

# Aberdeen Asian Smaller Companies Investment Trust PLC

Half Yearly Report  
31 January 2012

2012



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## Highlights and Financial Calendar

### Financial Highlights

	31 January 2012	31 July 2011	% change
Total assets (£'000) <sup>A</sup>	<b>237,421</b>	245,326	-3.2
Net asset value per Ordinary share	<b>648.7p</b>	686.4p	-5.5
Share price (mid)	<b>609.3p</b>	673.3p	-9.5
Discount to net asset value	<b>6.1%</b>	1.9%	

<sup>A</sup> Excludes bank loans of £10,646,000 (31 July 2011 – £5,361,000).

### Performance (total return<sup>B</sup>)

	Six months ended 31 January 2012	Year ended 31 July 2011
Net asset value per Ordinary share	<b>-3.6%</b>	+23.9%
Share price	<b>-7.6%</b>	+38.3%
MSCI AC Asia Pacific ex Japan Index (currency adjusted)	<b>-5.2%</b>	+15.7%
MSCI AC Asia Pacific ex Japan Small Cap Index (currency adjusted)	<b>-12.9%</b>	+17.5%

<sup>B</sup> Total return represents the capital return plus dividends reinvested.

### Financial Calendar

<b>20 March 2012</b>	Announcement of unaudited half yearly results for the six months ended 31 January 2012
<b>April 2012</b>	Half Yearly Financial Report posted to shareholders
<b>October 2012</b>	Announcement of results for the year ending 31 July 2012
<b>October 2012</b>	Annual Report posted to shareholders
<b>November 2012</b>	Annual General Meeting

# Interim Board Report

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## Background

In the six months to 31 January 2012, your Company's net asset value total return declined 3.6%. Although it is never pleasing to report a fall in assets, it is comforting to note that the decline was much less than those of the MSCI AC Asia Pacific ex Japan Index and MSCI AC Asia Pacific ex Japan Small Cap Index which were 5.2% and 12.9% respectively, in sterling terms. The share price return fell 7.6% reflecting a widening of the discount from 1.9% to 6.1%.

The outperformance again reinforces your Manager's strength in seeking out quality holdings with healthy balance sheets, sound management and superior growth prospects. This helped steer the Company through what was a volatile period for global financial markets.

## Overview

Over the review period, Asian markets reacted negatively to persistent threats of a disorderly sovereign default in Europe, the unprecedented downgrade of America's credit rating and stalling growth in the developed world, with its consequences for Asia's economic expansion which is still dependant on export-oriented industries.

As growth prospects diminished, central banks started loosening monetary policy. Slowing inflation gave Australia, Indonesia and Thailand the opportunity to lower interest rates. In November, China cut the cash reserve requirement ratio for lenders for the first time in three years. India followed suit in January, signalling a policy shift towards reviving growth after two years of fighting inflation. Its wholesale price index, the main measure of price pressures, eased from 9.11% year-on-year in November to 6.55% in January. (At the time of writing, China announced a second cut to cash reserve requirements while data showed the property sector continues to weaken.)

The prospect of looser policy, underscored by the US Federal Reserve's pledge to hold interest rates at their current low levels until 2014, revived market sentiment in the second half of the review period though not enough to erase earlier losses. In previous years, massive liquidity injections from two rounds of quantitative easing in the US had cushioned global equities against economic, political and policy uncertainties. The absence of a third round appeared to have taken away that support though share prices have rebounded since the review period ended.

## Share Capital and Gearing

The Company remained geared throughout the period with net gearing of 4.7% at the period end, and £10.6 million drawdown in US dollars under the £20m multi-currency facility with the Royal Bank of Scotland. The Board monitors

the Company's gearing on a regular basis under advice from the Manager.

On 8 March 2012 the Company announced that it was exploring the possibility of issuing a convertible unsecured loan stock ("CULS") and we expect to be writing to shareholders in the near future with further details of the CULS and steps that can be taken to approve of, and participate in, the CULS issue.

## Portfolio

Within the portfolio, consumer staple stocks did extremely well, outpacing the broader market given their defensive qualities. Among the noteworthy contributors to relative return were leading Indonesian brewer Multi Bintang, Thai cash-and-carry retailer Siam Makro and Malaysia's Guinness Anchor. Multi Bintang's cash flow remained healthy even though earnings weakened. New stores aided Siam Makro's sales while a better product mix boosted margins. Likewise, robust demand and increasing market share bolstered brewer Guinness Anchor.

Other positive contributors included Indian drugmaker Aventis Pharma and Australian car accessories manufacturer ARB, supported by good sales and earnings growth. These are two examples of the kind of business in which the manager likes to invest. They are both well managed; they are exposed to regional growth prospects and are market leaders, backed either by a multinational (Aventis Pharma) or strong local ownership (ARB). Through its European parent, Aventis Pharma gains from superior technology transfer and product pipelines while ARB operates in a niche sector with few rivals.

Investments that disappointed included holdings in Hong Kong and Singapore. Several Hong Kong companies, including financial daily Hong Kong Economic Times and Kingmaker Footwear, were weighed down by higher costs. Hong Kong Economic Times was further depressed by the launch of a new publication, which could squeeze margins in the short term. In Singapore, Wheelock Properties and Hong Leong Finance were hurt by property cooling measures and worries over a moderating economy. Elsewhere, Thailand's Hana Microelectronics struggled to rebuild production after the recent floods inundated its Ayutthaya plant. Nevertheless, your Manager continues to like these companies because of their long-term prospects, which remain good.

One new holding was introduced during the review period: Singapore-listed Eu Yan Sang, a well-recognised brand name in the traditional Chinese medicine sector. It has a solid balance sheet and a cash flow generating business supported by a good franchise both locally and overseas, notably in Malaysia, Hong Kong and China.

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## Outlook

These are difficult times for global markets. Europe's debt crisis continues to unfold with no clear solution in sight even though Greece has finally secured a second bailout. Sub-par growth in the West amid ongoing austerity drives could further dent Asian exporters' prospects despite recent upbeat economic data from the US. At the corporate level, earnings growth is expected to be muted as companies continue to adopt a cautious stance and rein in costs. All this could cast a pall over markets in the medium term.

These headwinds, however, will make little difference to smaller companies that are well-run and financially sound. Furthermore, many tend to be domestically or regionally focused and thus less vulnerable to weakness at the global level. Indeed, tough times could provide them the opportunity to widen their reach and consolidate their market positions. I am confident that your Manager's focus on in-depth research and regular management visits will stand it in good stead to identify such quality companies, like those held in your Company's portfolio.

## Principal Risk Factors

Investment in Far East equities or those of companies that derive significant revenue or profit from the Far East involves a greater degree of risk than that usually associated with investment in the securities in major securities markets. The securities that the Company owns may be considered speculative because of this higher degree of risk. Further details of the risks attaching to the Company's shares are provided in note 19 to the Annual Report and financial statements for the year ended 31 July 2011. These risks include:

### Ordinary Shares

The market price and the realisable value of the Ordinary shares, as well as being affected by their underlying net asset value, also take into account supply and demand, market conditions and general investor sentiment. As such, the market value and the realisable value of the Ordinary shares may fluctuate and vary considerably from their net asset value and investors may not be able to realise the full value of their original investment.

### Dividends

The Company will only pay dividends on the Ordinary shares to the extent that it has profits available for that purpose. The ability of the Company to pay any dividends in respect of the Ordinary shares will depend primarily on the level of income received from its investments. Accordingly, the amount of the dividends paid to shareholders may fluctuate.

### Borrowings

Whilst the use of borrowings should enhance the total return on the Ordinary shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the underlying return is less than the cost of borrowing, further reducing the total return on the Ordinary shares. The Company currently utilises gearing in the form of bank borrowings (see note 10 below).

### Market Risks

The Company's investments are subject to normal market fluctuations and the risks inherent in the purchase, holding or selling of securities, and there can be no assurance that appreciation in the value of those investments will occur. Investment in emerging securities markets in the Asia Pacific region involves a greater degree of risk than that usually associated with investment in more developed securities markets including the risk of social, economic and political instability which may have an adverse effect on economic reforms or restrict investment opportunities.

### Foreign Exchange Risks

The Company accounts for its activities and reports its results in sterling while investments are made and realised in other currencies. It is not the Company's present intention to engage in currency hedging, although it reserves the right to do so. Accordingly, the movement of exchange rates between sterling and the other currencies in which the Company's investments are denominated or its borrowings are drawn down may have a material effect, unfavourable as well as favourable, on the returns otherwise experienced on the investments made by the Company.

### Taxation and Exchange Controls

Any change in the Company's tax status or in taxation legislation (including the tax treatment of dividends or other investment income received by the Company) or failure to satisfy the conditions of Section 1158 of the Corporation Tax Act 2010 could affect the value of the investments held by the Company, affect the Company's ability to provide returns to shareholders or alter the post-tax returns to shareholders.

The Company may purchase investments that may be subject to exchange controls or withholding taxes in various jurisdictions. In the event that exchange controls or withholding taxes are imposed with respect to any of the Company's investments, the effect will generally be to reduce the income received by the Company on its investments and the capital value of the affected investments.

### Going Concern

The Company's assets consist of a diverse portfolio of listed equities which in most circumstances are realisable within a

## Interim Board Report continued

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short timescale. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### Directors' Responsibility Statement

The Directors are responsible for preparing this half-yearly financial report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements contained within the half-yearly financial report has been prepared in accordance with the Accounting Standards Board's Statement "Half Yearly Financial Reports";
- the Interim Board Report (constituting the interim management report) includes a fair review of the information required by rule 4.2.7R of the UK Listing Authority Disclosure and Transparency Rules (being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year) and 4.2.8R (being related party transactions that have taken place during the first six months of the financial year and that have materially affected the financial position of the Company during that period; and any changes in the related party transactions described in the last Annual Report that could so do).

**Nigel Cayzer**

Chairman

20 March 2012

# Investment Portfolio

As at 31 January 2012

Company	Sector	Country	Valuation £'000	Total assets %
Siam Makro (Alien Mkt)	Food & Staples Retailing	Thailand	10,072	4.2
LPI Capital	Insurance	Malaysia	8,919	3.8
Giordano International	Specialty Retail	Hong Kong	8,740	3.7
AEON Co (M)	Multiline Retail	Malaysia	8,537	3.6
Multi Bintang Indonesia	Beverages	Indonesia	7,852	3.3
Bukit Sembawang Estates	Real Estate Management & Development	Singapore	7,748	3.3
Bank OCBC NISP	Commercial Banks	Indonesia	7,366	3.1
Godrej Consumer Products	Personal Products	India	6,857	2.9
WBL Corporation	Electronic Equipment Instruments & Components	Singapore	6,386	2.7
United Plantations	Food Products	Malaysia	6,354	2.7
Top ten investments			<b>78,831</b>	<b>33.3</b>
M. P. Evans Group	Food Products	Indonesia	6,054	2.5
Asian Terminals	Transportation Infrastructure	Philippines	5,823	2.4
Guinness Anchor	Beverages	Malaysia	5,812	2.4
Hana Microelectronics (Alien Mkt)	Electronic Equipment Instruments & Components	Thailand	5,581	2.4
Gujarat Gas	Gas Utilities	India	5,344	2.3
Castrol India	Chemicals	India	5,049	2.1
AEON Stores	Multiline Retail	Hong Kong	5,010	2.1
Cebu Holdings	Real Estate Management & Development	Philippines	4,444	1.9
Jollibee Foods	Hotels, Restaurants & Leisure	Philippines	4,311	1.8
Tisco Financial Group (Alien Mkt)	Commercial Banks	Thailand	4,264	1.8
Top twenty investments			<b>130,523</b>	<b>55.0</b>
Holcim Indonesia	Construction Materials	Indonesia	4,187	1.8
ARB Corp	Specialty Retail	Australia	4,026	1.7
Wheelock Properties	Real Estate Management & Development	Singapore	3,948	1.7
Shangri-La Hotels (Malaysia)	Hotels, Restaurants & Leisure	Malaysia	3,851	1.6
United Malacca	Food Products	Malaysia	3,813	1.6
Eastern Water Resources Development & Management (Alien Mkt)	Water Utilities	Thailand	3,755	1.6
Commercial Bank of Ceylon	Commercial Banks	Sri Lanka	3,695	1.6
Aventis Pharmaceuticals	Pharmaceuticals	India	3,599	1.5
Jammu & Kashmir Bank	Commercial Banks	India	3,595	1.5
Kansai Nerolac Paints	Chemicals	India	3,559	1.5
Top thirty investments			<b>168,551</b>	<b>71.1</b>
Hong Kong Economic Times	Media	Hong Kong	3,505	1.5
CMC	IT Services	India	3,495	1.5
Chevron Lubricants Lanka	Oil, Gas & Consumable Fuels	Sri Lanka	3,367	1.4
Asia Satellite Telecommunications Holdings	Diversified Telecommunications Services	Hong Kong	3,290	1.4
Pos Malaysia	Air Freight & Logistics	Malaysia	3,208	1.4
Unilever Pakistan	Food Products	Pakistan	3,144	1.3
Convenience Retail Asia	Food & Staples Retailing	Hong Kong	3,120	1.3
Hong Kong & Shanghai Hotels	Hotels, Restaurants & Leisure	Hong Kong	3,003	1.3
J Keells Holdings	Industrial Conglomerates	Sri Lanka	2,822	1.2
Tasek Corporation	Construction Materials	Malaysia	2,535	1.1
Top forty investments			<b>200,040</b>	<b>84.5</b>

## Investment Portfolio continued

Company	Sector	Country	Valuation £'000	Total assets %
DGB Financial Group	Commercial Banks	South Korea	2,454	1.0
Public Financial Holdings	Consumer Finance	Hong Kong	2,380	1.0
SBS Transit	Road & Rail	Singapore	2,234	0.9
Millennium & Copthorne Hotels (NZ)	Hotels, Restaurants & Leisure	New Zealand	2,229	0.9
CDL Hospitality Trusts	Real Estate Investment Trusts (REITs)	Singapore	2,188	0.9
AEON Credit Service (Asia)	Consumer Finance	Hong Kong	1,950	0.8
Hong Leong Finance	Consumer Finance	Singapore	1,898	0.8
Cafe de Coral	Hotels, Restaurants & Leisure	Hong Kong	1,874	0.8
AEON Thana Sinsap (Alien Mkt)	Consumer Finance	Thailand	1,794	0.8
EU Yan Sang Intl	Pharmaceuticals	Singapore	1,738	0.7
Top fifty investments			<b>220,779</b>	<b>93.1</b>
YNH Property	Real Estate Management & Development	Malaysia	1,674	0.7
FJ Benjamin Holdings	Speciality Retail	Singapore	1,665	0.7
Goodyear (Thailand) (Alien mkt)	Auto Components	Thailand	1,620	0.7
Kingmaker Footwear	Textiles, Apparel & Luxury Goods	Hong Kong	1,453	0.6
Regional Container Lines (Alien Mkt)	Marine	Thailand	1,263	0.5
Ginebra San Miguel	Beverages	Philippines	1,193	0.5
Pacific Basin Shipping	Marine	Hong Kong	1,176	0.5
DFCC Vardhana Bank	Commercial Banks	Sri Lanka	1,062	0.4
Hung Hing Printing	Containers & Packaging	Hong Kong	1,050	0.4
Haad Thip (Alien Mkt)	Beverages	Thailand	1,013	0.4
Top sixty investments			<b>233,948</b>	<b>98.5</b>
Mustika Ratu	Personal Products	Indonesia	738	0.3
City e-Solutions	Hotels, Restaurants & Leisure	Hong Kong	509	0.2
National Development Bank	Commercial Banks	Sri Lanka	476	0.2
ORIX Leasing Pakistan	Consumer Finance	Pakistan	202	0.1
<b>Total investments</b>			<b>235,873</b>	<b>99.3</b>
<b>Net current assets<sup>A</sup></b>			<b>1,548</b>	<b>0.7</b>
<b>Total assets</b>			<b>237,421</b>	<b>100.0</b>

<sup>A</sup> Excludes bank loans of £10,646,000

# Income Statement

	Six months ended 31 January 2012 (unaudited)			Six months ended 31 January 2011 (unaudited)			Year ended 31 July 2011 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	–	(10,341)	(10,341)	–	25,970	25,970	–	41,022	41,022
Income (note 3)	3,784	–	3,784	2,862	–	2,862	8,380	–	8,380
Foreign exchange (losses)/gains	–	(299)	(299)	–	144	144	–	260	260
Investment management fees	(1,274)	–	(1,274)	(939)	–	(939)	(2,065)	–	(2,065)
Administrative expenses	(457)	–	(457)	(421)	–	(421)	(790)	–	(790)
<b>Net return on ordinary activities before finance costs and taxation</b>	<b>2,053</b>	<b>(10,640)</b>	<b>(8,587)</b>	<b>1,502</b>	<b>26,114</b>	<b>27,616</b>	<b>5,525</b>	<b>41,282</b>	<b>46,807</b>
Finance costs	(109)	–	(109)	(25)	–	(25)	(71)	–	(71)
<b>Net return on ordinary activities before taxation</b>	<b>1,944</b>	<b>(10,640)</b>	<b>(8,696)</b>	<b>1,477</b>	<b>26,114</b>	<b>27,591</b>	<b>5,454</b>	<b>41,282</b>	<b>46,736</b>
Taxation	(296)	102	(194)	88	(55)	33	(262)	(39)	(301)
<b>Net return on ordinary activities after taxation</b>	<b>1,648</b>	<b>(10,538)</b>	<b>(8,890)</b>	<b>1,565</b>	<b>26,059</b>	<b>27,624</b>	<b>5,192</b>	<b>41,243</b>	<b>46,435</b>
<b>Return per share (pence) (note 5):</b>									
<b>Basic</b>	<b>4.71</b>	<b>(30.14)</b>	<b>(25.43)</b>	<b>4.83</b>	<b>80.42</b>	<b>85.25</b>	<b>15.42</b>	<b>122.49</b>	<b>137.91</b>

The total column of this statement represents the profit and loss account of the Company.

A Statement of Total Recognised Gains and Losses has not been presented as all gains and losses are recognised in the Income Statement.

All revenue and capital items are derived from continuing operations.

No operations were acquired or discontinued during the period.

# Balance Sheet

	As at 31 January 2012 (unaudited) £'000	As at 31 January 2011 (unaudited) £'000	As at 31 July 2011 (audited) £'000
<b>Non-current assets</b>			
Investments at fair value through profit or loss	235,873	222,855	241,502
<b>Current assets</b>			
Debtors and prepayments	677	270	641
Cash and short term deposits	1,681	3,955	3,580
	2,358	4,225	4,221
<b>Creditors: amounts falling due within one year</b>			
Bank loan (note 10)	(10,646)	(5,494)	(5,361)
Other creditors	(810)	(432)	(397)
	(11,456)	(5,926)	(5,758)
<b>Net current liabilities</b>	(9,098)	(1,701)	(1,537)
<b>Net assets</b>	<b>226,775</b>	<b>221,154</b>	<b>239,965</b>
<b>Capital and reserves</b>			
Called-up share capital (note 11)	9,287	9,287	9,287
Capital redemption reserve	2,062	2,062	2,062
Share premium account	14,512	14,512	14,512
Special reserve	8,372	8,372	8,372
Warrant reserve	–	–	–
Capital reserve (note 7)	186,988	182,342	197,526
Revenue reserve	5,554	4,579	8,206
<b>Equity shareholders' funds</b>	<b>226,775</b>	<b>221,154</b>	<b>239,965</b>
<b>Net asset value per share (pence) (note 6):</b>			
<b>Basic</b>	<b>648.67</b>	<b>632.59</b>	<b>686.39</b>

## Reconciliation of Movements in Shareholders' Funds

### Six months ended 31 January 2012 (unaudited)

	Share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 July 2011	9,287	2,062	14,512	8,372	197,526	8,206	239,965
Net return on ordinary activities after taxation	–	–	–	–	(10,538)	1,648	(8,890)
Dividends paid (note 2)	–	–	–	–	–	(4,300)	(4,300)
<b>Balance at 31 January 2012</b>	<b>9,287</b>	<b>2,062</b>	<b>14,512</b>	<b>8,372</b>	<b>186,988</b>	<b>5,554</b>	<b>226,775</b>

### Six months ended 31 January 2011 (unaudited)

	Share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Special reserve £'000	Warrant reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 July 2010	8,331	2,062	11,644	8,372	1,243	155,040	6,159	192,851
Net return on ordinary activities after taxation	–	–	–	–	–	26,059	1,565	27,624
Dividends paid (note 2)	–	–	–	–	–	–	(3,145)	(3,145)
Exercise of Warrants (note 11)	956	–	2,868	–	(1,243)	1,243	–	3,824
<b>Balance at 31 January 2011</b>	<b>9,287</b>	<b>2,062</b>	<b>14,512</b>	<b>8,372</b>	<b>–</b>	<b>182,342</b>	<b>4,579</b>	<b>221,154</b>

### Year ended 31 July 2011 (audited)

	Share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Special reserve £'000	Warrant reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 July 2010	8,331	2,062	11,644	8,372	1,243	155,040	6,159	192,851
Net return on ordinary activities after taxation	–	–	–	–	–	41,243	5,192	46,435
Dividends paid (note 2)	–	–	–	–	–	–	(3,145)	(3,145)
Exercise of Warrants (note 11)	956	–	2,868	–	(1,243)	1,243	–	3,824
<b>Balance at 31 July 2011</b>	<b>9,287</b>	<b>2,062</b>	<b>14,512</b>	<b>8,372</b>	<b>–</b>	<b>197,526</b>	<b>8,206</b>	<b>239,965</b>

# Cash Flow Statement

	Six months ended 31 January 2012 (unaudited) £'000	Six months ended 31 January 2011 (unaudited) £'000	Year ended 31 July 2011 (audited) £'000
<b>Net total return before finance costs and taxation</b>	(8,587)	27,616	46,807
Adjustments for:			
Losses/(gains) on investments	10,341	(25,970)	(41,022)
Effect of foreign exchange rate movements	299	(144)	(260)
(Increase)/decrease in accrued income	(30)	413	12
(Increase)/decrease in other debtors	(6)	(44)	2
(Decrease)/increase in other creditors	(3)	50	8
Overseas withholding tax suffered	(194)	(175)	(509)
Stock dividend included in investment income	–	–	(22)
<b>Net cash inflow from operating activities</b>	1,820	1,746	5,016
Net cash outflow from servicing of finance	(111)	(22)	(76)
Net cash outflow from financial investment	(4,294)	(3,834)	(7,408)
Equity dividends paid (note 2)	(4,300)	(3,145)	(3,145)
<b>Net cash outflow before financing</b>	(6,885)	(5,255)	(5,613)
<b>Financing</b>			
Exercise of Warrants (note 11)	–	3,824	3,824
Drawdown of loan	5,017	–	–
<b>Net cash inflow from financing activities</b>	5,017	3,824	3,824
<b>Decrease in cash</b>	<b>(1,868)</b>	<b>(1,431)</b>	<b>(1,789)</b>
<b>Reconciliation of net cash flow to movements in net debt</b>			
Decrease in cash	(1,868)	(1,431)	(1,789)
Effect of foreign exchange rate movements	(299)	144	260
Drawdown of loan	(5,017)	–	–
<b>Movement in net debt in the period</b>	<b>(7,184)</b>	<b>(1,287)</b>	<b>(1,529)</b>
Net debt at start of period	(1,781)	(252)	(252)
<b>Net debt at end of period</b>	<b>(8,965)</b>	<b>(1,539)</b>	<b>(1,781)</b>
<b>Represented by:</b>			
Cash	1,681	3,955	3,580
Debt due within one year	(10,646)	(5,494)	(5,361)
	<b>(8,965)</b>	<b>(1,539)</b>	<b>(1,781)</b>

# Notes to the Accounts

## 1. Accounting policies

### (a) Basis of Accounting

The accounts have been prepared in accordance with applicable UK Accounting Standards (United Kingdom Generally Accepted Accounting Practice), with pronouncements on half yearly reporting issued by the Accounting Standards Board and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The financial statements have been prepared on a going concern basis.

The same accounting policies used for the year ended 31 July 2011 have been applied.

### (b) Dividends payable

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

	Six months ended 31 January 2012 £'000	Six months ended 31 January 2011 £'000	Year ended 31 July 2011 £'000
<b>2. Dividends</b>			
Final dividend for 2011 – 9.50p (2010 – 8.20p)	3,321	2,553	2,553
Special dividend for 2011 – 2.80p (2010 – 1.90p)	979	592	592
	<b>4,300</b>	<b>3,145</b>	<b>3,145</b>

	Six months ended 31 January 2012 £'000	Six months ended 31 January 2011 £'000	Year ended 31 July 2011 £'000
<b>3. Income</b>			
<b>Income from investments</b>			
UK dividend income	27	22	83
Overseas dividends	3,755	2,840	8,272
Stock dividends	–	–	22
Fixed interest	–	(3)	(3)
	<b>3,782</b>	<b>2,859</b>	<b>8,374</b>
<b>Other income</b>			
Deposit interest	2	3	6
	<b>2</b>	<b>3</b>	<b>6</b>
<b>Total income</b>	<b>3,784</b>	<b>2,862</b>	<b>8,380</b>

## 4. Taxation

The taxation charge for the period has been calculated at an expected effective annual tax rate of 26% and reflects the tax on offshore funds without distributor status and the subsequent transfer to income for the use of excess expenses.

## Notes to the Accounts continued

	Six months ended 31 January 2012	Six months ended 31 January 2011	Year ended 31 July 2011
	P	P	P
<b>5. Return per Ordinary share</b>			
<b>Basic</b>			
Revenue return	4.71	4.83	15.42
Capital return	(30.14)	80.42	122.49
Total return	(25.43)	85.25	137.91

The figures above are based on the following:

	£'000	£'000	£'000
Revenue return	1,648	1,565	5,192
Capital return	(10,538)	26,059	41,243
Total return	(8,890)	27,624	46,435

<b>Weighted average number of shares in issue<sup>A</sup></b>	<b>34,960,210</b>	<b>32,404,220</b>	<b>33,671,711</b>
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<sup>A</sup>Calculated excluding shares held in treasury

	As at 31 January 2012	As at 31 January 2011	As at 31 July 2011
<b>6. Net asset value per equity share</b>			
<b>Basic</b>			
Net assets attributable	£226,775,000	£221,154,000	£239,965,000
Number of Ordinary shares in issue <sup>A</sup>	34,960,210	34,960,210	34,960,210
<b>Net asset value per Ordinary share:</b>			
<b>Basic</b>	<b>648.67p</b>	<b>632.59p</b>	<b>686.39p</b>

<sup>A</sup>Excludes shares in issue held in treasury.

### 7. Capital reserve

The capital reserve reflected in the Balance Sheet at 31 January 2012 includes gains of £121,660,000 (31 January 2011 – gains of £124,448,000; 31 July 2011 – gains £136,808,000), which relate to the revaluation of investments held at the reporting date.

### 8. Transaction costs

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

	Six months ended 31 January 2012	Six months ended 31 January 2011	Year ended 31 July 2011
	£'000	£'000	£'000
Purchases	31	9	28
Sales	14	1	18
	<b>45</b>	<b>10</b>	<b>46</b>

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## 9. Related party transactions

Mr M J Gilbert and his alternate, Mr H Young are directors of Aberdeen Asset Management PLC and its subsidiary Aberdeen Asset Management (Asia) Ltd ("AAM Asia"). Mr Gilbert is also a director of Aberdeen Asset Managers Ltd ("AAM"). AAM Asia has an agreement to provide management services to the Company and AAM has an agreement to provide both administration and marketing services to the Company.

The management fee is payable monthly in arrears based on an annual amount of 1.2% calculated on the average net asset value (being gross assets less liabilities but excluding from such liabilities the amount of any loan facilities drawn down) of the Company over a 24 month period, valued monthly. During the period £1,274,000 (31 January 2011 – £939,000; 31 July 2011 – £2,065,000) of management fees were earned by the Manager, with a balance of £264,000 (31 January 2011 – £335,000; 31 July 2011 – £200,000) being payable to AAM Asia at the period end.

The investment management fees are charged 100% to revenue.

The administration fee is payable quarterly in advance and is based on a current annual amount of £80,000 (31 January 2011 – £75,000; 31 July 2011 – £75,000). During the period £39,000 (31 January 2011 – £38,000; 31 July 2011 – £75,000) of fees were earned, with a balance of £1,000 (31 January 2011 – £18,000 prepaid; 31 July 2011 – £19,000 prepaid) payable to AAM at the period end.

The marketing fee is based on a current annual amount of £173,000 (31 January 2011 – £141,000; 31 July 2011 – £173,000), payable quarterly in arrears. During the period £86,000 (31 January 2011 – £70,000; 31 July 2011 – £149,000) of fees were earned, with a balance of £15,000 (2011 – £12,000 prepaid; 31 July 2011 – £55,000) being payable to AAM at the period end.

## 10. Bank loan

The Company has a £20 million multi currency credit facility with Royal Bank of Scotland which is due to expire on 26 May 2014 (the "Credit Facility"). During the six months ended 31 January 2012 the amount drawn under the Credit Facility was US\$16,800,000. This balance had been rolled over to 12 April 2012 at an all in rate of 1.59639%.

## 11. Called-up share capital

During the six months ended 31 January 2012 no Ordinary shares of 25p each were repurchased by the Company (31 January 2011 – nil, 31 July 2011 – nil).

During the six months ended 31 January 2011 an additional 3,823,595 Ordinary shares of 25p each were issued after the remaining 3,823,595 Warrants were exercised at 100p. The total consideration received was £3,823,595. As a result of the exercise the Warrant reserve was extinguished.

## 12. Half-Yearly Report

The financial information in this report does not comprise statutory accounts within the meaning of Section 434 – 436 of the Companies Act 2006. The financial information for the year ended 31 July 2011 has been extracted from published accounts that have been delivered to the Registrar of Companies and on which the report of the auditors was unqualified and contained no statement under Section 498 (2), (3) or (4) of the Companies Act 2006. The interim accounts have been prepared using the same accounting policies as the preceding annual accounts.

Ernst & Young LLP has reviewed the financial information for the six months ended 31 January 2012 pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

## 13. This Half-Yearly Report was approved by the Board and authorised for issue on 20 March 2012.

# Independent Review Report to Aberdeen Asian Smaller Companies Investment Trust PLC

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## Introduction

We have been engaged by Aberdeen Asian Smaller Companies Investment Trust PLC ("the Company") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 January 2012 which comprises the Income Statement, Balance Sheet, Reconciliation of Movements in Shareholders Funds, Cash Flow Statement and the related notes 1 to 13. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

## Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Company are prepared in accordance with United Kingdom Generally Accepted Accounting Practice. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with the Accounting Standards Board Statement "Half-Yearly Financial Reports".

## Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware

of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 January 2012 is not prepared, in all material respects, in accordance with the Accounting Standards Board Statement "Half-Yearly Financial Reports" and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

## Ernst & Young LLP

Edinburgh  
20 March 2012

# How to Invest in Aberdeen Asian Smaller Companies Investment Trust PLC

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## Direct

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

## Aberdeen's Investment Plan for Children

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

## Aberdeen's Investment Trust Share Plan

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

## Stocks and Shares ISA

An investment of up to £11,280 in the Company can be made in the tax year 2012/2013.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £15 + VAT. The annual ISA administration charge is £24 + VAT, calculated six monthly and deducted from income. Under

current legislation, investments in ISAs can grow free of capital gains tax.

## ISA Transfer

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

## Note

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

As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs may be changed by future legislation.

## Keeping you Informed

For internet users, detailed data on the Company, including price, performance information and a monthly fact sheet is available from the Trust's website ([www.asian-smaller.co.uk](http://www.asian-smaller.co.uk)) and the TrustNet website ([www.trustnet.co.uk](http://www.trustnet.co.uk)).

Alternatively you can call 0500 00 00 40 for information.

## Literature Request Service

For literature and application forms for the Manager's investment trust products, please contact:

Telephone: 0500 00 40 00  
Email: [aam@lit-request.com](mailto:aam@lit-request.com)

For information on the Investment Plan for Children, Share Plan, ISA or ISA Transfer please contact:

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

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

# Corporate Information

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## Directors

Nigel Cayzer, Chairman  
Haruko Fukuda OBE  
Martin Gilbert  
Alan Kemp  
Chris Maude

## Alternate Director

Hugh Young (alternate for Martin Gilbert)

## Manager

Aberdeen Asset Management Asia Limited  
21 Church Street  
#01-01 Capital Square Two  
Singapore 049480

## Secretaries and Registered Office

Aberdeen Asset Management PLC  
Bow Bells House  
1 Bread Street  
London EC4M 9HH

Registered in England as an Investment Company.  
Registration Number 03106339

## Registrars

Equiniti  
Aspect House  
Spencer Road  
Lancing  
West Sussex  
BN99 6DA

Telephone enquiries 0871 384 2416  
Shareview dealing helpline 0871 384 2020  
Textel/Hard of hearing line 0871 384 2255  
Fax 0871 384 2100

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

## Stockbrokers

Matrix Corporate Capital LLP  
One Vine Street  
London  
W1J 0AH

## Bankers

The Royal Bank of Scotland plc  
24 – 25 St Andrew Square  
Edinburgh  
EH2 1AF

## Solicitors

Maclay Murray & Spens  
One London Wall  
London EC2Y 5AB

## Auditor

Ernst & Young LLP  
Ten George Street  
Edinburgh  
EH2 2DZ

## Website

[www.asian-smaller.co.uk](http://www.asian-smaller.co.uk)



