

09

Dunedin Smaller Companies Investment Trust PLC

Interim Report

For the 6 months ended 30 April 2009



Contents

1	Highlights and Financial Calendar
2	Chairman's Statement
4	Investment Portfolio
6	Distribution of Assets
7	Income Statement
8	Balance Sheet
9	Reconciliation of Movements in Shareholders' Funds
10	Cash Flow Statement
11	Notes to the Accounts
14	Independent Review Report to Dunedin Smaller Companies Investment Trust PLC
15	How to Invest in Dunedin Smaller Companies Investment Trust PLC
17	Corporate Information

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.

Highlights and Financial Calendar

Financial Highlights

	30 April 2009	31 October 2008	% Change
Total assets ^A (£'000)	52,915	51,170	3.4
Total shareholders' funds (£'000)	44,915	43,170	4.0
Net asset value per Ordinary share ^B	93.86p	90.08p	4.2
Share price per Ordinary share (mid)	80.75p	73.75p	9.5
Discount to net asset value	14.0%	18.1%	

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

^B Including undistributed revenue for the period.

Performance (total return)

	Six months ended 30 April 2009	Year ended 31 October 2008
Net asset value per Ordinary share	+7.4%	-44.1%
Share price per Ordinary share	+13.5%	-46.0%
FTSE SmallCap Index (ex IC's)	+16.1%	-52.2%

Financial Calendar

24 June 2009	Announcement of unaudited interim results for the six months ended 30 April 2009
July 2009	Half Yearly Report posted to Shareholders
December 2009	Announcement of results for the year ending 31 October 2009
December 2009	Annual Report posted to Shareholders
February 2010	Annual General Meeting

Chairman's Statement

Equity markets remained volatile in the period under review and the overall downtrend continued until the middle of March. From that point through to the end of April, however, markets staged a remarkable recovery in the face of bleak economic news. Investors regained some appetite for riskier assets in anticipation of economic recovery and this was reflected in a sharp rally in the share prices of smaller companies, particularly the more speculative stocks.

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.

Over the six months ended 30 April 2009, the Company's share price and NAV rose by 9.5% and 4.2% respectively but the FTSE SmallCap Index (excluding Investment Companies) rose by 14.0% - the FTSE 100 Index fell by 3.1%. Our investment portfolio has delivered results ahead of the index in both rising and falling markets in recent years and, while disappointing, the under-performance in this six month period reflects the significant gains recorded by a number of the larger stocks in the index many of which were highly indebted and therefore did not meet our investment criteria, as outlined above. The Company maintained an essentially ungeared position over the period and held a net cash position at 30 April 2009.

The subscription shares which are listed on the London Stock Exchange had a closing price of 1.75p per share at 30 April 2009.

The Bank of England, the US Federal Reserve, the European Central Bank and other central banks have injected liquidity into their economies by buying bonds while many commercial and investment banks have been forced to raise additional equity capital to repair weakened balance sheets. Many countries are in the grip of the worst recession for decades. In the UK, unemployment is rising rapidly, house prices have fallen in value and interest rates have been cut to 0.5%. The weakness of the UK economy and concerns as to the state of the public finances also contributed to the sharp fall in sterling in 2008 against both the US dollar and the euro although there has been some recovery in recent months.

The deterioration in the UK economy, in conjunction with the re-pricing of credit facilities, forced a number of companies to revise downwards their dividend pay-outs. Lower dividends and reduced interest income on cash deposits have caused the Company's revenue return per share to fall from 2.25p to 1.39p. The Board is declaring an

unchanged interim dividend of 1.85p per share which will be paid on 24 July 2009 to shareholders on the register on 10 July 2009. The revenue return for the full year is expected to be lower than last year although the Board is prepared to utilise the Company's significant revenue reserves of 7.45p per share with the objective of maintaining dividend payments to shareholders in the medium term.

During the period the Company repurchased 70,000 ordinary shares at discounts averaging 19%. 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 2009 was 14.0% and has since narrowed to 11.4% at the date of this report.

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. While claims have been submitted for the VAT incurred on management fees during the periods 2001 to 2003 and 1990 to 1996, the amounts recoverable remain uncertain and therefore there has been no recognition of any sums in the interim statements. I am hopeful that progress will be made before the end of the financial year.

Global equity markets may have marked a low point in March but investor confidence is still fragile and markets are expected to remain volatile. Equities are not expensive by historic standards and many smaller companies are well-placed to participate in any recovery in activity. Indeed some of the companies that have cut their dividends will, as a consequence, have the balance sheet flexibility to capitalise on opportunities as the economy recovers. Nonetheless, profits and dividends may need to show signs of improvement before smaller companies extend the recent recovery in share prices.

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 44 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 2009 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
23 June 2009

Investment Portfolio

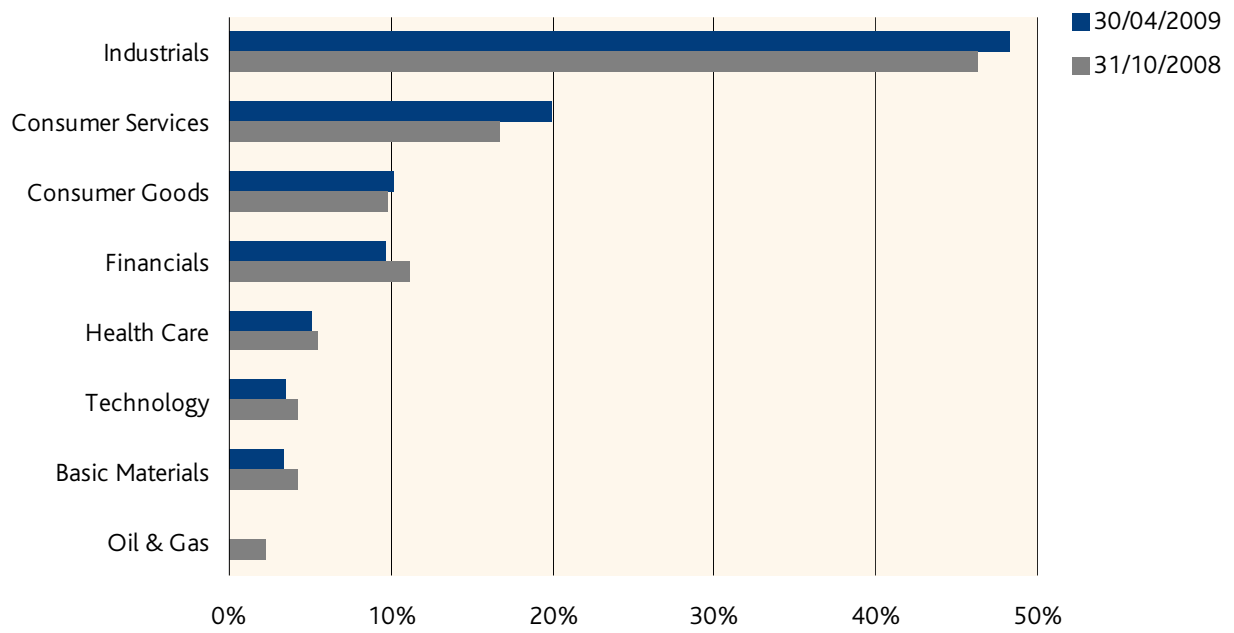
As at 30 April 2009

Company	Sector	Market value £'000	Total assets %
BPP	Support Services	1,878	3.5
McBride	Household Goods	1,609	3.0
Dechra Pharmaceuticals	Pharmaceuticals & Biotechnology	1,594	3.0
Chemring Group	Aerospace & Defence	1,455	2.7
Ultra Electronics	Aerospace & Defence	1,453	2.7
Restaurant Group	Travel & Leisure	1,436	2.7
BSS Group	Support Services	1,267	2.4
Savills	Real Estate	1,225	2.3
Mothercare	General Retailers	1,223	2.3
Chloride Group	Electronic & Electrical Equipment	1,182	2.2
Ten largest investments		14,322	26.8
Huntsworth	Media	1,173	2.2
Morgan Sindall	Construction & Materials	1,099	2.1
Numis Corporation	General Financials	1,035	2.0
Weir Group	Industrial Engineering	970	1.8
Bloomsbury Publishing	Media	950	1.8
SIG	Support Services	949	1.8
XP Power	Electronic & Electrical Equipment	929	1.8
Victrex	Chemicals	913	1.7
Wilmington Group	Media	896	1.7
Barr (AG)	Beverages	871	1.6
Twenty largest investments		24,107	45.3
Holidaybreak	Travel & Leisure	825	1.6
RM	Software & Computer Services	783	1.5
Fuller Smith & Turner 'A'	Travel & Leisure	773	1.5
Menzies (John)	Support Services	771	1.5
Robert Walters	Support Services	747	1.4
Rensburg Sheppards	General Financials	728	1.4
Low & Bonar	Construction & Materials	712	1.3
Mouchel Parkman	Support Services	712	1.3
Laird	Electronic & Electrical Equipment	704	1.3
British Polythene	General Industrials	696	1.3
Thirty largest investments		31,558	59.4
Fenner	Industrial Engineering	679	1.3
RPC Group	General Industrials	675	1.3
Greggs	Food & Drug Retailers	654	1.2
Oxford Instruments	Electronic & Electrical Equipment	640	1.2
Care UK	Health Care Equipment & Services	635	1.2
Hornby	Leisure Goods	620	1.2
Fisher (J) & Sons	Industrial Transportation	610	1.2
Headlam Group	Household Goods	603	1.1
Chaucer Holdings	Non-Life Insurance	601	1.1
Zotefoams	Chemicals	564	1.1
Forty largest investments		37,839	71.3

Company	Sector	Market value £'000	Total assets %
ACAL	Support Services	551	1.1
Clarke (T)	Construction & Materials	542	1.0
Dignity	General Retailers	527	1.0
Bellway	Household Goods	515	1.0
Anite Group	Software & Computer Services	472	0.9
Intermediate Capital Group	General Financials	472	0.9
Management Consulting Group	Support Services	472	0.9
Interserve	Support Services	453	0.9
Umeco	Aerospace & Defence	357	0.7
Forth Ports	Industrial Transportation	328	0.6
Fifty largest investments		42,528	80.3
Aveva Group	Software & Computer Services	271	0.5
Havelock Europa	Household Goods	259	0.5
TT Electronics	Electronic & Electrical Equipment	243	0.5
UTV Media	Media	211	0.4
Helical Bar	Real Estate	105	0.2
Total investments		43,617	82.4
Net current assets ^A		9,298	17.6
Total assets		52,915	100.0

^A Excludes bank loan of £8,000,000.

Distribution of Assets



Income Statement

	Six months ended 30 April 2009 (unaudited)			Six months ended 30 April 2008 (unaudited)			Year ended 31 October 2008 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	–	2,590	2,590	–	(13,795)	(13,795)	–	(37,560)	(37,560)
Income (note 2)	892	–	892	1,388	–	1,388	3,039	–	3,039
Investment management fee	(25)	(134)	(159)	(37)	(280)	(317)	(67)	(515)	(582)
VAT recoverable on investment management fees	–	–	–	–	–	–	74	506	580
Administrative expenses	(182)	–	(182)	(181)	–	(181)	(380)	–	(380)
Net return before finance costs and taxation	685	2,456	3,141	1,170	(14,075)	(12,905)	2,666	(37,569)	(34,903)
Finance costs	(22)	(65)	(87)	(79)	(234)	(313)	(149)	(446)	(595)
Return on ordinary activities before and after taxation	663	2,391	3,054	1,091	(14,309)	(13,218)	2,517	(38,015)	(35,498)
Return per Ordinary share (pence):	1.39	4.99	6.38	2.25	(29.55)	(27.30)	5.22	(78.81)	(73.59)

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 2009 (unaudited) £'000	As at 30 April 2008 (unaudited) £'000	As at 31 October 2008 (audited) £'000
Non-current assets			
Investments at fair value through profit or loss	43,617	65,843	41,083
Current assets			
Debtors and prepayments	940	615	912
UK Treasury Bills	–	–	2,963
Cash and short term deposits	8,578	10,481	6,422
	9,518	11,096	10,297
Creditors: amounts falling due within one year			
Bank loan	(8,000)	(10,000)	(8,000)
Other creditors	(220)	(326)	(210)
	(8,220)	(10,326)	(8,210)
Net current assets	1,298	770	2,087
Net assets	44,915	66,613	43,170
Capital and reserves			
Called-up share capital	2,393	2,409	2,396
Share premium account	24	24	24
Capital redemption reserve	2,233	2,217	2,230
Capital reserve	36,034	57,669	33,689
Revenue reserve	4,231	4,294	4,831
Equity shareholders' funds	44,915	66,613	43,170
Net asset value per Ordinary share (pence):	93.86	138.28	90.08

Reconciliation of Movements in Shareholders' Funds

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

Six months ended 30 April 2008 (unaudited)

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 October 2007	2,466	19	2,160	73,307	4,412	82,364
Issue of subscription shares	–	5	–	–	–	5
Purchase of own shares	(57)	–	57	(1,329)	–	(1,329)
Return on ordinary activities after taxation	–	–	–	(14,309)	1,091	(13,218)
Dividends paid ^B	–	–	–	–	(1,209)	(1,209)
Balance at 30 April 2008	2,409	24	2,217	57,669	4,294	66,613

Year ended 31 October 2008 (audited)

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 October 2007	2,466	19	2,160	73,307	4,412	82,364
Issue of subscription shares	–	5	–	–	–	5
Purchase of own shares	(70)	–	70	(1,603)	–	(1,603)
Return on ordinary activities after taxation	–	–	–	(38,015)	2,517	(35,498)
Dividends paid ^B	–	–	–	–	(2,098)	(2,098)
Balance at 31 October 2008	2,396	24	2,230	33,689	4,831	43,170

^B See note 3.

Cash Flow Statement

	Six months ended 30 April 2009 (unaudited) £'000	Six months ended 30 April 2008 (unaudited) £'000	Year ended 31 October 2008 (audited) £'000
Net cash inflow from operating activities	413	609	2,075
Net cash outflow from servicing of finance	(87)	(314)	(604)
Net cash inflow from financial investment	176	3,020	3,911
Equity dividends paid	(1,263)	(1,209)	(2,098)
Net cash (outflow)/inflow before use of liquid resources and financing	(761)	2,106	3,284
Net cash inflow from management of liquid resources	2,963	9,313	6,350
Net cash outflow from financing	(46)	(1,324)	(3,598)
Increase in cash	2,156	10,095	6,036
Reconciliation of net cash flow to movements in net funds			
Increase in cash as above	2,156	10,095	6,036
Net change in liquid resources	(2,963)	(9,313)	(6,350)
Change in net funds resulting from cash flows	(807)	782	(314)
Repayment of loan	–	–	2,000
Movement in net funds in the period	(807)	782	1,686
Opening net funds/(debt)	1,385	(301)	(301)
Closing net funds	578	481	1,385
Represented by:			
Cash and cash equivalents	8,578	10,481	9,385
Debt due within one year	(8,000)	(10,000)	(8,000)
	578	481	1,385

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 and adopted early). The early adoption of the January 2009 SORP has no effect on the financial statements of the Company, other than the requirement separately to disclose capital reserves that relate to the revaluation of investments held at the reporting date. These are disclosed in note 6. This new requirement replaces the previous requirement to disclose the value of the capital reserve that was unrealised. 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 2009 £'000	Six months ended 30 April 2008 £'000	Year ended 31 October 2008 £'000
2. Income			
Income from investments^A			
UK dividend income	730	1,076	2,424
Overseas dividend income	45	45	85
	775	1,121	2,509
Other income^B			
Interest from AAA rated Money Market funds	–	34	34
Interest on Treasury Bills	26	137	150
Deposit interest	88	95	344
Underwriting commission	3	1	2
	117	267	530
Total income	892	1,388	3,039

^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.

Notes to the Accounts continued

	Six months ended 30 April 2009 £'000	Six months ended 30 April 2008 £'000	Year ended 31 October 2008 £'000
3. Dividends			
Amounts recognised as distributions to equity holders in the period:			
Interim dividend for 2008 – 1.85p	–	–	890
Final dividend for 2008 – 2.65p (2007 – 2.50p)	1,269	1,209	1,208
Refund by register of unclaimed dividends for prior periods	(6)	–	–
Dividends paid in the period	1,263	1,209	2,098

An interim dividend of 1.85p for the year to 31 October 2009 will be paid on 24 July 2009 to shareholders on the register on 10 July 2009. The ex-dividend date is 8 July 2009.

The table below sets out the interim dividend payable in respect of the six months ended 30 April 2009. The revenue available for distribution by way of dividend for the period is £663,000 (2008 – £1,091,000).

	Six months ended 30 April 2009 £'000	Six months ended 30 April 2008 £'000
Interim dividend payable for 2009 – 1.85p (2008 – 1.85p)	885	890

	Six months ended 30 April 2009 p	Six months ended 30 April 2008 p	Year ended 31 October 2008 p
4. Return per share			
Revenue return	1.39	2.25	5.22
Capital return	4.99	(29.55)	(78.81)
Total return	6.38	(27.30)	(73.59)

The figures above are based on the following attributable revenues:

	Six months ended 30 April 2009 £'000	Six months ended 30 April 2008 £'000	Year ended 31 October 2008 £'000
Revenue return	663	1,091	2,517
Capital return	2,391	(14,309)	(38,015)
Total return	3,054	(13,218)	(35,498)
Weighted average number of Ordinary shares in issue	47,862,103	48,421,194	48,236,983

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/(losses) on investments in the Income Statement. The total costs were as follows:

	Six months ended 30 April 2009 £'000	Six months ended 30 April 2008 £'000	Year ended 31 October 2008 £'000
Purchases	13	18	46
Sales	2	6	8
	15	24	54

6. Capital reserves

The capital reserve reflected in the Balance Sheet at 30 April 2009 includes losses of £4,301,000 (30 April 2008 – gains of £15,377,000; 31 October 2008 – losses of £10,791,000) which relate to the revaluation of investments held at the reporting date.

	As at 30 April 2009	As at 30 April 2008	As at 31 October 2008
7. Net asset value per share			
Equity shareholders' funds	£44,915,000	£66,613,000	£43,170,000
Number of Ordinary shares in issue	47,852,573	48,172,573	47,922,573
Equity shareholders' funds per share	93.86p	138.28p	90.08p

8. Called-up share capital

During the six months to 30 April 2009 70,000 Ordinary shares of 5p each were bought back for cancellation at a total cost of £46,000 including expenses. During the six months ended 30 April 2008 1,157,500 Ordinary shares were bought back for cancellation at a total cost of £1,329,000 including expenses. During the year ended 31 October 2008 1,407,500 Ordinary shares were bought back for cancellation at a total cost of £1,603,000 including expenses.

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. HMRC has announced its intention not to appeal against this case to the UK VAT Tribunal and therefore protective claims which have been made in relation to the Company will be processed in due course. The Company has not been charged VAT on its investment management fees from 1 November 2007.

The Manager has agreed to refund £580,000 to the Company for VAT charged on investment management fees for the period 1 January 2004 to 31 October 2007 and this has been included in the financial statements for the year to 31 October 2008. The repayment was 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 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 2009 and 30 April 2008 has not been audited.

The information for the year ended 31 October 2008 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 237 (2) or (3) of the Companies Act 1985.

The auditors have reviewed the financial information for the six months ended 30 April 2009 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 23 June 2009.

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 to 30 April 2009 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 2009 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
23 June 2009

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 £7,200 in Dunedin Smaller Companies Investment Trust PLC can be made in the tax year 2009/2010 and up to £10,200 in the tax year 2010/2011.

Between 6 October 2009 and 5 April 2010, an additional £3,000 may be invested in an ISA, for the tax year

2009/2010, provided that the ISA holder is aged 50 years or over at the date of the additional investment.

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.

Investment Trust Pension

The Investment Trust Pension enables existing investors to save for retirement by investing in Dunedin Smaller Companies Investment Trust PLC. The Investment Trust Pension offers a Personal Pension Plan.

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, ISA or Pension 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.

How to Invest in Dunedin Smaller Companies Investment Trust PLC continued

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, 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

Edinburgh Pension Centre

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)

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.

Website

www.dunedinsmaller.co.uk



Aberdeen