



Interim Report 2024



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\$5,483m and US\$24m. 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.

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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 25 of the Annual Report and Accounts* for the year ending 31 August 2023 (“the Annual Report and Accounts”).

* The Company’s Annual Report and Accounts for the year ending 31 August 2023 can be found on the Company’s website at www.scottishoriental.com

Financial Highlights

Total Return Performance (Unaudited) for the six months to 29 February 2024

Net Asset Value per share	8.3%	MSCI AC Asia ex Japan Small Cap Index (£)	6.8%
Share price	3.8%	MSCI AC Asia ex Japan Index (£)	3.7%
		FTSE All-Share Index (£)	3.9%

Summary Data (Unaudited) at 29 February 2024

Share in Issue	23,962,351	Shareholders’ Funds	£371.34m
Net Asset Value per share	1,549.68p	Market Capitalisation	£313.91m
Share price	1,310.00p	Share Price Discount to Net Asset Value	15.5%

Interim Management Report

Investment Performance

Over the six months ending 29 February 2024, Scottish Oriental's net asset value ("NAV") per share increased by 8.3 per cent in total return terms, while the MSCI AC Asia ex Japan Small Cap Index increased by 6.8 per cent on the same basis. The Company's share price increased by 3.8 per cent in total return terms.

The biggest contributors to performance were Scottish Oriental's holdings in India and Taiwan. The exposure to Indonesia and Hong Kong were the biggest detractors from performance. The Company's shares traded at a discount ranging from 8.6 per cent to 16.5 per cent, which reflects the cautious sentiment of investors. The discount to NAV stood at 15.5 per cent on 29 February 2024.

Dividend

A final dividend of 13.0p was paid on 12 January 2024 for the year ended 31 August 2023 (31 August 2022: 14.0p per share (made up of a final dividend of 13.0p and a special dividend of 1.0p)). Based on the current forecast it is likely that, barring any unforeseen circumstances, the final dividend will be at least maintained for the year ended 31 August 2024.

Review

Asian stock markets, with the exception of China, were strong over the six months ending 29 February 2024. The recent stabilisation in global inflation rates and the continued resilience of the global economy despite interest rate increases has led to optimism among investors. The possibility of interest rate reductions by global central banks in the coming periods is being viewed positively.

Five new positions were initiated during the period. The decline in valuations in markets like China has led to some attractive bottom-up opportunities. This includes **Haitian International**, which is the largest plastic injection moulding machine manufacturer in China. The company serves a diversified group of customers across industries. The strong growth in electric vehicle manufacturing, as well as Haitian's expansion into markets outside China are likely to drive an improvement in its growth prospects. **Cloud Music** is the second largest music platform in China with over 200 million active monthly users. The company operates in an attractive duopoly structure with a loyal user base. It has the potential to increase its profitability levels materially as it expands its share of paying users.

Mainfreight is a leading global freight forwarding and logistics service provider, headquartered in New Zealand. The company has a dominant position in the Australia and New Zealand markets, which provide strong cash flows to expand its presence in Europe and the United States of America where it has the opportunity to scale up its business substantially. **Honasa Consumer** operates several personal care brands in India, including MamaEarth, its flagship brand with a focus on safe and toxin-free products. The company initially began

building its brands as a direct to consumer online offering. It has successfully expanded into the large offline distribution network and has the potential to grow rapidly in the under-penetrated personal care category in India.

We had also purchased a small position in **LG Household & Healthcare** ("LG H&H"), a large cosmetics, beverage and household product company in South Korea. The company has a large exposure to the Chinese cosmetics market. We observed increasing levels of competitive intensity in China, which was likely to impact LG H&H's market share and profitability over the medium-term. We sold the small position due to these concerns.

Five holdings were sold after strong share price performance, which had led to more expensive valuations. This included **Biocon**, a global pharmaceuticals manufacturer headquartered in India, **Delhivery**, the largest third party logistics service provider in India, **HeidelbergCement India**, a leading cement manufacturer, **Mahindra Lifespace**, a real estate developer owned by the well reputed Mahindra group and **Hisense Home Appliances**, the dominant central air-conditioning manufacturer in China.

We also sold **Beijing Capital Airport** and **Indus Motor Company** during the period. These businesses were affected by regulatory changes as well as the weak macro-economic environment prevailing in China and Pakistan, respectively. These disposals were also aimed at consolidating the portfolio among the highest conviction holdings.

Outlook

Over the last four years, Asian economies have faced several headwinds including the impact of the Covid-19 pandemic as well as the rise in inflation and interest rates. The recovery in economic sentiment is uneven across the region. Countries such as India and Indonesia have recovered strongly since the initial impact of the pandemic. However, the recovery in China and Hong Kong has been subdued, due to extended lockdowns as well as geopolitical tensions, regulatory interventions across a number of industries and a long overdue property market downturn. During this period of disruption across Asian countries, Scottish Oriental's holdings have gained market share from their weaker competitors. They are likely to emerge with a larger share of their respective categories' profit pools as the operating environment improves. We are excited about the portfolio's prospects, given the solid balance sheets of the portfolio's holdings, their strong growth potential and attractive valuations.

Vinay Agarwal
Sreevardhan Agarwal
FSSA Investment Managers
8 April 2024

Sustainability and ESG Integration

As long-term investors, the FSSA team is focused on identifying companies that are intelligently driving sustainable outcomes. A key part of its philosophy is seeking founders and management teams with high governance standards and whose interests are well-aligned with minority shareholders. These are franchises with the ability to deliver sustainable and predictable returns even in down markets, comfortably in excess of the cost of capital.

Every member of the FSSA investment team integrates ESG into their bottom-up research as a fundamental part of an assessment of quality. This consideration gives a strong indication as to whether management are truly good long-term stewards. By evaluating ESG factors, it is possible to assess what might improve or even destroy the investment case. The team closely engage and track management's response to ESG concerns including analysing targets and supporting KPIs.

Overview



Case Study: Beyond a Tick-Box Exercise

Kansai Nerolac Paints (“Kansai Nerolac”) is a leading paints company in India, 75%-owned by Kansai Paints of Japan. Over the last two decades, it has been dominant in automotive coatings with over 60% domestic market share. The company is also one of the largest manufacturers of decorative wall paints with the iconic Nerolac brand, which has been present in India since the 1950s.

FSSA have been shareholders for most of the last decade and hold the management team in high regard for the way they have built the business over time. We believe their track record of growing consistently and generating significant operating cash flows is commendable – over the past 20 years, the company has grown sales nearly eleven-fold while generating returns on capital employed of 24% on average.

As part of our regular portfolio monitoring and reviews, we recently sought to improve our understanding of Kansai Nerolac’s sustainability challenges and opportunities, as well as their approach to the subject. As we compared its data on Scope 1 and 2 emissions intensity, water intensity and its share of renewable energy versus some listed peers, we observed that it was lagging on a few metrics. As the company has historically been a pioneer on sustainability initiatives, including being the first company to produce lead-free decorative paints in India, we decided to write a letter to the management team to seek clarity on the current situation.

We received a prompt and proactive response from the company, which highlighted the difference in Kansai Nerolac’s business mix compared to peers. In particular, a significant proportion of its business is industrial automotive paints which by nature are more energy intensive. In that context, the company’s emissions intensity was only marginally higher than peers, despite it not being a like-for-like comparison. Further, the management team wanted to measure and validate its current environmental impact against global frameworks. Although this undertaking would take longer, the result would be more concrete plans towards its long-term decarbonisation goals. The company has now undertaken several short-term and long-term decarbonisation initiatives and is the only paints company in India to have targets verified by the Science Based Targets initiative (“SBTi”) across Scope 1, 2 and 3 emissions.

Overall, we were encouraged by the company’s response. While its current emissions intensity and renewable energy consumption metrics appear less impressive than peers, the direction of travel is positive. Kansai Nerolac has chosen to approach sustainability in a comprehensive, long-term manner rather than simply ticking the boxes. We look forward to continuing our dialogue with the management team in the coming years and tracking the progress of their climate-related initiatives.

List of Quoted Equity Investments

as at 29 February 2024

	% of Shareholders' Funds		% of Shareholders' Funds		% of Shareholders' Funds
Bangladesh (0.6%)		India (43.1%)		Indonesia (15.0%)	
Financials (0.6%)		Consumer Discretionary (7.3%)		Consumer Discretionary (8.7%)	
Delta Brac	0.6	Crompton Greaves Consumer Electricals	2.7	Astra Otoparts	1.0
China (13.9%)		Honasa Consumer	2.6	Mitra Adiperkasa	2.9
Consumer Discretionary (5.0%)		Whirlpool of India	2.0	Sarimelati Kencana	0.9
JNBY Design	5.0	Consumer Staples (11.0%)		Selamat Sempurna	3.9
Consumer Staples (4.8%)		Colgate-Palmolive India	7.5	Consumer Staples (2.5%)	
Uni-President China	4.8	Radico Khaitan	2.5	Hero Supermarket	1.1
Industrials (0.9%)		United Breweries	1.0	Uni-Charm Indonesia	1.4
Hongfa Technology	0.9	Financials (2.4%)		Financials (1.6%)	
Materials (2.7%)		360 One	0.3	Bank OCBC Nisp	1.6
Haitian International	1.2	Computer Age Management	2.1	Materials (2.2%)	
Sinoseal Holdings	1.5	Healthcare (4.9%)		Avia Avian	2.2
Technology (0.5%)		Metropolis Healthcare	2.5	New Zealand (0.7%)	
Cloud Music	0.5	Mphasis	1.1	Logistics (0.7%)	
Hong Kong (4.6%)		Solara Active Pharma	1.3	Mainfreight	0.7
Consumer Discretionary (1.8%)		Industrials (1.8%)		Philippines (9.0%)	
Fairwood Holdings	0.9	Blue Star	1.3	Consumer Discretionary (0.7%)	
Luk Fook Holdings	0.9	Escorts Kubota	0.5	Max's Group	0.7
Consumer Staples (2.8%)		Materials (9.8%)		Consumer Staples (7.3%)	
Nissin Foods	1.6	Castrol India	5.4	Century Pacific Food	4.3
Vitasoy International	1.2	Godrej Industries	1.4	Philippine Seven	3.0
		Kansai Nerolac Paints	3.0	Industrials (1.0%)	
		Real Estate (1.3%)		Concepcion Industrial	1.0
		Oberoi Realty	1.3	Singapore (2.0%)	
		Utilities (4.6%)		Consumer Staples (1.0%)	
		Mahanagar Gas	4.6	Haw Par	1.0
				Financials (1.0%)	
				Credit Bureau Asia	1.0

List of Quoted Equity Investments cont'd

	% of Shareholders' Funds		% of Shareholders' Funds		% of Shareholders' Funds
South Korea (4.2%)		Taiwan (7.2%)		Thailand (1.5%)	
Consumer Discretionary (1.5%)		Consumer Discretionary (1.4%)		Financials (1.5%)	
Fila Holdings	1.5	Poya International	1.4	Tisco Financial	1.5
Financials (1.3%)		Industrials (1.2%)		Vietnam (2.3%)	
NHN KCP	1.3	AirTac International	1.2	Technology (2.3%)	
Materials (1.4%)		Technology (4.6%)		FPT	2.3
Tokai Carbon	1.4	Parade Technologies	2.0		
		Silergy	0.8		
		Sinbon Electronics	1.8		

Ten Largest Equity Holdings

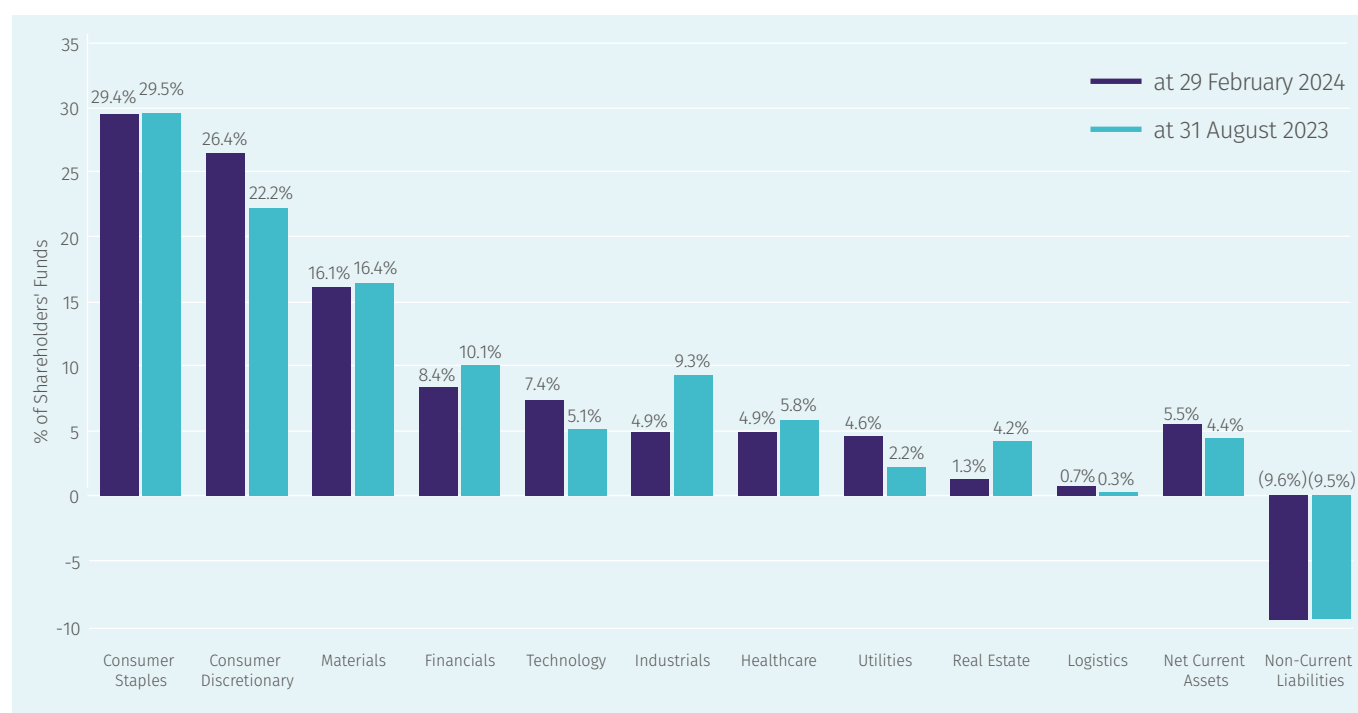
as at 29 February 2024

Company	Country	Sector	Market Valuation £'000	% of Shareholders' Funds
Colgate-Palmolive India	India	Consumer Staples	27,956	7.5
Castrol India	India	Materials	20,061	5.4
JNBY Design	China	Consumer Discretionary	18,549	5.0
Uni-President China	China	Consumer Staples	17,832	4.8
Mahanagar Gas	India	Utilities	17,105	4.6
Century Pacific Food	Philippines	Consumer Staples	15,992	4.3
Selamat Sempurna	Indonesia	Consumer Discretionary	14,619	3.9
Philippine Seven	Philippines	Consumer Staples	11,202	3.0
Kansai Nerolac Paints	India	Materials	11,059	3.0
Mitra Adiperkasa	Indonesia	Consumer Discretionary	10,656	2.9
Total			165,031	44.4

Sector Allocation

(% of Shareholders' Funds)

as at 29 February 2024



Income Statement

for the six months to 29 February 2024

	Six months to 29 February 2024 (unaudited)			Six months to 28 February 2023 (unaudited)		
	Revenue	Capital	Total*	Revenue	Capital	Total*
	£000	£000	£000	£000	£000	£000
Gains on investments	–	29,007	29,007	–	6,850	6,850
Income from investments	2,930	–	2,930	2,257	–	2,257
Other income	46	–	46	8	–	8
Investment management fee	(1,346)	–	(1,346)	(1,251)	–	(1,251)
Performance fee	–	–	–	–	(1,993)	(1,993)
Currency losses	–	(72)	(72)	–	(362)	(362)
Other administrative expenses	(395)	–	(395)	(356)	–	(356)
Net return on ordinary activities before finance costs and taxation	1,235	28,935	30,170	658	4,495	5,153
Finance costs	(406)	–	(406)	(417)	–	(417)
Net return on ordinary activities before taxation	829	28,935	29,764	241	4,495	4,736
Tax on ordinary activities (note 3)	(254)	(4,412)	(4,666)	(16)	155	139
Net return attributable to equity shareholders	575	24,523	25,098	225	4,650	4,875
Net return per ordinary share	2.38p	101.51p	103.89p	0.91p	18.82p	19.73p

* 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 29 February 2024

	At 29 February 2024 (unaudited) £000	At 31 August 2023 (audited) £000
FIXED ASSET EQUITY INVESTMENTS		
Bangladesh	2,356	3,191
China	51,469	41,623
Hong Kong	17,204	17,958
India	160,154	160,435
Indonesia	55,717	62,642
New Zealand	2,446	–
Pakistan	–	1,126
Philippines	33,591	34,008
Singapore	7,394	9,296
South Korea	15,596	13,413
Taiwan	26,787	16,762
Thailand	5,489	5,747
Vietnam	8,411	6,459
Total Equities	386,614	372,660
Net Current Assets	20,433	15,569
Non-Current Liabilities (note 3)	(35,708)	(33,652)
Total Assets less Liabilities	371,339	354,577
CAPITAL AND RESERVES		
Ordinary share capital	7,853	7,853
Share premium account	34,259	34,259
Capital redemption reserve	58	58
Capital reserves	323,986	304,661
Revenue reserve	5,183	7,746
Shareholders' Funds	371,339	354,577
Net asset value per share	1,549.68p	1,455.58p

Cash Flow Statement

for the six months to 29 February 2024

	Note	Six months to 29 February 2024 (unaudited) £000	Six months to 28 February 2023 (unaudited) £000
Net cash outflow from operations before dividends, interest, purchases and sales of investments	9	(4,074)	(1,730)
Dividends received from investments		3,340	3,187
Interest received from deposits		46	8
Cash (outflow)/inflow from operations		(688)	1,465
Taxation		(241)	(131)
Net cash (outflow)/inflow from operating activities		(929)	1,334
Investing activities			
Purchases of investments		(57,665)	(45,827)
Sales of investments		70,661	56,905
Capital gains tax paid on the sale of investments		(2,359)	(922)
Net cash inflow from investing activities		10,637	10,156
Financing activities			
Equity dividend paid		(3,138)	(3,457)
Buyback of Ordinary shares		(5,159)	(1,530)
Interest paid		(415)	(413)
Net cash outflow from financing activities		(8,712)	(5,400)
Increase in cash and cash equivalents		996	6,090
Cash and cash equivalents at the start of the period		18,089	7,490
Effect of currency losses		(72)	(362)
Cash and cash equivalents at the end of the period*		19,013	13,218

*Cash and cash equivalents represents cash at bank.

Statement of Changes in Equity

for the six months ended 29 February 2024

	Share Capital	Share Premium Account	Capital Redemption Reserve	Capital Reserves	Revenue Reserve	Total
	£000	£000	£000	£000	£000	£000
Balance at 31 August 2023	7,853	34,259	58	304,661	7,746	354,577
Total comprehensive income:						
Return for the period	–	–	–	24,523	575	25,098
Transactions with owners recognised directly in equity:						
Dividend paid in the period	–	–	–	–	(3,138)	(3,138)
Buyback of Ordinary shares	–	–	–	(5,198)	–	(5,198)
Balance at 29 February 2024	7,853	34,259	58	323,986	5,183	371,339

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
Total comprehensive income:						
Return for the period	–	–	–	4,650	225	4,875
Transactions with owners recognised directly in equity:						
Dividends paid in the period	–	–	–	–	(3,457)	(3,457)
Buyback of Ordinary shares	–	–	–	(1,530)	–	(1,530)
Balance at 28 February 2023	7,853	34,259	58	296,445	4,475	343,090

Changes in Equity Investments

	Valuation at 31 August 2023	Purchases	Sales	Appreciation/ (depreciation)	Valuation at 29 February 2024
	£000	£000	£000	£000	£000
Bangladesh	3,191	–	(302)	(533)	2,356
China	41,623	18,935	(9,643)	554	51,469
Hong Kong	17,958	3,173	–	(3,927)	17,204
India	160,435	15,675	(53,080)	37,124	160,154
Indonesia	62,642	2,483	(1,608)	(7,800)	55,717
New Zealand	–	2,590	–	(144)	2,446
Pakistan	1,126	–	(1,344)	218	–
Philippines	34,008	–	(1,409)	992	33,591
Singapore	9,296	–	(1,822)	(80)	7,394
South Korea	13,413	4,161	(2,682)	704	15,596
Taiwan	16,762	9,443	(828)	1,410	26,787
Thailand	5,747	–	–	(258)	5,489
Vietnam	6,459	1,205	–	747	8,411
	372,660	57,665	(72,718)	29,007	386,614

Notes to Accounts

- 1** The condensed Financial Statements for the six months to 29 February 2024 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 2023 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 2023.
- 3** The Company has incurred £2,359,000 of capital gains tax on the sale of investments in the six months to 29 February 2024 (six months to 28 February 2023: £946,000).
The Company has recognised a deferred tax liability of £5,873,000 (31 August 2023: £3,820,000) 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 to 29 February 2024 of £25,098,000 (six months to 28 February 2023: net profit of £4,875,000) and on 24,148,104 (six months to 28 February 2023: 24,709,483) Ordinary shares, being the weighted average number of Ordinary shares in issue during the respective periods.
- 5** At 29 February 2024 there were 23,962,351 Ordinary shares in issue and 7,451,312 Ordinary shares held in Treasury (31 August 2023: 24,359,851 in issue and 7,053,812 held in Treasury). During the six months to 29 February 2024, the Company bought back 397,500 Ordinary shares (year to 31 August 2023; the Company bought back 457,128 Ordinary shares).
- 6** Amounts recognised as distributions in the period:

	At 29 February 2024 £000	At 28 February 2023 £000
Final dividend of 13.0p (2022 - 13.0p)	3,138	3,210
Special dividend nil (2022 - 1.0p)	–	247
	3,138	3,457

- 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. The total fee payable to the Investment Manager is capped at 1.5% per annum of the Company's net assets. As at 29 February 2024, the estimated performance fee for the year ending 31 August 2024 is £nil.
- 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.

Notes to Accounts cont'd

Financial assets at fair value through profit or loss

	29 February 2024				31 August 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Listed investments	347,220	39,394	–	386,614	313,937	58,723	–	372,660
Total	347,220	39,394	–	386,614	313,937	58,723	–	372,660

Listed investments included in fair value Level 1 are actively traded on recognised stock exchanges and the fair value of these investments has been determined by reference to their quoted prices at the reporting date.

Listed investments included in Level 2 are deemed to be illiquid. An investment is categorised as illiquid when historic trading data indicates it would take more than 250 days to liquidate. The fair value of these investments has been determined by reference to their quoted prices at the reporting date.

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

	Six months to 29 February 2024 £000	Six months to 28 February 2023 £000
Net return on activities before finance costs and taxation	30,170	5,153
Net gains on investments	(29,007)	(6,850)
Currency losses	72	362
Dividend income	(2,930)	(2,257)
Interest income	(46)	(8)
(Decrease)/increase in creditors	(2,228)	1,989
Increase in debtors	(105)	(119)
Net cash outflow from operations before dividends, interest, purchases and sales of investments	(4,074)	(1,730)

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 31 and 32 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 29 February 2024 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 29 February 2024 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

8 April 2024

Information for Investors

Financial Diary

Financial year end	31 August
Annual results announced	October/November
Annual General Meeting	January
Annual dividend paid	February
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. 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.

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.

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.

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
Uma Bhugtiar
Michelle Paisley
Karen Roydon

Company Secretary and Administrator

Juniper Partners Limited
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Edinburgh EH3 7HR
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Tel: +44 (0)131 378 0500

Registered Office

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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

Company Number

SC156108

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The Association of
Investment Companies

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



The Scottish Oriental
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