Standard Life UK Smaller Companies Trust PLC

Interim Report 31 December 2009

STANDARD LIFE INVESTMENTS

Exceptional investments, extraordinary world

Contents

Investment Objective

To achieve long term capital growth by investment in UK quoted smaller companies.

Investment Policy

The Directors intend to achieve the investment objective by investing in a diversified portfolio consisting mainly of UK quoted smaller companies. The portfolio will normally comprise around 60 individual holdings representing the Manager's highest conviction investment ideas. In order to reduce risk in the Company without compromising flexibility, no holding within the portfolio should exceed 5% of total assets.

The Directors expect that, in normal market conditions, gearing will be between -5% and 20% of net assets. The Directors have delegated responsibility to the Manager for the operation of the gearing level within the above range. The maximum level of gearing is 100%.

The Manager's investment process combines asset allocation, stock selection, portfolio construction, risk management and dealing. The investment process is research-intensive and is driven by the Manager's distinctive "focus on change", which recognises that different factors drive individual stocks and markets at different times in the cycle. This flexible, but disciplined process ensures that the Manager has the opportunity to perform in different market conditions.

Financial Highlights

for six months ended 31 December 2009

Total Return	Six months ended 31 December 2009
Net asset value per ordinary share (including net revenue)	+25.9%
Hoare Govett Smaller Companies Index (ex Investment Trusts)	+26.5%

Capital return	31 December 2009	30 June 2009	% change
Net asset value per ordinary share (including net revenue)	138.67p	111.23p	+24.7%
Ordinary share price (mid-market)	126.50p	100.50p	+25.9%
Discount of share price to net asset value (including net revenue)	8.8%	9.6%	—
Hoare Govett Smaller Companies Index (ex Investment Trusts)	3,408.37	2,729.10	+24.9%
Total assets (£m)[1]	96.59	76.26	+26.7%
Equity shareholders' funds (£m)	87.59	70.26	+24.7%
Revenue return per ordinary share	1.13p	0.79p[2]	+43.0%
Interim dividend per ordinary share	1.00p	0.50p[2]	+100.0%

[1] Calculated as Total Assets less Current Liabilities, excluding short-term bank loan of £9.0m (2008 – £6.0m)

[2] For the six months ended 31 December 2008

Directors' Responsibility Statement

The Directors are responsible for preparing the Half-Yearly Financial Report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge –

- the condensed set of Financial Statements have been prepared in accordance with the Accounting Standards Board's statement "Half-Yearly Financial Reports"; and
- the Interim Management Report includes a fair review of the general conditions required by 4.2.7R and 4.2.8R of the Financial Services Authority's Disclosure and Transparency Rules.

The Half-Yearly Financial Report, for the six months ended 31 December 2009, comprises an Interim Management Report, in the form of the Chairman's Statement, the Directors' Responsibility Statement and a condensed set of Financial Statements, which has not been audited or reviewed by the auditors pursuant to the APB guidance on Review of Interim Financial Information.

For and on behalf of the Directors of Standard Life UK Smaller Companies Trust PLC

Donald MacDonald
Chairman
19 February 2010

Chairman's Statement

Performance

I am pleased to report that there has been a strong recovery in the performance of stockmarkets over the last six months to 31 December 2009. The FTSE All-Share Index increased by 27.1% over this period while the Company's benchmark, the Hoare Govett Smaller Companies Index (excluding investment trusts), rose by 24.9%. The Company's net asset value per share increased by 24.7% to 138.67 pence per share over the period.

Additional information on the economic background and on the changes to the Company's investment portfolio in the period, may be found in the Manager's Report.

Earnings and Dividend

The revenue return per share was 1.13 pence per share for the six months ended 31 December 2009 compared to 0.79 pence per share for the same period in the prior year. An interim dividend of 1.0 pence per share (2008 - 0.5 pence) will be paid on 19 March 2010 to those shareholders on the register as at 5 March 2010 with an associated ex-dividend date of 3 March 2010.

Awards

For the second consecutive year, the Company was recognised as the best UK smaller companies trust for 2009 by Money Observer and Moneywise and the Board is confident that the Manager can continue to deliver excellent long term returns for shareholders.

Gearing

The Manager has been given discretion to vary the level of the net gearing between -5% and 20% depending on its view of the outlook for smaller companies. The level of gearing over the reporting period ranged from 4% to 10%. Actual gearing as at 31 December 2009 stood at 9% and since the year end the gearing level has been increased to 10% and reflects the Manager's more optimistic outlook for the portfolio. Accordingly, the Company's borrowing facility is fully drawn at present at an attractive all-in interest rate.

Share Buy Backs and Discount Level

The Company's discount to net asset value over the reporting period has consistently remained in the range of 7% to 10%. This compares favourably with the size-weighted average discount for UK smaller companies of 16.5% at 31 December 2009. The Company's shares are therefore on a premium rating to the average UK smaller companies trust in part reflecting the consistent long term investment performance record of the Standard Life Investments UK smaller companies team led by Harry Nimmo.

Chairman's Statement - continued

No shares were bought back during the reporting period.

Regular Tender Offer

Following shareholder approval at the last AGM in October 2009, the Directors are using their discretion to offer shareholders up to a 5% tender offer in June 2010. A separate circular will be available for shareholders in May 2010 setting out the full terms and conditions of the tender offer. The tender price will take account of realisation and administrative costs, as well as an exit charge. To participate in the tender offer shareholders will require to be on the share register at the record date of 25 February 2010.

Marketing

The level of marketing activities has continued with particular focus upon private client managers as well as institutional investors. Further details about investing in the Manager's savings plans may be found later in this Report or online at www.standardlifeinvestments.co.uk/its

Outlook

Economic commentators in the main believe that the economy has turned the corner. While the effect of local and national government cuts in expenditure will affect some sectors this will be balanced by the strength and influence of emerging markets on the world economy. With many companies having trimmed their cost base they are seeing an improvement in the economy feeding through to trading results.

Good quality smaller companies' combination of nimbleness and drive to exploit new markets and products will enable them to produce superior returns. The valuations of many smaller companies represent good value.

While interest rates can only go in one direction they are unlikely to go too far. There may be other uncertainties and setbacks such as a hung Parliament and difficulties in some European economies. However these may produce buying opportunities in the market which the Manager, with his outstanding record, will take advantage of.

We continue to believe in the superior long term prospects of smaller companies combined with the robust and successful process of the Manager.

Donald MacDonald
Chairman
19 February 2010

Manager's Report

Manager's Report

The UK smaller companies sector, as represented by the Hoare Govett Smaller Companies Index, rose by 24.9% over the period. This compares with a 24.7% rise in the net asset value of the Company, while the share price rose by 25.9%. During the period, the UK equity market was characterised by a sharp recovery in the third quarter of 2009 followed by profit taking and more risk aversion in the fourth quarter.

UK economy and equity market

Early signs of recovery in the second calendar quarter of the year steadily broadened out as optimism started to spread. Bank lending began again modestly as the government continued its policy of sustained quantitative easing and record low interest rates. Lead indicators of economic activity rebounded strongly, as did analysts' corporate earnings forecasts across a wide range of sectors. China and India demonstrated remarkable economic resilience. UK retail spending also picked up strongly, with all the evidence pointing to a good Christmas for most retailers. Commodity prices, particularly crude oil and copper, continued to rise steadily as Far Eastern buyers in particular returned to the market.

On a company level, a continuation of the recapitalisation of UK corporate balance sheets was in evidence, with record amounts of money raised almost exclusively for the more distressed sections of the UK listed market. The most significant sectors involved were banking, mining, house building and real estate, with £73.6 billion raised during 2009. Bid activity also returned with the Kraft acquisition of Cadbury. In smaller companies markets the most significant bid was that by Sinopec, the large Chinese operator, for Emerald Energy.

In the fourth quarter of the year, there were some concerns that economic recovery may prove to be weak, especially if quantitative easing were withdrawn. Investors started to look forward to the impending election and the potential for a hung parliament, which could cause a lack of decisive policy implementation to fund the 2008 banking bailout. Indeed, recent results from the more troubled Scottish banks suggest asset write-downs may not be over. Meanwhile, certain countries gave cause for concern in relation to the stability of their financial systems and confidence in their debt instruments. Greece and Ireland were the most obvious examples.

Manager's Report - continued

Performance review

The Company generally underperformed in the July to August recovery period, picking up in the fourth quarter when the market focused more on quality companies. Our ongoing focus on companies with resilient, proven business models and exposure to international markets helped Company performance towards the end of the year.

On a stock-specific basis, the best performer was diagnostic testing company Immunodiagnostic Systems Holdings, a recent addition to the portfolio which more than doubled following purchase. The company recorded outstanding results stimulated by the growing strength of its position in the vitamin D testing market. Dunelm, the soft furnishings retailer, delivered excellent like-for-like sales growth in the period, helped by the failure of a number of its competitors. Elsewhere, top ten holding Asos (online clothing), Abcam (online antibodies), Paddy Power (online sports betting), Dominos Pizza and Hargreaves Lansdown (financial administration) all performed strongly, spurred by resilient trading.

Underperformance came from a number of mid-to-late cycle businesses that have yet to see any follow through from the improving economic backdrop. This includes Goals Soccer Centres, Harvey Nash (recruitment), Carluccios (restaurants) and Air Partner. Online security firm Datacash and bill payments company Paypoint announced lacklustre results.

Dealing and activity

We made several significant new additions to the portfolio during the period. These included First Quantum Mining, the Zambian copper producer, a stock that we have held in the past. Axis-Shield, the Dundee-based specialist in doctors' office test kits for a range of ailments mainly related to chronic diseases, was another addition to the portfolio. We also purchased Intermediate Capital Group, a specialist in mezzanine finance, and Immunodiagnostic Systems Holdings.

One of our largest holdings, Emerald Energy, was sold following a cash bid from Sinopec. The Company made a significant profit on this investment at a time when prevailing stock market conditions were distinctly volatile. Connaught, a provider of maintenance services to the social housing market, was sold at a substantial profit after it fell below the Manager's investment criteria. We also sold our holdings in Playtech, following unease over related party transactions, and Redhall Group, following the company's failure to deliver on the bright prospects in the nuclear industry.

In terms of sector exposure, there was a significant increase in our weighting in the financial, real estate and retail sectors, and a marked reduction in the support services sector during the period.

Gearing

We increased gearing close to the maximum extent of the facility, with £9 million drawn down by year end. We invested much of the money in the seasonally-weak late-November to early-December period. By year end, gearing stood at a little over 10%.

Outlook

Typically, smaller companies perform very strongly following a turning point in the stock market and economic sentiment. The rally normally lasts 18 months and can lead to returns in excess of 80% over that period. The cyclical nature and perceived additional risk means that smaller companies tend to deliver substantially higher returns than the market as a whole. We appear to be in the third phase of this rally.

The outlook for the second half of the calendar year is still reasonable although there are significant uncertainties. A hung parliament in the upcoming election would be unhelpful. The next government will have to decisively tackle reducing the borrowings incurred to fund the 2008 banking bailout. Tax increases and government spending cuts will undoubtedly be very significant components of this strategy. Interest rates, currently still at record low levels, must rise at some stage in 2010. However, although the mid-term outlook is mixed, our view is that recovery is decisively established, which is positive for stock markets and particularly smaller companies.

Historically, our investment process has proved resilient in more difficult market conditions, which may become apparent later in the year. Our focus on resilient companies with organic growth and visible earnings should therefore prove beneficial by the end of 2010 and we look forward to the future with confidence.

Harry Nimmo
Manager
Standard Life Investments
19 February 2010

Principal Risks and Uncertainties

The Board regularly reviews the principal risks facing the Company which the Board and the Manager have identified and the Board sets out delegated controls designed to manage those risks. Key risks within investment strategy, including inappropriate stock selection and gearing, are managed by the Board through a defined investment policy, guidelines and restrictions and by the process of oversight at each Board meeting. Operational disruption, accounting and legal risks are also covered at least annually and regulatory compliance is reviewed at each Board meeting.

The Directors have adopted a robust framework of internal controls, which is designed to monitor the principal risks and uncertainties facing the Company, and to provide a monitoring system to enable the Directors to mitigate these risks as far as possible.

The major risks associated with the Company are:

- **Investment and market risk:** The Company is exposed to the effect of variations in share prices due to the nature of its business. A fall in the value of its investment portfolio will have an adverse effect on the value of Shareholders' funds.
- **Capital structure and gearing risk:** The Company's capital structure consisted of equity share capital comprising Ordinary 25p shares at 31 December 2009. There is a three-year revolving credit facility with Lloyds for up to £10m at an interest rate fixed at 0.35% above LIBOR, which has been in place since August 2007. In rising markets, the effect of the bank borrowings would be beneficial, but in falling markets the gearing effect would adversely affect returns to shareholders. The Manager is able to increase or decrease the gearing level by repaying or drawing down periodically from the bank facility subject to Board restrictions which require gearing to remain between -5% and 20% of net assets, under normal market conditions.
- **Revenue and dividend risk:** In view of the Company's investment objective, which is to generate long-term capital growth by investment in UK quoted smaller companies, the Manager is required to strike a balance more in favour of capital growth than revenue return. In normal circumstances, the Board intends to pay a dividend commensurate with the year's income. The Board receives regular updates as

to the progress made by the Manager in generating a revenue return and the consequent level of the Company's anticipated dividend.

- **Regulatory risk:** The Company operates in a complex regulatory environment and faces a number of regulatory risks. A breach of Section 842 of ICTA 1988 would result in the Company being subject to capital gains tax on portfolio investments. Breaches of other regulations, including the Companies Act 2006, the UKLA Listing Rules or the UKLA Disclosure and Transparency Rules, could lead to a number of detrimental outcomes and reputational damage. Breaches of controls by service providers, such as the Manager and the Administrators, could also lead to reputational damage or loss. There is also a new regulatory risk in the form of the draft Alternative Investment Fund Managers Directive ("AIFMD") published by the European Commission. The AIFMD would, if implemented as currently drafted, introduce a new authorisation and supervisory regime for all investment trust fund managers in the European Union creating additional regulatory costs and other potentially adverse consequences for the Company.
- **Supplier risk:** in common with most investment trusts, the Company has no employees. The Company therefore relies upon services provided by third parties, including the Manager in particular, to whom responsibility for the management of the Company has been delegated under an Investment Management Agreement.

Top Twenty Investments at 31 December 2009

	Value £'000	% of Portfolio
ASOS	4,269	4.5
Abcam	3,451	3.6
Paddy Power	3,104	3.3
Dominos Pizza	2,892	3.1
Telecity	2,590	2.7
Chemring	2,528	2.7
Hargreaves Landsown	2,507	2.6
Computacenter	2,378	2.5
PZ Cussons	2,307	2.4
Fidessa Group	2,266	2.4
First Quantum Minerals	2,212	2.3
Telecom Plus	2,183	2.3
Victrex	2,158	2.3
Dunelm	2,156	2.3
Shaftesbury	2,099	2.2
Robert Wiseman Dairies	2,038	2.2
Homeserve	2,037	2.1
Craneware	1,961	2.1
JD Sports Fashion	1,913	2.0
ITE	1,871	2.0
	48,921	51.6

Sector Distribution at 31 December 2009

	Portfolio Weightings %	Extended Hoare Govett Smaller Companies Index (ex ITs) Weightings %
Oil & gas	6.3	5.6
Basic materials	2.3	7.6
Industrials	15.7	29.0
Consumer goods	8.3	8.8
Health care	11.8	3.3
Consumer services	24.2	20.1
Telecommunications	2.3	0.9
Utilities	—	0.1
Technology	13.9	7.8
Financials	15.2	16.8
Total equity investments	100.0	100.0

Income Statement

	Notes	Six months ended 31 December 2009 (unaudited) Revenue £'000	Capital £'000	Total £'000
Net gains/ (losses) on investments at fair value		—	17,570	17,570
Currency losses		—	(3)	(3)
Income	2	988	—	988
Investment management fee		(77)	(231)	(308)
Administrative expenses		(184)	—	(184)
Net return before finance costs and taxation		727	17,336	18,063
Finance Costs		(8)	(25)	(33)
Return on ordinary activities before taxation		719	17,311	18,030
Taxation	3	(5)	—	(5)
Return on ordinary activities after taxation		714	17,311	18,025
Return per ordinary share				
Basic	5	**1.13p**	**27.41p**	**28.54p**

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

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

No operations were acquired or discontinued in the year.

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

The accompanying notes are an integral part of the financial statements.

Six months ended 31 December 2008 (unaudited)			Year ended 30 June 2009 (audited)		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
—	(14,942)	(14,942)	—	(8,063)	(8,063)
—	—	—	—	(10)	(10)
464	—	464	1,433	—	1,433
(27)	(103)	(130)	(41)	(143)	(184)
(171)	—	(171)	(385)	—	(385)
266	(15,045)	(14,779)	1,007	(8,216)	(7,209)
(8)	(24)	(32)	(13)	(40)	(53)
258	(15,069)	(14,811)	994	(8,256)	(7,262)
(2)	—	(2)	(4)	—	(4)
256	(15,069)	(14,813)	990	(8,256)	(7,266)
0.79p	(46.32p)	(45.53p)	**2.56p**	**(21.39p)**	**(18.83p)**

Reconciliation of Movements in Shareholders' Funds

Six months ended 31 December 2009 (unaudited)	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000
Balance at 30 June 2009	15,931	25,073	549
Return on ordinary activities after taxation	—	—	—
Dividends paid (see note 4)	—	—	—
Balance at 31 December 2009	**15,931**	**25,073**	**549**

Six months ended 31 December 2008 (unaudited)	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000
Balance at 30 June 2008	8,149	68	549
Return on ordinary activities after taxation	—	—	—
Dividends paid (see note 4)	—	—	—
Exercise and cancellation of warrants	291	873	—
Balance at 31 December 2008	**8,440**	**941**	**549**

Year ended 30 June 2009 (audited)	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000
Balance at 30 June 2008	8,149	68	549
Return on ordinary activities after taxation	—	—	—
C shares issued	7,491	23,832	—
Exercise and cancellation of warrants	291	1,173	—
Dividends paid (see note 4)	—	—	—
Balance at 30 June 2009	**15,931**	**25,073**	**549**

Warrant reserve £'000	Special reserve £'000	Capital reserve - realised £'000	Revenue reserve £'000	Total £'000
—	21,364	6,063	1,276	70,256
—	—	17,311	714	18,025
—	—	—	(695)	(695)
—	**21,364**	**23,374**	**1,295**	**87,586**

Warrant reserve £'000	Special reserve £'000	Capital reserve - realised £'000	Revenue reserve £'000	Total £'000
743	21,364	13,875	963	45,711
—	—	(15,069)	256	(14,813)
—	—	—	(512)	(512)
(743)	—	743	—	1,164
—	**21,364**	**(451)**	**707**	**31,550**

Warrant reserve £'000	Special reserve £'000	Capital reserve - realised £'000	Revenue reserve £'000	Total £'000
743	21,364	13,875	963	45,711
—	—	(8,256)	990	(7,266)
—	—	—	—	31,323
(743)	—	444	—	1,165
—	—	—	(677)	(677)
—	**21,364**	**6,063**	**1,276**	**70,256**

Balance Sheet

	Notes	As at 31 December 2009 (unaudited) £'000	As at 31 December 2008 (unaudited) £'000	As at 30 June 2009 (audited) £'000
Non-current assets				
Investments at fair value through profit or loss		94,799	30,645	72,576
Current assets				
Debtors and prepayments		164	90	770
AAA money market funds		2,231	948	3,118
Cash and short term deposits		8	26	77
		2,403	1,064	3,965
Creditors: amounts falling due within one year				
Other creditors		(9,616)	(159)	(6,285)
Net current (liabilities)/assets		(7,213)	905	(2,320)
Net assets		87,586	31,550	70,256
Capital and reserves				
Called-up share capital		15,931	8,440	15,931
Share premium account		25,073	941	25,073
Capital redemption reserve		549	549	549
Special reserve		21,364	21,364	21,364
Capital reserve		23,374	(451)	6,063
Revenue reserve		1,295	707	1,276
Equity Shareholders' funds		87,586	31,550	70,256
Net asset value per Ordinary share				
Basic	8	138.67p	95.02p	111.23p

Cash Flow Statement

	Six months ended 31 December 2009 (unaudited) £'000	Six months ended 31 December 2008 (unaudited) £'000	Year ended 30 June 2009 (audited) £'000
Net return on ordinary activities before finance costs and taxation	18,063	(14,779)	(7,209)
Adjustment for:			
Gains/(losses) on investments	(17,570)	14,942	8,063
Currency losses	3	—	10
Revenue before finance costs and taxation	496	163	864
Decrease/(increase) in accrued income	13	29	(54)
Decrease/(increase) in other debtors	15	8	(14)
Increase/(decrease) in creditors	135	(68)	(57)
Net cash inflow from operating activities	659	132	739
Net cash outflow from servicing of finance	(31)	(30)	(45)
Net overseas tax	(4)	(3)	(12)
Net cash (outflow)/inflow from financial investment	(3,882)	2,509	(3,159)
Equity dividends paid	(695)	(512)	(677)
Net cash (outflow)/inflow before management of liquid resources and financing	(3,953)	2,096	(3,154)
Net cash inflow/(outflow) from management of liquid resources	887	260	(1,910)
Net cash (outflow)/inflow before financing	(3,066)	2,356	(5,064)
Financing			
Share capital issued - C shares	—	—	1,480
Exercise of warrants	—	1,164	1,165
Drawdown of bank loan	3,000	(3,500)	2,500
Net cash inflow/(outflow) from financing	3,000	(2,336)	5,145
(Decrease)/increase in cash	(66)	20	81
Reconciliation of net cash flow to movements in net debt			
(Decrease)/increase in cash as above	(66)	20	81
Net change in liquid resources	(887)	(260)	1,910
Net change in debt due within one year	(3,000)	3,500	(2,500)
Other non-cash movements	(3)	—	(10)
Movement in net debt in the period	(3,956)	3,260	(519)
Opening net debt	(2,805)	(2,286)	(2,286)
Closing net debt	(6,761)	974	(2,805)
Represented by:			
Cash and short term deposits	8	26	77
AAA Money Market funds	2,231	948	3,118
Debt due within one year	(9,000)	—	(6,000)
	(6,761)	974	(2,805)

Notes to the Financial Statements

1. Accounting policies

(a) Basis of accounting

The accounts have been prepared in accordance with applicable UK Accounting Standards, with pronouncements on half yearly reporting issued by the Accounting Standards Board and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in January 2009. The adoption of the January 2009 SORP has no effect on the financial statements of the Company, other than the requirement separately to disclose capital reserves that relate to the revaluation of investments held at the reporting date. These are disclosed in note 6. This new requirement replaces the previous requirement to disclose the value of the capital reserve that was unrealised. They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The financial statements have been prepared on a going concern basis.

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

The interim accounts have been prepared using the same accounting policies as the preceding annual accounts.

(b) Dividends payable

Dividends are recognised in the period in which they are paid.

	Six months ended 31 December 2009 £'000	Six months ended 31 December 2008 £'000	Year ended 30 June 2009 £'000
2. Income			
Income from investments			
UK dividend income	889	339	1,102
Unfranked investment income	85	53	171
	974	392	1,273
Other income			
Interest from AAA Money Market funds	7	39	53
Interest from UK Treasury Bills	—	—	73
Interest from HMRC	—	33	33
Deposit interest	—	—	1
Underwriting commission	7	—	—
	14	72	160
Total income	**988**	**464**	**1,433**

3. Taxation

The taxation expense reflected in the Income Statement is based on management's best estimate of the weighted average annual corporation tax rate expected for the full financial year. The estimated annual tax rate used for the year to 31 May 2010 is 28%.

4. Dividends

	Six months ended 31 December 2009 £'000	Six months ended 31 December 2008 £'000	Year ended 30 June 2009 £'000
Ordinary dividend on equity shares deducted from reserves:			
2009 final dividend of 1.10p per share (2008 - 1.00p)	695	320	320
2009 interim dividend of 0.50p per share	—	—	166
2008 special dividend of 0.60p per share	—	192	192
Return of unclaimed dividends		—	(1)
	695	**512**	**677**

5. Return per share

	Six months ended 31 December 2009 p	Six months ended 31 December 2008 p	Year ended 30 June 2009 p
Basic			
Revenue return	1.13	0.79	2.56
Capital return	27.41	(46.32)	(21.39)
Total return	28.54	(45.53)	(18.83)
Weighted average number of Ordinary shares	**63,163,381**	**32,531,251**	**38,598,545**

Notes to the Financial Statements - continued

The figures above are based on the following:

	Six months ended 31 December 2009 £'000	Six months ended 31 December 2008 £'000	Year ended 30 June 2009 £'000
Revenue return	714	256	990
Capital return	17,311	(15,069)	(8,256)
Total return	**18,025**	**(14,813)**	**(7,266)**

In October 2008 the right of warrant holders to exercise their rights to subscribe for ordinary shares laspsed and all outstanding warrants were subsequently cancelled. As a result no calculation of diluted return per ordinary share is necessary.

6. Capital reserve

The capital reserve reflected in the Balance Sheet at 31 December 2009 includes gains of £25,304,000 (31 December 2008 - losses of £637,000; 30 June 2009 - gains of £10,354,000) which relate to the revaluation of investments held at the reporting date.

7. Transaction costs

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

	Six months ended 31 December 2009 £'000	Six months ended 31 December 2008 £'000	Year ended 30 June 2009 £'000
Purchases	106	36	232
Sales	16	8	34
	122	**44**	**266**

8. Net asset value

Total Shareholders' funds have been calculated in accordance with the provisions of applicable accounting standards. The analysis of total shareholders' funds on the face of the Balance Sheet reflects the rights, under the Articles of Association of the ordinary shareholders on a return of assets.

These rights are reflected in the net asset value and the net asset value per share attributable to ordinary shareholders at the period end.

	Six months ended 31 December 2009	Six months ended 31 December 2008	Year ended 30 June 2009
Total shareholders' funds	87,586,000	31,550,000	70,256,000
Number of ordinary shares in issue at the period end (excluding shares held in treasury)	63,163,381	33,202,130	63,163,381
Basic net asset value per share	**138.67p**	**95.02p**	**111.23p**

9. The financial information in this report does not comprise statutory accounts within the meaning of Section 435 of the Companies Act 2006. The financial information for the year ended 30 June 2009 has been extracted from published accounts that have been delivered to the Registrar of Companies and on which the report of the auditors was unqualified under Section 237 (2) or (3) of the Companies Act 1985. These accounts contain no statement under Section 498 of the Companies Act 2006. The interim accounts have been prepared using the same accounting policies as the preceding annual accounts.

10. This Half-Yearly Financial Report was approved by the Board on 19 February 2010.

How to Invest in Standard Life UK Smaller Companies Trust

Investors may subscribe to Standard Life UK Smaller Companies Trust through Standard Life's Savings Scheme, Individual Savings Account ('ISA'). Alternatively, investors may buy shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or financial adviser.

Investment Trust Savings Scheme

Standard Life's Savings Scheme is a straightforward way to invest in the Standard Life UK Smaller Companies Trust. The minimum investment through Standard Life's Savings Scheme is £100 per month or a £1,000 lump sum. As well as the 0.5% Government stamp duty which is currently payable on all share purchases, there is an initial charge of 1.25% deducted from each investment made. A commission payment to a financial adviser of up to 3% of each investment may also be deducted at an investor's request. There is no maximum amount that can be invested in the Company through Standard Life's Savings Scheme.

Investment Trust ISA

Standard Life's ISA is a tax efficient savings vehicle as investors pay no additional income tax or capital gains tax on any money generated by their investments. From 6 April 2010 the maximum investment into a Stocks and Shares ISA is £10,200. As with Standard Life's Savings Scheme, the minimum investment in Standard Life's ISA is a £1,000 lump sum or £100 per month. ISAs attract tax reliefs which the Government may change in the future. The value of these reliefs to each investor depends on their own personal circumstances.

Investment Trust ISA Transfer

Investors may also gain access to the Company by transferring any existing ISA (including a former PEP 'Personal Equity Plan') investments to a Standard Life ISA.

How to invest

For further information on how to invest and an application pack containing full details of the products and their charges, please go online to www.standardlifeinvestments.co.uk/its or alternatively call Standard Life Investments on 0845 60 24 247. Lines are open from 9am to 5pm Monday to Friday. We recommend that you speak to your usual financial adviser to find out if Standard Life Investments' products are suitable for you.

Company Information and Contact Details

Directors
Donald MacDonald (Chairman)
David Woods (Senior Independent Director)
Lynn Ruddick (Chairman, Audit and Management Engagement Committee)
Carol Ferguson

Investment Manager
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Investor Services
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(Monday to Friday, 9am-5pm)

Company Secretaries and Registered Office
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Edinburgh EH2 2BY
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Registered in Scotland No. SC145455

Auditors
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Ten George Street
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Registrar
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25 Dowgate Hill
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Savings Scheme and ISA Plan Administrator
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Managed by:

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