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# SMALL COMPANIES DIVIDEND TRUST PLC

## Half-Yearly Report

for the six months ended 31 October 2015

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## Investment Objective and Policy

The investment objective of Small Companies Dividend Trust PLC ('the Company') is to provide Ordinary shareholders with a high income and opportunity for capital growth, having provided a capital return sufficient to repay the final capital entitlement of the Zero Dividend Preference shares issued by the subsidiary company, Small Companies ZDP PLC ('SCZ').

Small Companies Dividend Trust PLC, incorporated on 3 September 2003 with number 3749536, and its subsidiary Small Companies ZDP PLC, incorporated on 13 July 2012 with number 8142169, together form the Group ('the Group'). The Group's funds are invested principally in smaller capitalised UK companies. The portfolio comprises companies listed on the Official List and companies admitted to trading on AIM. The Group does not invest in other investment trusts or in unquoted companies. No investment is made in preference shares, loan stock or notes, convertible securities or fixed interest securities.

## Financial Highlights

	<b>31 October</b>	30 April	
<b>Capital</b>	<b>2015</b>	2015	% change
Total net assets (£'000)	<b>36,102</b>	32,349	11.60
Net asset value per Ordinary share	<b>218.14p</b>	195.46p	11.60
Mid-market price per Ordinary share	<b>190.00p</b>	162.25p	17.10
Discount	<b>12.90%</b>	16.99%	
Net asset value per Zero Dividend Preference share	<b>120.33p</b>	116.85p	2.98
Mid-market price per Zero Dividend Preference share	<b>126.50p</b>	126.00p	0.40
Premium	<b>5.13%</b>	7.83%	
	<b>Six months to</b>	Six months to	
	<b>31 October</b>	31 October	
	<b>2015</b>	2014	% change
<b>Revenue</b>			
Return per Ordinary share	<b>6.41p</b>	5.00p	28.22
Dividend per Ordinary share*	<b>3.40p</b>	3.15p	7.94
<b>Total Return</b>			
Total return on Group's net assets**	<b>13.85%</b>	(2.35)%	

\* Dividend per Ordinary share includes the first interim paid and second interim declared for the period to 31 October 2015 and 2014 and will differ from the amounts disclosed within the statement of changes in net equity, owing to the timings of payments.

\*\* Adding back dividends distributed in the period.

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## Interim Management Report

### Results

This Half-Yearly Report covers the six months to 31 October 2015. The net asset value per Ordinary share at 31 October 2015 was 218.14p up from 195.46p at 30 April 2015, an increase of 11.6% in the past six months compared to a decrease of 2.02% in the MSCI Small Cap Index.

Since the beginning of the Company's financial year, the Ordinary share price increased from 162.25p to 190.00p at 31 October 2015, an increase of 17.1% whilst the discount decreased from 16.99% to 12.90% over the same period. On 2 December 2015 the share price stood at 193.00p.

### Dividend

A first interim dividend of 1.70p (2014: 1.575p) per Ordinary share was paid on 5 October 2015. The Board has declared a second interim dividend of 1.70p per Ordinary share (2014: 1.575p) payable on 5 January 2016 to shareholders on the register on 11 December 2015, making a total for the half year of 3.40p per Ordinary share (2014: 3.15p) an increase of 7.9%. At present it is anticipated that the Company will maintain this level of dividend for the third quarter and that the fourth interim dividend will be at the same level as last year.

### Portfolio

In the last six months we have increased our investment in 20 of our existing holdings, taking advantage of lower share prices, being Belvoir Lettings, Kier Group, Numis, Mucklow (A & J) Group, NWF Group, Shoe Zone, DX Group, Jarvis Securities, Games Workshop Group, Connect Group, Castings, Moss Bros Group, Charlemagne Capital, Brown (N) Group, Grafenia, Coral Products, Brewin Dolphin Holdings, Chamberlin, Dee Valley Group and GLI Finance.

In addition we have added 13 new names to the portfolio: RWS Group – intellectual property translation and filing; Fenner – a previous holding and a manufacturer of industrial belting and other polymer products; Orchard Funding Group – funding for accounting firms and small businesses; Cape – specialist energy and industrial services; RPS Group – energy resources and industrial consultancy; Amino Technologies – digital entertainment solutions; RTC Group – recruitment; StatPro Group – software for asset management; Ashmore Group – asset manager specialising in emerging markets; UBM – multinational media; Foxtons Group – estate agents and property management; Curtis Banks Group – provider of SIPPS and SSAS; and Galliford Try – construction and housebuilding. Curtis Banks Group and Orchard Funding Group were new issues that floated in the period.

Funds were raised from the sale of six of our holdings: Amlin, Nationwide Accident Repair and Phoenix IT Group (all taken over in the period), Ladbrokes, Majestic Wine and Marshalls. The following holdings were reduced as they grew to become larger weightings on lower yields: Portmeirion Group, Novae Group, Menzies (John), Sanderson Group, Trifast, Dairy Crest Group, Epwin Group, Go-Ahead Group, Acal, Intermediate Capital Group, Stadium Group, Macfarlane Group, Alumasc Group (The) and Curtis Banks Group.

Unfortunately it is disappointing to report that William Sinclair Holdings went into administration in the period as a result of over-ambitious expansion and cost overruns on moving the processing plant.

### Outlook

Following a period of strong share price growth, Small and Mid-Cap companies are now consolidating their gains achieved over the past six months. The reported earnings in the first quarter of 2016 will need to show steady improvement to continue this share price progress.

It is pleasing to highlight three takeovers in the past six months, which is a considerable increase over any six-month period for the past seven years. It is likely that there will be more takeovers in the next period.

UK growth remains encouraging and it is hoped that growth in the Eurozone will gradually begin to move more positively in the near future. Matters European, the referendum, the migrant crisis and the ongoing problems in Greece and Portugal continue to cloud the economic outlook.

The dividends of the underlying companies continue to be increased in a robust fashion and we believe that this will continue into 2016, with 'hoarding cash' still remaining unattractive as deposit rates remain at historically low levels.

*Chelverton Asset Management Limited*  
2 December 2015

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## Principal Risks

The principal risks facing the Group are substantially unchanged since the date of the Annual Report for the year ended 30 April 2015 and continue to be as set out in that report on pages 8 to 9. Risks faced by the Group include, but are not limited to, market risk, discount volatility, regulatory risk, financial risk and risks associated with banking counterparties.

## Responsibility Statement of the Directors in respect of the Half-Yearly Report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in compliance with the IAS 34 'Interim Financial Reporting' and gives a true and fair view of the assets, liabilities and financial position of the Group; and
- the interim management report and notes to the Half-Yearly Report include a fair view of the information required by:
  - (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of the 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 and uncertainties for the remaining six months of the year; and
  - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period; and any changes in the related party transactions described in the last annual report that could do so.

This Half-Yearly Report was approved by the Board of Directors on 1 December 2015 and the above responsibility statement was signed on its behalf by Lord Lamont, Chairman.

## Condensed Consolidated Statement of Comprehensive Income (unaudited)

for the six months ended 31 October 2015

	Six months to 31 October 2015			Year to 30 April 2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments at fair value through profit or loss	–	3,888	3,888	–	1,638	1,638
Investment income	1,223	–	1,223	1,825	–	1,825
Investment management fee	(58)	(175)	(233)	(101)	(303)	(404)
Other expenses	(104)	4*	(100)	(200)	(20)	(220)
Exchange differences	–	(1)	(1)	–	–	–
<b>Net return/(deficit) before finance costs and taxation</b>	<b>1,061</b>	<b>3,716</b>	<b>4,777</b>	<b>1,524</b>	<b>1,315</b>	<b>2,839</b>
<b>Finance costs</b>						
Appropriations in respect of Zero Dividend Preference shares	–	(296)	(296)	–	(562)	(562)
<b>Net return/(deficit) before taxation</b>	<b>1,061</b>	<b>3,420</b>	<b>4,481</b>	<b>1,524</b>	<b>753</b>	<b>2,277</b>
Taxation (see note 2)	–	–	–	–	–	–
<b>Net return/(deficit) after taxation</b>	<b>1,061</b>	<b>3,420</b>	<b>4,481</b>	<b>1,524</b>	<b>753</b>	<b>2,277</b>
	<b>Revenue</b>	<b>Capital</b>	<b>Total</b>	<b>Revenue</b>	<b>Capital</b>	<b>Total</b>
	<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
<b>Return per:</b>						
<b>Ordinary share</b> (see note 3)	<b>6.41</b>	<b>20.66</b>	<b>27.07</b>	<b>9.21</b>	<b>4.55</b>	<b>13.76</b>
<b>Zero Dividend Preference share</b> (see note 3)	<b>n/a</b>	<b>3.48</b>	<b>3.48</b>	<b>n/a</b>	<b>6.61</b>	<b>6.61</b>

\* During the period there were £6,000 of capital expenses paid by the Company, however after a £10,000 accrued capital expense for Stock Exchange listing fees had been written off, there was a positive £4,000 net position.

The total column of this statement is the Statement of Comprehensive Income of the Group prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union. All revenue and capital items in the above statement derive from continuing operations. All of the net return for the period and the total comprehensive income for the period is attributed to the shareholders of the Group. The supplementary revenue and capital return columns are presented for information purposes as recommended by the Statement of Recommended Practice issued by the Association of Investment Companies ('AIC').

Six months to 31 October  
2014

Revenue	Capital	Total
£'000	£'000	£'000

–	(1,135)	(1,135)
978	–	978
(50)	(149)	(199)
(100)	(11)	(111)
–	–	–

Gains/(losses) on investments at fair value through profit or loss  
Investment income  
Investment management fee  
Other expenses  
Exchange differences

828	(1,295)	(467)
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**Net return/(deficit) before finance costs and taxation**

–	(279)	(279)
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**Finance costs**

Appropriations in respect of Zero Dividend Preference shares

828	(1,574)	(746)
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**Net return/(deficit) before taxation**

Taxation (see note 2)

–	–	–
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828	(1,574)	(746)
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**Net return/(deficit) after taxation**

Revenue	Capital	Total
pence	pence	pence

5.00	(9.51)	(4.51)
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**Return per:**

**Ordinary share**

(see note 3)

**Zero Dividend Preference share**

(see note 3)

n/a	3.28	3.28
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## Condensed Consolidated Statement of Changes in Net Equity (unaudited)

for the six months ended 31 October 2015

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
<b>Six months ended 31 October 2015</b>					
30 April 2015	4,138	12,403	13,832	1,976	32,349
Total comprehensive return for the period	–	–	3,420	1,061	4,481
Dividends paid (see note 4)	–	–	–	(728)	(728)
	<u>4,138</u>	<u>12,403</u>	<u>17,252</u>	<u>2,309</u>	<u>36,102</u>
31 October 2015	<u>4,138</u>	<u>12,403</u>	<u>17,252</u>	<u>2,309</u>	<u>36,102</u>
<b>Year ended 30 April 2015 (audited)</b>					
30 April 2014	4,138	12,403	13,079	2,086	31,706
Total comprehensive return for the year	–	–	753	1,524	2,277
Dividends paid	–	–	–	(1,634)	(1,634)
	<u>4,138</u>	<u>12,403</u>	<u>13,832</u>	<u>1,976</u>	<u>32,349</u>
30 April 2015	<u>4,138</u>	<u>12,403</u>	<u>13,832</u>	<u>1,976</u>	<u>32,349</u>
<b>Six months ended 31 October 2014</b>					
30 April 2014	4,138	12,403	13,079	2,086	31,706
Total comprehensive return for the period	–	–	(1,574)	828	(746)
Dividends paid	–	–	–	(1,113)	(1,113)
	<u>4,138</u>	<u>12,403</u>	<u>11,505</u>	<u>1,801</u>	<u>29,847</u>
31 October 2014	<u>4,138</u>	<u>12,403</u>	<u>11,505</u>	<u>1,801</u>	<u>29,847</u>

## Condensed Consolidated Balance Sheet (unaudited)

as at 31 October 2015

	31 October 2015 £'000	30 April 2015 £'000 (audited)	31 October 2014 £'000
<b>Non-current assets</b>			
Investments at fair value through profit or loss	46,032	41,681	39,371
<b>Current assets</b>			
Trade and other receivables	425	278	240
Cash and cash equivalents	329	489	51
	<u>754</u>	<u>767</u>	<u>291</u>
<b>Total assets</b>	<u>46,786</u>	<u>42,448</u>	<u>39,662</u>
<b>Current liabilities</b>			
Trade and other payables	(456)	(167)	(166)
<b>Total assets less current liabilities</b>	<u>46,330</u>	<u>42,281</u>	<u>39,496</u>
<b>Non-current liabilities</b>			
Zero Dividend Preference shares	(10,228)	(9,932)	(9,649)
<b>Total liabilities</b>	<u>(10,684)</u>	<u>(10,099)</u>	<u>(9,815)</u>
<b>Net assets</b>	<u>36,102</u>	<u>32,349</u>	<u>29,847</u>
<b>Represented by:</b>			
Share capital	4,138	4,138	4,138
Share premium account	12,403	12,403	12,403
Capital reserve	17,252	13,832	11,505
Revenue reserve	2,309	1,976	1,801
<b>Equity shareholders' funds</b>	<u>36,102</u>	<u>32,349</u>	<u>29,847</u>
<b>Net asset value per:</b> (see note 5)	<b>pence</b>	<b>pence</b>	<b>pence</b>
Ordinary share	218.14	195.46	180.34
Zero Dividend Preference share	120.33	116.85	113.52

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## Condensed Consolidated Statement of Cash Flows (unaudited)

for the six months ended 31 October 2015

	Six months to 31 October 2015 £'000	Year to 30 April 2015 £'000 (audited)	Six months to 31 October 2014 £'000
<b>Operating activities</b>			
Investment income received	1,260	1,839	1,034
Investment management fee paid	(219)	(404)	(203)
Administration and secretarial fees paid	(27)	(69)	(31)
Other cash payments	(98)	(156)	(86)
<b>Net cash inflow from operating activities</b> (see note 7)	<b>916</b>	<b>1,210</b>	<b>714</b>
<b>Investing activities</b>			
Purchases of investments	(7,393)	(8,667)	(3,844)
Sales of investments	7,046	9,444	4,158
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(347)</b>	<b>777</b>	<b>314</b>
<b>Financing activities</b>			
Dividends paid	(728)	(1,634)	(1,113)
<b>Net cash outflow from financing activities</b>	<b>(728)</b>	<b>(1,634)</b>	<b>(1,113)</b>
<b>(Decrease)/increase in cash and cash equivalents for period</b>	<b>(159)</b>	<b>353</b>	<b>(85)</b>
<b>Exchange movements</b>	<b>(1)</b>	<b>–</b>	<b>–</b>
<b>Cash and cash equivalents at start of period</b>	<b>489</b>	<b>136</b>	<b>136</b>
<b>Cash and cash equivalents at end of period</b>	<b>329</b>	<b>489</b>	<b>51</b>

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## Notes to the Condensed Half-Yearly Report

for the six months ended 31 October 2015

### 1 General information

The financial information contained in this Half-Yearly Report does not constitute statutory financial statements as defined in Section 434 of the Companies Act 2006. The statutory financial statements for the year ended 30 April 2015, which contained an unqualified auditors' report, have been lodged with the Registrar of Companies and did not contain a statement required under the Companies Act 2006. These statutory financial statements were prepared under International Financial Reporting Standards ('IFRS') and in accordance with the Statement of Recommended Practice ('SORP'): Financial Statements of Investment Trust Companies and Venture Capital Trusts issued by the AIC in November 2014, except to any extent where it conflicts with IFRS.

The Group has considerable financial resources and therefore the Directors believe that the Group is well placed to manage its business risks and also believe that the Group will have sufficient resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing this report.

This report has not been reviewed by the Group's Auditors.

This report has been prepared using accounting policies adopted in the audited financial statements for the year ended 30 April 2015. This report has also been prepared in compliance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The Group has adequate financial resources and, as a consequence, the Directors believe that the Group is well placed to manage its business risks successfully and continue to adopt the going concern basis for this report.

### 2 Taxation

The Company has an effective tax rate of 0%. The estimated effective tax rate is 0% as investment gains are exempt from tax owing to the Company's status as an Investment Trust and there is expected to be an excess of management expenses over taxable income and thus there is no charge for corporation tax.

### 3 Return per share Ordinary shares

Revenue return per Ordinary share is based on revenue on ordinary activities after taxation of £1,061,000 (30 April 2015: £1,524,000, 31 October 2014: £828,000) and on 16,550,000 (30 April 2015: 16,550,000, 31 October 2014: 16,550,000) Ordinary shares, being the weighted average number of Ordinary shares in issue during the period.

Capital return per Ordinary share is based on the capital profit of £3,420,000 (30 April 2015: capital profit of £753,000, 31 October 2014: capital loss of £1,574,000) and on 16,550,000 (30 April 2015: 16,550,000, 31 October 2014: 16,550,000) Ordinary shares, being the weighted average number of Ordinary shares in issue during the period.

#### Zero Dividend Preference shares

Capital return per Zero Dividend Preference share is based on allocations from the Company of £296,000 (30 April 2015: £562,000, 31 October 2014: £279,000) and on 8,500,000 (30 April 2015: 8,500,000, 31 October 2014: 8,500,000) Zero Dividend Preference shares being the weighted average number of Zero Dividend Preference shares in issue during the period.

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## Notes to the Condensed Half-Yearly Report (continued)

for the six months ended 31 October 2015

### 4 Dividends

During the period, a fourth interim dividend of 2.4p per Ordinary share and a special dividend of 0.3p per Ordinary share for the year ended 30 April 2015, together with a first interim dividend of 1.7p per Ordinary share for the year ending 30 April 2016, have been paid to shareholders.

In addition the Board has declared a second interim dividend of 1.7p per Ordinary share payable on 5 January 2016 to shareholders on the register at 18 December 2015.

### 5 Net asset values

#### Ordinary shares

The net asset value per Ordinary share is based on assets attributable of £36,102,000 (30 April 2015: £32,349,000, 31 October 2014: £29,847,000) and on 16,550,000 (30 April 2015: 16,550,000, 31 October 2014: 16,550,000) Ordinary shares being the number of shares in issue at the period end.

#### Zero Dividend Preference shares

The net asset value per Zero Dividend Preference shares is based on assets attributable of £10,228,000 (30 April 2015: £9,932,000, 31 October 2014: £9,649,000) and on 8,500,000 (30 April 2015: 8,500,000, 31 October 2014: 8,500,000) Zero Dividend Preference shares being the number of shares in issue at the period end.

### 6 Fair value hierarchy

Financial assets and financial liabilities of the Company are carried in the condensed Consolidated Balance Sheet at their fair value. The fair value is the amount at which the asset could be sold or the liability transferred in a current transaction between market participants, other than a forced or liquidation sale. For investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange quoted market bid prices and Stock Exchange Electronic Trading Services ('SETS') at last trade price at the Balance Sheet date, without adjustment for transaction costs necessary to realise the asset.

The Company measures fair values using the following hierarchy that reflects the significance of the inputs used in making the measurements. Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant assets as follows:

- Classification A – Quoted prices in active markets for identical assets or liabilities.

Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis.

- Classification B – The price of a recent transaction for an identical asset, where quoted prices are unavailable.

The price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If it can be demonstrated that the last transaction price is not a good estimate of fair value (e.g. because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted.

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## 6 Fair value hierarchy (continued)

- Classification C – This is split into two categories:

(i) inputs for the asset or liability that are based on observable market data;

(ii) inputs for the asset or liability that are based on unobservable market data;

to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

As at 31 October 2015, 30 April 2015 and 31 October 2014 all of the Company's investments are classified as Level A.

## 7 Reconciliation of net return/(deficit) before and after taxation to net cash inflow from operating activities

	<b>31 October</b>	30 April	31 October
	<b>2015</b>	2015	2014
	<b>£'000</b>	£'000	£'000
Net return/(deficit) before and after taxation	<b>4,481</b>	2,277	(746)
Net capital (return)/loss	<b>(3,420)</b>	(753)	1,574
Decrease in receivables	<b>29</b>	13	51
Decrease in payables	<b>(3)</b>	(4)	(5)
Interest and expenses charged to the capital reserve	<b>(171)</b>	(323)	(160)
	<u><b>916</b></u>	<u>1,210</u>	<u>714</u>
<b>Net cash inflow from operating activities</b>	<b>916</b>	1,210	714

## 8 Related party transactions

The Group's investments are managed by Chelverton Asset Management Limited, a company in which Mr van Heesewijk, a Director of the Company and the subsidiary, has an interest. The amounts paid to the Investment Manager in the period to 31 October 2015 were £233,000 (year ended 30 April 2015: £404,000, six months to 31 October 2014: £199,000).

At 31 October 2015 there were amounts outstanding to be paid to the Investment Manager of £117,000 (year ended 30 April 2015: £104,000, six months to 31 October 2014: £99,000).

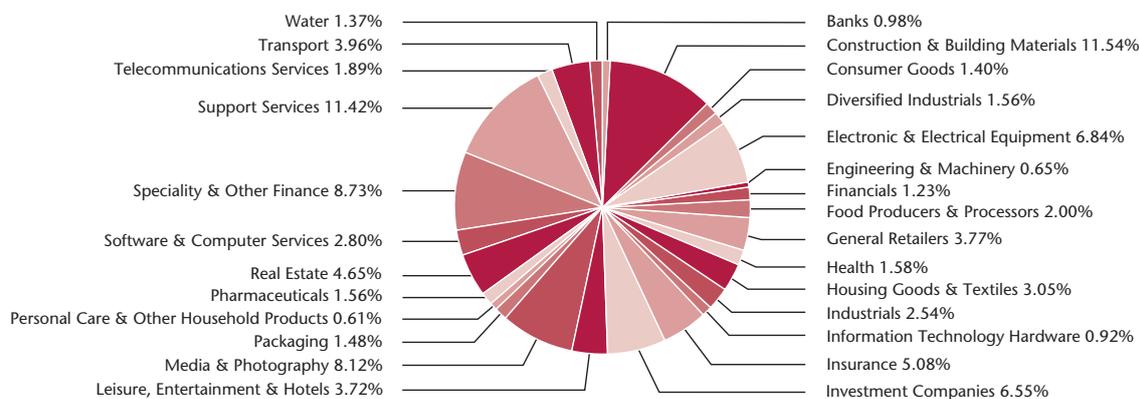
## Principal Portfolio Investments

as at 31 October 2015

### Top 20 holdings

	Industrial classification	Market value £'000	% of portfolio
Avesco Group	Media	1,596	3.5
Connect Group	Support Services	1,171	2.5
Alumasc Group	Construction & Materials	1,147	2.5
Clarke (T)	Construction & Materials	1,133	2.5
Moss Bros Group	General Retailers	970	2.1
Kier Group	Construction & Materials	964	2.1
Town Centre Securities	Real Estate	963	2.1
Jarvis Securities	Financial Services	950	2.1
DX Group	Industrial Transportation	949	2.1
Wilmington Group	Media	945	2.1
Braemar Shipping Services	Industrial Transportation	940	2.0
Brown (N) Group	General Retailers	937	2.0
Belvoir Lettings	Real Estate	930	2.0
Marston's	Travel & Leisure	887	1.9
KCOM Group	Fixed Line Telecommunications	870	1.9
Games Workshop Group	Leisure Goods	825	1.8
Coral Products	General Industrials	800	1.7
Shoe Zone	General Retailers	800	1.7
GVC Holdings	Travel & Leisure	794	1.7
Photo-Me International	Leisure Goods	790	1.7
Top 20 companies		19,361	42.0
Balance held in 57 companies		26,671	58.0
<b>Total portfolio</b>		<b>46,032</b>	<b>100.0</b>

### Breakdown of portfolio by industry



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## Shareholder Information

### Financial calendar

Group's year end	30 April
Interim dividends paid	April, July, October and January
Special dividend paid	July
Annual results announced	June
Annual General Meeting	September
Group's half year	31 October
Half-Year results announced	December

### Share prices and performance information

The Company's Ordinary and Zero Dividend Preference shares issued through SCZ are listed on the London Stock Exchange.

The net asset values are announced weekly to the London Stock Exchange and published monthly via the AIC.

Information about the Group can be obtained on the Chelverton website at [www.chelvertonam.com](http://www.chelvertonam.com). Any enquiries can also be e-mailed to [cam@chelvertonam.com](mailto:cam@chelvertonam.com).

### Share register enquiries

The registers for the Ordinary shares and Zero Dividend Preference shares are maintained by Share Registrars Limited. In the event of queries regarding your holding, please contact the Registrar on 01252 821390. Changes of name and/or address must be notified in writing to the Registrar.

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## Capital Structure

### **Small Companies Dividend Trust PLC ('the Company')**

The Company has in issue one class of Ordinary share. In addition, it has a wholly owned subsidiary SCZ, through which Zero Dividend Preference shares have been issued.

### **Ordinary shares of 25p each ('Ordinary shares') – 16,550,000 in issue**

#### *Dividends*

Holders of Ordinary shares are entitled to dividends.

#### *Capital*

On a winding-up of the Company, Ordinary shareholders will be entitled to all surplus assets of the Company available after payment of the Company's liabilities including the capital entitlement of the Zero Dividend Preference shares.

#### *Voting*

Each holder, on a show of hands, will have one vote and on a poll will have one vote for each Ordinary share held.

### **Small Companies ZDP PLC ('SCZ')**

### **Ordinary shares of 100p each ('SCZ ordinary shares') – 50,000 in issue (partly paid up as to 25p each)**

The SCZ ordinary shares are wholly owned by the Company. References to Ordinary shares within this Half-Yearly Report are to the Ordinary shares of Small Companies Dividend Trust PLC.

#### *Capital*

Following payment of any liabilities and the capital entitlement to the Zero Dividend Preference shareholders, ordinary shareholders are entitled to any surplus assets of SCZ.

#### *Voting*

Each holder, on a show of hands, will have one vote and on a poll will have one vote for each ordinary share held.

### **Zero Dividend Preference shares of 100p each – 8,500,000 in issue**

#### *Dividends*

Holders of Zero Dividend Preference shares are not entitled to dividends.

#### *Capital*

On a winding up of SCZ, after the satisfaction of prior ranking creditors and subject to sufficient assets being available, Zero Dividend Preference shareholders are entitled to an amount equal to 100p per share increased daily from 28 August 2012 at such compound rate as will give an entitlement to 136.7 pence per share at 8 January 2018.

#### *Voting*

Holders of Zero Dividend Preference shares are not entitled to attend, speak or vote at a general meeting of the Company (including the Company's Annual General Meeting) unless the business of the meeting includes a resolution to vary, modify or abrogate the rights attached to the Zero Dividend Preference shares.

In the event that Zero Dividend Preference shareholders are entitled to attend a General Meeting each holder of Zero Dividend Preference shares, on a show of hands, will have one vote for every Zero Dividend Preference share held in relation to any resolutions applicable to Zero Dividend Preference shares.

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## Directors and Advisers

<b>Directors</b>	Lord Lamont of Lerwick (Chairman) David Harris William van Heesewijk Howard Myles
<b>Investment Manager</b>	Chelverton Asset Management Limited 12b George Street Bath BA1 2EH Tel: 01225 483030
<b>Secretary and Registered Office</b>	Phoenix Administration Services Limited Springfield Lodge Colchester Road, Chelmsford Essex CM2 5PW Tel: 01245 398950
<b>Registrar and Transfer Office</b>	Share Registrars Limited Suite E First Floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL Tel: 01252 821 390 <a href="http://www.shareregistrars.uk.com">www.shareregistrars.uk.com</a>
<b>Auditors</b>	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT
<b>Custodian</b>	Jarvis Investment Management Limited 78 Mount Ephraim Tunbridge Wells Kent TN4 8BS

Registered in England  
No. 3749536

A member of the Association of Investment Companies

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