



# Interim Report 2023



**The Scottish Oriental**  
Smaller Companies Trust plc

## Comparative Indices

Since 1 September 2021 the Directors have used the Morgan Stanley Capital International AC Asia ex Japan Small Cap Index as its primary comparator. This Index is made up of companies with a free float-adjusted market capitalisation of between US\$8m and US\$4,157m. The range does not exactly match that of the Company, which has no lower limit and which invests mainly in companies with a market capitalisation of under US\$5,000m at the time of first investment. Nevertheless, it gives a useful indication of the performance of smaller listed companies in Asia over recent years.

For comparison purposes, we are also displaying the Morgan Stanley Capital International AC Asia ex Japan Index to measure the Company's performance, which covers the relevant markets with the exception of Bangladesh, Sri Lanka and Vietnam. This Index, being dominated by larger companies, is far from ideal as a performance measurement tool. It has, however, the dual merit of being the most widely recognised regional index and of pre-dating the inception of the Company in March 1995.

As most investors in the Company are based in the United Kingdom, the Directors consider that it is also relevant to compare the Company's performance to that of the FTSE All-Share Index.

---

# Contents

Comparative Indices	IFC*
Corporate Objective	2
Financial Highlights	2
Performance Fee	2
Interim Management Report	3
List of Quoted Equity Investments	5
Ten Largest Equity Holdings	7
Sector Allocation	7
Income Statement	8
Statement of Financial Position	9
Cash Flow Statement	10
Statement of Changes in Equity	11
Changes in Equity Investments	12
Notes to Accounts	13
Principal Risks and Uncertainties	15
Going Concern	15
Directors' Responsibility Statement	15
Information for Investors	16
Company Information	17

\* Inside front cover

# Corporate Objective

The investment objective of The Scottish Oriental Smaller Companies Trust plc (“Scottish Oriental”, “the Company” or “the Trust”) is to achieve long-term capital growth by investing in mainly smaller Asian quoted companies with market capitalisations of below US\$5,000m, or the equivalent thereof, at the time of investment. For investment purposes, this includes Australasia, the Indian sub-continent and Japan.

This is an abridged version of Scottish Oriental’s investment policy and objective. A full statement of Scottish Oriental’s investment policy can be found on page 22 of the Annual Report and Accounts\* for the year ending 31 August 2022 (“the Annual Report and Accounts”).

\* The Company’s Annual Report and Accounts for the year ending 31 August 2022 can be found on the Company’s website at [www.scottishoriental.com](http://www.scottishoriental.com)

# Financial Highlights

## Total Return Performance (Unaudited) for the six months to 28 February 2023

Net Asset Value per share	2.7%	MSCI AC Asia ex Japan Small Cap Index (£)	(3.8%)
Share price	3.0%	MSCI AC Asia ex Japan Index (£)	(5.7%)
		FTSE All-Share Index (£)	8.7%

## Summary Data (Unaudited) at 28 February 2023

Shares in Issue	24,686,519	Shareholders’ Funds	£343.09m
Net Asset Value per share	1,389.79p	Market Capitalisation	£298.71m
Share price	1,210.00p	Share Price Discount to Net Asset Value	12.9%

# Performance Fee

The Board is pleased to report that following a period of strong portfolio performance, we expect the performance fee threshold to be met for the year ending 31 August 2023. The estimated performance fee is £2.0 million. This figure has been accrued in the interim financial statements.

The Investment Manager’s performance fee is calculated on a 3 year performance period. With effect from 1 September 2021, the benchmark index used by the Company as its primary investment performance comparator changed from the MSCI AC Asia ex Japan Index to the MSCI AC Asia ex Japan Small Cap Index. As a result of the change in performance comparator, for the year ending 31 August 2023, a hybrid performance comparator will be used to calculate the performance fee due to the Investment Manager.

The Board is currently reviewing the mechanism for the calculation of future performance fees to ensure that the target outperformance of the MSCI AC Asia ex Japan Small Cap Index to be achieved by the Investment Manager, prior to any performance fee becoming payable, is adequate and in the best interest of shareholders. An update on the outcome of the review will be provided to shareholders in due course.

# Interim Management Report

## Investment Performance

Over the six months ending 28 February 2023, Scottish Oriental's net asset value ("NAV") per share increased by 2.7 per cent in total return terms, while the MSCI AC Asia ex Japan Small Cap Index decreased by 3.8 per cent on the same basis. The Company's share price increased by 3.0 per cent in total return terms.

The biggest contributors to performance were Scottish Oriental's holdings in China, Taiwan and Indonesia. The exposure to India was the biggest detractor from performance. The Company's shares traded at a discount ranging from 16.0 per cent to 9.5 per cent, which reflects the cautious sentiment of investors. The discount to NAV stood at 12.9 per cent on 28 February 2023.

## Dividend

A final dividend of 13.0p and a special dividend of 1.0p, were paid on 13 January 2023 for the year ended 31 August 2022 (31 August 2021: 11.5p per share). It is too early to make a forecast of the distribution for the current financial year.

## Review

Asian stock markets were weak over the six months ending 28 February 2023. A sustained increase in inflation, an extended period of movement restrictions in China and Hong Kong, as well as geopolitical tensions between the United States and China, have led to concerns around the sustainability of corporate profitability. The level of monetary policy support which global central banks have consistently provided over the last 15 years has also moderated.

Ten new positions were initiated during the period, as the decline in valuations in markets such as China, Taiwan and South Korea offered attractive bottom-up opportunities. This includes **ASM Pacific Technology**, the world's largest manufacturer of back-end semiconductor and surface mount technology equipment, which is used in manufacturing electronic chips. The industry has suffered a sharp downturn over the last year, which has led to attractive valuations for ASM Pacific Technology. The company has established a track record of bouncing back strongly after such periods. **Luk Fook Holdings** is a leading jewellery retailer which was established in Hong Kong and has built a sizable store network in the much larger market of Mainland China in recent years. As domestic demand recovers in Mainland China, the company's

growth is expected to improve. It is also attractively valued, with the current enterprise value being similar to the value of its jewellery inventory. **AirTac International** is a pneumatic component manufacturer in China. It should gain from the accelerating investments in factory automation. **Silergy** is the largest analogue integrated circuit designer in Asia which has been gaining market share from multinational corporations in China.

In South Korea, we initiated positions in **Amorepacific**, a leading cosmetics company which operates brands including Sulwhasoo in the luxury segment. Its business was severely impacted by movement restrictions in China as well as fewer tourists visiting South Korea, which are both expected to improve in the coming periods. **FILA Holdings** is the owner of the Fila brand globally, as well as the majority shareholder of Acushnet which operates the Titleist brand for golf equipment and accessories. It is attractively valued and the management is taking several initiatives to strengthen Fila's operating performance. **Tokai Carbon Korea** is the dominant global market leader in manufacturing silicon carbide rings, a consumable used in the semiconductor etching process.

In India, we initiated holdings in **Metropolis Healthcare**, **Whirlpool of India** and **Delhivery**. **Metropolis Healthcare** is among the largest diagnostics services companies in the country. The industry is under-penetrated and consolidating rapidly among higher quality operators such as **Metropolis**. **Whirlpool of India** is a subsidiary of Whirlpool Corporation and has a strong position in the consumer durables industry in India. This includes refrigerators and washing machines, as well as a growing portfolio in kitchen appliances. **Delhivery** is India's biggest third-party logistics services company. The company caters to the fast growing e-commerce industry and is expected to gain market share from smaller competitors.

Three holdings were sold after strong share price performance, which led to more expensive valuations. This included **Kei Industries**, a wires and cables manufacturer in India, **Arwana Citramulia**, one of the largest ceramic tile producers in Indonesia and **Autobio Diagnostics**, an in-vitro diagnostics equipment manufacturer in China.

Scottish Oriental's exposure to Taiwan, South Korea and Hong Kong increased, whereas the exposure to India and Indonesia declined during the period. At a sector level, the exposure to Technology increased while that to Consumer Staples declined.



---

# Interim Management Report cont'd

## Outlook

After a prolonged period of disruption, Asian economies have finally emerged from the impact of the Covid-19 pandemic. A strong recovery is evident in countries such as India and Indonesia, to which Scottish Oriental has significant exposure. Consumer demand is also expected to gradually improve in Greater China and South Korea as movement restrictions have been removed. Historically, periods of disruption such as that witnessed over the last three years, has led to consolidation of industries in favour of market leaders which use their strong balance sheets, pricing power and technology resources to gain market share from their weaker competitors. We have seen this across various Asian economies recently as well. Companies in Scottish Oriental's portfolio have often led the process of consolidation in their respective industries. We are excited about the prospects of the portfolio which has strong growth potential, a net debt to equity level of zero percent and is valued attractively. As the excesses observed in financial markets during recent years led by easy liquidity is abating, we believe that our investment process with a focus on capital preservation will hold the Company in good stead.

**Vinay Agarwal**

**Sreevardhan Agarwal**

FSSA Investment Managers

12 May 2023

# List of Quoted Equity Investments

as at 28 February 2023

	% of Shareholders' Funds		% of Shareholders' Funds		% of Shareholders' Funds
<b>Bangladesh (0.9%)</b>		<b>India (36.9%)</b>		<b>Indonesia (19.6%)</b>	
<b>Financials (0.9%)</b>		<b>Consumer Discretionary (4.0%)</b>		<b>Consumer Discretionary (12.7%)</b>	
Delta Brac	0.9	Bosch	0.6	Ace Hardware Indonesia	0.4
<b>China (13.5%)</b>		Mahindra CIE Automotive	3.0	Astra Otoparts	1.9
<b>Consumer Discretionary (5.9%)</b>		Whirlpool of India	0.4	Mitra Adiperkasa	4.0
Hisense Home Appliances	3.0	<b>Consumer Staples (8.1%)</b>		Sarimelati Kencana	1.8
JNBY Design	2.9	Colgate-Palmolive India	4.6	Selamat Sempurna	4.6
<b>Consumer Staples (3.2%)</b>		Radico Khaitan	2.1	<b>Consumer Staples (4.2%)</b>	
Uni-President China	3.2	United Breweries	1.4	Hero Supermarket	2.2
<b>Industrials (1.9%)</b>		<b>Financials (3.6%)</b>		Uni-Charm Indonesia	2.0
Beijing Capital Airport	1.9	Computer Age Management	1.7	<b>Financials (1.1%)</b>	
<b>Materials (2.5%)</b>		360 ONE	1.9	Bank OCBC Nisp	1.1
Sinoseal Holdings	1.8	<b>Healthcare (2.3%)</b>		<b>Materials (1.6%)</b>	
Haitian International	0.7	Metropolis Healthcare	1.1	Avia Avian	1.6
<b>Hong Kong (6.6%)</b>		Solara Active Pharma	1.2	<b>Pakistan (0.4%)</b>	
<b>Consumer Discretionary (2.2%)</b>		<b>Industrials (4.0%)</b>		<b>Consumer Discretionary (0.4%)</b>	
Fairwood Holdings	1.5	Blue Star	3.3	Indus Motor Company	0.4
Luk Fook Holdings	0.7	Eicher Motors	0.1	<b>Philippines (9.0%)</b>	
<b>Consumer Staples (3.4%)</b>		Escorts Kubota	0.6	<b>Consumer Discretionary (1.3%)</b>	
Nissin Foods	1.3	<b>Logistics (0.9%)</b>		Max's Group	1.3
Vitasoy International	2.1	Delhivery	0.9	<b>Consumer Staples (6.2%)</b>	
<b>Industrials (1.0%)</b>		<b>Materials (8.3%)</b>		Century Pacific Food	2.6
ASMPT	1.0	Castrol India	2.1	Philippine Seven	3.6
		Godrej Industries	3.5	<b>Industrials (1.5%)</b>	
		HeidelbergCement India	0.9	Concepcion Industrial	1.5
		Kansai Nerolac Paints	1.8	<b>Singapore (3.0%)</b>	
		<b>Real Estate (3.0%)</b>		<b>Consumer Staples (1.7%)</b>	
		Mahindra Lifespace	1.6	Haw Par	1.7
		Oberoi Realty	1.4	<b>Financials (1.3%)</b>	
		<b>Utilities (2.7%)</b>		Credit Bureau Asia	1.3
		Mahanagar Gas	2.7		

# List of Quoted Equity Investments cont'd

	% of Shareholders' Funds		% of Shareholders' Funds		% of Shareholders' Funds
<b>South Korea (4.0%)</b>		<b>Taiwan (8.4%)</b>		<b>Thailand (1.0%)</b>	
<b>Consumer Discretionary (2.4%)</b>		<b>Consumer Discretionary (2.5%)</b>		<b>Financials (1.0%)</b>	
Amorepacific	0.6	Poya International	2.5	Tisco Financial	1.0
FILA Holdings	1.0	<b>Industrials (1.5%)</b>		<b>Vietnam (1.5%)</b>	
Zinus	0.8	AirTac International	0.6	<b>Consumer Discretionary (0.3%)</b>	
<b>Financials (0.9%)</b>		Sporton International	0.7	Mobile World Investment	0.3
NHN KCP	0.9	Voltronic Power	0.2	<b>Technology (1.2%)</b>	
<b>Materials (0.7%)</b>		<b>Technology (4.4%)</b>		FPT	1.2
Tokai Carbon	0.7	Parade Technologies	1.9		
		Silergy	0.1		
		Sinbon Electronics	2.4		



# Ten Largest Equity Holdings

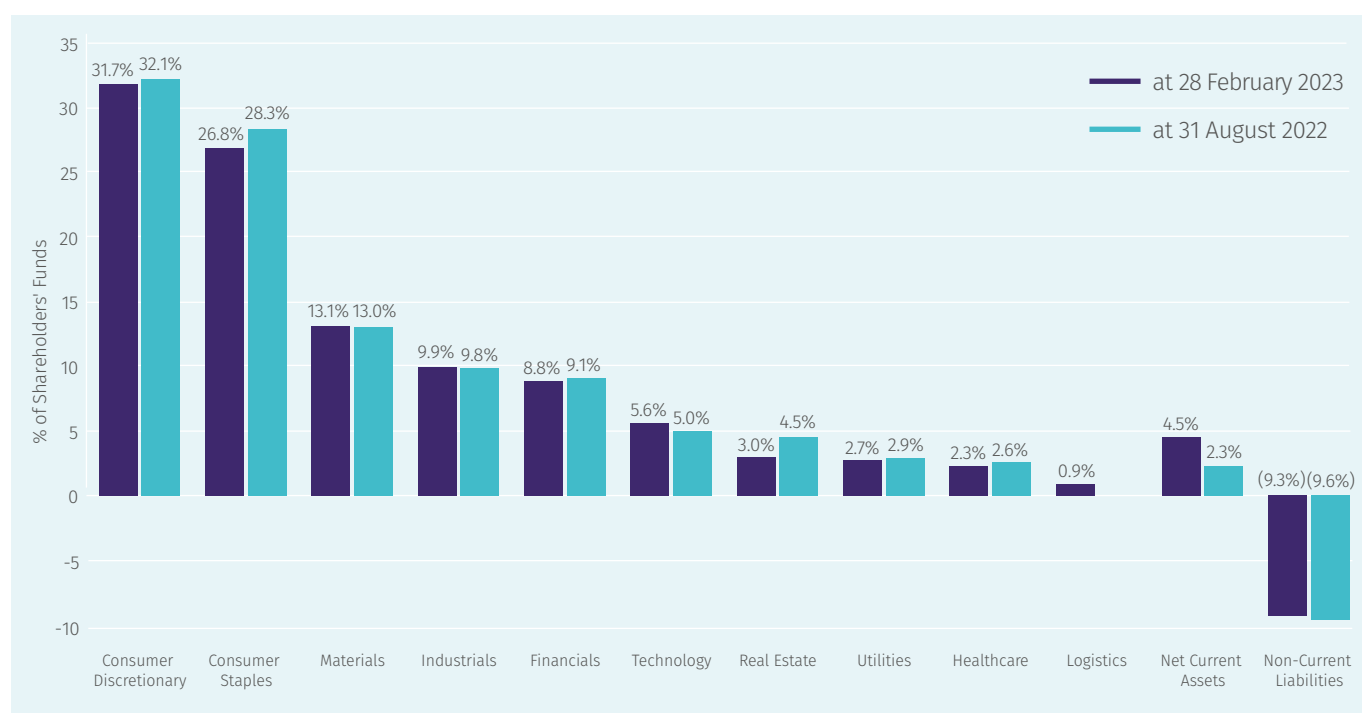
as at 28 February 2023

Company	Country	Sector	Market Valuation £'000	% of Shareholders' Funds
Colgate-Palmolive India	India	Consumer Staples	15,781	4.6
Selamat Sempurna	Indonesia	Consumer Discretionary	15,691	4.6
Mitra Adiperkasa	Indonesia	Consumer Discretionary	13,734	4.0
Philippine Seven	Philippines	Consumer Staples	12,309	3.6
Godrej Industries	India	Materials	12,093	3.5
Blue Star	India	Industrials	11,377	3.3
Uni-President China	China	Consumer Staples	11,055	3.2
Mahindra CIE Automotive	India	Consumer Discretionary	10,464	3.0
Hisense Home Appliances	China	Consumer Discretionary	10,149	3.0
JNBY Design	China	Consumer Discretionary	9,910	2.9
<b>Total</b>			<b>122,563</b>	<b>35.7</b>

## Sector Allocation

(% of Shareholders' Funds)

as at 28 February 2023



# Income Statement

for the six months to 28 February 2023

	Six months to 28 February 2023 (unaudited)			Six months to 28 February 2022 (unaudited)		
	Revenue £000	Capital £000	Total* £000	Revenue £000	Capital £000	Total* £000
<b>Gains/(losses) on investments</b>	–	<b>6,850</b>	<b>6,850</b>	–	(12,884)	(12,884)
Income from investments	<b>2,257</b>	–	<b>2,257</b>	2,346	–	2,346
Other income	<b>8</b>	–	<b>8</b>	–	–	–
Investment management fee	<b>(1,251)</b>	–	<b>(1,251)</b>	(1,255)	–	(1,255)
Performance fee (note 7)	–	<b>(1,993)</b>	<b>(1,993)</b>	–	–	–
Currency losses	–	<b>(362)</b>	<b>(362)</b>	–	(81)	(81)
Other administrative expenses	<b>(356)</b>	–	<b>(356)</b>	(337)	–	(337)
<b>Net return on ordinary activities before finance costs and taxation</b>	<b>658</b>	<b>4,495</b>	<b>5,153</b>	754	(12,965)	(12,211)
Finance costs	<b>(417)</b>	–	<b>(417)</b>	(417)	–	(417)
<b>Net return on ordinary activities before taxation</b>	<b>241</b>	<b>4,495</b>	<b>4,736</b>	337	(12,965)	(12,628)
Tax on ordinary activities (note 3)	<b>(16)</b>	<b>155</b>	<b>139</b>	(272)	287	15
<b>Net return attributable to equity shareholders</b>	<b>225</b>	<b>4,650</b>	<b>4,875</b>	65	(12,678)	(12,613)
Net return per ordinary share	<b>0.91p</b>	<b>18.82p</b>	<b>19.73p</b>	0.24p	(47.49)p	(47.25)p

\* The total column of this statement is the Profit & Loss Account of the Company. The revenue and capital columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies. There are no items of other comprehensive income. This statement is, therefore, the single statement of comprehensive income of the Company.

All revenue and capital items derive from continuing operations.

# Statement of Financial Position

as at 28 February 2023

	At 28 February 2023 (unaudited) £000	At 31 August 2022 (audited) £000
FIXED ASSETS EQUITY INVESTMENTS		
Bangladesh	3,162	4,325
China	46,359	44,112
Hong Kong	22,530	18,521
India	126,756	139,526
Indonesia	67,242	75,324
Pakistan	1,317	2,695
Philippines	30,821	31,529
Singapore	10,075	10,575
South Korea	13,492	4,494
Taiwan	28,754	27,408
Thailand	3,501	3,178
Vietnam	5,445	6,755
Total Equities	359,454	368,442
<b>Net Current Assets</b>	<b>15,570</b>	7,766
<b>Non-Current Liabilities (note 3)</b>	<b>(31,934)</b>	(33,006)
<b>Total Assets less Liabilities</b>	<b>343,090</b>	343,202
CAPITAL AND RESERVES		
Ordinary share capital	7,853	7,853
Share premium account	34,259	34,259
Capital redemption reserve	58	58
Capital reserves	296,445	293,325
Revenue reserve	4,475	7,707
<b>Equity Shareholders' Funds</b>	<b>343,090</b>	343,202
<b>Net asset value per share</b>	<b>1,389.79p</b>	1,382.93p

# Cash Flow Statement

for the six months to 28 February 2023

	Note	Six months to 28 February 2023 (unaudited) £000	Six months to 28 February 2022 (unaudited) £000
<b>Net cash outflow from operations before dividends, interest, purchases and sales of investments</b>	9	<b>(1,730)</b>	(1,712)
Dividends received from investments		<b>3,187</b>	3,129
Interest received from deposits		<b>8</b>	–
Cash inflow from operations		<b>1,465</b>	1,417
Taxation		<b>(131)</b>	(333)
<b>Net cash inflow from operating activities</b>		<b>1,334</b>	1,084
<b>Investing activities</b>			
Purchases of investments		<b>(45,827)</b>	(65,139)
Sales of investments		<b>56,905</b>	70,363
Capital gains tax paid on the sale of investments		<b>(922)</b>	(2,435)
<b>Net cash inflow from investing activities</b>		<b>10,156</b>	2,789
<b>Financing activities</b>			
Equity dividends paid		<b>(3,457)</b>	(3,053)
Buyback of ordinary shares		<b>(1,530)</b>	(13,471)
Interest paid		<b>(413)</b>	(413)
<b>Net cash outflow from financing activities</b>		<b>(5,400)</b>	(16,937)
Increase/(decrease) in cash and cash equivalents		<b>6,090</b>	(13,064)
Cash and cash equivalents at the start of the period		<b>7,490</b>	17,546
Effect of currency losses		<b>(362)</b>	(81)
<b>Cash and cash equivalents at the end of the period*</b>		<b>13,218</b>	4,401

\*Cash and cash equivalents represents cash at bank.

# Statement of Changes in Equity

for the six months ended 28 February 2023

	Share Capital	Share Premium Account	Capital Redemption Reserve	Capital Reserves	Revenue Reserve	Total
	£000	£000	£000	£000	£000	£000
Balance at 31 August 2022	7,853	34,259	58	293,325	7,707	343,202
<b>Total comprehensive income:</b>						
Return for the period	–	–	–	4,650	225	4,875
<b>Transactions with owners recognised directly in equity:</b>						
Dividends paid in the period (note 6)	–	–	–	–	(3,457)	(3,457)
Buyback of Ordinary shares	–	–	–	(1,530)	–	(1,530)
<b>Balance at 28 February 2023</b>	<b>7,853</b>	<b>34,259</b>	<b>58</b>	<b>296,445</b>	<b>4,475</b>	<b>343,090</b>

for the six months ended 28 February 2022

	Share Capital	Share Premium Account	Capital Redemption Reserve	Capital Reserves	Revenue Reserve	Total
	£000	£000	£000	£000	£000	£000
Balance at 31 August 2021	7,853	34,259	58	296,908	6,408	345,486
<b>Total comprehensive income:</b>						
Return for the period	–	–	–	(12,678)	65	(12,613)
<b>Transactions with owners recognised directly in equity:</b>						
Dividends paid in the period (note 6)	–	–	–	–	(3,053)	(3,053)
Buyback of Ordinary shares	–	–	–	(13,772)	–	(13,772)
<b>Balance at 28 February 2022</b>	<b>7,853</b>	<b>34,259</b>	<b>58</b>	<b>270,458</b>	<b>3,420</b>	<b>316,048</b>

# Changes in Equity Investments

	Valuation at 31 August 2022	Purchases	Sales	Appreciation/ (depreciation)	Valuation at 28 February 2023
	£000	£000	£000	£000	£000
Bangladesh	4,325	–	–	(1,163)	3,162
China	44,112	6,398	(14,874)	10,723	46,359
Hong Kong	18,521	4,739	–	(730)	22,530
India	139,526	15,913	(18,626)	(10,057)	126,756
Indonesia	75,324	–	(12,923)	4,841	67,242
Pakistan	2,695	–	(669)	(709)	1,317
Philippines	31,529	–	–	(708)	30,821
Singapore	10,575	–	–	(500)	10,075
South Korea	4,494	10,114	(578)	(538)	13,492
Taiwan	27,408	8,402	(13,995)	6,939	28,754
Thailand	3,178	–	–	323	3,501
Vietnam	6,755	261	–	(1,571)	5,445
	<b>368,442</b>	<b>45,827</b>	<b>(61,665)</b>	<b>6,850</b>	<b>359,454</b>



# Notes to Accounts

- 1 The condensed Financial Statements for the six months to 28 February 2023 comprise the Income Statement, Statement of Financial Position, Cash Flow Statement and Statement of Changes in Equity, together with the notes set out below. They have been prepared in accordance with FRS 104 'Interim Financial Reporting', UK Generally Accepted Accounting Principles ("UK GAAP") and the AIC's Statement of Recommended Practice issued in July 2022.
- 2 The position as at 31 August 2022 on page 9 is an abridged version of that contained in the Annual Report and Accounts, which received an unqualified audit report and which have been filed with the Registrar of Companies. This Interim Report has been prepared under the same accounting policies adopted for the year to 31 August 2022.
- 3 The Company has incurred £946,000 of capital gains tax on the sale of investments in the six months to 28 February 2023 (six months to 28 February 2022: £2,370,000).  
The Company has recognised a deferred tax liability of £2,107,000 (31 August 2022: £3,184,000) on capital gains which may arise if Indian investments are sold.
- 4 The return per ordinary share figure is based on the net profit for the six months ended 28 February 2023 of £4,875,000 (six months ended 28 February 2022: net loss of £12,613,000) and on 24,709,483 (six months ended 28 February 2022: 26,696,226) Ordinary shares, being the weighted average number of Ordinary shares in issue during the respective periods.
- 5 At 28 February 2023 there were 24,686,519 Ordinary shares in issue and 6,727,144 Ordinary shares held in Treasury (31 August 2022: 24,816,979 in issue and 6,596,684 held in Treasury). During the six months ended 28 February 2023, the Company bought back 130,460 Ordinary shares (year to 31 August 2022; the Company bought back 2,504,180 Ordinary shares).
- 6 Amounts recognised as distributions in the period:

	At 28 February 2023 £000	At 28 February 2022 £000
Final dividend of 13.0p (2021 – 11.5p)	3,210	3,053
Special dividend of 1.0p (2021 – nil)	247	–
	<b>3,457</b>	3,053

- 7 Under the terms of the Investment Management Agreement, an annual performance fee may be payable to the Investment Manager at the end of the year. A detailed explanation of the performance fee computation is set out on page 54 of the Annual Report and Accounts. The total fee payable to the Investment Manager is capped at 1.5% per annum of the Company's net assets. As at 28 February 2023, the estimated performance fee for the year ending 31 August 2023 is £1,993,000.
- 8 Investments in securities are financial assets designated at fair value through profit or loss on initial recognition. In accordance with FRS 102 and FRS 104, these investments are analysed using the fair value hierarchy described below. Short-term balances are excluded as their carrying value at the reporting date approximates to their fair value.  
The levels are determined by the lowest (that is, the least reliable or least independently observable) level of input that is significant to the fair value measurement for the individual investment in its entirety as follows:
  - Level 1** – Investments with prices quoted in an active market;
  - Level 2** – Investments whose fair value is based directly on observable current market prices or is indirectly being derived from market prices; and
  - Level 3** – Investments whose fair value is determined using a valuation technique based on assumptions that are not supported by observable current market prices or are not based on observable market data.
 All of the Company's investments were categorised as Level 1 for the six month period to 28 February 2023.

# Notes to Accounts cont'd

- 9 Reconciliation of total return on ordinary activities before finance costs and tax to net cash outflow before dividends, interest, purchases and sales

	<b>Six months to 28 February 2023</b>	<b>Six months to 28 February 2022</b>
	£000	£000
Net return on activities before finance costs and taxation	<b>5,153</b>	(12,211)
Net (gains)/losses on investments	<b>(6,850)</b>	12,884
Currency losses	<b>362</b>	81
Dividend income	<b>(2,257)</b>	(2,346)
Interest Income	<b>(8)</b>	–
Increase/(decrease) in creditors	<b>1,989</b>	(106)
Increase in debtors	<b>(119)</b>	(14)
<b>Net cash outflow from operations before dividends, interest, purchases and sales of investments</b>	<b>(1,730)</b>	(1,712)

---

# Principal Risks and Uncertainties

The principal and emerging risks faced by the Company are; investment objective and strategy, investment performance, financial and economic, share price discount/premium to net asset value, operational and regulatory. These risks have not changed since the publication of the Annual Report and Accounts. The principal and emerging risks and uncertainties facing the Company, together with a summary of the mitigating action the Board takes to manage these risks, are set out on pages 28 and 29 of the Annual Report and Accounts. The Investment Manager monitors portfolio liquidity and manages this to ensure the Company maintains sufficient levels of liquidity to operate effectively. Scottish Oriental's investment portfolio is exposed to market price fluctuations and currency fluctuations which are monitored by the Investment Manager. The Company is also exposed to minimal interest rate risk on interest receivable from bank deposits and interest payable on bank overdraft positions.

## Going Concern

After making enquiries and bearing in mind the nature of the Company's business and assets, the Directors believe that the Company has adequate resources to continue operating for at least twelve months from the date of approval of the condensed financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

## 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:

- (a) the condensed set of financial statements within the half-yearly financial report, prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting), gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- (b) the Interim Management Report includes a fair review of the information required by 4.2.7R of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules (important events that have occurred in the first six months of the Company's financial year, together with their effect on the half-yearly financial statements to 28 February 2023 and a description of the principal risks and uncertainties for the remaining six months of the financial year). Rule 4.2.8R requires information on related party transactions. No related party transactions have taken place during the first six months of the financial year that have materially affected the financial position of the Company during that period and there have been no changes in the related party transactions described in the last Annual Report and Accounts that could do so.

The half-yearly report for the six months to 28 February 2023 comprises the Interim Management Report, the Directors' Responsibility Statement and a condensed set of financial statements and has not been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

By order of the Board

**Jeremy Whitley**

Chairman

12 May 2023

# Information for Investors

## Financial Diary

Financial year end	31 August
Annual results announced	October/November
Annual General Meeting	December
Annual dividend paid	January
Half-year end	28 February
Interim results announced	April/May

## Capital Gains Tax

An individual tax payer is currently entitled to an annual total tax free gain of £6,000 (2023/24 tax year) from the sale of any shares and other capital assets. Any gain beyond that amount may be liable to capital gains tax.

For initial investors the apportioned base cost of ordinary shares and warrants for capital gains tax purposes is 92.59p per ordinary share and 37.05p per warrant.

## Where to find Scottish Oriental's Share Price

The share price can be found on the London Stock Exchange website by using the Company's TIDM code 'SST' within the price search facility.

## The Internet

Scottish Oriental's website provides up-to-date information on the share price, net asset value and discount. We hope you will visit the Company's website at: [www.scottishoriental.com](http://www.scottishoriental.com). Investor Centre from Computershare (Scottish Oriental's registrar) enables you to manage and update your shareholder information. For this purpose you can register free with Investor Centre at [www.investorcentre.co.uk](http://www.investorcentre.co.uk).

## Data Protection

The Company is committed to ensuring the privacy of any personal data provided to it. Further details of the Company's privacy policy can be found on the Company's website [www.scottishoriental.com](http://www.scottishoriental.com).

## Regulatory Status

Since Scottish Oriental is an investment trust pursuant to section 1158 of the Corporation Tax Act 2010, the FCA rules in relation to non-mainstream investment products do not apply to the Company.

## Further Information

If you require any further information please contact Juniper Partners Limited at the address on the following page or by telephone on +44 (0)131 378 0500.

## Shareholder Enquiries

For registry queries contact Computershare by telephone on +44 (0)370 707 1307.

You can also manage your shareholding online at [www.investorcentre.co.uk](http://www.investorcentre.co.uk).

If you have not used this service before, you will need to register your account. In order to do so, you will need your Shareholder Reference Number (SRN) which can be found on a recent share certificate or dividend cheque.

---

# Company Information

## Board of Directors

Jeremy Whitley  
Andrew Baird  
Michelle Paisley  
Anne West

## Company Secretary and Administrator

Juniper Partners Limited  
28 Walker Street  
Edinburgh EH3 7HR  
Email: cosec@junipartners.com  
Tel: +44 (0)131 378 0500

## Registered Office

28 Walker Street  
Edinburgh EH3 7HR

## Custodian

J.P. Morgan Chase bank N.A.  
25 Bank Street  
Canary Wharf  
London E14 5JP

## Auditor

Johnston Carmichael LLP  
7-11 Melville Street  
Edinburgh EH3 7PE

## Investment Manager

First Sentier Investors (UK) Investment Management Limited  
23 St Andrew Square  
Edinburgh EH2 1BB  
(Authorised and regulated by the Financial Conduct Authority)  
Tel: +44 (0)131 473 2200

## Alternative Investment Fund Manager

First Sentier Investors (UK) Funds Limited  
15 Finsbury Circus  
London EC2M 7EB

## Registrar

Computershare Investor Services plc  
The Pavilions  
Bridgewater Road  
Bristol BS99 6ZZ

## Depository

J.P. Morgan Europe Limited  
25 Bank Street  
Canary Wharf  
London E14 5JP

## Company Website

[www.scottishoriental.com](http://www.scottishoriental.com)

## Company Number

SC156108

# aic

The Association of  
Investment Companies

The Scottish Oriental  
Smaller Companies  
Trust plc is a member  
of the Association of  
Investment Companies



**The Scottish Oriental**  
Smaller Companies Trust plc