

07

Dunedin Smaller Companies Investment Trust PLC

Interim Report

for the 6 months ended 30 April 2007



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Corporate Summary

The Company aims to attract long term private and institutional holders wanting to benefit from the growth prospects of smaller companies by investment in a relatively risk averse investment trust.

Objective

The achievement of long term growth from a portfolio of smaller companies in the United Kingdom.

Financial Summary

	Six months ended 30 April 2007	Year ended 31 October 2006	% change
Capital return			
Adjusted net asset value per Ordinary share*	181.77p	161.31p	+12.7
Adjusted net asset value per Ordinary share (borrowings valued at market value)*	181.77p	154.90p	+17.3
Share price per Ordinary share	158.50p	144.50p	+9.7
Share price per Subscription share	30.25p	–	–
FTSE SmallCap Index (ex IC's)	4,000.8	3,534.0	+13.2
Total return			
Net asset value per share	–	–	+14.5
Share price	–	–	+11.7
FTSE SmallCap Index (ex IC's)	–	–	+14.3
Discount (difference between share price and net asset value)			
where borrowings are deducted at par	12.80%	10.40%	
where borrowings are deducted at market value	12.80%	6.70%	
Gearing			
Actual gearing ratio	4.81%	(12.46%)	
Maximum potential gearing ratio	10.79%	11.43%	
Dividend and earnings**			
	April 2007	April 2006	
Total return	15.97p	32.36p	
Revenue return	1.86p	1.76p	
Interim dividend	1.75p	0.93p	+88.2

* Articles basis – see note 5.

** Representing the total return, revenue return and dividend in respect of the 6 months ended 30 April 2007 and 30 April 2006.

On 30 November 2006 each of the Ordinary 25p shares were sub-divided into five Ordinary shares of 5p. Therefore, the per share figures for the year ended 31 October 2006 above differ to those reported in the last Annual Report by a factor of five.

Chairman's Statement

The smaller company sector continued to perform well over the six months ended 30 April 2007, both in absolute terms and in relation to the broader equity markets. The Company's net asset value (with borrowings at market value) rose by 17.3% compared to increases of 13.2% in the FTSE SmallCap Index (excluding Investment Companies) and 5.2% in the FTSE 100 Index. The Company's share price rose by 9.7% to 158.5p. The subscription shares which are listed on the London Stock Exchange had a closing price of 30.25p per share at 30 April 2007.

Revenue return per share for the period increased from 1.76p to 1.86p and the Board is pleased to announce that it has raised the interim dividend by 88.2% to 1.75p. As outlined in the circular, the Board is seeking to reduce the differential between the interim and final dividends and hence the significant increase in the interim dividend. Based on current forecasts and in the absence of unforeseen circumstances, the Board envisages that the total dividend for the year should be no less than 4.00p (2006: 3.55p). The interim dividend will be paid on 6 July 2007 to shareholders on the register on 29 June 2007.

During the period, the Company repurchased 5,985,000 ordinary shares, at discounts of between 8% and 12%, at a total cost of £9.4 million. The Directors intend to continue to utilise the Company's share buyback powers to enhance NAV for continuing shareholders and address any imbalances between the supply and demand for the Company's shares.

As outlined in last year's annual report and the circular to shareholders, the Company implemented a number of changes, following shareholder approval, which were aimed at building on the Company's existing qualities and to enhance its appeal to its target investor base, as well as providing ordinary shareholders with the opportunity to realise at least part of their investment. The specific actions that have been

implemented since 31 October 2006 are shown in note 7.

Following the implementation of these changes, the Company's objective of delivering long-term growth from a portfolio of small companies in the UK remains unchanged and the performance benchmark continues to be the FTSE SmallCap Index (excluding Investment Companies). The Directors however have reinforced the Company's differentiating factors from its peer group by placing more emphasis on total returns to ordinary shareholders. The yield on the Company's portfolio has been increased by selling some of its nil and low yielding stocks although the overall portfolio continues to focus on companies with strong balance sheets, positive cash-flows and the potential to grow dividends to shareholders.

This strategy is intended to enable the Company to increase income from its investments and to grow the dividends paid on the ordinary shares over time but without creating a negative impact upon the Company's ability to deliver capital growth. The Company is one of the highest yielding companies in its peer group and the Directors believe that increasing the dividend income from the ordinary shares will further differentiate the Company from its peer group and attract a broader range of long-term private and institutional investors who want to benefit from the growth prospects of smaller companies by investing in a relatively risk-averse investment trust with the additional benefit of an above-average dividend yield.

Our investment portfolio has continued to deliver good returns over the period and out-performed the benchmark by over 4%. The combination of this out-performance and the uplift to NAV from buying back the Company's shares has enabled the Company to more than offset the costs that were incurred to repay the debenture stock and implement the changes referred to above.

Following four years of strong performance the outlook for smaller companies remains positive. Expectations for economic growth are either at or are above historical levels while recent increases in interest rates have had little impact on overall corporate profitability. Companies continue to have strong balance sheets and merger and acquisition activity remains a feature of the market. Takeover activity has to some degree moved towards larger companies recently but it is still occurring amongst smaller

companies and the Company's portfolio continues to benefit. Other important factors that can determine the performance of the smaller companies are investor appetite for risk, which remains quite high by historic standards, and corporate profits which are forecast to grow at around twice the rate of larger companies.

21 June 2007

The Earl of Dalhousie
Chairman

Distribution of Investments

At 30 April 2007

	At 30 April 2007 %	At 30 April 2006 %	At 31 October 2006 %
Basic materials	2.6	2.3	2.4
Consumer goods	5.7	5.6	4.8
Consumer services	16.7	13.5	13.2
Financials	7.8	13.7	11.4
Health care	2.8	2.2	2.0
Industrials	50.0	40.4	36.8
Oil & gas	2.7	2.9	2.4
Technology	6.3	7.6	5.6
Telecommunications	–	0.4	–
Total equities	94.6	88.6	78.6
Net current assets before borrowings	5.4	11.4	21.4
Total assets less current liabilities	100.0	100.0	100.0

Twenty Largest Investments

At 30 April 2007

Company	Market value £'000	Sector classification
Dobbies Garden Centres	2,736	General retailers
British Polythene	2,409	General industrials
Laird Group	2,406	Electronic & electrical equipment
Savills	2,371	Real estate
Morgan Sindall	2,218	Construction & materials
BPP	2,161	Support services
John Menzies	2,098	Support services
SIG	2,082	Support services
Fenner	2,059	Industrial engineering
The Restaurant Group	2,028	Travel & leisure
Ten largest investments	22,568	22.0% of total assets less current liabilities
Chemring Group	1,994	Aerospace & defence
Acal	1,974	Support services
Holidaybreak	1,854	Travel & leisure
BSS	1,768	Support services
Ultra Electronic	1,745	Aerospace & defence
Robert Walters	1,729	Support services
Numis Corporation	1,723	General financial
Weir Group	1,647	Industrial engineering
TDG	1,631	Industrial transportation
Wilmington Group	1,630	Media
Twenty largest investments	40,263	39.2% of total assets less current liabilities
Other investments represented by 51 holdings	56,871	55.4% of total assets less current liabilities
Total value of investments	97,134	94.6% of total assets less current liabilities
Net current assets*	5,539	5.4% of total assets less current liabilities
Total assets	102,673	100.0% of total assets less current liabilities

* Excludes bank loan of £10,000,000.

Income Statement

	Six months ended 30 April 2007 (unaudited)		
	Revenue £'000	Capital £'000	Total £'000
Realised gains on investments	–	18,592	18,592
Unrealised (losses)/gains on investments	–	(3,156)	(3,156)
Income from investments	1,121	–	1,121
Interest on AAA rated Money Market funds	132	–	132
Interest on deposits	34	–	34
Interest on Treasury Bills	149	–	149
Underwriting commission	–	–	–
Investment management fee	(60)	(361)	(421)
Administrative expenses	(174)	–	(174)
Net return before finance costs and taxation	1,202	15,075	16,277
Finance costs	(113)	(6,801)	(6,914)
Return on ordinary activities before and after taxation	1,089	8,274	9,363
Return per Ordinary share (pence)	1.86	14.11	15.97

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.

Six months ended 30 April 2006			Year ended 31 October 2006		
Revenue £'000	Capital (unaudited) £'000	Total £'000	Revenue £'000	Capital (audited) £'000	Total £'000
–	3,213	3,213	–	13,581	13,581
–	22,782	22,782	–	18,965	18,965
1,402	–	1,402	3,154	–	3,154
166	–	166	234	–	234
19	–	19	32	–	32
223	–	223	492	–	492
–	–	–	2	–	2
(80)	(637)	(717)	(162)	(1,296)	(1,458)
(146)	–	(146)	(307)	–	(307)
1,584	25,358	26,942	3,445	31,250	34,695
(153)	(459)	(612)	(317)	(949)	(1,266)
1,431	24,899	26,330	3,128	30,301	33,429
1.76	30.60	32.36	3.84	37.24	41.08

Balance Sheet

	As at 30 April 2007 (unaudited) £'000	As at 30 April 2006 (unaudited) £'000	As at 31 October 2006 (audited) £'000
Non-current assets			
Investments at fair value through profit or loss	97,134	123,909	114,893
Current assets			
Debtors and prepayments	629	868	2,217
UK Treasury Bills	2,769	10,892	19,064
AAA Money Market funds	2,150	5,205	10,915
Cash and short term deposits	272	439	367
	5,820	17,404	32,563
Creditors: amounts falling due within one year			
Bank loan	(10,000)	–	–
Other creditors	(281)	(1,407)	(1,203)
	(10,281)	(1,407)	(1,203)
Net current (liabilities)/assets	(4,461)	15,997	31,360
Total assets less current liabilities	92,673	139,906	146,253
Creditors: amounts falling due after more than one year			
8.375% Debenture Stock 2022	–	(14,851)	(14,856)
Net assets	92,673	125,055	131,397
Capital and reserves			
Called-up share capital – equity	2,549	4,068	4,068
Share premium account	19	–	–
Capital redemption reserve	2,077	557	557
Capital reserve – realised	41,675	67,387	76,606
Capital reserve – unrealised	42,399	49,372	45,555
Revenue reserve	3,954	3,671	4,611
Equity Shareholders' funds	92,673	125,055	131,397
Adjusted net asset value per Ordinary share (pence)	181.77	153.51	161.31

Reconciliation of Movements in Shareholders' Funds

Six months ended 30 April 2007 (unaudited)

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Revenue reserve £'000	Total £'000
Balance at 31 October 2006	4,068	–	557	76,606	45,555	4,611	131,397
Return on ordinary activities after taxation	–	–	–	11,430	(3,156)	1,089	9,363
Dividends paid	–	–	–	–	–	(1,746)	(1,746)
Issue of Subscription shares	1	19	–	–	–	–	20
Corporate restructuring costs	–	–	–	(595)	–	–	(595)
Purchase of own shares	(1,520)	–	1,520	(45,766)	–	–	(45,766)
Balance at 30 April 2007	2,549	19	2,077	41,675	42,399	3,954	92,673

Six months ended 30 April 2006 (unaudited)

	Share capital £'000	Capital redemption reserve £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Revenue reserve £'000	Total £'000
Balance at 31 October 2005	4,068	557	65,270	26,590	4,030	100,515
Return on ordinary activities after taxation	–	–	2,117	22,782	1,431	26,330
Dividends paid	–	–	–	–	(1,790)	(1,790)
Balance at 30 April 2006	4,068	557	67,387	49,372	3,671	125,055

Year ended 31 October 2006 (audited)

	Share capital £'000	Capital redemption reserve £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Revenue reserve £'000	Total £'000
Balance at 31 October 2005	4,068	557	65,270	26,590	4,030	100,515
Return on ordinary activities after taxation	–	–	11,336	18,965	3,128	33,429
Dividends paid	–	–	–	–	(2,547)	(2,547)
Balance at 31 October 2006	4,068	557	76,606	45,555	4,611	131,397

Cash Flow Statement

	Six months ended 30 April 2007 (unaudited) £'000	Six months ended 30 April 2006 (unaudited) £'000	Year ended 31 October 2006 (audited) £'000
Net cash inflow from operating activities	349	738	2,519
Net cash outflow from servicing of finance	(934)	(628)	(1,257)
Net cash inflow/(outflow) from financial investment	34,974	(202)	13,213
Equity dividends paid	(1,746)	(1,790)	(2,547)
Net cash inflow/(outflow) before use of liquid resources and financing	32,643	(1,882)	11,928
Net cash inflow/(outflow) from management of liquid resources	25,060	1,096	(12,786)
Net cash outflow from financing	(57,798)	–	–
Decrease in cash	(95)	(786)	(858)
Reconciliation of net cash flow to movements in net funds			
Decrease in cash as above	(95)	(786)	(858)
Net change in liquid resources	(25,060)	(1,096)	12,786
Change in net funds resulting from cash flows	(25,155)	(1,882)	11,928
Repayment of Debenture Stock	15,000	–	–
Drawdown of loan	(10,000)	–	–
Amortised Debenture Stock expenses	(144)	(4)	(9)
Movement in net funds in the period	(20,299)	(1,886)	11,919
Opening net funds	15,490	3,571	3,571
Closing net (debt)/funds	(4,809)	1,685	15,490
Represented by:			
Cash and cash equivalents	5,191	16,536	30,346
Debt due within one year	(10,000)	–	–
Debt due after more than one year	–	(14,851)	(14,856)
	(4,809)	1,685	15,490

Notes to the Financial Statements

1. Accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified to include the revaluation of investments and in accordance with the applicable UK Accounting Standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' (issued in 2003 and revised in December 2005). 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).

The interim accounts 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 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 unrealised capital reserve.

(c) Dividends payable

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

	Six months ended 30 April 2007 p	Six months ended 30 April 2006 p	Year ended 31 October 2006 p
2. Return per share			
Revenue return	1.86	1.76	3.84
Capital return	14.11	30.60	37.24
Total return	15.97	32.36	41.08

The figures above are based on the following attributable revenues:

	Six months ended 30 April 2007 £'000	Six months ended 30 April 2006 £'000	Year ended 31 October 2006 £'000
Revenue return	1,089	1,431	3,128
Capital return	8,274	24,899	30,301
Total return	9,363	26,330	33,429

Weighted average number of Ordinary shares
in issue

58,620,232	81,368,595	81,368,595
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Notes to the Financial Statements – continued

The figures for the six months ended 30 April 2006 and the year ended 31 October 2006 have been adjusted as detailed in note 7.

3. Transaction costs

During the period expenses were incurred in acquiring or disposing of investments classified as 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:

	Six months ended 30 April 2007 £'000	Six months ended 30 April 2006 £'000	Year ended 31 October 2006 £'000
Purchases	30	45	79
Sales	40	4	28
	70	49	107

4. Dividends

Amounts recognised as distributions to equity holders in the period:

	2007 £'000	2006 £'000
Second interim dividend for 2006 – 1.07p (2005 – nil)	871	–
Final dividend for 2006 – 1.55p (2005 – 2.20p)	875	1,790
Dividends paid in the period	1,746	1,790

An interim dividend of 1.75p for the year to 31 October 2007 will be paid on 6 July 2007 to Shareholders on the register on 29 June 2007. The ex-dividend date is 27 June 2007.

The table below sets out the interim dividend payable in respect of the six months ended 30 April 2007. The revenue available for distribution by way of dividend for the period is £1,089,000 (2006 – £1,431,000).

	2007 £'000	2006 £'000
Interim dividend payable for 2007 – 1.75p (2006 – 0.93p)	883	757

Since the year end the Company has bought back 517,556 shares. At the date of this report there were 50,467,321 Ordinary 5p shares in issue. The interim dividend for 2007 is based on the latest share capital in issue.

5. Net asset value

Total Shareholders' funds has been calculated in accordance with the provisions of Financial Reporting Standard 4 'Capital Instruments'. The analysis of total Shareholders' funds on the face of the Balance Sheet does not reflect the rights under the Articles of Association of the Ordinary Shareholders on a return of assets. These rights are reflected in the net asset value and the net asset value per share attributable to Ordinary Shareholders at the period end, adjusted to reflect the deduction of the Debenture Stock at par. A reconciliation between the two sets of figures is given below:

	As at 30 April 2007	As at 30 April 2006	As at 31 October 2006
Total Shareholders' funds	£92,673,000	£125,055,000	£131,397,000
Adjusted net assets	£92,673,000	£124,906,000	£131,253,000
Number of Ordinary shares in issue	50,984,877	81,368,595	81,368,595
Total Shareholders' funds	181.77p	153.69p	161.48p
Less: unamortised Debenture Stock premium and issue expenses	–	(0.18p)	(0.17p)
Adjusted net asset value per Ordinary share	181.77p	153.51p	161.31p

The figures for the six months ended 30 April 2006 and the year ended 31 October 2006 have been adjusted as detailed in note 7.

6. The financial information for the six months ended 30 April 2007 and 30 April 2006 comprises non-statutory accounts within the meaning of Section 240 of the Companies Act 1985. The financial information for the year ended 31 October 2006 has been extracted from the published accounts that have been delivered to the Registrar of Companies and on which the report of the auditors was unqualified. This information has been restated where applicable as detailed in note 7.
7. A number of events have occurred during the period following the proposals regarding the Company announced on 24 October 2006.

An Extraordinary General Meeting of the Company held on 24 November 2006 approved the proposals. The Tender Offer for up to 30% of the issued Ordinary shares was fully subscribed and 4,882,087 Ordinary shares were repurchased and cancelled by the Company at a total cost of £36,332,126.

On 30 November 2006, there was a sub-division of the remaining issued Ordinary shares of 25p each into 5 Ordinary shares of 5p each.

In addition, a bonus issue of new Subscription shares was completed on the basis of 15 new Subscription shares for every 100 Ordinary shares resulting from the Ordinary share sub-division. Each Subscription share confers the right to subscribe for, or convert into, one Ordinary share on 28 February in any of the years 2007 to 2012 (inclusive) at a price of 170p per share. On 28 February 2007, 11,717 Subscription shares were exercised, leaving 8,531,779 Subscription shares in issue.

On 1 December 2006, the entire Debenture Stock in issue was repaid at a cost of £21,463,500, which includes a premium of £6,463,500. This premium has been included in the finance costs on the Income Statement. During the period a three year revolving credit loan facility was completed with ING Bank N.V. for up to £15,000,000, of which £10,000,000 was drawn down on 30 April 2007 for one month at a rate of 6.05813%.

To enable comparison following the sub-division, the return per Ordinary share, the dividend per Ordinary share, the weighted average number of Ordinary shares in issue and the net asset value per Ordinary share for the six months ended 30 April 2006 and the year ended 31 October 2006 have been restated to reflect the effect of the sub-division of Ordinary shares.

Independent Review Report to Dunedin Smaller Companies Investment Trust PLC

Introduction

We have been engaged by the Company to review the financial information set out on pages 6 to 13 and we have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

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 Listing Rules of the Financial Services Authority. 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 Interim Report, including the financial information contained therein, is the responsibility of and has been approved by the Directors. The Directors are responsible for preparing the Interim Report in accordance with the Listing Rules which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual

financial statements except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4: 'Review of Interim Financial Information' issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 April 2007.

KPMG Audit Plc
Chartered Accountants
Edinburgh

21 June 2007

How to Invest in Dunedin Smaller Companies Investment Trust PLC

Aberdeen's Investment Trust Share Plan

Aberdeen Asset Managers Limited ("Aberdeen") runs a Share Plan (the "Plan") which covers a number of investment companies under its management including Dunedin Smaller Companies Investment Trust PLC. 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 £250 per trust, 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 the Plan, and regular savers can stop or suspend participation by instructing Aberdeen 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.

Aberdeen's Investment Trust Individual Savings Account

The Aberdeen Investment Trust ISA (the "ISA") has been available from 6 April 1999. It aims to generate income and/or capital growth within a tax efficient environment. Investors can hold up to two components within an ISA: stocks and shares (including Investment Trusts) and cash. Aberdeen offers both a Mini and Maxi stocks and shares ISA but does not offer the cash component.

Maxi ISA

The Maxi ISA offers a wide range of Aberdeen-managed or advised Investment Companies. The Maxi ISA does not have a cash component. An investment of up to £7,000 can be made in the tax year 2007/2008.

Mini ISA

Aberdeen offers a Mini ISA which will enable investors to invest up to £4,000 in Dunedin Smaller Companies Investment Trust PLC in the tax year 2007/2008. 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 monthly and deducted from income half yearly. Under current legislation, trusts can grow free of income or capital gains tax. In the case of dividends from equity assets held within an ISA or a PEP, a 10% tax credit was reclaimed until 5 April 2004, when the tax credit was abolished.

Aberdeen's Investment Plan for Children

Aberdeen also offers 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 a Children's Plan, and regular savers can stop or suspend participation by instructing Aberdeen in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts.

PEP Transfer

PEPs are an easy way to make medium and long term tax efficient investments in stock markets. All income and capital gains are free of tax. Since 5 April 1999 no further subscriptions can be made into a PEP. You can however, transfer existing PEPs to Aberdeen. The minimum lump sum for a PEP transfer is £1,000 and is subject to a minimum per trust of £250.

Investment Trust Pension

The Investment Trust Pension allows you to include Dunedin Smaller Companies Investment Trust in your retirement planning. Contributions can be made monthly, yearly or by lump sums and there are low minimum Investment amounts.

Trust Information

If investors would like details of Dunedin Smaller Companies Investment Trust PLC, or information on the Share Plan, ISA, Children's Plan or PEP transfers 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.

Keeping you informed

Dunedin Smaller Companies Investment Trust's share price appears daily in the Financial Times, Daily Telegraph and the Times.

For internet users, detailed data on Dunedin Smaller Companies Investment Trust PLC, including price and performance information, is available on the Company's website (www.dunedinsmaller.co.uk) and the TrustNet website (www.trustnet.co.uk).

Contact us:

Literature request: **0500 00 40 00**
Share Plan/ ISA/PEP admin: **0500 00 00 40**
Pension admin: **0800 13 70 79**
or email: **inv.trusts@aberdeen-asset.com**

Please remember that past performance is not necessarily a guide to the future. Stock market 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.

Lloyds TSB Registrars also have a website (www.shareview.co.uk) which includes a page entitled 'Shareholder Services', which gives Shareholders an insight into their shareholding. The website also has information about how to register a change of name and what to do if you have lost your share certificate.

The above information has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 by Edinburgh Fund Managers plc which is authorised and regulated by the Financial Services Authority and is a member of the Aberdeen Asset Management Group of Companies.

Corporate Information

Directors

The Earl of Dalhousie, Chairman

T J K Barnes

R M Entwistle

N M Yarrow

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www.dunedinsmaller.co.uk

Manager and Secretary

Edinburgh Fund Managers plc

A subsidiary of Aberdeen Asset Management PLC

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