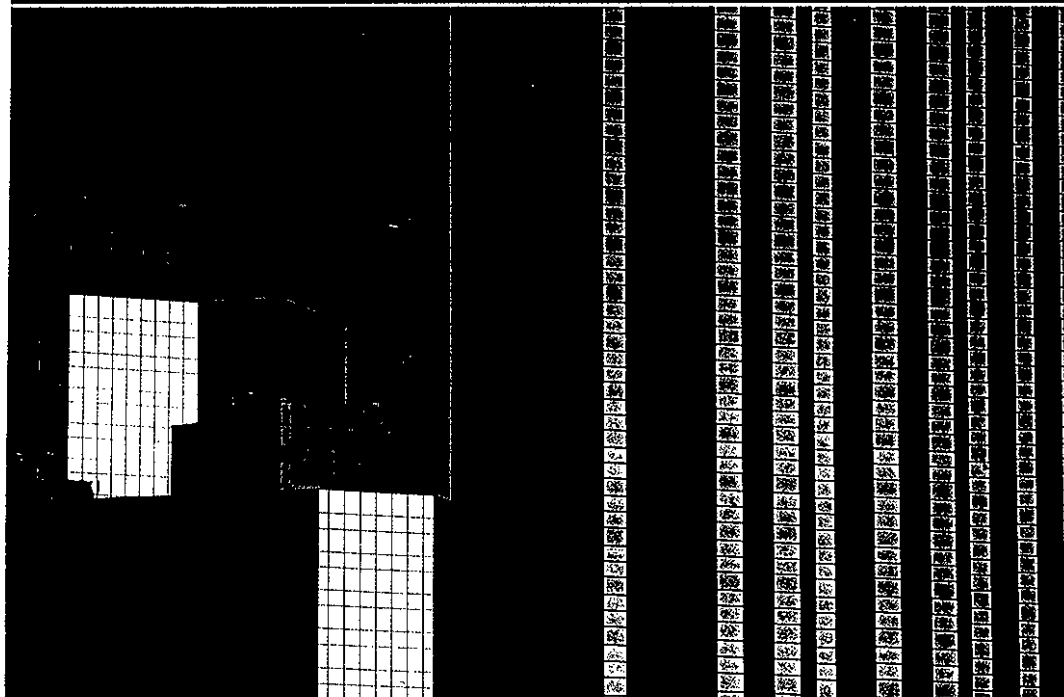


INTERIM REPORT
6 MONTHS TO 30 APRIL 1996
DUNEDIN SMALLER COMPANIES INVESTMENT TRUST PLC



SCX *S8A9200L* 508
COMPANIES HOUSE 04/6/96

FINANCIAL HIGHLIGHTS

NET ASSET VALUE UP 16.9%

SHARE PRICE UP 13.2%

DIVIDEND MAINTAINED
AT 3.00p

The objective of the company is the achievement of long-term capital growth from a portfolio of smaller companies in the UK, at a higher rate than the FT-SE Small Cap Index (excluding Investment Trusts).

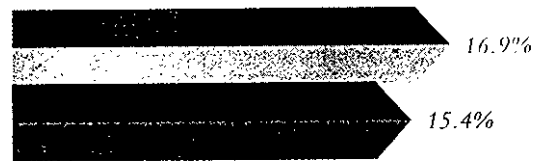
On 22 May 1996, the directors of Dunedin Smaller Companies Investment Trust PLC announced that for the period 1 November 1995 to 30 April 1996 the net asset value of the ordinary shares increased by 16.9% from 350.3p to 409.4p. This compares with a rise of 15.4% in the FT-SE Small Cap Index (excluding Investment Trusts).

The price of the ordinary shares rose from 326.0p to 369.0p, an increase of 13.2%.

The board also announced a maintained interim dividend of 3.00p per share payable on 26 July 1996 to shareholders on the register on 2 July 1996. The ex-dividend date is 24 June 1996.

0 3 6 9 12 15 18 21 %

Net Asset Value



FT-SE Small Cap Index (ex-Investment Trusts)

Percentage change from 1 November 1995 to 30 April 1996

0 3 6 9 12 15 18 21 %

Share Price



FT-SE Small Cap Index (ex-Investment Trusts)

Percentage change from 1 November 1995 to 30 April 1996

MANAGER'S REVIEW

In the six months to 30 April 1996 the net asset value per share increased by 16.9% to 409.4p. The FT-SE Small Cap Index (excluding Investment Trusts) increased by 15.4% over the period. The market conditions for small companies were favourable for much of the period and the strong rise in the FT-SE Small Cap Index compares with a rise of 10.4% in the FT-SE Actuaries All-Share Index.

During the period, the company's holding in DFM Holdings Limited was sold to Edinburgh Fund Managers Group plc. The sale realised a total of £1.85m against a carrying value of £1.45m.

Earnings per share increased from 3.59p to 4.46p for the comparable period. The directors have declared an interim dividend of 3.00p per ordinary share.

The market was pushed higher by the combination of interest rate cuts, corporate activity and strong institutional cash flows. Small companies participated in the rise as potential beneficiaries of increased UK economic confidence. The market will be looking for this expectation to lead to increased profit forecasts in the latter half of 1996.

The results season generally met market expectations. It served to emphasise the importance of stock selection and investing in companies with quality management. The key to future performance remains the identification of companies with good management, sound finances and differentiated market positions.

The company benefited from outperformance in companies across a range of industries - Oasis and Denby in the consumer sector, 600 Group, Mayflower and domnick hunter in the capital goods sector and Capita in the service sector. New issue activity increased over the period reflecting higher market levels. The company acquired holdings in MacDonald Hotels and Victrex which were new issues with good attributes. New issues are generally higher risk investments and future participation will remain selective.

The prospects for small companies continue to be favourable providing a recovery in economic confidence can be established. There are indications from retailers and the housing market that activity has increased. This provides reasonable grounds for optimism in the second half of the year.

Dunedin Fund Managers Limited
22 May 1996

TWENTY LARGEST EQUITY HOLDINGS

AT 30 APRIL 1996

	£000		£000
Wolstenholme Rink	1,639	Acal	1,256
Watson & Philip	1,563	UDO	1,210
British Polythene Industries	1,536	EFT	1,195
Avon Rubber	1,515	600 Group	1,156
Greggs	1,485	Oasis Stores	1,153
HTV	1,472	Macdonald Hotels	1,103
Servomex	1,456	Ascot	1,056
domnick hunter	1,393	Renold	1,041
Headlam	1,300	Perry	1,040
Eurodis Electron	1,269	Mayflower	1,022
			<u>25,860</u>

The above holdings represent 35.5% of the portfolio of investments.

INVESTMENT CHANGES

	Valuation at 31.10.95	Net purchases	Appreciation/ (depreciation)	Valuation at 30.4.96
	£000	£000	£000	£000
Equities				
United Kingdom	63,689	2,513	6,489	72,691
Other areas	271	—	(48)	223
Total	63,960	2,513	6,441	72,914

DUNEDIN SMALLER COMPANIES INVESTMENT TRUST PLC

HALF YEAR STATEMENT (UNAUDITED)

Half-year to
30 April
1996
£000

Half-year to
30 April
1995
£000

Revenue Account

Income from investments	1,300	1,060
Interest receivable on short-term deposits	22	31
Underwriting commissions	34	44
	<u>1,356</u>	<u>1,135</u>

Less: Administrative expenses

175

149

Interest payable

176

167

351

316

Revenue before taxation

1,005

819

Taxation

255

216

Revenue available for

ordinary shareholders

750

603

Interim dividend cost

504

504

Earnings per share

4.46p

3.59p

30 April
1996

31 October
1995

Balance Sheet

Investments at valuation	72,914	63,960
Net current liabilities	(4,138)	(5,109)
Ordinary shareholders' funds	<u>68,776</u>	<u>58,851</u>
Equivalent to net asset value per ordinary share	409.4p	350.3p

The balance sheet as at 31 October 1995 has been extracted from the accounts for the year to 31 October 1995 which have been delivered to the Registrar of Companies and on which the auditors gave an unqualified report.

By order of the board

Dunedin Fund Managers Limited, Secretary

22 May 1996

INVESTOR INFORMATION

Dunedin Investment Trusts Share Plan – This provides a simple and inexpensive method of purchasing the company's shares and has attracted almost 700 investors to Dunedin Smaller Companies Investment Trust.

You can invest by either **lump sum** (£250 initial minimum) and/or by **regular monthly payments** (£30 minimum). If you already own shares in the company you can also join the Plan and have your dividends reinvested.

There is **no charge** for buying, selling or holding shares through the Plan, other than Government Stamp Duty of 0.5% currently payable on all purchases.

Dunedin Investment Trusts Personal Equity Plan – The PEP has been a great success since its introduction in 1990 and over 1,800 investors now own shares in the company through the PEP.

The advantage of the PEP is that the income and capital growth from all investments held within it are **free from tax**. You can invest up to £6,000 into the company through a 1996/97 PEP, either by regular monthly payments or lump sums.

There is a one-off set up charge of £30 (plus VAT) and an annual charge of 0.5% (plus VAT), which is considerably cheaper

than most other PEPs. There is **no charge** for buying or selling shares in the company within the PEP other than Government Stamp Duty of 0.5% on purchases.

Dunedin Investment Trusts Share Exchange Scheme – This provides a convenient method for you to sell an existing shareholding in any UK quoted company with the proceeds being reinvested through either the Share Plan or PEP.

The Investment Trust Pension – This low cost and flexible pension allows you to include the company in your retirement planning. Contributions can be made monthly, yearly or by lump sums, at very low cost.

Note – Please remember that the price of shares and the income from them can go down as well as up and you may not be able to recover the full amount invested.

Keeping you informed – The company's share price appears daily in most leading newspapers. It can also be obtained by phoning FT Cityline on 0336 432385.

For further information on the Share Plan, PEP, Pension and Share Exchange Scheme please contact the Investment Trust Helpdesk on 0131-313 1000 or **FREE** on 0800 838993 (24 hours).

DUNEDIN SMALLER COMPANIES INVESTMENT TRUST PLC

Directors

I M Clubb, Chairman
G S Lowden, MA, LLB, CA
Lord Ramsay
M G N Walker, CBE

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Registered No. 14692 Scotland

Registrar

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Registrar Department
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Manager and Secretary

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Regulated by IMRO

*Dunedin Fund Managers Limited is a subsidiary of
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Administrator Personal Equity Plan

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PEP Administration
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TO DUNEDIN SMALLER COMPANIES INVESTMENT TRUST PLC

We have reviewed the interim financial information for the six months ended 30 April 1996 set out on page 4 which is the responsibility of, and has been approved by, the directors. Our responsibility is to report on the results of our review.

Our review was carried out having regard to the Bulletin 'Review of Interim Financial Information' issued by the Auditing Practices Board. This review consisted principally of applying analytical procedures to the underlying financial data, assessing whether accounting policies have been consistently applied, and making enquiries of management responsible for financial and accounting matters. The review was substantially less in scope than an audit performed in accordance with Auditing Standards and accordingly

we do not express an audit opinion on the interim financial information.

On the basis of our review:

– in our opinion the interim financial information has been prepared using accounting policies consistent with those adopted by Dunedin Smaller Companies Investment Trust PLC in its financial statements for the year ended 31 October 1995; and
– we are not aware of any material modifications that should be made to the interim financial information as presented.

KPMG
Chartered Accountants
22 May 1996