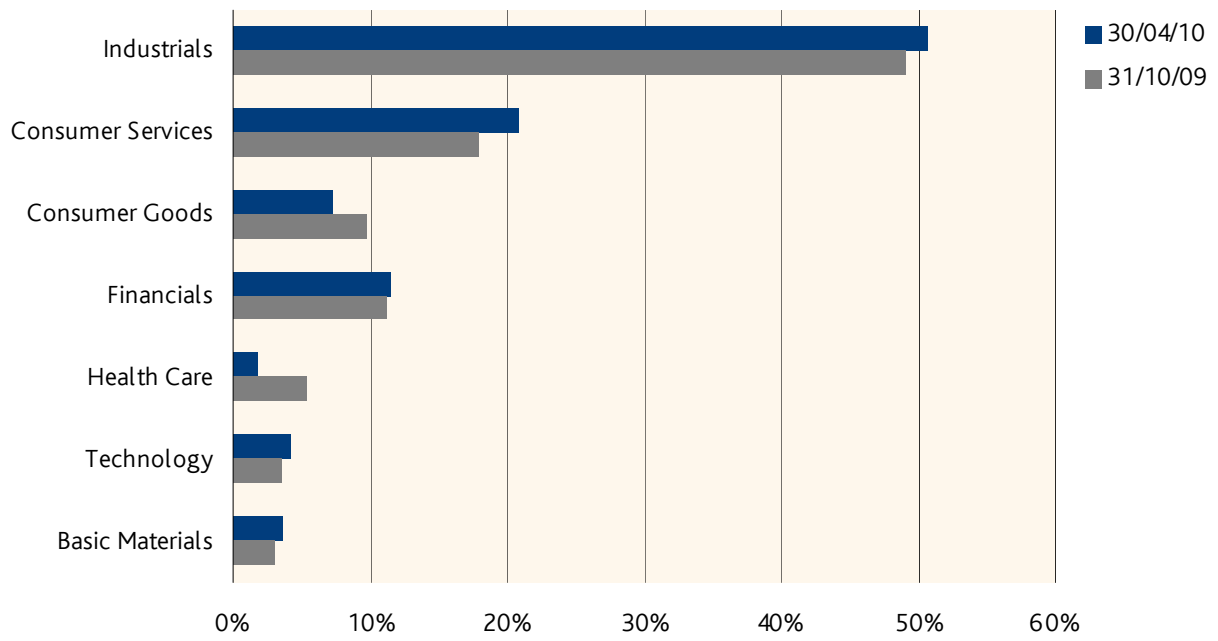
Investment Portfolio

As at 30 April 2010

Company	Sector	Market value £'000	Total assets %
XP Power	Electronic & Electrical Equipment	2,169	3.2
BSS Group	Support Services	1,942	2.8
Ultra Electronics	Aerospace & Defence	1,891	2.8
Weir Group	Industrial Engineering	1,836	2.7
Morgan Sindall	Construction & Materials	1,798	2.6
Fuller Smith & Turner 'A'	Travel & Leisure	1,682	2.5
Chemring Group	Aerospace & Defence	1,679	2.5
Oxford Instruments	Electronic & Electrical Equipment	1,575	2.3
Wilmington Group	Media	1,545	2.3
Chloride Group	Electronic & Electrical Equipment	1,531	2.2
Ten largest investments		17,648	25.9
RM	Software & Computer Services	1,497	2.2
Holidaybreak	Travel & Leisure	1,466	2.1
RPC Group	General Industrials	1,450	2.1
Mothercare	General Retailers	1,450	2.1
Keller Group	Construction & Materials	1,446	2.1
McBride	Household Goods	1,382	2.0
Fenner	Industrial Engineering	1,367	2.0
Restaurant Group	Travel & Leisure	1,361	2.0
Huntsworth	Media	1,340	2.0
Greggs	Food & Drug Retailers	1,332	2.0
Twenty largest investments		31,739	46.5
Umeco	Aerospace & Defence	1,306	1.9
Menzies (John)	Support Services	1,289	1.9
Helical Bar	Real Estate Investment & Services	1,289	1.9
Robert Walters	Support Services	1,237	1.8
Intermediate Capital Group	Financial Services	1,230	1.8
Bloomsbury Publishing	Media	1,170	1.7
Savills	Real Estate Investment & Services	1,162	1.7
Dechra Pharmaceuticals	Pharmaceuticals & Biotechnology	1,118	1.6
Dignity	General Retailers	1,116	1.6
Chaucer Holdings	Non-Life Insurance	1,100	1.6
Thirty largest investments		43,756	64.0
Victrex	Chemicals	1,091	1.6
Numis Corporation	Financial Services	1,066	1.6
Rensburg Sheppards	Financial Services	1,050	1.5
Zotefoams	Chemicals	1,001	1.5
TT Electronics	Electronic & Electrical Equipment	903	1.3
Laird	Electronic & Electrical Equipment	899	1.3
Forth Ports	Industrial Transportation	898	1.3
Hornby	Leisure Goods	889	1.3
ACAL	Support Services	863	1.3
Barr (AG)	Beverages	859	1.3
Forty largest investments		53,275	78.0
Interserve	Support Services	855	1.3
SIG	Support Services	780	1.1
British Polythene	Diversified Industrials	746	1.1
Clarke (T)	Construction & Materials	665	1.0
Headlam Group	Household Goods	663	1.0
Aveva Group	Software & Computer Services	585	0.9
Fisher (J) & Sons	Industrial Transportation	575	0.8
Anite Group	Software & Computer Services	559	0.8
Mouchel Parkman	Support Services	546	0.8
Bellway	Household Goods	541	0.8
Total investments		59,790	87.6
Net current assets^A		8,445	12.4
Total assets		68,235	100.0

^A Excludes bank loan of £5,000,000

Distribution of Assets



Income Statement

	Six months ended 30 April 2010 (unaudited)			Six months ended 30 April 2009 (unaudited)			Year ended 31 October 2009 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	–	7,666	7,666	–	2,590	2,590	–	13,839	13,839
Income (note 2)	1,090	–	1,090	892	–	892	1,979	–	1,979
Investment management fee	(32)	(183)	(215)	(25)	(134)	(159)	(55)	(224)	(279)
VAT recovered on investment management fees	36	147	183	–	–	–	–	–	–
Administrative expenses	(184)	–	(184)	(182)	–	(182)	(367)	–	(367)
Net return before finance costs and taxation	910	7,630	8,540	685	2,456	3,141	1,557	13,615	15,172
Finance costs	(15)	(44)	(59)	(22)	(65)	(87)	(32)	(97)	(129)
Return on ordinary activities before and after taxation	895	7,586	8,481	663	2,391	3,054	1,525	13,518	15,043
Return per Ordinary share (pence):	1.87	15.85	17.72	1.39	4.99	6.38	3.19	28.25	31.44

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

A Statement of Total Recognised Gains and Losses has not been prepared as all gains and losses have been reflected in the Income Statement.

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

Balance Sheet

	As at 30 April 2010 (unaudited) £'000	As at 30 April 2009 (unaudited) £'000	As at 31 October 2009 (audited) £'000
Non-current assets			
Investments at fair value through profit or loss	59,790	43,617	53,734
Current assets			
Debtors and prepayments	1,722	940	768
Cash and short term deposits	6,966	8,578	10,048
	8,688	9,518	10,816
Creditors: amounts falling due within one year			
Bank loan	(5,000)	(8,000)	(8,000)
Other creditors	(243)	(220)	(530)
	(5,243)	(8,220)	(8,530)
Net current assets	3,445	1,298	2,286
Net assets	63,235	44,915	56,020
Capital and reserves			
Called-up share capital	2,393	2,393	2,393
Share premium account	26	24	24
Capital redemption reserve	2,233	2,233	2,233
Capital reserve	54,747	36,034	47,161
Revenue reserve	3,836	4,231	4,209
Equity shareholders' funds	63,235	44,915	56,020
Net asset value per Ordinary share (pence):	132.14	93.86	117.07

Reconciliation of Movements in Shareholders' Funds

Six months ended 30 April 2010 (unaudited)

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 October 2009	2,393	24	2,233	47,161	4,209	56,020
Issue of subscription shares	–	2	–	–	–	2
Return on ordinary activities after taxation	–	–	–	7,586	895	8,481
Dividends paid ^B	–	–	–	–	(1,268)	(1,268)
Balance at 30 April 2010	2,393	26	2,233	54,747	3,836	63,235

Six months ended 30 April 2009 (unaudited)

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 October 2008	2,396	24	2,230	33,689	4,831	43,170
Purchase of own shares	(3)	–	3	(46)	–	(46)
Return on ordinary activities after taxation	–	–	–	2,391	663	3,054
Dividends paid ^B	–	–	–	–	(1,263)	(1,263)
Balance at 30 April 2009	2,393	24	2,233	36,034	4,231	44,915

Year ended 31 October 2009 (audited)

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 October 2008	2,396	24	2,230	33,689	4,831	43,170
Purchase of own shares	(3)	–	3	(46)	–	(46)
Return on ordinary activities after taxation	–	–	–	13,518	1,525	15,043
Dividends paid ^B	–	–	–	–	(2,147)	(2,147)
Balance at 31 October 2009	2,393	24	2,233	47,161	4,209	56,020

^B See note 3.

Cash Flow Statement

	Six months ended 30 April 2010 (unaudited) £'000	Six months ended 30 April 2009 (unaudited) £'000	Year ended 31 October 2009 (audited) £'000
Net cash inflow from operating activities	1,410	413	1,401
Net cash outflow from servicing of finance	(36)	(87)	(130)
Net cash (outflow)/inflow from financial investment	(191)	176	1,585
Equity dividends paid	(1,268)	(1,263)	(2,147)
Net cash outflow before use of liquid resources and financing	(85)	(761)	709
Net cash inflow from management of liquid resources	–	2,963	2,963
Net cash outflow from financing	(2,997)	(46)	(46)
(Decrease)/increase in cash	(3,082)	2,156	3,626
Reconciliation of net cash flow to movements in net funds			
(Decrease)/increase in cash as above	(3,082)	2,156	3,626
Net change in liquid resources	–	(2,963)	(2,963)
Change in net funds resulting from cash flows	(3,082)	(807)	663
Repayment of loan	3,000	–	–
Movement in net funds in the period	(82)	(807)	663
Opening net funds	2,048	1,385	1,385
Closing net funds	1,966	578	2,048
Represented by:			
Cash and cash equivalents	6,966	8,578	10,048
Debt due within one year	(5,000)	(8,000)	(8,000)
	1,966	578	2,048

Notes to the Accounts

1. Accounting policies

(a) Basis of preparation and going concern

The accounts have been prepared in accordance with applicable UK Accounting Standards, with pronouncements on half-yearly reporting issued by the Accounting Standards Board and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (issued in January 2009). They have also been prepared on the assumption that approval as an investment trust will continue to be granted.

The financial statements and the net asset value per share figures have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP).

These financial statements have been prepared using the same accounting policies as the preceding annual accounts.

(b) Investments

Investments have been designated upon initial recognition as fair value through profit or loss. Investments are recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are measured initially at fair value. Subsequent to initial recognition, investments are recognised at fair value through profit or loss. For listed investments, this is deemed to be bid market prices or closing prices for SETS stocks, sourced from the London Stock Exchange. SETS is the London Stock Exchange electronic trading service covering most of the market including all FTSE All-Share and the most liquid AIM constituents. Gains or losses arising from changes in the fair value are included in net profit or loss for the period as a capital item in the Income Statement and are ultimately recognised in the capital reserve.

(c) Dividends payable

Interim and final dividends are recognised in the period in which they are paid.

	Six months ended 30 April 2010 £'000	Six months ended 30 April 2009 £'000	Year ended 31 October 2009 £'000
2. Income			
Income from investments^A			
UK dividend income	1,024	730	1,730
Overseas dividend income	47	45	85
	1,071	775	1,815
Other income^B			
Interest on Treasury Bills	–	26	26
Deposit interest	19	88	128
Underwriting commission	–	3	10
	19	117	164
Total income	1,090	892	1,979

^A All investments have been designated fair value through profit or loss on initial recognition, therefore all investment income arises on investments at fair value through profit or loss.

^B Other income on financial assets not designated fair value through profit or loss.

	Six months ended 30 April 2010 £'000	Six months ended 30 April 2009 £'000	Year ended 31 October 2009 £'000
3. Dividends			
Amounts recognised as distributions to equity holders in the period:			
Interim dividend for 2009 – 1.85p	–	–	885
Final dividend for 2009 – 2.65p (2008 – 2.65p)	1,268	1,269	1,268
Refund by register of unclaimed dividends for prior periods	–	(6)	(6)
Dividends paid in the period	1,268	1,263	2,147

An interim dividend of 1.85p for the year to 31 October 2010 will be paid on 23 July 2010 to shareholders on the register on 9 July 2010. The ex-dividend date is 7 July 2010.

The table below sets out the interim dividend payable in respect of the six months ended 30 April 2010. The revenue available for distribution by way of dividend for the period is £895,000 (2009 – £663,000).

	Six months ended 30 April 2010 £'000	Six months ended 30 April 2009 £'000
Interim dividend payable for 2010 – 1.85p (2009 – 1.85p)	885	885

	Six months ended 30 April 2010 p	Six months ended 30 April 2009 p	Year ended 31 October 2009 p
4. Return per share			
Revenue return	1.87	1.39	3.19
Capital return	15.85	4.99	28.25
Total return	17.72	6.38	31.44

The figures above are based on the following attributable revenues:

	Six months ended 30 April 2010 £'000	Six months ended 30 April 2009 £'000	Year ended 31 October 2009 £'000
Revenue return	895	663	1,525
Capital return	7,586	2,391	13,518
Total return	8,481	3,054	15,043
Weighted average number of Ordinary shares in issue	47,853,064	47,862,103	47,857,299

There is no dilutive effect on net revenue or net capital per share, in any of the above periods, arising from the potential exercise of the subscription shares as mentioned in note 8.

5. Transaction costs

During the period expenses were incurred in acquiring or disposing of investments at fair value through profit or loss. These have been expensed through capital and are included within gains on investments in the Income Statement. The total costs were as follows:

Notes to the Accounts continued

	Six months ended 30 April 2010 £'000	Six months ended 30 April 2009 £'000	Year ended 31 October 2009 £'000
Purchases	36	13	40
Sales	6	2	6
	42	15	46

6. Capital reserves

The capital reserve reflected in the Balance Sheet at 30 April 2010 includes gains of £11,859,000 (30 April 2009 – losses of £4,301,000; 31 October 2009 – gains of £5,820,000) which relate to the revaluation of investments held at the reporting date.

	As at 30 April 2010	As at 30 April 2009	As at 31 October 2009
7. Net asset value per share			
Equity shareholders' funds	£63,235,000	£44,915,000	£56,020,000
Number of Ordinary shares in issue	47,854,352	47,852,573	47,852,573
Equity shareholders' funds per share	132.14p	93.86p	117.07p

8. Called-up share capital

During the six months to 30 April 2010 no Ordinary shares of 5p each were bought back for cancellation. During the six months ended 30 April 2009 70,000 Ordinary shares were bought back for cancellation at a total cost of £46,000 including expenses. (Year ended 31 October 2009 – 70,000 Ordinary shares were bought back for cancellation at a total cost of £46,000 including expenses).

On 28 February 2010, 1,779 Subscription shares were exercised at 170p per share, leaving 8,527,248 Subscription shares in issue. No subscription shares were exercised during the six months to 30 April 2009 nor during the year to 31 October 2009.

9. Commitments, contingencies and post Balance Sheet events

On 5 November 2007, the European Court of Justice ruled that management fees should be exempt from VAT.

The Manager has refunded £580,000 to the Company for VAT charged on investment management fees for the period 1 January 2004 to 31 October 2007 and this was reflected in the financial statements for the year to 31 October 2008. The Manager has also refunded £183,000 for VAT charged on investment management fees for the period 1 January 2001 to 31 December 2003 and this amount has been included in the financial statements for the six months to 30 April 2010. These repayments, which exclude interest, were allocated to revenue and capital in line with the accounting policy of the Company for the periods in which the VAT was charged. The reclaim for previous periods along with interest due and the timescale for receipt are at present uncertain and the Company has taken no account in these financial statements of any such repayment.

10. Interim Report

The financial information contained in this Half-Yearly Financial Report does not constitute statutory accounts as defined in Sections 434 – 436 of the Companies Act 2006. The financial information for the six months ended 30 April 2010 and 30 April 2009 has not been audited.

The information for the year ended 31 October 2009 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies. The report of the auditors on those accounts contained no qualification or statement under Section 498 (2), (3) or (4) of the Companies Act 2006.

The auditors have reviewed the financial information for the six months ended 30 April 2010 pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information. The report of the auditors is on page 14.

11. This Half-Yearly Financial Report was approved by the Board on 18 June 2010.

Independent Review Report to Dunedin Smaller Companies Investment Trust PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 April 2010 which comprises the Income Statement, Balance Sheet, Reconciliation of Movements in Shareholders' Funds, Cash Flow Statement and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules (the "DTR") of the UK's Financial Services Authority (the "UK FSA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

As disclosed in note 1, the annual financial statements of the Company are prepared in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice). The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with the Statement Half-Yearly Financial Reports as issued by the UK Accounting Standards Board.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 April 2010 is not prepared, in all material respects, in accordance with the Statement Half-Yearly Financial Reports as issued by the UK Accounting Standards Board and the DTR of the UK FSA.

Gareth Horner
For and on behalf of KPMG Audit Plc
Chartered Accountants
Edinburgh
18 June 2010

How to Invest in Dunedin Smaller Companies Investment Trust PLC

Direct

Investors can buy and sell shares in Dunedin Smaller Companies Investment Trust PLC directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively shares can be bought directly through Aberdeen's Investment Plan for Children, Aberdeen's Investment Trust Share Plan, Investment Trust ISA or ISA transfer.

Aberdeen's Investment Plan for Children

Aberdeen Asset Managers (AAM) runs an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including Dunedin Smaller Companies Investment Trust PLC. Anyone can invest in the Children's Plan, including parents, grandparents and family friends. All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing AAM in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts

Aberdeen's Investment Trust Share Plan

AAM runs a Share Plan (the "Plan") through which shares in Dunedin Smaller Companies Investment Trust PLC can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing AAM in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

Stocks and Shares ISA

An investment of up to £10,200 in Dunedin Smaller Companies Investment Trust PLC can be made in the tax year 2010/2011.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £15 +

VAT. The annual ISA management charge is £24 + VAT, calculated six monthly and deducted from income. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

Investors can choose to transfer previous tax year investments to Aberdeen which can be invested in Dunedin Smaller Companies Investment Trust PLC while retaining their ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per trust of £250.

Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs, may be changed by future legislation.

Trust Information

If investors would like details of Dunedin Smaller Companies Investment Trust PLC or information on the Children's Plan, Share Plan or ISA please telephone 0500 00 00 40 or write to Aberdeen Investment Trusts, Block C, Western House, Lynchwood Business Park, Peterborough PE2 6BP or e-mail at inv.trusts@aberdeen-asset.com. Details are also available on www.invtrusts.co.uk.

Literature Request Service

For literature and application forms for the Manager's investment trust products, please contact:
Telephone: 0500 00 40 00
Email: aam@lit-request.com

Keeping You Informed

The Company's share price appears under the heading 'Investment Companies' in the Financial Times, and other national newspapers.

For internet users, detailed data on Dunedin Smaller Companies Investment Trust PLC, including price,

How to Invest in Dunedin Smaller Companies Investment Trust PLC continued

performance information and a monthly fact sheet is available from the Company's website (www.dunedinsmaller.co.uk) and the TrustNet website (www.trustnet.co.uk). Alternatively you can call 0500 00 00 40 for trust information.

Contact Us

For information on Dunedin Smaller Companies Investment Trust PLC and for any administrative queries relating to the Investment Plan for Children, Share Plan, ISA or ISA Transfer please contact:

Aberdeen Investment Trust Administration
Block C, Western House
Lynchwood Business Park
Peterborough, PE2 6BP
Telephone: 0500 00 00 40

For administrative queries relating to an existing shareholding in the Pension Plan, please contact:

Capita SIP Services
141 Castle Street
Salisbury
Wiltshire SP1 3TB
Telephone: 0800 13 70 79

Alternatively, if you have an administrative query which relates to a certificated holding, please contact the Registrar, as follows:

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA
Telephone: 0871 384 2445
Fax: 0871 342 2100
Shareview Enquiry Line: 0871 384 2020
Textel/hard of hearing: 0871 384 2255

(Calls to the above Equiniti numbers will be charged at 8p per minute from a BT Landline. Other telephony providers' costs may vary)
Tel International: (+44 121 415 7047)

The above information has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Services Authority.

Corporate Information

Directors

The Earl of Dalhousie, Chairman
T J K Barnes
R M Entwistle
N M Yarrow

Manager and Registered Office

Aberdeen Asset Managers Limited
7th Floor, 40 Princes Street
Edinburgh EH2 2BY
Telephone: 0131 528 4000

Company Registration Number: SC 14692

Registrars

Equiniti Limited
Aspect House
Spencer Road, Lancing
West Sussex BN99 6DA
Shareholder Helpline: 0871 384 2445*
Textphone: 0871 384 2255*
Website: www.shareview.co.uk

* Calls to these numbers are charged at 8p per minute from a BT landline. Other telephony providers' costs may vary.
Tel International: (+44 121 415 7047)

Website

www.dunedinsmaller.co.uk



Aberdeen