

Aberdeen Smaller Companies High Income Trust PLC

Half-Yearly Report and Accounts
30 June 2013



Contents

1	Highlights and Financial Calendar
2	Interim Board Report
5	Investment Portfolio – Ordinary Shares
7	Investment Portfolio - Other Investments
8	Portfolio Analysis
9	Condensed Statement of Comprehensive Income
10	Condensed Balance Sheet
11	Condensed Statement of Changes in Equity
12	Condensed Cash Flow Statement
13	Notes to the Accounts
15	How to Invest in Aberdeen Smaller Companies High Income Trust PLC
16	Corporate Information

Objective

The objective of the Company is to provide a high and growing dividend and capital growth from a portfolio invested principally in the ordinary shares of smaller UK companies and UK fixed income securities.

Highlights and Financial Calendar

	30 June 2013	31 December 2012	% change
Equity shareholders' funds (£'000)	42,141	37,466	+12.5
Net asset value per share	190.60p	169.45p	+12.5
Share price (mid-market)	186.00p	151.50p	+22.8
Discount to adjusted net asset value ^A	1.6%	9.8%	
Dividend yield	3.3%	4.0%	

^A Based on IFRS net asset value above reduced by dividend adjustment of 1.55p (31 December 2012 – 1.55p).

Performance (total return)

	Six months ended 30 June 2013	1 year ended 30 June 2013	3 years ended 30 June 2013	5 years ended 30 June 2013
Share price	+ 25.0%	+ 64.3%	+ 108.1%	+ 84.7%
Net asset value per share	+ 14.4%	+ 36.5%	+ 74.2%	+ 59.4%
FTSE SmallCap Index (ex IC's)	+ 15.3%	+ 38.6%	+ 61.6%	+ 53.6%
FTSE All-Share Index	+ 8.5%	+ 17.9%	+ 43.5%	+ 38.2%
Markit iBoxx Sterling Non-Gilts 1-15 Years Index ^A	- 0.2%	+ 7.5%	+ 20.7%	+ 39.8%

^A Source: Aberdeen Asset Management, Markit iBoxx, Morningstar & Factset.

All figures are for total return and assume re-investment of net dividends excluding transaction costs.

Financial Calendar

30 August 2013	Announcement of unaudited Half-Yearly Financial Report for the six months ended 30 June 2013
September 2013	Half-Yearly Report published and posted to shareholders
October 2013	Third interim dividend 2013 payable to shareholders
31 December 2013	Company's financial year end
January 2014	Fourth interim dividend 2013 payable to shareholders
March 2014	Announcement of annual financial results for the year ended 31 December 2013
March 2014	Annual Report and Accounts published and posted to shareholders
17 April 2014 (12 noon)	Annual General Meeting
April 2014	First interim dividend 2014 payable to shareholders
July 2014	Second interim dividend 2014 payable to shareholders

Interim Board Report

Performance

The Trust has delivered a strong absolute return over the period. The NAV total return of Aberdeen Smaller Companies High Income Trust was 14.4% while the index rose 15.3%. It is also worth noting that smaller companies have continued to outperform their larger peers with the FTSE All Share total returning 8.5%.

After the unusual performance of recent years, when both bond and equity markets rose strongly, this period saw a divergence of returns with our equities returning 15.6%, fixed interest 2.3%, while preference shares declined 3.8%.

Portfolio Commentary

Within the equity portfolio the Trust benefited from a strong rebound in broker Numis which has had a tough few years. Whilst trading has been weak they have grown their customer base consistently highlighting the strength of their business model whilst also cutting costs to align these with the lower revenue line. Numis also retained a strong net cash balance sheet giving us comfort in their ability to pay the dividend which has been a strong contributor to the total returns they've generated. The other main contributors to the performance were Interserve, Berendsen and Intermediate Capital. The Trust has also benefited from not owning any companies in the mining sector including Talvivaara Mining, Avocet Mining and Anglo Pacific. This sector can be very volatile around swings in single commodity prices, which is not Aberdeen's style. The way your Manager sets up the fund means that if they don't like a company or sector they won't own it irrespective of the index. There were a number of names that underperformed but the main drag on performance was two companies the Trust doesn't hold, Thomas Cook and Xaar. Both had exceptional returns contributing 4% of the underperformance. We did see weakness from one of our commodity exposed companies Fenner. Whilst Fenner is linked to a diverse range of commodities and is more focused on the level of mine production than pricing they have suffered from weakness in their Australian and US markets. We also saw weakness from Elementis, RPC and Oxford Instruments. Your Manager had reduced his position in Oxford Instruments from 3% to 2% on valuation grounds but following a weak trading update he topped up his position. Your Manager has also been active in adding to his positions in Fenner and Elementis.

The bond portfolio delivered a positive 2.3% return against the iBoxx Sterling Non-Gilts 1-15yrs. It is worth explaining that your Board has been very explicit in the mandate we have given your Manager. Whilst the fund has its constituent parts we run the fund holistically and although we publish a benchmark return for our bond portfolio this is more a guide to the performance we have delivered rather than a target

we have set your Manager to deliver. The bond portfolio mandate is to protect the gearing and to boost the yield the Trust delivers which we know is important to our shareholders.

Turning to performance of the bond portfolio your Board is mindful that we have seen strong returns post the financial crisis with yields contracting sharply. We are acutely aware that this level of returns will not be possible over the next five years but we have taken action to position the portfolio given this environment. Firstly, your Manager has been in short dated bonds for some time to protect the capital losses should the yield curve move out. Secondly, they have also sold down holdings which they felt were expensive. The latter was also a reflection of the underlying yields on bonds versus the equity portfolio with the latter offering a more attractive total return. The recurring theme in our Board meetings has been how tough it is to find any value without moving out the curve or by investing in financials. After the hard work we have done over the last few years this is not a decision we wanted to take. Your Manager exited the following positions - Telefonica, Telecom Italia and Anglian Water all of which were trading at a premium to par. Your Manager also added one new position in Electricite De France which was a new issuance at par with a 6% yield.

The preference share portfolio was the weakest performing segment in the first half but given this only constitutes three companies this can be volatile in any one period. We are happy with the holdings and over the last few years we have reduced our reliance on these in the revenue account which has been a sensible decision. In terms of performance it's difficult to generalise on the sector as a whole but Balfour Beatty has seen tougher operational conditions while the financial names, Ecclesiastical and Aviva, have sold off on the back of movement in bond yields.

Financing & Gearing

Following the period end your Board have replaced the £10m floating rate debt facility. To give this a bit of context your Board discussed fixing some of the debt a number of times to protect us against rate rises. Whilst we feel rates may remain low for some time we could never say this with certainty but until now the cost of fixing has been prohibitive. With banks now more willing to lend and gearing below 20% we replaced our debt with a combination of a £5m fixed and £5m floating rate two year facility. This is a good balance and takes advantage of the current low interest rate environment whilst also giving some protection should rates rise. What is even more pleasing is that we have delivered this at a more attractive rate which helps reduce the Trust's expenses.

Whilst looking at the most appropriate method of financing, your Board also reviewed the level of gearing we had in

place. The gearing has historically been higher and over the last few years has been around 30%. We canvassed some external opinion to aid our discussions and the feedback was that 25% for a smaller companies trust was at the top end of the desired range given the retail ownership of this product. After considering these external views, and that of your Manager, your Board believed the current level of gearing was sufficient.

Dividend

Dividend growth from our companies has remained in the high single digit range which is broadly in line with what we have seen from earnings per share. Management teams remain pretty cautious despite the strong dividend cover and the strength of corporate balance sheets but this does give us comfort in the ability to continue this steady growth. What we have seen is an increase in the number of special dividends where companies feel they have excess liquidity. Elementis was the first to announce that they will return 50% of the balance sheet cash at the year-end which they saw as a reflection of the financial strength of the group. Hiscox also did a capital return while Dignity and Aveva have announced they will return capital in the second half assuming they receive shareholder approval.

As you will be aware yields on bonds are at or near historic lows hence the decision to exit a number of holdings. Subsequent share price performance suggests this was the correct decision although this has caused a small overall contraction in the level of revenue.

With the underlying growth in the dividends from equities remaining robust your Board was happy to raise the first and second quarter dividends by 3% year-on-year. Your Board and Manager currently feel well placed to grow the dividend over 2013 assuming no unforeseen circumstances.

Strategy

Your Board have been proactive in the targets we have set your Manager and are pleased that many of these have come to fruition. The holistic manner in which your Manager runs the portfolio gives them scope to allocate between asset classes to achieve the best total return. By setting your Manager a clear mandate on the bond portfolio we are encouraged that your Manager can run this sensibly with the explicit goal of protecting the gearing whilst enhancing the yield rather than targeting performance against a benchmark return. We have also been encouraged with the long-term performance track record and that this is now being reflected in the discount, which has tightened considerably over the period. Your Board and Manager have been active in marketing and we now believe the simple structure, the strong long term track record coupled with a decent yield are being more appropriately valued by the market.

Outlook

Your Board is pleased with the way the Trust is performing and the feedback we are receiving from our external shareholder meetings. Debt has been refinanced at a lower cost, dividends have grown over recent quarters and we believe we are well placed going into the second half.

At the full-year results, I wrote that we felt well placed in the medium and longer term to deliver value for our shareholders. This view has not changed and your Manager still believes that smaller companies offer an attractive investment opportunity with the recent results season starting positively for the Trust.

Carolyn Dobson

Chairman

29 August 2013

Interim Board Report continued

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Company and its subsidiaries fall into three broad categories: (i) market risk, comprising interest rate risk and other price risk, (ii) liquidity risk and (iii) credit risk. Information on each of these areas is given within the Annual Report and Accounts for the year ended 31 December 2012.

Going Concern

The Company's assets comprise mainly readily realisable securities which can be sold to meet funding commitments if necessary. Your Board considers that the Group has adequate financial resources to continue in operational existence for the foreseeable future.

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 interim financial statements contained within the Half Yearly Financial Report has been prepared in accordance with IAS34; and
- the Interim Board Report (constituting the interim management statement) includes a fair review of the information required by rules 4.2.7R of the Disclosure and Transparency Rules (being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements and a description of the principal risks for the remaining six months of the financial year) and 4.2.8R (being related party transactions that have taken place during the first six months of the financial year and that have materially affected the financial position of the Company and its subsidiary during that period; and any changes in the related party transactions described in the last annual report that could so do).

The Half Yearly Financial Report for the six months to 30 June 2013 comprises the Interim Board Report, the Directors' Responsibility Statement and a condensed set of financial statements.

For and on behalf of the Board of Aberdeen Smaller Companies High Income Trust PLC

Carolyn Dobson

Chairman

29 August 2013

Investment Portfolio – Ordinary Shares

As at 30 June 2013

Company	Sector	Market value £'000	Total portfolio %
RPC Group Europe's leading manufacturer of rigid plastic packaging which is benefitting from lightweighting, product innovation, and a pan-european footprint giving them the ability to target the large FMCG companies.	General Industrials	1,820	3.6
Wilmington Provider of B2B digital services in niche areas of compliance, pensions, and Insurance. The model is predominantly subscription based with high level of recurring revenue.	Media	1,697	3.4
XP Power XP Power designs and produces power control components. They sell critical high cost of failure low value equipment to healthcare, industrial and technology industries. Their investment into new facilities and R&D is driving future growth.	Electronic & Electrical Equipment	1,559	3.1
Euromoney Institutional Investor Online media business aimed at servicing the financial sector through their market leading BCA business. High recurring subscription base provides a solid backdrop.	Media	1,535	3.1
Fenner A specialist producer of advanced polymer solutions with two strong operating divisions – conveyor belt sales to the mining and other industries and manufacturer of a wide array of products that are all critical to the end market whilst representing a low percentage of the end product's cost.	Industrial Engineering	1,501	3.0
Berendsen European textile services business with high barriers to entry and strong customer relationships. Business has been focused around core growth opportunities which are gaining traction.	Support Services	1,483	3.0
Interserve A services, maintenance and building group operating in the public and private sectors in the UK and internationally (with significant exposure to the Middle East).	Support Services	1,460	2.9
Bellway A UK house builder which has managed its balance sheet well through a tough time for UK housebuilders.	Household Goods & Home Construction	1,410	2.8
Close Brothers A well-capitalised niche bank lender with strong market positions. They also have a growing asset management business and securities trading business, Winterflood.	Financial Services	1,354	2.7
Dechra Pharmaceuticals Develops, manufactures and distributes veterinary pharmaceuticals with excellent opportunities to expand further into both Europe and the US.	Pharmaceuticals & Biotechnology	1,345	2.7
Ten largest investments		15,164	30.3

Investment Portfolio – Ordinary Shares continued

Company	Sector	Market value £'000	Total portfolio %
Morgan Sindall	Construction & Materials	1,340	2.7
Rathbone Brothers	Financial Services	1,338	2.7
Elementis	Chemicals	1,296	2.6
BBA Aviation	Industrial Transportation	1,288	2.6
Chesnara	Life Insurance	1,233	2.5
TT Electronics	Electronic & Electrical Equipment	1,201	2.4
Helical Bar	Real Estate Investment & Services	1,177	2.3
The Restaurant Group	Travel & Leisure	1,080	2.1
Numis Corporation	Financial Services	1,072	2.1
Fuller Smith & Turner 'A'	Travel & Leisure	1,068	2.1
Twenty largest investments		27,257	54.4
Dignity	General Retailers	1,005	2.0
Hiscox	Non Life Insurance	988	2.0
Bloomsbury Publishing	Media	958	1.9
Huntsworth	Media	929	1.8
Fisher James	Industrial Transportation	925	1.8
Mothercare	General Retailers	892	1.8
Savills	Real Estate Investment & Services	879	1.8
Intermediate Capital Group	Financial Services	861	1.7
Aveva Group	Software & Computer Services	860	1.7
Robert Walters	Support Services	839	1.7
Thirty largest investments		36,393	72.6
Devro	Food Producers	830	1.7
Victrex	Chemicals	769	1.5
Oxford Instruments	Electronic & Electrical Equipment	768	1.5
AG Barr	Beverages	765	1.5
Keller Group	Construction & Materials	644	1.3
Acal	Support Services	643	1.3
McBride	Household Goods & Home Construction	634	1.3
Greggs	Food & Drug Retailers	593	1.2
Domino Printing	Electronic & Electrical Equipment	562	1.1
Menzies (John)	Support Services	513	1.0
Forty largest investments		43,114	86.0
Majestic Wine	General Retailers	344	0.7
Total Ordinary shares		43,458	86.7

Investment Portfolio - Other Investments

As at 30 June 2013

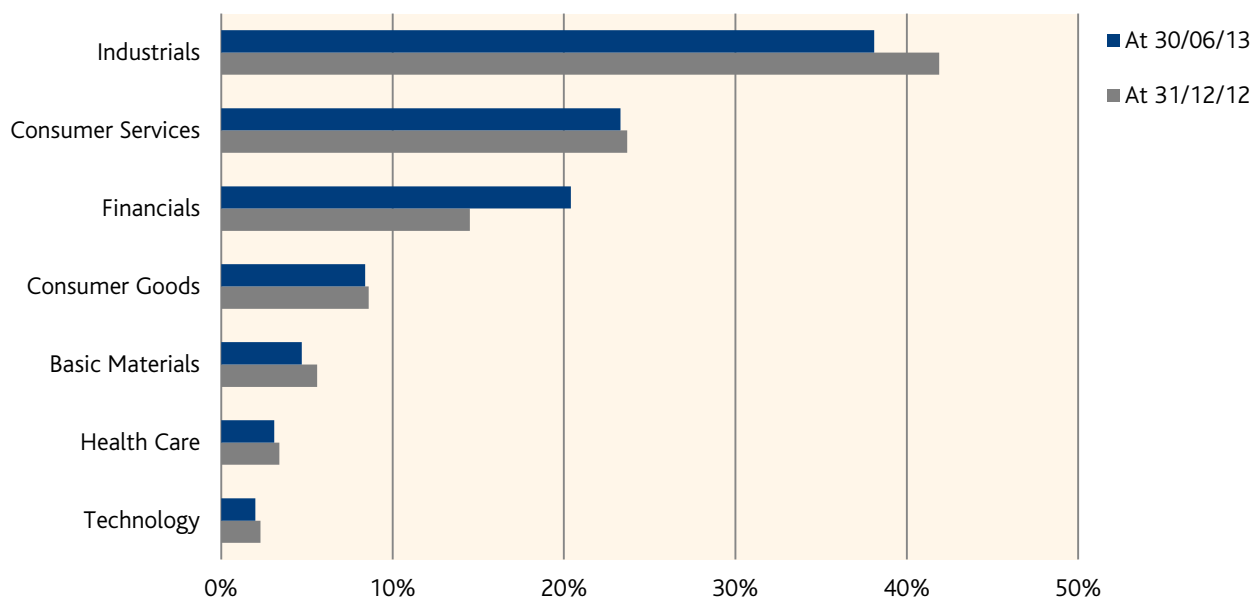
Company	Market value £'000	Total portfolio %
Convertibles		
Balfour Beatty Cum Conv 10.75%	1,035	2.1
Total Convertibles	1,035	2.1
Corporate Bonds		
National Westminster 5.98%	682	1.4
Stagecoach Group 5.75% 2016	661	1.3
Wales & West Utilities Finance 6.75% 2036	579	1.1
Electricite de France 6% ^A	493	1.0
Anglian Water 4.5% 2026	487	1.0
Total Corporate Bonds	2,902	5.8
Preference shares		
General Accident 8.875%	1,036	2.1
Aviva 8.75%	1,021	2.0
Ecclesiastical Insurance 8.625%	657	1.3
Total Preference shares	2,714	5.4
Warrants		
Andes Energia 10/12/17 ^B	–	–
Total Warrants	–	–
Total Other Investments	6,651	13.3
Total Investments	50,109	100.0

^A All investments are listed on the London Stock Exchange (Sterling based) except those marked, which are listed on overseas exchanges based in sterling.

^B Unlisted.

Portfolio Analysis

Analysis of Equity Portfolio



Distribution of Assets and Liabilities

	Valuation at 31 December 2012		Movement during the period				Valuation at 30 June 2013	
	£'000	%	Purchases £'000	Sales £'000	Other ^A £'000	Gains/ (losses) £'000	£'000	%
Listed investments								
Ordinary shares	36,698	98.0	5,890	(4,041)	–	4,911	43,458	103.1
Convertibles	1,098	2.9	–	–	–	(63)	1,035	2.5
Corporate Bonds	4,952	13.2	992	(3,139)	(15)	112	2,902	6.9
Preference shares	2,946	7.9	–	–	–	(232)	2,714	6.4
	45,694	122.0	6,882	(7,180)	(15)	4,728	50,109	118.9
Current assets	1,965	5.2					2,326	5.5
Short-term loan	(10,000)	(26.7)					(10,000)	(23.7)
Other current liabilities	(193)	(0.5)					(294)	(0.7)
Net assets	37,466	100.0					42,141	100.0
Net asset value per share	169.45p						190.60p	

^A Represents amortisation costs on debt securities of £15,000.

Condensed Statement of Comprehensive Income

	Notes	Six months ended 30 June 2013 (unaudited)			Six months ended 30 June 2012 (unaudited)			Year ended 31 December 2012 (audited)		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Dividend income		972	–	972	834	–	834	1,486	–	1,486
Interest income from investments		166	(15)	151	198	(26)	172	392	(40)	352
Other income		–	–	–	2	–	2	2	–	2
Gains on investments held at fair value		–	4,728	4,728	–	2,640	2,640	–	8,356	8,356
Total income		1,138	4,713	5,851	1,034	2,614	3,648	1,880	8,316	10,196
Expenses										
Investment management fees		(97)	(97)	(194)	(79)	(79)	(158)	(164)	(164)	(328)
Other administrative expenses		(165)	–	(165)	(181)	–	(181)	(318)	–	(318)
Finance costs of borrowing		(66)	(66)	(132)	(73)	(73)	(146)	(141)	(141)	(282)
Profit before taxation		810	4,550	5,360	701	2,462	3,163	1,257	8,011	9,268
Taxation	2	–	–	–	–	–	–	–	–	–
Profit attributable to equity holders	3	810	4,550	5,360	701	2,462	3,163	1,257	8,011	9,268
Earnings per Ordinary share (pence)	4	3.66	20.58	24.24	3.17	11.14	14.31	5.69	36.23	41.92

The total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with IFRS. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

The Company does not have any income or expense that is not included in profit for the period, and therefore the "Profit attributable to equity holders" is also the "Total comprehensive income attributable to equity holders" as defined in IAS 1 (revised).

All items in the above statement derive from continuing operations.

Condensed Balance Sheet

	Notes	As at 30 June 2013 (unaudited) £'000	As at 30 June 2012 (unaudited) £'000	As at 31 December 2012 (audited) £'000
Non-current assets				
Ordinary shares		43,458	32,085	36,698
Convertibles		1,035	1,116	1,098
Corporate bonds		2,902	4,605	4,952
Preference shares		2,714	2,545	2,946
Securities at fair value		50,109	40,351	45,694
Current assets				
Cash and cash equivalents		1,763	1,391	1,602
Other receivables		563	433	363
Total current assets		2,326	1,824	1,965
Total assets		52,435	42,175	47,659
Current liabilities				
Short-term loan		(10,000)	–	(10,000)
Trade and other payables		(294)	(150)	(193)
Total current liabilities		(10,294)	(150)	(10,193)
Non-current liabilities				
Long-term loan		–	(10,000)	–
Total liabilities		(10,294)	(10,150)	(10,193)
Net assets		42,141	32,025	37,466
Issued capital and reserves attributable to equity holders				
Called-up share capital		11,055	11,055	11,055
Share premium account		11,892	11,892	11,892
Capital redemption reserve		2,032	2,032	2,032
Capital reserve	5	15,110	5,011	10,560
Revenue reserve		2,052	2,035	1,927
Equity shareholders' funds		42,141	32,025	37,466
Net asset value per Ordinary share (pence)	4	190.60	144.85	169.45

Condensed Statement of Changes in Equity

Six months ended 30 June 2013 (unaudited)

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 December 2012		11,055	11,892	2,032	10,560	1,927	37,466
Revenue profit for the period		–	–	–	–	810	810
Capital profit for the period		–	–	–	4,550	–	4,550
Equity dividends	3	–	–	–	–	(685)	(685)
Balance at 30 June 2013		11,055	11,892	2,032	15,110	2,052	42,141

Six months ended 30 June 2012 (unaudited)

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 December 2011		11,055	11,892	2,032	2,549	1,997	29,525
Revenue profit for the period		–	–	–	–	701	701
Capital profit for the period		–	–	–	2,462	–	2,462
Equity dividends	3	–	–	–	–	(663)	(663)
Balance at 30 June 2012		11,055	11,892	2,032	5,011	2,035	32,025

Year ended 31 December 2012 (audited)

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 December 2011		11,055	11,892	2,032	2,549	1,997	29,525
Revenue profit for the year		–	–	–	–	1,257	1,257
Capital profit for the year		–	–	–	8,011	–	8,011
Equity dividends	3	–	–	–	–	(1,327)	(1,327)
Balance at 31 December 2012		11,055	11,892	2,032	10,560	1,927	37,466

Condensed Cash Flow Statement

	Six months ended 30 June 2013 (unaudited) £'000	Six months ended 30 June 2012 (unaudited) £'000	Year ended 31 December 2012 (audited) £'000
Cash flows from operating activities			
Investment income received	1,076	972	1,932
Other income received	–	2	–
Investment management fees paid	(183)	(154)	(316)
Other cash expenses	(153)	(177)	(298)
Cash generated from operations	740	643	1,318
Interest paid	(152)	(161)	(269)
Net cash inflows from operating activities	588	482	1,049
Cash flows from investing activities			
Purchases of investments	(6,775)	(3,033)	(5,669)
Sales of investments	7,033	3,556	6,500
Net cash inflows from investing activities	258	523	831
Cash flows from financing activities			
Equity dividends paid	(685)	(663)	(1,327)
Net cash outflows from financing activities	(685)	(663)	(1,327)
Net increase in cash and cash equivalents	161	342	553
Cash and cash equivalents at the start of the period	1,602	1,049	1,049
Cash and cash equivalents at the end of the period	1,763	1,391	1,602
Cash and cash equivalents comprise:			
Cash and cash equivalents	1,763	1,391	1,602

Notes to the Accounts

1. Accounting policies

(a) Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') 34 – 'Interim Financial Reporting', as adopted by the International Accounting Standards Board ('IASB'), and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') of the IASB. They have also been prepared using the same accounting policies applied for the year ended 31 December 2012 financial statements, which received an unqualified audit report.

The subsidiary company was wound up during the year ended 31 December 2012 and therefore consolidated accounts are no longer required to be prepared.

(b) Dividends payable

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

2. Taxation

The taxation expense reflected in the Condensed Statement of Comprehensive Income is based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 December 2013 is 23.25%.

3. Dividends

The following table shows the revenue for each period less the dividends declared in respect of the financial period to which they relate.

	Six months ended 30 June 2013 £'000	Six months ended 30 June 2012 £'000	Year ended 31 December 2012 £'000
Revenue	810	701	1,257
Dividends declared	(685) ^A	(663) ^B	(1,338) ^C
	125	38	(81)

^A Dividends declared relate to first two interim dividends (both 1.55p each) declared in respect of the financial year 2013.

^B Dividends declared relate to first two interim dividends (both 1.50p each) declared in respect of the financial year 2012.

^C Dividends declared relate to the four interim dividends declared in respect of the financial year 2012 totalling 6.05p.

	Six months ended 30 June 2013 p	Six months ended 30 June 2012 p	Year ended 31 December 2012 p
4. Return and net asset value per share			
Revenue return	3.66	3.17	5.69
Capital return	20.58	11.14	36.23
Total return	24.24	14.31	41.92

The returns per share are based on the following figures:

Notes to the Accounts continued

	Six months ended 30 June 2013 £'000	Six months ended 30 June 2012 £'000	Year ended 31 December 2012 £'000
Revenue return	810	701	1,257
Capital return	4,550	2,462	8,011
Total return	5,360	3,163	9,268
Weighted average number of Ordinary shares in issue	22,109,765	22,109,765	22,109,765

The net asset value per share is based on net assets attributable to shareholders of £42,141,000 (30 June 2012 – £32,025,000; 31 December 2012 – £37,466,000) and on 22,109,765 (30 June 2012 – 22,109,765; 31 December 2012 – 22,109,765) Ordinary shares in issue at each period end.

5. Capital reserves

The capital reserve reflected in the Balance Sheet at 30 June 2013 includes gains of £11,635,000 (30 June 2012 – gains of £3,930,000; 31 December 2012 – gains of £9,357,000) which relate to the revaluation of investments held at the reporting date.

6. Transaction costs

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

	Six months ended 30 June 2013 £'000	Six months ended 30 June 2012 £'000	Year ended 31 December 2012 £'000
Purchases	29	17	30
Sales	5	4	7
	34	21	37

7. Publication of non-statutory accounts

The financial information contained in this Half-Yearly Financial Report does not constitute statutory accounts as defined in Sections 434 – 436 of the Companies Act 2006. The financial information for the six months ended 30 June 2013 and 30 June 2012 has not been audited.

The information for the year ended 31 December 2012 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies. The report of the auditors on those accounts contained no qualification or statement under Section 498 (2), (3) or (4) of the Companies Act 2006.

8. This Half-Yearly Financial Report was approved by the Board on 29 August 2013.

How to Invest in Aberdeen Smaller Companies High Income Trust PLC

Direct

Investors can buy and sell shares in Aberdeen Smaller Companies High Income Trust PLC (the "Company") directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively shares can be bought directly through Aberdeen's Investment Plan for Children, Aberdeen's Investment Trust Share Plan and Investment Trust ISA.

Aberdeen's Investment Plan for Children

Aberdeen Asset Managers Limited ("AAM") runs an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including the Company. Anyone can invest in the Children's Plan, including parents, grandparents and family friends. All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing AAM in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts.

Aberdeen's Investment Trust Share Plan

AAM runs a Share Plan (the "Plan") through which shares in the Company can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing AAM in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

Stocks and Shares ISA

An investment of up to £11,520 in the Company can be made in the tax year 2013/2014. 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 administration charge is £24 + VAT, calculated annually and deducted on 31 March (or the last business day in March) either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the Plan prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the Plan, from

the sale of investments held in the Plan. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

You can choose to transfer the management of previous tax year investments to AAM for investment in the Company while retaining your ISA wrapper. The minimum lump sum transfer is £1,000, subject to a minimum per trust of £250.

Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread. Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs may be changed by future legislation.

Keeping You Informed

For internet users, detailed data on the Company, including price, performance information and a monthly fact sheet is available from the Trust's website (www.aberdeensmallercompanies.co.uk) and the TrustNet website (www.trustnet.co.uk). You can also call 0500 00 00 40 for information.

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 Investment Plan for Children, Share Plan, ISA or ISA Transfer please contact:

Aberdeen Investment Trust Administration
PO Box 11020
Chelmsford
Essex CM99 2DB
Telephone: 0500 00 00 40

The information above is issued and has been approved for the purposes of the Financial Services and Markets Act 2000 by Aberdeen Asset Managers Limited, Bow Bells House, 1 Bread Street, London EC4M 9HH which is authorised and regulated by the Financial Conduct Authority.

Corporate Information

Directors

Carolán Dobson, Chairman
Robert Lister
Barry Rose
James West

Managers

Aberdeen Asset Managers Limited
40 Princes Street
Edinburgh
EH2 2BY

Secretaries and Registered Office

Aberdeen Asset Management PLC
40 Princes Street
Edinburgh
EH2 2BY

Company Registration Number

SC137448 (Scotland)

Auditors

KPMG Audit Plc

Solicitors

Maclay Murray & Spens LLP

Registrars and Transfer Office

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Telephone 0871 384 2030
Shareview dealing helpline 0871 384 2020
Textel/Hard of hearing line 0871 384 2255

(Calls to Equiniti using the above numbers are charged at 8p per minute from a BT landline. Other telephony providers' costs may vary)

Website

www.aberdeensmallercompanies.co.uk

