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Dunedin Smaller Companies Investment Trust PLC

Annual Report and Accounts
31 October 2006



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Financial Calendar

20 December 2006	Announcement of results for year ended 31 October 2006
8 February 2007	Annual General Meeting
12 February 2007	Final Ordinary dividend payable for year ended 31 October 2006
June 2007	Announcement of interim results for six months ending 30 April 2007
June 2007	Interim Ordinary dividend payable for year ending 31 October 2007

IF ANY SHAREHOLDER HAS SOLD OR TRANSFERRED THEIR SHARES IN THE COMPANY, HE OR SHE SHOULD PASS THIS DOCUMENT TO THE PERSON THROUGH WHOM THE TRANSFER OR SALE WAS EFFECTED FOR ONWARDS TRANSMISSION TO THE TRANSFEREE OR PURCHASER

Corporate Summary

The Company

The Company is an investment trust and its shares are listed on the London Stock Exchange. The Company aims to attract long term private and institutional investors wanting to benefit from the growth prospects of smaller companies by investment in a relatively risk averse investment trust.

Investment Objective and Policy

The achievement of long term growth from a portfolio of smaller companies in the United Kingdom. As a result of the publication of the Investment Entities (Listing Rules and Conduct of Business) Instrument 2003 the Board stated that it is the Company's policy to invest no more than 15% of its gross assets in other listed investment companies (including listed investment trusts).

Benchmark

FTSE SmallCap Index (excluding Investment Companies)

Investment Manager

Edinburgh Fund Managers plc ("EFM")

Capital Structure

As at 30 November 2006, the Company has a capital structure comprising ordinary shares of 5p and subscription shares of 0.001p. The Company has a £15 million 3 year revolving credit facility (£4 million drawn down as at 19 December 2006). The £15 million 8.375% Debenture Stock was repaid on 1 December 2006.

Gearing

The Board is responsible for determining the gearing policy of the Company. The current guidelines authorise the Investment Manager to invest up to £15 million of borrowings without reference to the Board.

Total Assets and Net Asset Value

The Company had total assets (see definition on page 47) of £146.3 million and a diluted net asset value of 774.49p per ordinary share at 31 October 2006 (with debt at market value).

Market Capitalisation

The Company had a market capitalisation of £117.6 million at 31 October 2006.

Websites

www.dunedinsmaller.co.uk

www.aberdeen-asset.com

Company Secretary

Edinburgh Fund Managers plc, Donaldson House, 97 Haymarket Terrace, Edinburgh EH12 5HD

Email: company.secretary@invtrusts.co.uk

Customer Services

Email: invtrusts@aberdeen-asset.com

Corporate Summary – continued

Risk

Managing a portfolio of shares in smaller companies necessarily involves certain risks, the more important of which are set out on page 42 of this Report.

The Company has the ability to utilise gearing in the form of a 3 year revolving credit facility. Gearing has the effect of accentuating market falls and market gains.

Duration

The Company does not have a fixed life.

Share Dealing/ PEP/ ISA Status

Shares in Dunedin Smaller Companies Investment Trust PLC can be bought in the open market through a stockbroker. Shares can also be purchased through the Investment Trust Share Plan and the Investment Trust ISA and PEP and are fully qualifying for inclusion within tax efficient ISA wrappers (see page 44).

Management and Secretarial Agreements

The Company has an agreement with EFM for the provision of management services, details of which are shown in note 3 to the financial statements. The basic management fee is 0.4% per annum of adjusted gross assets. There is also a performance related management fee calculated at a rate of 0.1% per annum (up to a maximum of 0.5% per annum) of the adjusted gross assets for every 1.0% by which the Company's net asset value performance outperforms the capital performance of the benchmark index over the previous 12 month period (a performance fee of £689,000 was earned in respect of the year ended 31 October 2006). The agreement is normally terminable by either party on three months' notice.

The Company has an agreement with EFM for the provision of administrative and secretarial services, details of which are shown in note 4 to the financial statements.

The terms and conditions of the Investment Manager's appointment, including an evaluation of performance and fees, are reviewed by a Committee of the Board on an annual basis. The Committee believes that the continuing appointment of the Investment Manager, on the terms agreed, is in the interests of shareholders as a whole. Further details are provided in the Chairman's Statement.

AIC

The Company is a member of the Association of Investment Companies.

Your Board

The Directors, all of whom are non executive, and the majority of whom are independent of the Investment Manager, supervise the management of Dunedin Smaller Companies Investment Trust PLC and represent the interests of Shareholders

The Earl of Dalhousie, Chairman

Status Independent Non Executive Chairman

Age 58

Length of service 13 years, appointed on 1 November 1993

Experience formerly a director of Hambros Bank Ltd, Enskilda Securities and Capel Cure Myers Capital Management

Last re-elected to the Board 9 February 2006

Committee membership Audit Committee, Management Engagement Committee and Remuneration Committee

Remuneration £14,296

All other public company directorships None

Employment by the Manager None

Other connections with Trust or Manager None

Shared Directorships with any other Trust Directors None

Shareholding in Company 4,000 25p ordinary shares (now 20,000 5p ordinary shares and 3,000 subscription shares)

Meetings attended during the year

Board Meetings 8

Audit Committee Meetings 2

Management Engagement Committee 1

T J K Barnes

Status Independent Non Executive Director

Age 45

Length of service 3 years, appointed a Director on 1 December 2003

Experience is chief executive of Dobbies Garden Centres and a former investment banker

Last re-elected to the Board 12 February 2004

Committee membership Audit Committee, Management Engagement Committee and Remuneration Committee

Remuneration £11,425

All other public company directorships Dobbies Garden Centres PLC

Employment by the Manager None

Other connections with Trust or Manager None

Shared Directorships with any other Trust Directors None

Shareholding in Company 2,565 25p ordinary shares (now 12,825 5p ordinary shares and 1,923 subscription shares)

Meetings attended during the year

Board Meetings 7

Audit Committee Meetings 2

Management Engagement Committee 1

R M Entwistle

Status: Independent Non Executive Director and Senior Independent Director

Age 62

Length of service 8 years, appointed a Director on 18 December 1998

Experience is chairman of Adam & Company and a Fellow of the Chartered Institute of Bankers

Last re-elected to the Board 10 February 2005

Committee membership Audit Committee, Management Engagement Committee and Remuneration Committee

Remuneration £11,425

All other public company directorships Adam & Company Group PLC

Employment by the Manager: None

Other connections with Trust or Manager: None

Shared Directorships with any other Trust Directors: None

Shareholding in Company 6,000 25p ordinary shares (now 30,000 5p ordinary shares and 4,500 subscription shares)

Meetings attended during the year

Board Meetings 7

Audit Committee Meetings 2

Management Engagement Committee 1

N M Yarrow

Status Non Executive Director

Age 46

Length of service 8 years, appointed a Director on 21 May 1998

Experience is a director of Northern Venture Managers which was, between June 2000 and December 2003, a subsidiary of Edinburgh Fund Managers Group plc and a member of the Institute of Chartered Accountants of Scotland

Last re-elected to the Board 12 February 2004

Committee membership Chairman of the Audit Committee, Management Engagement Committee and Remuneration Committee

Remuneration £11,425

All other public company directorships None

Employment by the Manager: Former employee

Other connections with Trust or Manager: None

Shared Directorships with any other Trust Directors: None

Shareholding in Company: 4,000 25p ordinary shares (now 20,000 5p ordinary shares and 3,000 subscription shares)

Meetings attended during the year

Board Meetings 7

Audit Committee Meetings 2

Management Engagement Committee 1

Information about the Manager

The Company's investment manager is Edinburgh Fund Managers plc ("EFM"), a wholly owned subsidiary of Aberdeen Asset Management PLC ("Aberdeen"), whose Group companies as at 31 October 2006 managed a combined £74.0 billion of funds for UK institutions, investment trusts, closed end funds, unit trusts, private clients and offshore funds

It has its headquarters in Aberdeen with principal offices in Bangkok, Edinburgh, Fort Lauderdale, Glasgow, Hong Kong, Jersey, London, Philadelphia, Singapore and Sydney

The Group manages 25 investment trusts and other closed end funds representing £5.4 billion under management.

Highlights

	31 October 2006	31 October 2005 (restated)*	% change
Total assets less current liabilities	£146.3m	£115.4m	26.8
Equity Shareholders' funds	£131.4m	£100.5m	30.7
Share price (mid market)	722.50p	513.00p	40.8
Net Asset Value per share	806.54p	616.71p	30.8
Net Asset Value per share adjusted for borrowings valued at market value	774.49p	588.78p	31.5
FTSE SmallCap Index (ex IC's) (capital gains basis)	3,533.95	2,967.10	19.1
Discount (difference between share price and net asset value)			
where borrowings are deducted at par	10.4%	16.8%	
where borrowings are deducted at market value	6.7%	12.9%	
Gearing (ratio of borrowing to Shareholders' funds)			
Actual gearing ratio	(12.46%)	(3.09%)	
Maximum potential gearing ratio	11.43%	14.95%	
Dividends and earnings			
Total return per share	205.42p	108.77p	88.9
Revenue return per share	19.22p	17.17p	11.9
Dividends per share**	17.75p	15.40p	15.3
Dividend cover (including proposed second interim and final dividends)	1.08	1.11	
Revenue reserves†	£4,611,000	£4,030,000	
Operating costs			
Total expense ratio	1.49%	1.51%	

* The figures for 2005 have been restated to reflect the changes in accounting policies (see note 1 on page 35)

** The figures for dividends still reflect the years in which they were earned (see note 7 on pages 38) and have not been restated. The 2006 dividend per share figure has been restated to reflect the position as if the final dividend had been proposed on a pre sub-division basis

† The 2006 figure does not take account of the second interim (£871,000) and proposed final dividend (£883,000) for 2006. The 2005 figure does not take account of the final dividend (£1,790,000) for 2005

Performance	1 year return	3 year return	5 year return
Capital return			
Net Asset Value per share	30.8%	75.9%	65.4%
FTSE SmallCap Index (ex IC's)	19.1%	41.7%	53.8%
Share price	40.8%	111.6%	84.8%
Total return (Capital return plus dividend reinvested)			
Net Asset Value per share	33.7%	89.4%	89.0%
FTSE SmallCap Index (ex IC's)	21.8%	51.9%	74.9%
Share price	44.6%	132.5%	119.7%

Dividends	Rate pre sub division	Rate post sub-division	xd date	Record date	Payment date
Proposed final dividend 2006	—	1.55p	17 January 2007	19 January 2007	12 February 2007
Second interim dividend 2006	5.35p	1.07p	8 November 2006	10 November 2006	23 November 2006
First interim dividend 2006	4.65p	0.93p	21 June 2006	23 June 2006	30 June 2006
2006		3.55p			
Final dividend 2005	11.00p	2.20p	18 January 2006	20 January 2006	14 February 2006
Interim dividend 2005	4.40p	0.88p	15 June 2005	17 June 2005	30 June 2005
2005		3.08p			

Financial Record

Last 10 years

	Assets at valuation £'000	Preference stock and other borrowings £'000	Equity Shareholders' funds £'000	Revenue available for ordinary dividends £'000	Net asset value per share p	Revenue earnings per share p	Dividends per share p	Share price p
1997	85,379	15,000	70,379	1,979	417.6	11.8	10.0	346.5
1998	75,136	15,000	60,136	2,463	356.6	14.7	11.9	292.0
1999	100,509	15,000	85,509	2,576	507.7	15.3	12.4	383.5
2000	127,708	15,000	112,708	2,510	673.7	15.0	12.9	520.0
2001	95,321	15,000	80,321	2,243	479.3	13.4	12.9	391.0
2002	72,224	15,000	57,224	1,647	344.7	9.9	12.9	264.0
2003	89,752	15,000	74,752	2,002	450.6	12.1	12.9	341.5
2004	98,627	15,000	83,627	2,403	512.9	14.6	14.0	403.0
2005 (restated)	115,515	15,000	100,515	2,795	616.7	17.2	15.4	513.0
2006*	146,397	15,000	131,397	3,128	806.5	19.2	17.8	722.5

* The 2006 dividend per share figure has been restated to reflect the position as if the final dividend had been proposed on a pre sub-division basis

The figures for 2005 for Assets at valuation, Equity Shareholders' funds and Net asset value per share have been restated to reflect the changes in accounting policies (see notes 1 and 19). The figures for Dividends per share have not been restated and still reflects the dividends for the years in which they were earned

Chairman's Statement

I am pleased to report another year of growth in both the net asset value and dividends to shareholders. The recent sub division of each ordinary share into five ordinary shares has complicated the reporting of certain per share figures in the Annual Report and in order to make for more meaningful comparisons I have at times referred to both the pre and post sub division per share figures.

The Company's net asset value per share (NAV) rose by 30.8% to 806 5p (*161 3p post sub division*) in the year ended 31 October 2006 while the Company's benchmark index, the FTSE SmallCap Index (excluding Investment Companies), rose by 19.1%. The gain in the NAV return in relation to the index was attributable mainly to stock selection rather than either sector strategies or gearing. The share price rose by 40.8% to 722 5p (*144 5p post sub division*) which reflected the increase in the NAV and a narrowing in the discount from 16.8% to 10.4%. The share price total return in the year was 44.6%.

Following another good year of dividend increases from underlying investments, the Board is recommending a final dividend of 1 55p (*equivalent to 7 75p before sub division*) which will be paid on 12 February 2007 to ordinary shareholders on the register on 19 January 2007. When combined with the first and second interim dividends of 4 65p and 5 35p, the total dividend for the year will have risen by 15.3% on an equivalent basis.

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP). New Financial Reporting Standards, issued as part of the programme to converge UK GAAP with International Financial Reporting Standards (IFRS), were applicable for the accounting period ended 31 October 2006 and the financial statements for the twelve months ended 31 October 2005 have also been restated. The main change arising from these revisions to UK GAAP, in relation to the Company's financial statements, is that dividends to shareholders declared after the Balance Sheet date are now shown in the period of payment rather than in the reporting period.

Strategic Review and Extraordinary General Meeting
Over the past three years, ordinary shareholders have benefited from strong returns both in absolute terms and relative to the Company's benchmark index. Nevertheless, during the course of the year, the Board undertook a strategic review to ensure that the Company was well positioned for the future. Following this review and discussions with certain ordinary shareholders, the Board announced, on 24 October 2006, a number of proposals

which are intended to build on the Company's existing qualities and to enhance its appeal to its target investor base, whilst providing ordinary shareholders with the opportunity to realise at least part of their investment. Some of these proposals were subject to the approval of ordinary shareholders and I am pleased to report that all of the resolutions proposed at the extraordinary general meeting held on 24 November 2006 were passed and have now become effective. The specific actions that have been implemented are outlined below.

A tender offer was made to ordinary shareholders for up to 30% of the Company's issued share capital which was taken up in full. Accordingly, the Company purchased 4,882,087 shares for cancellation at a price of 740 49p per share which represented a discount of 4.0% to the tender NAV of 771 34p per share (after taking into account the costs of the proposals).

The Company's borrowings comprised previously a £15 million 8.375% Debenture Stock 2022. The Directors, following the strategic review, decided that the Debenture Stock reduced balance sheet flexibility, constrained the Company's investment performance and deterred some potential investors from acquiring shares in the Company. The Debenture Stock was repaid on 1 December 2006 and the penalties associated with the early repayment amounted to £1.25 million which was the equivalent to 1.0% of the NAV per share based on the Debenture Stock's market value as at 31 October 2006.

The Debenture Stock has been replaced with a £15 million three year revolving credit bank facility, currently at a finer rate, which will enable the Company to drawdown and repay funds to suit market conditions. The Board is responsible for the Company's gearing policy and intends to limit the Company's bank borrowings to 20% of the Company's gross assets (measured at the time of drawdown).

The ordinary shares had a NAV of 806 5p per share and closing mid market price of 722 5p per share on 31 October 2006. In order to improve the liquidity of the ordinary shares following the tender offer and increase their appeal to private investors, each ordinary share of 25p was sub divided into five ordinary shares of 5p each. This sub division has increased the number of ordinary shares in issue but with a corresponding adjustment in the NAV and the market price of the ordinary shares. By way of illustration, the NAV of 806 5p per share as at

31 October 2006 has been adjusted to 161 3p and the share price from 722 5p per share to 144 5p. The number of ordinary shares in issue following the tender offer and the sub division of the ordinary shares is 56,958,160.

Following completion of the tender offer, the Company has issued, without cost to ordinary shareholders on the register at 30 November 2006, new subscription shares on the basis of 15 subscription shares for every 100 ordinary shares resulting from the sub division of the ordinary shares as described above. Each subscription share confers the right to subscribe for one ordinary share on 28 February in any of the years 2007 to 2012 (inclusive) at a price of 170 0p per share. The subscription shares, of which a total of 8,543,496 were issued, are traded on the London Stock Exchange and are eligible for inclusion in PEPs and ISAs.

With a view to limiting the discount to NAV per ordinary share at which the ordinary shares trade, the Board has introduced an active discount management policy through the use of share buy backs. The making and timing of any share buy backs remains at the discretion of the Board but the Company intends to purchase shares in the market with the objective of maintaining the price at which the ordinary shares trade relative to the underlying NAV at a discount of less than 7.5%.

Following the implementation of these proposals, 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 Board however wishes to reinforce 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 equity portfolio has been increased by reducing the portfolio's holdings of nil and low yielding stocks and reinvesting the net proceeds from these sales in equities which offer higher dividend yields, principally by adding to existing holdings. These companies typically have strong balance sheets, positive cash flows and the potential to grow dividends to shareholders. The Company is also investing its short term borrowings in investment grade

bonds and offshore based, UK listed property investment companies offering a higher yield than cash.

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 was 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.

Corporate Governance

The Board reviews annually the performance of the Manager, the Chairman and the Board as a whole. The Board has assessed the performance of the manager, the investment process and risk controls. The portfolio is delivering capital appreciation and increased dividend income and the discount at which the ordinary shares trade relative to the net asset value has reduced over the past year. The Directors believe that the continuing appointment of the Investment Manager is in the interests of shareholders.

Annual General Meeting

The Annual General Meeting will be held at Tayforth House, 9 Luna Place, Technology Park, Dundee DD2 1TD on 8 February 2007 at 12 00 noon. In addition to the formal business of the meeting, our portfolio manager, Ed Beal, will provide an update on the outlook for smaller companies and there will also be an opportunity for shareholders to meet informally with the Directors at the conclusion of the AGM.

The Earl of Dalhousie
Chairman
19 December 2006

Manager's Review

The smaller company sector in the UK delivered another year of good performance and the Company performed strongly in both relative and absolute terms. The net asset value per share increased by 30.8% over the year compared to a rise in the benchmark of 19.1%. The out performance was even greater on a total return basis given the focus on higher yielding investments, with the Company delivering a net asset value total return of 33.7% compared to a total return from the benchmark of 21.8%. The main reason for the out performance was stock selection with strong returns from the holdings in the software and computer services, real estate and support services sectors.

Market Background

The year started strongly for the smaller company market and reflected continuing improvements in investor sentiment. In May, however, there was a re-appraisal of the outlook for inflation and consequently for the level of interest rates in both the UK and the US and this resulted in a sharp and pronounced sell-off of equities in most markets.

But in August, and despite rising interest rates in the UK, investors began to believe that interest rates had peaked in the US and equities began to recover. By the period end, equities in the UK had very nearly regained all of the ground that had been lost in May. Merger and acquisition activity returned to the fore in the autumn and although this was most heavily focussed among large and mid-cap companies it was also a positive factor for smaller companies.

Growth in corporate profits remained strong despite the negative impact of high raw material and energy prices but consumer spending in the UK has remained cautious while employment data showed both rising employment and rising unemployment. Although the housing market was stronger this year than last there were also valid and increasing concerns about the level of consumer indebtedness.

Portfolio

The portfolio is structured to deliver both capital and income growth and we remain focused on identifying good quality companies run by strong management teams, particularly where an attractive 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. This strategy has again been beneficial to performance over the last year.

The Company entered the year in an un-gearred position reflecting strong cash inflows from take-over activity. We gradually increased the use of gearing and, although that meant that the Company was slightly geared when the market fell during May, it was subsequently well positioned to participate in the recovery in the markets that began during the summer. Due to the impending tender offer, we raised cash from the portfolio and returned to an un-gearred position towards the end of the period.

The Company also benefited from strong performances from a number of companies within the portfolio. Chemring Group in Aerospace and Defence has continued to grow strongly both organically and by acquisition and the business is gaining from increased expenditure by both the UK Ministry of Defence and the US Department of Defense. In addition, speculation about merger and acquisition activity in this sector led to a re-rating of Chemring's shares. Robert Walters, (Support Services) has demonstrated strong growth in profitability as it benefits from the up-turn in the recruitment cycle, its global sourcing capabilities and its rapidly growing Asian operations. Aveva Group, (Software and Computer Services) has experienced unprecedented demand which it has converted to strong growth in earnings. Aveva's end markets are all demonstrating growth and particularly in the marine, oil and gas and power generation segments. Dobbies Garden Centres, (General Retail) has performed well as the market has come to appreciate the scarcity value and quality of its asset base and the inherent earnings growth potential now flowing from its investment programme.

The Company also benefited from take-over bids for a number of holdings including Peacock, Systems Union Group, London Merchant Securities, Incisive Media, SHL Group and Wellington Underwriting. Merger and acquisition activity has featured both trade buyers, seeking to augment growth in a low inflation environment, and private equity funds. Both groups are taking advantage of the availability of cheap and plentiful debt.

Outlook

The UK economy is expected to produce growth above 2% in the year ahead but there are concerns that corporate profits may struggle to maintain the rate of growth seen this year. Equity valuations however remain attractive and the smaller companies sector is forecast to produce stronger earnings growth than the broader UK market. In a low inflation environment with cheap and plentiful liquidity, we expect merger and acquisition activity will continue to be a key feature of the equity market.

Ed Beal
Edinburgh Fund Managers plc
19 December 2006

Investment Portfolio

As at 31 October 2006

Company	Market value 2006 £'000	Market value 2005 £'000	Sector classification
Morgan Sindall	3,236	2,702	Construction & Materials
Morgan Sindall is a building contractor. As well as infrastructure projects the business has developed an expertise in the fit-out and social housing markets.			
Fenner	2,693	1,673	Industrial Engineering
Fenner is a manufacturer of heavy duty belts used in industries such as coal mining. Demand from the mining markets has been strong. The company also manufactures precision belting which is used in applications such as printers.			
Dobbies Garden Centres	2,688	1,265	General Retailers
Dobbies is a garden centre operator. The business is benefiting from both demographic changes and also its market leading approach to operating outlets that are destinations as opposed to simply shops.			
Savills	2,474	1,685	Real Estate
Savills is a residential and commercial property agent. As well as transactional services, the business is expanding into property fund management which is growing strongly.			
Restaurant Group	2,401	2,281	Leisure & Hotels
Restaurant Group is an operator of restaurants on high street locations, leisure parks and at airports. The business is benefiting from the trend to eat out more often and a recovery in air passenger numbers.			
TT Electronics	2,380	1,258	Electronic & Electrical Equipment
TT Electronics manufactures electronic and electrical components for the automotive, telecommunication and industrial engineering sectors. The business is benefiting from the ever increasing number of sensors being used in cars.			
Victrex	2,326	1,889	Chemicals
Victrex is a specialty chemicals company manufacturing a high value added polymer that is used in the automobile, aerospace, electronic and medical markets.			
Chloride	2,306	1,888	Electronic & Electrical Equipment
Chloride supplies uninterruptible power units to various end markets including government, telecoms and general manufacturing. The long term growth driver remains the deterioration in the quality of power supply. The proportion of service revenues within the mix is increasing which is helping margins.			
British Polythene Industries	2,250	1,567	General Industrials
British Polythene Industries is the largest manufacturer of polythene films, sacks and bags in Europe. Key products include shrinkwrap, stretchwrap and silagewrap. End markets include food, agriculture, industrial and construction.			
BSS	2,220	2,107	Support Services
BSS is a distributor of building products. The company has undergone a very successful turnaround and is now growing both organically and by acquisition.			
Ten largest investments	24,974	17.1% of total assets	

Company	Market value 2006 £'000	Market value 2005 £'000	Sector classification
Chemring Group	2,216	1,501	Aerospace & Defence
Chemring specialises in the manufacture of countermeasure and location devices. Main customers are the UK MoD and US Department of Defence. Terrorist activity and the Iraq war have highlighted growth opportunities for the group in the protection of military assets from missile attack.			
SIG	2,146	2,623	Support Services
SIG is a distributor of insulation, roofing and other building products. The group has operations in Europe, North America and the UK. The group is benefiting from more stringent insulation requirements which have increased demand.			
Ultra Electronics	2,093	1,822	Aerospace & Defence
Ultra Electronics is a manufacturer of electronic products for the defence industry. The main products are for submarine detection, missile launch systems and battlespace technology.			
European Motor Holdings	2,009	1,171	General Retailers
European Motor Holdings operates car dealerships. It has successfully positioned itself at the premium end of the market. The business has engaged in consolidation as it has benefited from changes to the Block Exemption Regulations.			
White Young Green	1,958	2,296	Support Services
White Young Green provides a range of consultancy services to both the natural and built environments. Its ability to provide services throughout an assets lifecycle differentiates it.			
Acal	1,937	1,068	Support Services
Acal is a Pan European distributor of electrical components. It also has a successful IT parts supply business. Within the electronics business its ability to get its products designed into the clients product differentiates it.			
Aveva Group	1,908	1,411	Software & Computer Services
Aveva develops and markets software for the design, building and operation of large industrial plants. It is primarily exposed to the oil and gas and power industries. The group also has entered the shipbuilding design market through a successful acquisition.			
Intermediate Capital Group	1,904	2,183	General Finance
Intermediate Capital Group provides mezzanine finance to companies. This type of finance remains a specialist area providing attractive returns. The company has provided loans to companies in a wide range of industries, always with a focus on cash flow.			
Robert Walters	1,879	928	Support Services
Robert Walters is a recruitment consultancy. The company has been successful in building a business that can tap into the candidate pool on a Global basis. It has a very strong and growing Asian business.			
Wilmington Group	1,851	894	Media
Wilmington is a business to business publisher and a provider of professional training. It benefits from a high level of recurring revenue allied to its subscriber base. It is the market leader in the provision of training to the Legal profession.			
Twenty largest investments	44,875	30.7% of total assets	

Investment Portfolio – continued

Company	Market value 2006 £'000	Market value 2005 £'000	Sector classification
Rensburg Sheppards	1,847	1,367	General Financial
Venture Production	1,811	1,413	Oil & Gas Producers
BPP	1,811	1,328	Support Services
Weir Group	1,789	1,276	Industrial Engineering
Expro International	1,750	1,147	Oil Equipment & Services
Menzies (John)	1,691	1,162	Support Services
Holidaybreak	1,652	1,278	Travel & Leisure
Dechra Pharmaceuticals	1,642	1,934	Pharmaceuticals and Biotechnology
Headlam Group	1,633	1,207	Household Goods
Clarke (T)	1,597	1,453	Construction & Materials
Thirty largest investments	62,098	42.5% of total assets	
Low & Bonar	1,576	913	Construction & Materials
McBride	1,561	611	Household Goods
Laird	1,503	1,504	Electronic & Electrical Equipment
Bellway	1,497	966	Household Goods
Ennstone	1,488	–	Construction & Materials
Coda	1,458	–	Software & Computer Services
Numis Corporation	1,445	1,377	General Financial
XP Power	1,436	756	Electronic & Electrical Equipment
TDG	1,433	1,335	Industrial Transportation
Unite Group	1,407	983	Real Estate
Forth Ports	1,376	1,198	Industrial Transportation
Fuller Smith & Turner 'A'	1,358	472	Travel and Leisure
Mouchel Parkman	1,351	967	Support Services
SHL Group	1,330	811	Support Services
Huntsworth	1,310	438	Media
RPC Group	1,298	–	General Industrials
Care UK	1,295	946	Health Care Equipment & Services
London Merchant Securities	1,286	1,384	Real Estate
Minerva	1,241	478	Real Estate
RM	1,212	1,200	Software & Computer Services
Helical Bar	1,201	1,075	Real Estate
Development Securities	1,198	979	Real Estate
Zotefoams	1,119	801	Chemicals
Anite Group	1,103	900	Software & Computer Services
Avon Rubber	1,071	–	General Industrials
Mothercare	1,067	973	General Retailers
Hornby	1,020	874	Leisure Goods

Company	Market value 2006 £'000	Market value 2005 £'000	Sector classification
Candover Investments	1,010	1,018	Equity Investment Instruments
Quintain Estates & Developments	988	542	Real Estate
Incisive Media	981	745	Media
Management Consulting Group	969	923	Support Services
Salvesen (Christian)	877	868	Industrial Transportation
Detica Group	870	492	Software & Computer Services
La Tasca Group	849	767	Travel & Leisure
Interserve	838	749	Support Services
Alphamerc	822	1,079	Software & Computer Services
Ulster Television	787	918	Media
Quantica	723	503	Support Services
Pendragon	717	518	General Retailers
Havelock Europa	713	587	Household Goods
Brammer	670	–	Support Services
Spectris Group	660	550	Electronic & Electrical Equipment
Wellington Underwriting	654	581	Nonlife Insurance
Dairy Crest Group	629	464	Food Producers
Greggs	571	657	Food & Drug Retailers
Umeco	559	607	Aerospace & Defence
Topps Tiles	556	496	General Retailers
Bloomsbury Publishing	504	542	Media
Microgen Holdings	489	356	Software & Computer Services
Oxford Instruments	471	573	Electronic & Electrical Equipment
Scisys	248	855	Software & Computer Services
Total other investments	52,795	36 1% of total assets	
Total value of investments	114,893	78 6% of total assets	
Net current assets	31,360	21 4% of total assets	
Total assets*	146,253	100 0% of total assets	

Coda and Scisys previously formed the business Codascisys and Coda was demerged from Scisys.

* See definition on page 47

Sector Analysis

As at 31 October 2006

		FTSE Small Cap Index (ex IC's) Weighting	Portfolio weightings	
		%	31 October 2006	31 October 2005
			%	%
Basic materials	Chemicals	2.25	2.36	2.33
	Mining	1.20	–	–
		3.45	2.36	2.33
Consumer goods	Automobiles & parts	0.42	–	–
	Beverages	0.40	–	–
	Food producers	2.81	0.43	0.40
	Household goods	0.76	3.69	2.92
	Leisure goods	1.29	0.70	0.76
	Personal goods	0.37	–	–
		6.05	4.82	4.08
Consumer services	Food & drug retailers	0.25	0.39	0.97
	General retailers	7.74	4.81	4.66
	Media	6.61	3.71	3.07
	Travel and leisure	2.92	4.28	4.72
		17.52	13.19	13.42
Financials	Equity investment instruments	–	0.69	1.61
	General financial	5.43	3.55	4.60
	Life insurance	0.45	–	–
	Non life insurance	3.62	0.45	0.85
	Real estate	8.52	6.70	6.66
		18.02	11.39	13.72
Health care	Health care equipment & services	2.89	0.88	0.82
	Pharmaceuticals & biotechnology	4.91	1.12	1.68
		7.80	2.00	2.50
Industrials	Aerospace & defence	0.87	3.33	3.41
	Construction & materials	4.52	5.40	4.39
	Electronic & electrical equipment	4.39	5.99	6.55
	General industrials	0.88	3.16	1.36
	Industrial engineering	5.55	3.06	3.53
	Industrial transportation	3.51	2.52	2.95
	Support services	12.12	13.35	13.72
		31.84	36.81	35.91
Oil & gas	Oil & gas producers	0.90	1.24	4.33
	Oil equipment & services	0.38	1.20	0.99
		1.28	2.44	5.32
Technology	Software & computer services	10.41	5.55	6.63
	Technology hardware & equipment	1.84	–	–
		12.25	5.55	6.63
Telecommunications	Fixed line telecommunications	1.79	–	0.40
		1.79	–	0.40
Total equities		100.00	78.56	84.31
Net current assets		–	21.44	15.69
Total assets less current liabilities		100.00	100.00	100.00

Investment Changes

	Valuation at 31 October 2005 £'000	Net purchases/ (sales) £'000	Appreciation/ (depreciation) £'000	Valuation at 31 October 2006 £'000
United Kingdom	97,265	(14,918)	32,546	114,893
Total investments	97,265	(14,918)	32,546	114,893

Comparison of Market Capitalisation

As at 31 October 2006

£m	Dunedin Smaller Companies Weighting	FTSE SmallCap Index (ex IC's) Weighting
0-100	10.9%	8.8%
100-200	21.3%	36.7%
200-300	13.8%	25.1%
300-400	14.5%	29.4%
400-500	10.2%	0%
500+	29.3%	0%
Total	100.0%	100.0%

Your Company's Recent History

The Company was incorporated on 19 July 1927

Issued share capital at 31 October 2006

16,273,719 Ordinary 25p shares

Issued share capital at 19 December 2006

56,958,160 Ordinary 5p shares

Capital History

7 May 1997	£15,000,000 raised via a 25 year 8 3/4% Debenture issue
6 July 2000	100,000 ordinary shares purchased for cancellation
15 March 2002	150,000 ordinary shares purchased for cancellation
3 August 2004	276,281 ordinary shares purchased for cancellation
29 November 2006	Pursuant to a Tender Offer for up to 30% of the ordinary shares in issue, 4,882,087 ordinary shares were purchased by tender and cancelled at 740 49p per share
30 November 2006	Sub division of ordinary shares of 25p each into five ordinary shares of 5p each
30 November 2006	Bonus Issue of 8,543,496 subscription shares
1 December 2006	£15,000,000 8 3/4% Debenture Stock 2022 repaid at a price of £143 09 per £100 nominal of Debenture Stock

Directors' Report

Business Review

A review of the Company's activities is given in the Corporate Summary on page 1, the Chairman's Statement on page 8 and the Manager's Review on page 10. This includes a review of the business of the Company and its principal activities, likely future developments of the business, recommended dividend and details of acquisition of its own shares by the Company. The major risks associated with the Company are detailed in note 18 to the Financial Statements.

Additionally, each Director confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. Important events since the year end are outlined in the Chairman's Statement and in note 20 on page 43. The current Directors as outlined in the table below were the only Directors who served during the year.

The Company makes no political donations or expenditures, donations for charitable purposes and, in common with most investment trusts, has no employees.

Results and Dividends

The Directors recommend that a final dividend of 1.55p (2005 – 11.00p pre subdivision) is paid on 12 February 2007 to Shareholders on the register on 19 January 2007. The ex-dividend date is 17 January 2007.

Principal Activity

The business of the Company is that of an investment trust and the Directors do not envisage any change in this activity in the foreseeable future.

Status

The Company is registered as a public limited company.

The Company has been approved by the Inland Revenue as an investment trust for the purposes of Section 842 of the Income and Corporation Taxes Act 1988 for the year ended 31 October 2005. The Directors are of the opinion, under advice, that the Company has conducted its affairs for the year ended 31 October 2006 so as to be able to continue to obtain approval as an investment trust under Section 842 of the Income and Corporation Taxes Act 1988 for that year.

The affairs of the Company were conducted in such a way as to comply with the qualifying equity rule as defined in the Personal Equity Plan Regulations. The Company has also conducted its affairs so as to satisfy the requirements as a qualifying security for Individual Savings Accounts. The Directors intend that the Company will continue to conduct its affairs in this manner in the future.

Directors

Details of the current Directors of the Company are shown on pages 3 and 4.

In accordance with the Articles of Association, Messrs Barnes and Yarrow will retire from the Board by rotation and, being eligible, will offer themselves for re-election at the Annual General Meeting. The Board has reviewed their skills and experience and has no hesitation in recommending to shareholders their re-elections at the Annual General Meeting.

The Directors at 31 October 2006 and 1 November 2005 had no interest other than those interests, all of which are beneficial interests, shown below in the share capital of the Company. None of the Directors had any non-beneficial interests in the share capital of the Company at 31 October 2006 or 1 November 2005.

	31 October 2006	1 November 2005
The Earl of Dalhousie	4,000	4,000
T J K Barnes	2,565	2,565
R M Entwistle	6,000	6,000
N M Yarrow	4,000	4,000

The above interests changed on 30 November following the subdivision of ordinary shares of 25p each into five ordinary shares of 5p each. Additionally each Director received 15 subscription shares for every 5p ordinary share. Apart from this the above interests were

unchanged as at the date of this report. No contract or arrangement subsisted during the period in which any of the Directors was materially interested. Mr Yarrow is an executive director of Northern Venture Managers which was, between June 2000 and December 2003, a subsidiary of Edinburgh Fund Managers Group plc, the Investment Manager and secretary to the Company. No Director had a service contract with the Company. Mr Barnes is chief executive of Dobbies Garden Centres PLC, in which the Company owns approximately 2.4% of the shares in issue.

Directors' & Officers' Liability Insurance

The Company maintains insurance in respect of Directors' and Officers' liabilities in relation to their acts on behalf of the Company.

Corporate Governance

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and this statement describes how the Company applies the principles identified in the Combined Code (appended to the Financial Services Authority Listing Rules).

The Board complies with the provisions of the revised Combined Code on Corporate Governance published in July 2003 by the Financial Reporting Council (the "Revised Code") and the Company's current practice is in all material respects consistent with the principles of the Revised Code. Additionally, as the Company is a member of the AIC, the Board has taken account of the recommendations of the AIC's Code on Corporate Governance as published in 2003 (the "AIC Code") which seeks to codify best practice of particular relevance to investment trusts.

Directors

The Earl of Dalhousie and Messrs Barnes and Entwistle are considered by the Board to be independent of the Company and the Investment Manager and free of any material relationship with the Investment Manager. Mr Yarrow is an executive director of Northern Venture Managers which was, between June 2000 and December 2003, a subsidiary of Edinburgh Fund Managers Group plc. Each Director has the requisite high level and range of business and financial experience which enables the Board to provide clear and effective leadership and proper stewardship of the Company. The Senior Independent Director is Mr Entwistle. The Board meets at least four times each year and more frequently when business needs require. The Board has a schedule of matters reserved to it for decision and the requirement for Board approval on these matters is communicated directly to the senior staff of the Investment Manager. Such matters include strategy, borrowings, treasury and dividend policy. Full and timely information is provided to the Board to enable the Directors to function effectively and to discharge their responsibilities. The Board also reviews the financial statements, performance and revenue budgets.

The Board considers that the post of chief executive officer is not relevant for an investment trust company as this role has effectively been delegated to the Investment Manager under the terms of the investment management agreement. The Board takes the view that independence is not compromised by length of tenure on the Board and that experience can add significantly to the Board's strength.

The Board has in place the necessary procedures to conduct, on an annual basis, an appraisal of the Chairman of the Board as well as a performance evaluation of the Board as a whole. The Board has also reviewed the Chairman's and Directors' other commitments and is satisfied that the Chairman and other Directors are capable of devoting sufficient time to the Company.

There is an agreed procedure for Directors to take independent professional advice if necessary and at the Company's expense. This is in addition to the access which every Director has to the advice and services of the Company Secretary, Edinburgh Fund Managers plc, which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Appointments to the Board of Directors are considered by the whole Board. Possible new Directors are identified against the requirements of the Company's business and the need to have a balanced Board. External search consultants may be used to ensure that a wide range of candidates can be considered. Every Director is entitled to receive appropriate training as deemed necessary. A Director appointed during the year is required, under the provisions of the Company's Articles of Association, to retire and seek election by shareholders at the next Annual General Meeting. The Articles also require that one third of the Directors retire by rotation each year and seek re-election at the Annual General Meeting. In addition, all Directors are required to submit themselves for re-election at least every three years.

Relations with Shareholders

The Directors place a great deal of importance on communication with shareholders. The Annual Report and Accounts are widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up to date information on the Company through the Investment Manager's freephone information service and the Company responds to letters from shareholders on a wide range of issues.

Directors' Report – continued

The Notice of the Annual General Meeting included within the Annual Report and Accounts is sent out at least 20 working days in advance of the meeting. All shareholders have the opportunity to put questions at the Company's Annual General Meeting.

Proxy Voting as an Institutional Shareholder

Responsibility for actively monitoring the activities of investee companies has been delegated by the Board to the Investment Manager. The Investment Manager is responsible for reviewing, on a regular basis, the annual reports, circulars and other publications produced by the investee company, and for attending company meetings. The Investment Manager, in the absence of explicit instruction from the Board, is empowered to exercise discretion in the use of the Company's voting rights. The Investment Manager's policy is to vote all shares held by the Company.

Corporate Governance and Socially Responsible Investment Policy

The Board is aware of its duty to act in the interests of the Company. The Board acknowledges that there are risks associated with investment in companies which fail to conduct business in a socially responsible manner. The Manager has in place controls which ensure that social, environment and ethical factors which may affect the performance or value of the Company's investments are taken into account.

The Directors, through the Company's Manager, encourage companies in which investments are made to adhere to best practice in the area of Corporate Governance. They believe that this can best be achieved by entering into a dialogue with company management to encourage them, where necessary, to improve their policies in this area.

The Manager's ultimate objective however is to deliver superior investment return for their clients. Accordingly, whilst the Manager will seek to favour companies which pursue best practice in the above areas, this must not be to the detriment of the return on the investment portfolio.

Accountability and Audit

The respective responsibilities of the Directors and the auditors in connection with the financial statements appear on pages 27 and 30.

Internal Controls

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. Following publication of 'Internal Control: Guidance for Directors on the Combined Code' (the Turnbull guidance), the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place for the year under review and up to the date of approval of this Annual Report and Accounts, and is regularly reviewed by the Board and accords with the guidance. The Board has reviewed the effectiveness of the system of internal control. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the Company and policies by which these risks are managed. The significant risks faced by the Company are as follows:

- financial,
- operational, and
- compliance

The key components designed to provide effective internal control are outlined below:

- the Investment Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance,
- the Board and Investment Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board,
- as a matter of course the Investment Manager's compliance department continually reviews the Investment Manager's operations,
- written agreements are in place which specifically define the roles and responsibilities of the Investment Manager and other third party service providers,
- the Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place within the Investment Manager, has decided to place reliance on the Investment Manager's systems and internal audit procedures, and

- at its December 2006 meeting, the Audit Committee carried out an annual assessment of internal controls for the year ended 31 October 2006 by considering documentation from the Investment Manager, including the internal audit and compliance functions and taking account of events since 31 October 2006. The results of the assessment were then reported to the Board at the next Board meeting.

Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

Board Committees

The Directors have appointed an Audit Committee. The Audit Committee operates within clearly defined written terms of reference (a copy is on the Company's website) and comprises the entire Board with Mr Yarrow acting as Chairman. In summary, the Audit Committee's main functions are:

- to review and monitor the internal control systems and risk management systems on which the Company is reliant,
- to consider annually whether there is a need for the Company to have its own internal audit function,
- to monitor the integrity of the interim and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Investment Manager and Administrator;
- to meet, if required, with the external auditors to review their proposed audit programme of work and the findings of the auditors. The Committee shall also use this as an opportunity to assess the effectiveness of the Audit process,
- to develop and implement policy on the engagement of the external auditor to supply non-audit services,
- to review the arrangements in place within Aberdeen whereby Aberdeen staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters,
- to make recommendations to the Board in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor; and
- to monitor and review annually the external auditor's independence, objectivity, effectiveness, resources and qualification.

Services provided for the non-audit fee of £4,000 for the year included the interim review and the annual trustee letter for the Debenture Stock. Shareholders have the opportunity at each Annual General Meeting to vote on the appointment of the external auditors for the forthcoming year. The Committee also reviews annually the "whistle blowing" arrangements in place within the Manager whereby its staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters.

The Directors have appointed a Management Engagement Committee. All of the Directors are members of the Management Engagement Committee and Mr Yarrow is the Chairman. The Committee reviews the performance of the Investment Manager and its compliance with the terms of the management and secretarial agreement. The terms and conditions (available on the Company's website) of the Investment Manager's appointment, including an evaluation of performance and fees, are reviewed by the Committee on an annual basis. The Committee believes that the continuing appointment of the Investment Manager on the terms agreed is in the interests of shareholders as a whole.

The Board as a whole acts as a Nomination Committee with the Senior Independent Director acting as Chairman.

Going Concern

The Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Auditors

The Company's auditors, KPMG Audit Plc, are willing to continue in office and resolutions will be proposed at the Annual General Meeting to reappoint them and to authorise the Directors to fix their remuneration. The Directors have reviewed the level of non-audit services provided by the auditors during the year together with the auditors' procedures in connection with the provision of such services and remain satisfied that KPMG Audit Plc's objectivity and independence is being safeguarded.

Substantial Interests

At 19 December 2006, being the nearest practicable date to the signing of this Report, the following were registered or had notified the Company as being interested in 3% or more of the Company's ordinary share capital:

Directors' Report – continued

Name of Shareholder	Number of Ordinary shares held	% of Ordinary shares held
Aberdeen Investment Trust Savings Plans*	13,025,856	22.87
Carrousel Capital Ltd	4,860,710	8.53
Derbyshire County Council	3,250,000	5.71
Legal & General Investment Management Ltd*	2,248,320	3.95
DC Thomson & Company Ltd	2,030,000	3.56
Schroder Investment Management Ltd*	1,750,000	3.07

* Non beneficial interest

Creditor Payment Policy

It is the policy of the Company to settle all investment transactions in accordance with the terms and conditions of the relevant market in which it operates. All other expenses are paid on a timely basis in the ordinary course of business. In certain circumstances, settlement terms are agreed prior to business taking place.

Annual General Meeting Special Business Purchase of the Company's Own Ordinary Shares & Subscription Shares

The Directors propose to seek renewed approval at the forthcoming Annual General Meeting of the Company to purchase its own ordinary and subscription shares in the market. The maximum aggregate number of ordinary shares which may be purchased pursuant to the authority shall be 14.99% of the issued ordinary share capital of the Company and the maximum aggregate number of subscription shares which may be purchased pursuant to the authority shall be 14.99% of the subscription shares in issue as at the date of the passing of the resolution. The minimum price which may be paid for an ordinary share and subscription share shall be 5p and 0.001p respectively. The maximum price (exclusive of expenses) which may be paid for the shares shall be the higher of a) 5% above the average of the market values of the ordinary shares or subscription shares (as derived from the Daily Official List of the London Stock Exchange) for the shares for the five business days immediately preceding the date of purchase, and b) the higher of the price of the last independent trade and the highest current independent bid on the main market for the ordinary shares or subscription shares (as appropriate).

The authority to buy back ordinary shares, if conferred, will only be exercised if to do so would result in an increase in net asset value per ordinary share for the remaining shareholders and if it is in the best interests of shareholders generally. As outlined in the Company's circular to its shareholders dated 24 October 2006 any ordinary shares purchased under this authority will be cancelled. Purchases of subscription shares will only be made through the market at prices where the Directors believe such purchases will enhance ordinary shareholder value.

This authority will last until the conclusion of the Annual General Meeting of the Company to be held in 2008 (unless previously revoked, varied or renewed by the Company in general meeting).

The Company is normally prohibited from purchasing its own shares during the close periods prescribed by the UKLA's Listing Rules. The Directors intend to seek waivers from the UKLA relating to those close periods which, if granted, will allow the Company to exercise the power to buy back shares at any time. Any use by the Company of the authority to purchase shares will be by way of either a single purchase or a series of purchases, when market conditions allow, with the aim of maximising the benefit to shareholders and maintaining the price at which the ordinary shares trade relative to the underlying NAV at a discount of less than 7.5%.

The Directors recommend that shareholders vote in favour of the above resolutions.



By order of the Board
Edinburgh Fund Managers plc
Secretary, Edinburgh

19 December 2006

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report & Accounts and the financial statements, in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Remuneration Report

The Board has prepared this report, in accordance with the requirements of Schedule 7A to the Companies Act 1985. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting. The law requires your Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in their report on page 30.

Remuneration Committee

The Company has four non-executive Directors as listed on pages 3 and 4. The Board as a whole fulfils the function of a Remuneration Committee.

Unaudited Information

The Company's Articles of Association limit the aggregate fees payable to the Board of Directors to a total of £100,000 per annum. Subject to this overall limit, the Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole and be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure and have a similar investment objective. It is intended that this policy will continue for the year to 31 October 2007 and subsequent years. The fees for the non-executive Directors are determined within the limits set out in the Company's Articles of Association, and they are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits. The Board carried out a review of the level of Directors' fees during the year and concluded that the amounts should increase in line with RPI, with periodic reviews.

No Director has a service contract with the Company. The terms of their appointment provide that a Director shall retire and be subject to re-election at the first Annual General Meeting after their appointment, and at least every three years after that. The terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office.

No Director was interested in contracts with the Company during the period or subsequently.

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

The graph below compares the share price and NAV total return (assuming all dividends are reinvested) to ordinary shareholders compared to the total return from the FTSE SmallCap Index (excluding Investments Companies). This index was chosen for comparison purposes, as it is the benchmark used for investment performance measurement purposes.

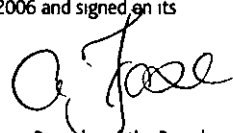
Audited Information**Directors' Emoluments**

The Directors who served in the year received the following fees which exclude employers' NI and any VAT payable

	2006	2005
	£	£
The Earl of Dalhousie	14,296	13,860
T J K Barnes	11,425	11,080
R M Entwistle	11,425	11,080
N M Yarrow	11,425	11,080
	48,571	47,100

Approval

The Directors' Remuneration Report on pages 28 to 29 was approved by the Board of Directors on 19 December 2006 and signed on its behalf by



By order of the Board
Edinburgh Fund Managers plc
Secretary, Edinburgh

19 December 2006

Independent Auditor's Report to the Members of Dunedin Smaller Companies Investment Trust PLC

We have audited the financial statements of Dunedin Smaller Companies Investment Trust PLC for the year ended 31 October 2006 which comprise the Income Statement, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 27.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Corporate Summary, Chairman's Statement and the Manager's Review that is cross referenced from the business review section of the Directors' Report. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2003 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 October 2006 and of its total return for the year then ended,
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Edinburgh

19 December 2006

Income Statement

	Notes	Year ended 31 October 2006			Year ended 31 October 2005 (restated)		
		Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Realised gains on investments		–	13,581	13,581	–	2,722	2,722
Unrealised gains on investments		–	18,965	18,965	–	14,149	14,149
Total gains on investments		–	32,546	32,546	–	16,871	16,871
Income	2	3,914	–	3,914	3,546	–	3,546
Investment management fee	3	(162)	(1,296)	(1,458)	(130)	(1,003)	(1,133)
Administrative expenses	4	(307)	–	(307)	(300)	–	(300)
Net return before finance costs and taxation		3,445	31,250	34,695	3,116	15,868	18,984
Finance costs	5	(317)	(949)	(1,266)	(321)	(962)	(1,283)
Return on ordinary activities before taxation		3,128	30,301	33,429	2,795	14,906	17,701
Taxation	6	–	–	–	–	–	–
Return on ordinary activities after taxation		3,128	30,301	33,429	2,795	14,906	17,701
Return per Ordinary share (pence)	8	19.22	186.20	205.42	17.17	91.60	108.77

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

No Statement of Total Recognised Gains and Losses has been prepared as all gains and losses have been reflected in the Income Statement.

The financial statements for the year ended 31 October 2005 have been restated to reflect the changes to accounting policies as set out in the accompanying notes

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

The accompanying notes are an integral part of the financial statements

BALANCE SHEET

	As at 31 October 2006 £'000	As at 31 October 2005 (restated) £'000
Non current assets		
Investments at fair value through profit or loss	114,893	97,265
Current assets		
Debtors and prepayments	2,217	933
UK Treasury Bills	19,064	9,188
AAA Money Market funds	10,915	8,005
Cash and short term deposits	367	1,225
	32,563	19,351
Creditors: amounts falling due within one year	(1,203)	(1,254)
Net current assets	31,360	18,097
Total assets less current liabilities	146,253	115,362
Creditors: amounts falling due after more than one year	(14,856)	(14,847)
Net assets	131,397	100,515
Capital and reserves		
Called up share capital	4,068	4,068
Capital redemption reserve	557	557
Capital reserve realised	76,606	65,270
Capital reserve unrealised	45,555	26,590
Revenue reserve	4,611	4,030
Equity Shareholders' funds	131,397	100,515
Adjusted net asset value per Ordinary share (pence):	806.54	616.71

Approved by the Board on 19 December 2006 and signed by the Chairman, The Earl of Dalhousie



The Earl of Dalhousie
CHAIRMAN

Reconciliation of Movements in Shareholders' Funds

For the year ended 31 October 2006

	Notes	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 as originally reported		4,068	557	65,270	26,632	2,240	98,767
Restatements	19	–	–	–	(42)	1,790	1,748
Balance at 31 October 2005 (restated)		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	7	–	–	–	–	(2,547)	(2,547)
Balance at 31 October 2006		4,068	557	76,606	45,555	4,611	131,397

For the year ended 31 October 2005

		Share capital £'000	Capital redemption reserve £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Revenue reserve £'000	Total £'000
Balance at 31 October 2004 as originally reported		4,068	557	64,513	12,538	1,951	83,627
Restatements	19	–	–	–	(97)	1,627	1,530
Balance at 31 October 2004 (restated)		4,068	557	64,513	12,441	3,578	85,157
Return on ordinary activities after taxation		–	–	757	14,149	2,795	17,701
Dividends paid	7	–	–	–	–	(2,343)	(2,343)
Balance at 31 October 2005 (restated)		4,068	557	65,270	26,590	4,030	100,515

The revenue reserve represents the amount of the Company's reserves distributable by way of dividend

The accompanying notes are an integral part of the financial statements

Cash Flow Statement

		Year ended 31 October 2006		Year ended 31 October 2005	
	Notes	£'000	£'000	£'000	£'000
Net cash inflow from operating activities			2,519		1,857
Servicing of finance					
Interest paid			(1,257)		(1,257)
Financial investment					
Purchases of investments		(13,185)		(18,210)	
Sales of investments		26,398		22,273	
Net cash inflow from financial investment			13,213		4,063
Equity dividends paid	7		(2,547)		(2,343)
Net cash inflow before use of liquid resources and financing			11,928		2,320
Net cash outflow from management of liquid resources			(12,786)		(2,148)
(Decrease)/increase in cash	15		(858)		172
Reconciliation of net cash flow to movements in net funds					
(Decrease)/increase in cash as above			(858)		172
Net change in liquid resources			12,786		2,148
Change in net funds resulting from cash flows			11,928		2,320
Amortised Debenture Stock expenses			(9)		(10)
Movement in net funds in the year			11,919		2,310
Opening net funds			3,571		1,261
Closing net funds	16		15,490		3,571

The accompanying notes are an integral part of the financial statements

Notes to the Financial Statements

For the year ended 31 October 2006

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 new Financial Reporting Standards, issued as part of the programme to converge UK GAAP with International Financial Reporting Standards (IFRS), were applicable for the accounting period ended 31 October 2006 and the financial statements for the twelve months ended 31 October 2005 have also been restated (see note 19). The main change arising from these revisions to UK GAAP, in relation to the Company's financial statements, is that dividends to Shareholders declared after the Balance Sheet date are now shown in the period of payment rather than in the reporting period. Dividends were previously recognised in the Statement of Total Return (now Income Statement). These are now dealt with as an appropriation of equity and are taken directly through equity in the Reconciliation of Movements in Shareholders' Funds.

(b) Revenue, expenses and interest payable

Income from equity investments (other than special dividends), including taxes deducted at source, is included in revenue by reference to the date on which the investment is quoted ex-dividend. Special dividends are credited to revenue or capital according to the circumstances. Foreign income is converted at the exchange rate applicable at the time of receipt. Interest receivable on short term deposits, expenses and interest payable are accounted for on an accruals basis. Interest payable is calculated on an effective yield basis.

Expenses are charged to capital when they are incurred in connection with the maintenance or enhancement of the value of investments. In this respect, the investment management fee and relevant finance costs are allocated between revenue and capital in line with the Board's expectation of returns from the Company's investments over the long term in the form of revenue and capital respectively (see note 3).

(c) Investments

Investments have been designated upon initial recognition as "fair value through profit or loss". Investments are recognised and de-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 100 and most liquid FTSE 250 constituents along with some other securities. 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.

(d) Dividends payable

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

(e) Realised capital reserves

Realised gains and losses on realisation of investments held at fair value are recognised in the Income Statement and are ultimately transferred to the realised capital reserve. In addition, any prior unrealised gains or losses on such investments are transferred from the unrealised capital reserve to the realised capital reserve on disposal of investments. The capital element of the management fee along with the associated irrecoverable VAT and the relevant finance costs are charged to this reserve. Any associated tax relief is credited to this reserve.

Notes to the Financial Statements – continued

(f) Unrealised capital reserves

Increases and decreases in the valuation of investments held at fair value are recognised in the Income Statement and are ultimately transferred to the unrealised capital reserve

(g) Taxation

Deferred taxation is provided on all temporary differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred at the Balance Sheet date measured on an undiscounted basis and based on enacted tax rates. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying temporary differences can be deducted. Temporary differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods.

Owing to the Company's status as an investment trust company, and the intention to continue meeting the conditions required to obtain approval in the future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

	2006 £'000	2005 £'000
2 Income		
Income from investments		
UK dividend income	3,154	2,735
Other income		
Interest from AAA rated Money Market funds	234	387
Interest on Treasury Bills	492	363
Deposit interest	32	61
Underwriting commission	2	–
	760	811
Total income	3,914	3,546

	2006			2005		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
3 Investment management fee						
Investment management fee	138	414	552	111	332	443
Performance fee	–	689	689	–	521	521
	138	1,103	1,241	111	853	964
Irrecoverable VAT thereon	24	193	217	19	150	169
	162	1,296	1,458	130	1,003	1,133

The management fee paid to Edinburgh Fund Managers plc ("EFM"), a subsidiary of Aberdeen Asset Management PLC, is calculated at 0.40% per annum of the gross assets of the Company after deducting current liabilities and excluding commonly managed funds ('adjusted gross assets'). The fee is subject to VAT at the appropriate rate.

In addition, EFM is entitled to a performance related fee calculated quarterly in arrears at a rate of 0.1% per annum (up to a maximum

of 0.5% per annum) of the adjusted gross assets for every 1% by which the Company's net asset value performance outperforms the capital performance of the FTSE SmallCap Index (ex IC's) over the twelve month period

The management agreement between the Company and EFM is normally terminable by either party on 3 months' notice

The management fee is chargeable 75% to capital and 25% to revenue. The performance-related management fee is chargeable wholly to capital.

	2006 £'000	2005 £'000
4 Administrative expenses		
Directors' fees	49	47
Auditors' remuneration		
– statutory audit	14	13
– interim review	3	3
– for other services	1	1
Secretarial fees	63	61
Investment Trust initiative	36	34
Registrar's fees	38	42
Irrecoverable VAT	33	31
Other expenses	70	68
	307	300

The secretarial fee of £63,000 (2005 – £61,000) is paid to the Manager

A contribution of £36,000 (2005 – £34,000) was paid to the Manager in respect of marketing and promotion of the Company through their Investment Trust Initiative

	2006			2005		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
5 Finance costs						
8.375% Debenture Stock interest	315	942	1,257	319	955	1,274
Amortised Debenture Stock premium and issue expenses	2	7	9	2	7	9
	317	949	1,266	321	962	1,283

6 Taxation

There is no liability to corporation tax for the year (2005 – nil)

At the year end, the Company had surplus management expenses and loan relationship losses of £16,310,000 (2005 – £14,022,000). These have been generated because such a large part of the Company's income is derived from dividends from UK companies. The Company is not expected to generate taxable income in a future period in excess of deductible expenses for that period and, accordingly, is unlikely to be able to reduce future tax liabilities by offsetting these losses.

Notes to the Financial Statements – continued

These losses are not recognised as a deferred tax asset. This is because the Company is not expected to generate taxable income in a future period in excess of deductible expenses for that future period and, accordingly, is unlikely to be able to reduce future tax liabilities by offsetting these losses.

Due to the Company's status as an investment trust and the intention to continue to meet the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on capital gains and losses arising on the revaluation or disposal of investments.

	2006 £'000	2005 (restated) £'000
7 Dividends		
Amounts recognised as distributions to equity holders in the period		
Final dividend for 2005 – 11 Op (2004 – 10 Op)	1,790	1,627
Interim dividend for 2006 – 4 65p (2005 – 4 40p)	757	716
Dividends paid in the period	<u>2,547</u>	<u>2,343</u>

A second interim dividend of 5 35p (2005 – nil) was paid to Shareholders on 23 November 2006. This has not been included as a liability in these financial statements.

The proposed final dividend is subject to approval by Shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

The table below sets out the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Section 842 ('s.842') Income and Corporation Taxes Act 1988 are considered. The revenue available for distribution by way of dividend for the year is £3,128,000 (2005 – £2,795,000).

	2006 £'000	2005 £'000
Interim dividend paid for 2006 – 4 65p (2005 – 4 40p)	757	716
Second interim dividend payable for 2006 – 5 35p (2005 – nil)	871	–
Proposed final dividend for 2006 – 1 55p (2005 – 11 Op)	883	1,790
	<u>2,511</u>	<u>2,506</u>

Since the year end the Company has bought back 4,882,087 shares under a Tender Offer and subdivided its remaining 25p Ordinary shares into 5p Ordinary shares (see note 20). At the date of this Report there were 56,958,160 Ordinary 5p shares in issue. The proposed final dividend for 2006 (equivalent to 7 75p per share on a pre sub division basis) is based on the latest share capital in issue whereas all other dividend amounts and rates are based on 16,273,719 Ordinary 25p shares.

	2006		2005 (restated)	
8 Return per Ordinary share	p	£'000	p	£'000
Revenue return	19.22	3,128	17.17	2,795
Capital return	186.20	30,301	91.60	14,906
Total return	<u>205.42</u>	<u>33,429</u>	<u>108.77</u>	<u>17,701</u>
Weighted average number of Ordinary shares in issue		16,273,719		16,273,719

	Listed in UK 2006 £'000	Listed in UK (restated) 2005 £'000
9 Investments		
Fair value through profit or loss		
Opening fair value (restated – see note 19)	97,265	85,041
Opening unrealised appreciation (restated – see note 19)	(26,590)	(12,441)
Opening book cost	70,675	72,600
Purchases at cost	12,886	17,901
Sales – proceeds	(27,804)	(22,548)
– realised gains on sales	13,581	2,722
Closing book cost	69,338	70,675
Closing unrealised appreciation	45,555	26,590
Closing fair value	114,893	97,265

Transaction costs

During the year 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:

	2006 £'000	2005 £'000
Purchases	79	130
Sales	28	42
	107	172

	2006 £'000	2005 £'000
10 Debtors, amounts falling due within one year		
Amounts due from stockbrokers	1,779	373
Net dividends and interest receivable	229	552
Other debtors and prepayments	209	8
	2,217	933

	2006 £'000	2005 (restated) £'000
11 Creditors, amounts falling due within one year		
Amounts due to stockbrokers	–	299
Investment management fee	386	262
Debenture Stock interest	628	628
Sundry creditors	189	65
	1,203	1,254

Notes to the Financial Statements – continued

	2006 £'000	2005 £'000
12 Creditors amounts falling due after more than one year		
Repayable in more than 5 years		
8 3/4% Debenture Stock 2022	15,000	15,000
Unamortised Debenture Stock premium and issue expenses	(144)	(153)
	14,856	14,847

The Debenture Stock is redeemable at par on 6 May 2022 and interest is payable in half yearly instalments in May and November each year. The Debenture Stock is secured by a floating charge over the whole of the assets of the Company.

The market value of the Debenture Stock as at 31 October 2006 was £20,214,000 (2005 – £19,546,000). The effect on the net asset value of deducting the Debenture Stock at market value rather than at par is disclosed in note 17.

On 1 December 2006 and in accordance with the proposals regarding the Company announced on 24 October 2006, the Company repaid the Debenture Stock in its entirety at a cost of £21,463,500 (see note 20).

	2006 £'000	2005 £'000
13 Called up share capital		
<i>Authorised</i>		
20,800,000 (2005 – 20,800,000) Ordinary shares of 25p each	5,200	5,200
<i>Allotted, called up and fully paid</i>		
16,273,719 (2005 – 16,273,719) Ordinary shares of 25p each	4,068	4,068

	2006 £'000	2005 £'000
14 Reconciliation of net revenue before finance costs and taxation to net cash inflow from operating activities		
Net return on ordinary activities before finance costs and taxation	34,695	18,984
<i>Adjustment for:</i>		
Gains on investments	(32,546)	(16,871)
(Increase)/decrease in accrued income	(18)	7
Decrease/(increase) in other debtors	140	(271)
Increase in other creditors	248	8
Net cash inflow from operating activities	2,519	1,857

	2006 £'000	2005 £'000
15 Analysis of changes in cash during the year		
Opening balance	1,225	1,053
Net cash (outflow)/inflow	(858)	172
Closing balance	367	1,225

	At 1 November 2005 £'000	Cash flow £'000	Amortisation of issue expenses and premium £'000	At 31 October 2006 £'000
16 Analysis of changes in net funds				
Cash and short term deposits	1,225	(858)	–	367
UK Treasury Bills	9,188	9,876	–	19,064
AAA Money Market funds	8,005	2,910	–	10,915
Debt due after more than one year	(14,847)	–	(9)	(14,856)
Net funds	3,571	11,928	(9)	15,490

17 Net asset value per share

Equity Shareholders' funds have been calculated in accordance with the provisions of Financial Reporting Standard 4 'Capital Instruments'. The analysis of equity 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 year end, adjusted to reflect the deduction of the Debenture Stock at par. A reconciliation between the two sets of figures is given below—

	2006	2005 (restated)
Equity Shareholders' funds	£131,397,000	£100,515,000
Adjusted net assets	£131,253,000	£100,362,000
Number of equity shares in issue at year end	16,273,719	16,273,719
	P	P
Equity Shareholders' funds per share	807.42	617.65
Less: Unamortised Debenture Stock premium and issue expenses	(0.88)	(0.94)
Adjusted net asset value per share	806.54	616.71

The movements during the year of the assets attributable to the Ordinary shares were as follows—

	2006 £'000	2005 (restated) £'000
Opening adjusted net assets	100,362	84,994
Capital return for the year	30,301	14,906
Revenue on ordinary activities after taxation	3,128	2,795
Dividends appropriated in the year	(2,547)	(2,343)
Movement in unamortised Debenture Stock premium and issue expenses	9	10
Closing adjusted net assets	131,253	100,362

The net asset value per share, adjusted to include the Debenture Stock at a market value of £20,214,000 (2005 – £19,546,000) rather than at par, is 774.49p (2005 restated – 588.78p)

Notes to the Financial Statements – continued

18 Risk management, financial assets and liabilities

Risk management

The major risks associated with the Company are market price risk, being the risk that the value of investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or currency movement, gearing risk, and to a lesser extent liquidity risk and interest rate risk. The Company has established a framework for managing these risks which is evolving continually as the Company's investment activities change in response to market developments. The Board has provided the Manager with guidelines and limits for the management of market risk, gearing and financial assets and liabilities.

Market risk

Market risk arises from changes in interest rates, valuations accorded to equities, movements in prices and the liquidity of financial instruments. Market price risk is managed through investment guidelines agreed by the Board with the Manager and is discussed at each Board meeting.

Gearing

It is the Company's policy to increase its exposure to equity market price risk through the judicious use of borrowings. When borrowed funds are invested in equities, the effect is to magnify the impact on Shareholders' funds of changes – both positive and negative – in the value of the portfolio.

The Debenture Stock is valued at amortised cost in the financial statements but the Board also monitors their market value. The Board regulates the overall level of gearing by raising or lowering cash balances and is also able, if the circumstances warrant, to use derivatives or to purchase fixed interest securities in order to offset the effect of gearing.

Financial assets and liabilities

The Company's financial instruments comprise equity investments, cash balances, AAA Money Market funds, Treasury Bills, Debenture Stocks and debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement.

Non current asset investments (see note 9) are valued at closing trade prices which equate to their fair values. The fair values of all other assets and liabilities, other than the Debenture Stock (see note 12), are represented by their carrying values in the Balance Sheet.

The Company places funds with authorised deposit takers from time to time and is therefore potentially at risk from the failure of any such institution of which it is a creditor.

19 Restatement of accounts under revised UK GAAP

As stated in the accounting policies, the Board has elected to continue to adopt UK Generally Accepted Accounting Practice ('UK GAAP'), and therefore complies with the new Financial Reporting Standards issued as part of the programme to converge UK GAAP with IFRS. Figures for the years ended 31 October 2004 and 2005 have been restated and the impact of these changes are shown in the tables below.

Under FRS 26 – 'Financial Instruments: Recognition and Measurement' – investments should be valued at their fair value, which is deemed to be bid market prices or closing prices for SETS stocks sourced from The London Stock Exchange. Previously, listed investments (other than SETS stocks) were valued at mid market prices. The financial statements for the years ended 31 October 2004 and 2005 have been restated to show investments at their fair value.

Under FRS 21 – 'Events after the Balance Sheet Date' – dividends should only be accrued in the accounts if they are a liability at the Balance Sheet date, therefore they are now recognised in the period in which they are paid, not in the period in which they are

proposed. No provision has therefore been made for the second interim (2005 – nil) and final dividends on Ordinary shares for the years ended 31 October 2006 and 2005. The financial statements for the years ended 31 October 2004 and 2005 have been restated to remove the final dividends that were accrued at those dates. Dividends are no longer recognised through the Income Statement, instead they are taken to the Statement of Movements in Shareholders' Funds as an appropriation of equity.

	As at 31 October 2005 £'000	As at 31 October 2004 £'000	As at 31 October 2005 p	As at 31 October 2004 p
Reconciliation of Balance Sheets				
Net assets as previously reported	98,767	83,627	605.97	512.88
Restatement of investments at bid values	(42)	(97)	(0.26)	(0.60)
Reversal of provision for final dividend	1,790	1,627	11.00	10.00
Restated net assets	100,515	85,157	616.71	522.28

	Year ended 31 October 2005 £'000
Reconciliation of the Income Statement	
Total transfer to reserves as originally reported in the Statement of Total Return	15,140
Add 2005 dividends on Ordinary shares*	2,506
Changes from mid to bid basis at 31 October 2004	97
Changes from mid to bid basis at 31 October 2005	(42)
Restated return on ordinary activities after taxation per Income Statement	17,701

* Now shown in Reconciliation of Movements in Shareholders' Funds

20 Post Balance Sheet Events

Following the proposals regarding the Company announced on 24 October 2006, a number of events have occurred since the year end.

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 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 1 December 2006, the entire Debenture Stock in issue was repaid (see note 12). A loan facility agreement, a three year revolving credit facility, completed with ING Bank N.V. for up to £15,000,000 was used for the first time and £4,000,000 was drawn down on 30 November 2006 for one month at a rate of 5.64533%.

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 the Investment Trust Share Plan, Investment Trust ISA and Investment Trust Pension.

Aberdeen Investment Trust Share Plan

AAM runs a Share Plan (the "Plan") through which shares in Dunedin Smaller Companies Investment Trust 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.

AAM offers both a Mini and Maxi stocks and shares ISA, through which shares in Dunedin Smaller Companies Investment Trust can be purchased.

Maxi ISA

An investment of up to £7,000 in Dunedin Smaller Companies Investment Trust can be made in the tax year 2006/2007.

Mini ISA

AAM offers a Mini ISA which will enable investors to invest up to £4,000 in the tax year 2006/2007.

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, investments in ISAs can grow free of capital gains tax.

PEP Transfer

PEPs are an easy way to make medium and long term tax efficient investments in the stock markets. All 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 AAM. 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 enables investors to save for retirement by investing in Dunedin Smaller Companies Investment Trust. The Investment Trust Pension offers a Personal Pension Plan. Contributions can be made regularly or by lump sums, and there are low minimum investment amounts.

Trust Information

If investors would like details of Dunedin Smaller Companies Investment Trust or information on the 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 invtrusts@aberdeen-asset.com. Details are also available on www.invtrusts.co.uk.

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, including price, performance information and a monthly fact sheet is available from the Trust'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.

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.

For information concerning your shareholding, please contact:

Registrar

Lloyds TSB Registrars
The Causeway
Worthing
West Sussex BN99 6DA
Telephone 0870 601 5366
Textphone 0870 600 3950
Website www.shareview.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

For information on the Share Plan, ISA and PEP, please contact:

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

Pension Administrator
Edinburgh Pension Centre
Capita SIP Services
141 Castle Street
Salisbury
Wiltshire SP1 3TB
Telephone 0800 13 70 79

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

Marketing

Dunedin Smaller Companies Investment Trust PLC contributes to the marketing programme run by Aberdeen Asset Managers Limited ("AAM") on behalf of a number of investment trusts under its management. Under this agreement the Company's contribution is matched by AAM. This contribution is reviewed annually.

The purpose of the Programme is to communicate effectively with existing Shareholders and attract new Shareholders, thus improving liquidity and thereby enhancing the value and rating of the Company's shares. AAM's experience has also shown that well targeted marketing of the Company's investment merits through packaged products, whether singly, or in conjunction with other trusts run by AAM, can be a cost effective way of gaining new investors.

These aims can be met in several ways:

Investor relations programme

AAM runs an investor relations programme to existing and prospective institutional investors in investment trusts. Each month institutional investors and prospects receive a Manager's report on your Company that includes detailed performance analysis.

Group schemes

The Aberdeen Group administers several savings schemes including the Share Plan, ISA, PEP and Investing for Children. These schemes allow investment at lower costs and have proved popular with private investors.

Direct response advertising

AAM advertise the packaged product availability of the Company in the specialist financial press.

Direct mail

Periodic mail shots of information packs inviting named addressees to respond is a low-cost method of building awareness and investor databases. Target groups include existing holders of other AAM investment trusts as well as known buyers of investment trusts.

Newsletter

The 'Bulletin' newsletter, an informed commentary on markets and investment trusts managed by AAM, is distributed free of charge.

Public relations

AAM undertakes to brief journalists, write regularly through placed articles and ensure Company results and any corporate activity are brought to public attention.

Shareholder services

AAM runs an investment help desk for retail enquirers and investors. Enquirers or investors will be sent any relevant literature on request and have queries answered immediately. The Marketing Programme is under the direction of AAM's Head of Investor Relations for Investment Trusts, who has considerable experience in the marketing and communications of investment products. He is supported by a team of marketing professionals.

Internet

The Company has its own dedicated website at www.dunedinsmaller.co.uk. This allows web users to access information on the Company's share price performance, capital structure, stock exchange announcements and monthly reports. The site is continuously being evaluated for improvement.

The Company is committed to the close monitoring of the Marketing Programme. The Head of Investor Relations for Investment Trusts reports to the Board and provides a written summary quarterly.

If you have any questions about your Company, the Manager or performance, please telephone our Investor Services Department on 0500 00 00 40. Alternatively, internet users may e-mail us at inv.trusts@aberdeen-asset.com or write to us at Aberdeen Investment Trusts, Block C, Western House, Lynchwood Business Park, Peterborough PE2 6BP.

Glossary

Actual Gearing Ratio	Fixed assets divided by Net Asset Value (Articles basis)
Discount	The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.
Dividend Yield	The annual dividend expressed as a percentage of the share price.
Earnings per share	Revenue attributable to equity Shareholders divided by the weighted average number of ordinary shares.
Net Asset Value (debt at par)	The value of total assets less liabilities. Liabilities for this purpose include current and long term liabilities and are valued at the nominal or par value. To calculate the net asset value per ordinary or capital share, the current repayment values of all the other classes of share are treated as liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.
Net Asset Value (debt at market value)	The value of total assets less liabilities calculated as above, but valuing debentures at their current market value.
Potential Gearing	Total assets divided by Net Asset Value (Articles basis)
Prior Charges	The name given to all borrowings including debentures, loan and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.
Total Assets	Total Assets less current liabilities (before deducting prior charges as defined above)
Total Expense Ratio	Calculated as the total of the investment management fee (excluding performance fee) and administration expenses divided by the average of Shareholders' funds at the start and end of the financial year.
Total Return	Total Return involves reinvesting the net dividend in the month that the share price goes up. The NAV Total Return involves investing the same net dividend in the NAV of the trust on the date to which that dividend was earned, eg quarter end, half year or year end date.

Notice of Meeting

Notice is hereby given that the seventy ninth Annual General Meeting of Dunedin Smaller Companies Investment Trust PLC will be held at Tayforth House, 9 Luna Place, Technology Park, Dundee DD2 1TD on Thursday 8 February 2007 at 12 noon, for the following purposes

To consider and, if thought fit, pass the following resolutions, of which Resolutions 1 to 7 inclusive will be proposed as Ordinary Resolutions and Resolutions 8 and 9 will be proposed as Special Resolutions:

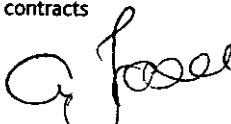
ORDINARY BUSINESS

- 1 To receive the reports of the Directors and auditors and the financial statements for the year ended 31 October 2006
- 2 To approve the Directors' remuneration report for the year ended 31 October 2006
- 3 To propose a final dividend of 1.55p on the ordinary shares
- 4 To re-elect Mr T J K Barnes as a Director of the Company
- 5 To re-elect Mr N M Yarrow as a Director of the Company
- 6 To re-appoint KPMG Audit Plc as auditors of the Company
- 7 To authorise the Directors to fix the remuneration of the auditors for the year to 31 October 2007

SPECIAL BUSINESS

- 8 THAT, in substitution for any existing authority under Section 166 of the Companies Act 1985 (the "Act"), the Company be and it is hereby generally and unconditionally authorised, in accordance with Section 166 of the Act, to make market purchases (within the meaning of Section 163 (3) of the Act) of fully paid ordinary shares of 5p each in the capital of the Company ('ordinary shares') provided that:
 - (i) the maximum aggregate number of ordinary shares hereby authorised to be purchased shall be 14.99% of the issued ordinary share capital of the Company as at the date of the passing of this resolution,
 - (ii) the minimum price which may be paid for an ordinary share shall be 5p (exclusive of expenses),
 - (iii) the maximum price (exclusive of expenses) which may be paid for an ordinary share shall be the higher of
 - a 5% above the average of the market values of the ordinary shares (as derived from the Daily Official List of the London Stock Exchange) for the ordinary shares for the five business days immediately preceding the date of purchase, and
 - b the higher of the price of the last independent trade in ordinary shares and the highest current independent bid for ordinary shares on the London Stock Exchange, and
 - (iv) unless previously varied, revoked or renewed by the Company in general meeting, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2008 save that the Company may, at any time prior to such expiry, enter into a contract or contracts to purchase ordinary shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract or contracts
- 9 THAT, in substitution for any existing authority under Section 166 of the Companies Act 1985 (the "Act"), the Company be and it is hereby generally and unconditionally authorised, in accordance with Section 166 of the Act, to make market purchases (within the meaning of Section 163 (3) of the Act) of fully paid subscription shares of 0.001p each in the capital of the Company ('subscription shares') provided that:
 - (i) the maximum aggregate number of subscription shares hereby authorised to be purchased shall be 14.99% of the issued subscription shares as at the date of the passing of this resolution,

- (ii) the minimum price which may be paid for a subscription share shall be 0.001p (exclusive of expenses),
- (iii) the maximum price (exclusive of expenses) which may be paid for an subscription share shall be the higher of:
 - a 5% above the average of the market values of the subscription shares (as derived from the Daily Official List of the London Stock Exchange) for the subscription shares for the five business days immediately preceding the date of purchase, and
 - b the higher of the price of the last independent trade in subscription shares and the highest current independent bid for subscription shares on the London Stock Exchange, and
- (iv) unless previously varied, revoked or renewed by the Company in general meeting, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2008 save that the Company may, at any time prior to such expiry, enter into a contract or contracts to purchase subscription shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of subscription shares pursuant to any such contract or contracts


 By order of the Board
 Edinburgh Fund Managers plc
 Secretary

3 January 2007

Registered office: Donaldson House
 97 Haymarket Terrace
 Edinburgh EH12 5HD

Notes

- 1 A member who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll, vote on his/her behalf. A proxy need not be a member of the Company.
- 2 A form of proxy for use by shareholders is enclosed with these accounts. Completion and return of the form of proxy will not prevent any shareholder from attending the meeting and voting in person. To be valid, the form of proxy should be lodged, together with any Power of Attorney or other authority (if any) under which it is signed or an extract from the Books of Council and Session or a notarially certified copy of such power or authority at the address stated thereon, so as to be received not less than 48 hours before the time of the meeting.
- 3 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders entered on the register of members of the Company as at 6.00pm on 6 February 2007 or, in the event that the meeting is adjourned, on the register of members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their name at that time. Changes to the entries on the register of members after 6.00pm on 6 February 2007 or, in the event that the meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting, notwithstanding any provisions in any enactment, the Articles of Association of the Company or other instrument to the contrary.
- 4 There are special arrangements for holders of shares through the Share Plan, Investment Trust PEP/ISA and Investment Trust Pension. These are explained in the 'Letter of Direction' which such holders will have received with this report.

Dunedin Smaller Companies Investment Trust PLC

(for use by holders of ordinary shares)

Form of Proxy

(For use at the Annual General Meeting on 8 February 2007)

I/We _____

of _____

BLOCK
CAPITALS
PLEASE

being (a) member(s) of the above named company, hereby appoint the Chairman of the Meeting (see note 1)

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 8 February 2007 at 12 00 noon and at any adjournment thereof.

My/our proxy is to vote as indicated by an 'X' below in respect of each resolution set out in the notice convening the Meeting.

Resolutions	1	2	3	4	5	6	7	8	9
For									
Against									
Vote withheld									

Signed _____

Date _____

Notes:

- 1 If you wish to appoint as your proxy some person other than the Chairman of the Meeting please insert in block capitals the full names of the person of your choice, delete the words 'the Chairman of the Meeting' and initial the alteration. A proxy need not be a member of the company.
- 2 In the case of a Corporation, this Form of Proxy must be under seal or signed by a duly authorised officer or attorney.
- 3 In the absence of any instruction on the resolution referred to above, your proxy will vote or abstain as he or she thinks fit. Your proxy will also vote or abstain as he or she thinks fit on any matter coming before the meeting.
- 4 To be valid, this Form of Proxy, together with the Power of Attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or attorney, must be deposited at the offices of the company's registrars, Lloyds TSB Registrars, at the address overleaf so as to be received not later than 48 hours before the time appointed for the Meeting.
- 5 In the case of joint holders, the signature of any one joint holder is sufficient. If more than one joint holder tenders a vote in person or by proxy, the vote of the person whose name stands first in the register will be accepted to the exclusion of the votes of the other joint holders.
- 6 Completion of this Form of Proxy will not prevent a member from attending the Meeting and voting in person should he so wish.
- 7 The 'vote withheld' option is provided to enable you to abstain on any particular resolution. It should be noted that a 'vote withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'for' and 'against' the resolution.

Corporate Information

Directors

The Earl of Dalhousie, Chairman

T J K Barnes

R M Entwistle

N M Yarrow

Manager, Secretary and Registered Office

Edinburgh Fund Managers plc

Donaldson House

97 Haymarket Terrace

Edinburgh EH12 5HD

Company Registration Number: SC 14692

Stockbrokers

Intelli Stockbrokers

63 Queen Victoria Street

London EC4N 4UA

Registrars

Lloyds TSB Registrars

The Causeway

Worthing

West Sussex BN99 6DA

Shareholder Helpline 0870 601 5366

(Calls charged at National Call Rate)

Auditors

KPMG Audit Plc

Saltire Court

20 Castle Terrace

Edinburgh EH1 2EG

Bankers & Custodian Bankers

Bank of New York

One Canada Square

London E14 5AL

Website

www.dunedinsmaller.co.uk