

**THE HENDERSON SMALLER COMPANIES  
INVESTMENT TRUST PLC**

**HALF YEAR REPORT**  
**(unaudited)**  
**for the six months ended 30 November 2012**

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**THE HENDERSON SMALLER COMPANIES INVESTMENT TRUST PLC**  
**Financial Report for the half-year ended 30 November 2012**

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**HIGHLIGHTS**

- NAV total return of 18.4% for the six months to 30 November 2012, comfortably outperforming the Numis Smaller Companies Index (excluding investment companies).
- Share price and NAV per share outperformed the benchmark over the 1, 3, 5 and 10 years to 30 November 2012.
- November 2012 marked Neil Hermon's tenth anniversary as the Company's manager, during which period the NAV total return was 344% versus total returns from the Numis Smaller Companies Index (excluding investment companies) of 248%, the FTSE All-Share Index of 117% and the FTSE SmallCap Index of 89%.

**FINANCIAL HIGHLIGHTS**

	<b>(Unaudited) 30 November 2012</b>	<b>(Unaudited) 30 November 2011</b>	<b>(Audited) 31 May 2012</b>
Net assets	£326 million	£252 million	£280 million
Net asset value per ordinary share	435.8p	335.8p	374.5p
Net asset value per ordinary share on an alternative basis*	430.0p	329.2p	367.9p
Market price per ordinary share	354.5p	250.8p	284.3p
Total return/(loss) per ordinary share	66.7p	(58.0)p	(19.6)p
Revenue return per ordinary share	2.4p	2.3p	6.1p
Gearing <sup>†</sup>	7.6%	11.2%	8.7%

\* calculated by deducting from the net assets the debt at its market value.

<sup>†</sup> defined here as the total market value of the Company's investments less shareholders' funds as a percentage of shareholders' funds.

**PERFORMANCE: comparative total return figures for periods ended 30 November 2012**

	<b>6 months %</b>	<b>1 year %</b>	<b>2 years %</b>	<b>3 years %</b>	<b>5 years %</b>	<b>10 years %</b>
<b>The Henderson Smaller Companies Investment Trust plc: net asset value per ordinary share</b>	<b>18.4</b>	<b>32.3</b>	<b>36.5</b>	<b>85.4</b>	<b>42.9</b>	<b>344.0</b>
The Henderson Smaller Companies Investment Trust plc: ordinary share price	26.8	43.7	38.2	89.6	56.2	354.5
Numis Smaller Companies Index (excluding investment companies)	15.5	23.0	25.3	51.5	36.5	247.5
FTSE SmallCap Index (excluding investment companies)	16.5	28.6	18.4	28.4	2.1	88.9
FTSE All-Share Index	12.8	12.1	15.0	28.3	12.4	117.1

Source: AIC and Datastream

## **INTERIM MANAGEMENT REPORT**

### **CHAIRMAN'S STATEMENT**

**Half-Year ended 30 November 2012**

It is a pleasure to open this statement with the positive news that the performance of your Company for the period under review was 18.4%, on a total return basis, comfortably outperforming our benchmark, the Numis Smaller Companies Index, which returned 15.5% . This is not a one off, your Company's comparative total return for both share price and net asset value per share have performed in a similar fashion on a 1 year, 2 year, 3 year, 5 year and 10 year basis. In analysing this performance, I am pleased to report that the outperformance has primarily come from good stock selection.

This November marked Neil Hermon's tenth anniversary as Fund Manager and I should like, on behalf of all the Company's shareholders, to congratulate him on the great success he has made of its management. Over these ten years our net asset value total return has been 344% versus a total return from the Numis Smaller Companies Index (excluding investment companies) of 248%, the FTSE All-Share Index of 117% and the FTSE SmallCap Index of 89%, proving what an outstanding manager Neil has been.

During the period under review your Company bought back a total of 40,000 shares on an opportunistic basis at an average discount to the fair value, including income NAV per share of 22.1%; with yesterday's closing share price at 400.0p and discount at 16.6% this has proven a sensible move. For much of the last year the discount to net asset value of the shares has been greater than its peer group, being around 20%, but I am pleased to report that this has now narrowed to around 15%. Discount levels are not determined scientifically so it is important to us to try to manage them through a combination of good performance, clear communication and promoting a good quality, diverse shareholder register. With this last point in mind the Board has reviewed its brokerage arrangements and appointed Numis Securities as our new broker, who will work closely with our Manager to broaden the shareholder base, particularly in the private wealth management sector.

In previous statements I have said that the world is facing significant challenges and although we are now more accustomed to them, they have not diminished. Therefore basic principles still hold true: understand the businesses you are investing in, take advantage when the market is either too optimistic or too depressed and always look for a margin of safety while taking the long-term view. Neil has followed this doctrine of investment with great success for the last ten years and I look forward to more of the same over the next ten years.

Jamie Cayzer-Colvin  
Chairman  
30 January 2013

## **INTERIM MANAGEMENT REPORT (continued)**

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties associated with the Company's business can be divided into the following main areas:

- Investment activity and strategy
- Accounting, Legal and Regulatory
- Corporate Governance and Shareholder Relations
- Operational risk
- Financial instruments and management of risk

Information on these risks and how they are managed is given in the Annual Report. In the view of the Board these principal risks and uncertainties are as applicable to the remaining six months of the financial year as they were to the six months under review.

### **RELATED PARTY TRANSACTIONS**

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position or performance of the Company during the period. Details of related party transactions are contained in the Annual Report and Financial Statements for the year ended 31 May 2012.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors confirm that, to the best of their knowledge:

- a) the condensed set of financial statements has been prepared in accordance with the Accounting Standards Board's statement "Half-Yearly Financial Reports";
- b) the interim management report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- c) the interim management report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

For and on behalf of the Board  
Jamie Cayzer-Colvin  
Chairman  
30 January 2013

**FUND MANAGER'S REVIEW**

Half-Year ended 30 November 2012

**Market Review– Six months to 30 November 2012**

The period under review was a positive one for equity markets. In fact the FTSE All-Share posted six consecutive months of positive performance, the longest run of positive returns since late 2005/early 2006. This was despite a more difficult macro-economic situation as Europe continued to struggle, the Chinese economy slowed ahead of its leadership change and the USA saw some uncertainty ahead of the Presidential election. Equity markets were boosted by further quantitative easing from the Federal Reserve in an attempt to boost the US economy. Additionally the ECB measures to reduce borrowing costs for European governments pleased investors. There were also signs that asset allocators were starting to re-direct money towards equities, on the view that equities look good value compared to other asset classes.

Smaller companies materially outperformed larger companies over the period. This was driven principally by the superior earnings growth that smaller companies have delivered over the last year. Additionally, increased risk appetite from investors and continuing merger and acquisition activity has aided the relative performance of smaller companies.

**Fund Performance**

The Company outperformed the benchmark in the period. The net asset value rose 18.4%, on a total return basis. This compares to a rise of 15.5% (total return) from the Numis Smaller Companies Index (excluding Investment Companies). The outperformance was mostly due to positive stock selection aided by the positive effect of gearing in the Company.

**Attribution Analysis**

The table below shows the top five contributors to and the largest five detractors from the Company's relative performance. Some of the following stocks are included in the benchmark index but not held by the Company; these have an effect on relative performance.

<b>Top Five contributors to relative performance</b>	<b>6 month return</b>	<b>Relative contribution %</b>
	%	
WSP Group	+67.2	+1.5
New Britain Palm Oil*	-40.0	+0.4
Bellway	+44.0	+0.4
Paragon Group	+50.6	+0.4
Ashtead	+68.0	+0.4
<b>Top Five detractors from relative performance</b>	<b>6 month return</b>	<b>Relative contribution %</b>
	%	
E2V Technologies	-17.3	-0.9
Melrose Group	-10.9	-0.5
Barratt Developments*	+62.7	-0.4
Rockhopper Exploration	-51.2	-0.4
London Mining	-46.1	-0.4

\* in benchmark index but not owned by the Company

**FUND MANAGER'S REVIEW (continued)**

Half-Year ended 30 November 2012

**Principal Contributors**

WSP Group is an international engineering consultant principally in the built environment; New Britain Palm Oil is an integrated producer of palm oil in Australasia; Bellway is a UK housebuilder; Paragon Group is a provider of residential mortgages and consumer finance; and Ashtead is a UK and US plant hire company.

**Principal Detractors**

E2V Technologies manufactures high technology electronic components and systems; Melrose Group is a diversified engineering group; Barratt Developments is a UK housebuilder; Rockhopper Exploration is an oil and gas explorer in the Southern Atlantic; and London Mining is an iron-ore producer in Sierra Leone.

**Portfolio Activity**

Our approach is to consider our investments as long term in nature and to avoid unnecessary turnover. The focus has been on adding stocks to the portfolio that have good growth prospects, sound financial characteristics and strong management, at a valuation level that does not reflect these strengths. Likewise we have been employing strong sell disciplines to cut out stocks that fail to meet these criteria.

In the period we have added to a number of positions in our portfolio and increased exposure to those stocks we feel are set to improve or will continue with strong performance.

New additions to the portfolio include Cineworld, the cinema operator, Fenner, the conveyor belting and advanced engineering product group, Dechra, the veterinary pharmaceutical group, NMC Health, an operator of healthcare facilities in the Middle East, Sherborne Investors B, an investment company and Clinigen, a healthcare services group.

To balance these additions to our portfolio we have disposed of positions in companies which we felt were set for poor price performance or where the valuation had become extended, including the holdings in Aga Rangemaster, Norcos, London Mining and RPC.

**Market Outlook**

The period under review has seen equity markets perform strongly despite various macro-economic headwinds. These headwinds remain in place – from a potential fiscal cliff in the US, a slowing Chinese economy and a European economy that flitters between recession and marginal growth.

The UK economy has shown at best minimal growth and indeed was in recession for the first half of 2012. The need to rein in spending and reduce the public sector deficit is forcing cuts in government spending. This, combined with weak economies in our major trading partners in Europe, has dampened economic growth. In this environment, with rising unemployment, a high debt burden, low wage growth and a rising cost of living, trading conditions for domestically focused businesses remain challenging.

Despite these negative factors, there are plenty of reasons to be positive about equity markets. Valuations are low by historic standards and compare well to other asset classes. Corporate profitability has proved remarkably robust and earnings look set to see reasonable growth in the coming year. Balance sheets are strong and dividends are growing. M&A activity has continued at a respectable level with foreign corporates prominent in attempting to pick up cheap UK assets. With a stable currency, liberal markets and low valuations, UK assets are attractive to overseas companies. This is a trend which will help smaller companies in particular as mergers and acquisition activity tends to be focused in this area.

**FUND MANAGER'S REVIEW (continued)**

Half-Year ended 30 November 2012

In this environment and with a positive perspective on likely future returns from our portfolio we retain a modest amount of gearing which stands at 7.6% at 30 November 2012.

In conclusion, the period under review has been a positive one for the equity market. Relative and absolute performance was strong and our portfolio companies have, overall, performed robustly. Our investments are generally trading well, are soundly financed and attractively valued. Additionally, the small cap market continues to throw up exciting growth opportunities in which the Company can invest.

Neil Hermon  
Fund Manager  
30 January 2013

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**INVESTMENT PORTFOLIO**

at 30 November 2012

	Valuation £'000	% of Portfolio		Valuation £'000	% of Portfolio
<b>Spectris</b>	11,723	3.35	Euromoney Institutional		
<b>Informa</b>	10,510	3.00	Investor	3,954	1.13
<b>Oxford Instruments</b>	10,017	2.86	Spirent Communications	3,916	1.12
<b>Bellway</b>	9,173	2.62	RWS*	3,892	1.11
<b>Taylor Wimpey</b>	8,906	2.54	Ophir Energy	3,859	1.10
<b>Victrex</b>	8,459	2.42	Fidessa	3,758	1.07
<b>Ashtead</b>	7,856	2.24	Greene King	3,672	1.05
<b>E2V Technologies</b>	7,840	2.24	Ultra Electronic	3,458	0.99
<b>Paragon Group</b>	7,386	2.11	Dunelm	3,445	0.98
<b>Atkins</b>	6,989	2.00	NCC	3,423	0.98
	-----	-----	Debenhams	3,390	0.97
<b>Ten largest</b>	88,859	25.38	<b>Forty largest</b>	236,070	67.41
AZ Electronic Materials	6,820	1.95	Synergy Health	3,388	0.97
Senior	6,746	1.93	Jupiter Fund Management	3,386	0.97
Domino Printing	6,700	1.91	Shaftesbury	3,327	0.95
Rotork	6,696	1.91	Playtech	3,255	0.93
Interserve	6,696	1.91	Afren	3,242	0.93
Melrose	6,563	1.87	Balfour Beatty	3,190	0.91
Anite	6,282	1.79	Lupus Capital*	2,988	0.85
Intermediate Capital	6,263	1.79	CSR	2,949	0.84
Renishaw	6,100	1.74	F&C Asset Management	2,900	0.83
Restaurant Group	5,366	1.53	ITE	2,783	0.79
	-----	-----	<b>Fifty largest</b>	267,478	76.38
<b>Twenty largest</b>	153,091	43.71	Perform	2,772	0.79
Premier Oil	5,145	1.47	SIG	2,710	0.77
Filtrona	5,073	1.45	RPS	2,675	0.76
Grainger	4,934	1.41	Hyder Consulting	2,610	0.75
Howden Joinery	4,824	1.38	Chime Communications	2,530	0.72
Fenner	4,794	1.37	Capital & Regional	2,525	0.72
Northgate	4,514	1.29	Keller	2,435	0.70
John Menzies	4,504	1.28	Costain	2,392	0.69
Laird	4,341	1.24	Kentz	2,380	0.68
Aveva	4,094	1.17	St Modwen Properties	2,345	0.67
Hunting	3,989	1.14			
	-----	-----	<b>Sixty largest</b>	292,852	83.63
<b>Thirty largest</b>	199,303	56.91	Remaining 42	57,323	16.37
			Total	350,175	100.00
				=====	=====

\* listed on the Alternative Investment Market

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**STATEMENT OF COMPREHENSIVE INCOME**  
for the half-year ended 30 November 2012

	(Unaudited) Half-year ended 30 November 2012			(Unaudited) Half-year ended 30 November 2011			(Audited) Year ended 31 May 2012		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Investment income	3,574	-	3,574	3,621	-	3,621	8,195	-	8,195
Other income	85	-	85	2	-	2	36	-	36
Gains/(losses) on investments held at fair value through profit or loss	-	49,249	49,249	-	(45,199)	(45,199)	-	(19,160)	(19,160)
<b>Total income</b>	<b>3,659</b>	<b>49,249</b>	<b>52,908</b>	<b>3,623</b>	<b>(45,199)</b>	<b>(41,576)</b>	<b>8,231</b>	<b>(19,160)</b>	<b>(10,929)</b>
<b>Expenses</b>									
Management and Performance fee	(563)	(1,171)	(1,734)	(521)	-	(521)	(1,008)	-	(1,008)
Other expenses	(230)	-	(230)	(228)	-	(228)	(422)	-	(422)
<b>Net return/(loss) before finance costs and taxation</b>	<b>2,866</b>	<b>48,078</b>	<b>50,944</b>	<b>2,874</b>	<b>(45,199)</b>	<b>(42,325)</b>	<b>6,801</b>	<b>(19,160)</b>	<b>(12,359)</b>
Finance costs	(1,091)	-	(1,091)	(1,137)	-	(1,137)	(2,261)	-	(2,261)
<b>Net return/(loss) before taxation</b>	<b>1,775</b>	<b>48,078</b>	<b>49,853</b>	<b>1,737</b>	<b>(45,199)</b>	<b>(43,462)</b>	<b>4,540</b>	<b>(19,160)</b>	<b>(14,620)</b>
Taxation	-	-	-	(2)	-	(2)	(2)	-	(2)
<b>Net return/(loss) for the period and total comprehensive income</b>	<b>1,775</b>	<b>48,078</b>	<b>49,853</b>	<b>1,735</b>	<b>(45,199)</b>	<b>(43,464)</b>	<b>4,538</b>	<b>(19,160)</b>	<b>(14,622)</b>
<b>Return/(loss) per ordinary share (note 4)</b>	<b>2.38p</b>	<b>64.35p</b>	<b>66.73p</b>	<b>2.32p</b>	<b>(60.34)p</b>	<b>(58.02)p</b>	<b>6.07p</b>	<b>(25.62)p</b>	<b>(19.55)p</b>

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

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

**STATEMENT OF CHANGES IN EQUITY**  
for the half-year ended 30 November 2012

(Unaudited)  
Half-year ended 30 November 2012

	Called up share capital £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 31 May 2012	18,686	26,735	224,150	10,355	279,926
Total comprehensive income:					
Profit for the period	-	-	48,078	1,775	49,853
Transactions with owners, recorded directly to equity:					
Ordinary dividend paid	-	-	-	(4,105)	(4,105)
Buyback of ordinary shares	(10)	10	(120)	-	(120)
<b>Total equity at 30 November 2012</b>	<b>18,676</b>	<b>26,745</b>	<b>272,108</b>	<b>8,025</b>	<b>325,554</b>

(Unaudited)  
Half-year ended 30 November 2011

	Called up share capital £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 31 May 2011	18,727	26,694	243,800	8,963	298,184
Total comprehensive income:					
(Loss)/profit for the period	-	-	(45,199)	1,735	(43,464)
Transactions with owners, recorded directly to equity:					
Ordinary dividend paid	-	-	-	(3,146)	(3,146)
<b>Total equity at 30 November 2011</b>	<b>18,727</b>	<b>26,694</b>	<b>198,601</b>	<b>7,552</b>	<b>251,574</b>

(Audited)  
Year ended 31 May 2012

	Called up share capital £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 31 May 2011	18,727	26,694	243,800	8,963	298,184
Total comprehensive income:					
(Loss)/profit for the year	-	-	(19,160)	4,538	(14,622)
Transactions with owners, recorded directly to equity:					
Ordinary dividend paid	-	-	-	(3,146)	(3,146)
Buyback of ordinary shares	(41)	41	(490)	-	(490)
<b>Total equity at 31 May 2012</b>	<b>18,686</b>	<b>26,735</b>	<b>224,150</b>	<b>10,355</b>	<b>279,926</b>

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

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**BALANCE SHEET**  
at 30 November 2012

	(Unaudited) 30 November 2012 £'000	(Unaudited) 30 November 2011 £'000	(Audited) 31 May 2012 £'000
<b>Non current assets</b>			
Investments held at fair value through profit or loss	350,175	279,834	304,333
	-----	-----	-----
<b>Current assets</b>			
Securities sold for future settlement	1,957	1,012	-
Taxation recoverable	35	39	28
Prepayments and accrued income	601	655	1,493
Cash and cash equivalents	201	309	270
	-----	-----	-----
	2,794	2,015	1,791
	-----	-----	-----
<b>Total assets</b>	352,969	281,849	306,124
	-----	-----	-----
<b>Current liabilities</b>			
Securities purchased for future settlement	(142)	(427)	-
Accruals and deferred income	(1,259)	(2,330)	(94)
Bank loans	(6,010)	(7,514)	(6,100)
	-----	-----	-----
	(7,411)	(10,271)	(6,194)
	-----	-----	-----
<b>Total assets less current liabilities</b>	345,558	271,578	299,930
	-----	-----	-----
<b>Non current liabilities</b>	(20,004)	(20,004)	(20,004)
	-----	-----	-----
<b>Net assets</b>	325,554	251,574	279,926
	=====	=====	=====
<b>Equity attributable to equity shareholders</b>			
Called up share capital (note 6)	18,676	18,727	18,686
Capital redemption reserve	26,745	26,694	26,735
Retained earnings:			
Capital reserves	272,108	198,601	224,150
Revenue reserve	8,025	7,552	10,355
	-----	-----	-----
<b>Total equity</b>	325,554	251,574	279,926
	=====	=====	=====
<b>Net asset value per ordinary share (note 7)</b>	435.8p	335.8p	374.5p
	=====	=====	=====

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

**CASH FLOW STATEMENT**

for the half-year ended 30 November 2012

	(Unaudited) Half-year ended 30 November 2012 £'000	(Unaudited) Half-year ended 30 November 2011 £'000	(Audited) Year ended 31 May 2012 £'000
Net cash inflow from operating activities (note 8)	4,246	1,299	3,165
<b>Net cash inflow before use of financing</b>	<b>4,246</b>	1,299	3,165
Net cash outflow from financing activities	(4,315)	(1,632)	(3,536)
<b>Net decrease in cash and cash equivalents</b>	<b>(69)</b>	(333)	(371)
Exchange movements	-	-	(1)
Cash and cash equivalents at the start of the period	270	642	642
<b>Cash and cash equivalents at the period end</b>	<b>201</b>	309	270

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**1. Accounting policies - basis of preparation**

The condensed set of financial statements has been prepared using the same accounting policies as are set out in the Company's Report and Financial Statements for the year ended 31 May 2012 and in accordance with IAS 34. The condensed set of financial statements has not been either audited or reviewed by the Company's auditors.

**2. Subsidiary Undertaking**

The Company had an investment in the entire issued ordinary share capital, fully paid, of £2 in its wholly owned subsidiary undertaking, Henderson Smaller Companies Finance Limited, which was registered in England and Wales and operated in the United Kingdom as an investment dealing company. The subsidiary company was placed into members voluntary liquidation on 18 May 2012. Therefore the financial statements are no longer prepared on a consolidated basis and Company only accounts will be produced.

**3. Expenses**

Expenses, Finance costs and taxation for the period included a performance fee provision of £1,171,000 in respect of the Company's outperformance relative to its benchmark over the six months to 30 November 2012. The provision was charged 100% to capital. No such provision has been made as at 30 November 2011. The actual performance fee, if any, payable to the Manager for the year to 31 May 2013 will depend on outperformance over the full financial year, subject to a cap on the total fees paid to the Manager of 1% of the average value of the net assets of the Company during the year. Details of the performance fee arrangements are set out in the Company's 2012 Annual Report.

**4. Earnings per ordinary share**

The earnings per ordinary share figure is based on the net profit for the half-year of £49,853,000 (half-year ended 30 November 2011: loss of £43,464,000; year ended 31 May 2012: loss of £14,622,000) and on 74,708,900 (half-year ended 30 November 2011: 74,906,796; year ended 31 May 2012: 74,781,723) ordinary shares, being the weighted average number of ordinary shares in issue during the period.

The earnings per ordinary share figure detailed above can be further analysed between revenue and capital, as below.

	<b>(Unaudited)</b> <b>30 November 2012</b> <b>£'000</b>	<b>(Unaudited)</b> <b>30 November 2011</b> <b>£'000</b>	<b>(Audited)</b> <b>31 May 2012</b> <b>£'000</b>
Net revenue profit	1,775	1,735	4,538
Net capital profit/(loss)	48,078	(45,199)	(19,160)
Net total profit/(loss)	49,853	(43,464)	(14,622)
Weighted average number of ordinary shares in issue during the period	74,708,900	74,906,796	74,781,723
	<b>Pence</b>	<b>Pence</b>	<b>Pence</b>
Revenue profit per ordinary share	2.38	2.32	6.07
Capital profit/(loss) per ordinary share	64.35	(60.34)	(25.62)
Total profit/(loss) per ordinary share	66.73	(58.02)	(19.55)

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)**

**5. Dividends**

The Company has not declared an interim dividend (2011: nil).

The final dividend of 5.50p per ordinary share, paid on 12 October 2012, in respect of the year ended 31 May 2012, has been recognised as a distribution in the period.

**6. Called up share capital**

At 30 November 2012 there were 74,701,796 ordinary shares in issue (30 November 2011: 74,906,796; 31 May 2012: 74,741,796). During the half-year ended 30 November 2012 the Company bought 40,000 of its own issued ordinary shares in the market for cancellation (half-year ended 30 November 2011: nil; year ended 31 May 2012: 165,000). The cost of the share buy-backs, including stamp duty, amounted to £120,000 (half-year ended 30 November 2011: nil; year ended 31 May 2012: £490,000). No further shares have been bought back since the period end.

**7. Net asset value per ordinary share**

The net asset value per ordinary share is based on the net assets attributable to the equity shareholders of £325,554,000 (30 November 2011: £251,574,000; 31 May 2012: £279,926,000) and on 74,701,796 (30 November 2011: 74,906,796; 31 May 2012: 74,741,796) ordinary shares, being the number of ordinary shares in issue at the period end.

**8. Reconciliation of the profit/(loss) before taxation to the net cash inflow from operating activities**

	(Unaudited) Half-year ended 30 November 2012 £'000	(Unaudited) Half-year ended 30 November 2011 £'000	(Audited) Year ended 31 May 2012 £'000
Profit/(loss) before taxation	49,853	(43,462)	(14,620)
(Gains)/losses on investments held at fair value through profit or loss	(49,249)	45,199	19,160
Increase/(decrease) in purchases for future settlement creditor	142	(75)	(502)
Increase in sales for future settlement debtor	(1,957)	(1,012)	-
Net sales of investments	3,407	1,371	651
Decrease in other receivables	902	930	100
(Increase)/decrease in other debtors	(10)	15	7
Increase/(decrease) in accruals	1,165	(1,659)	(1,634)
Taxation on investment income	(7)	(8)	3
	----- 4,246 =====	----- 1,299 =====	----- 3,165 =====

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)**

**9. Transaction costs**

Purchase transaction costs for the half-year ended 30 November 2012 were £158,000 (half-year ended 30 November 2011: £63,000; year ended 31 May 2012: £181,000). These comprise mainly stamp duty and commission. Sale transaction costs for the half-year ended 30 November 2012 were £39,000 (half-year ended 30 November 2011: £14,000; year ended 31 May 2012: £45,000).

**10. Going concern**

The directors consider that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. The assets of the Company consist almost entirely of securities that are readily realisable and, accordingly, the Company has adequate financial resources to continue in existence for the foreseeable future.

**11. Comparative information**

The financial information contained in this half-yearly financial report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half-years ended 30 November 2012 and 30 November 2011 has not been audited.

The information for the year ended 31 May 2012 has been extracted from the statutory accounts for that year, which have been filed with the Registrar of Companies. The report of the auditors on those accounts was unqualified and contained no statement under either section 498(2) or section 498(3) of the Companies Act 2006.

**12. General Information**

*a) Company Status*

The Henderson Smaller Companies Investment Trust plc is incorporated in England and is an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010. It is listed on the London Stock Exchange. The ISIN number is GB0009065060. The London Stock Exchange Code is HSL.

*b) Directors, Secretary and Registered Office*

The Directors of the Company are Jamie Cayzer-Colvin (Chairman), Beatrice Hollond, James Nelson, Keith Percy and Mary Ann Sieghart. The Secretary is Henderson Secretarial Services Limited, represented by Tracey Lago.

**13. Update for the half-year ended 30 November 2012**

An abbreviated version, the 'Update', will be circulated to shareholders in February and will be available from the Secretary at the Company's Registered Office, 201 Bishopsgate, London EC2M 3AE.