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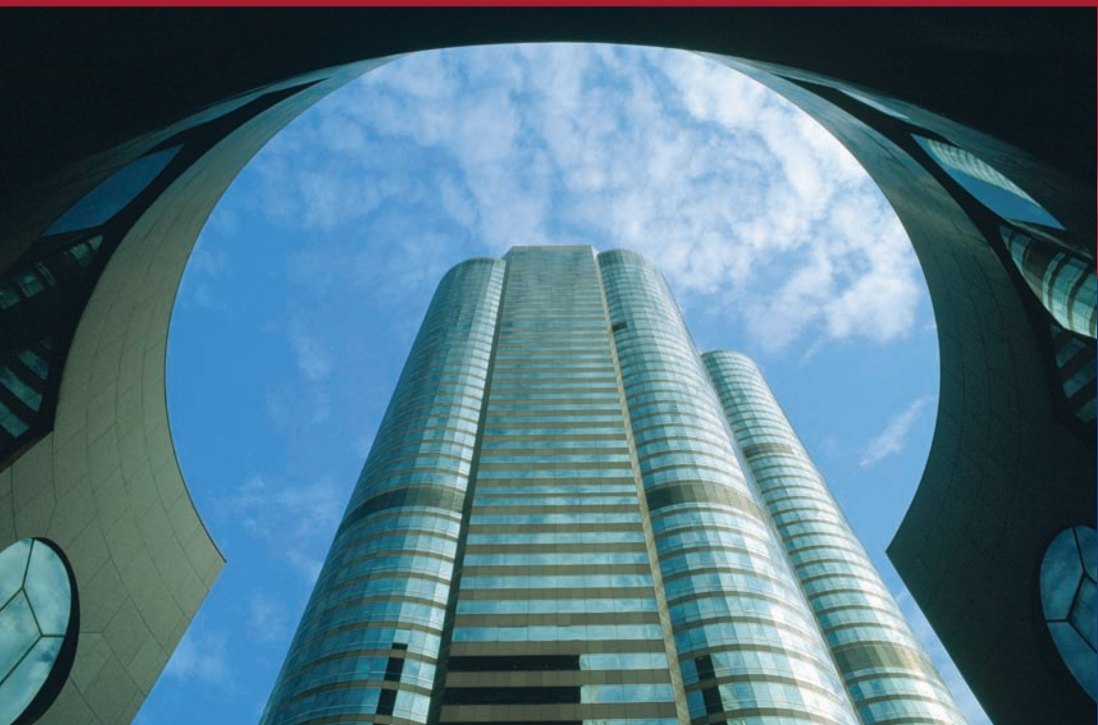
Aberdeen Asian Smaller Companies Investment Trust PLC

Annual Report and Accounts
31 July 2009



Aberdeen

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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your ordinary shares in Aberdeen Asian Smaller Companies Investment Trust PLC, please forward this document, together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

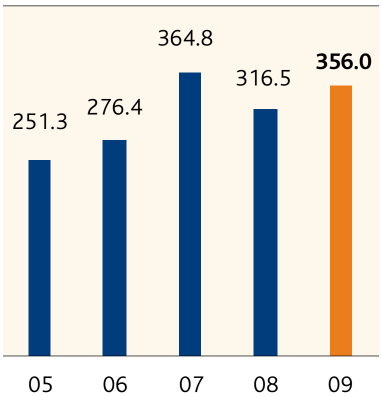
Financial Highlights

	2009	2008
Share price total return	**+15.3%**	–15.0%
Diluted net asset value total return	**+14.6%**	–11.8%
Ordinary dividend per share[A]	**5.00p**	4.00p
Special dividend per share[A]	**–**	1.00p

[A] Dividends are subject to shareholder approval at the Annual General Meeting.

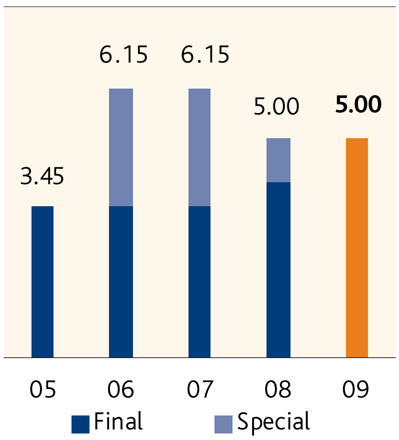
Diluted Net Asset Value per share

At 31 July – pence



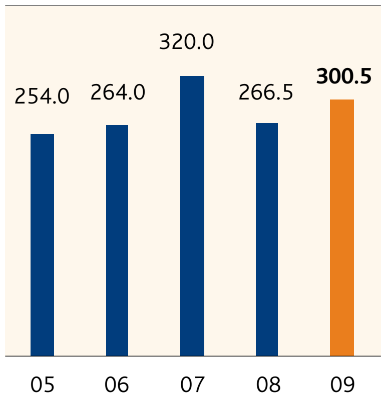
Dividends per share

pence



Mid-market price per share

At 31 July – pence



Financial Calendar

12 October 2009	Announcement of results for year ended 31 July 2009
25 November 2009	Annual General Meeting
27 November 2009	Final dividend payable for year ended 31 July 2009
30 November 2009	Warrant exercise date for 2009
March 2010	Announcement of half yearly results for the six months ending 31 January 2010
October 2010	Announcement of annual results for year ending 31 July 2010

Corporate Summary

Aberdeen Asian Smaller Companies Investment Trust PLC (the "Company")

The Company is an investment trust and its shares are listed on the London Stock Exchange. It is a member of the Association of Investment Companies ("AIC").

Manager

Aberdeen Asset Management Asia Limited ("AAM Asia" or "the Manager"), 21 Church Street, #01-01 Capital Square Two, Singapore 049480.

Investment Objective

The investment objective of the Company is to maximise total return to shareholders over the long term from a portfolio of smaller quoted companies (with a market capitalisation of up to approximately US$750m at the time of investment) in the economies of Asia and Australasia, excluding Japan.

Investment Policy

The Company's assets are invested in a diversified portfolio of securities in quoted smaller companies spread across a range of industries and economies in the investment region including Australia, Bangladesh, China, Hong Kong, India, Indonesia, Korea, Malaysia, New Zealand, Pakistan, The Philippines, Singapore, Sri Lanka, Taiwan and Thailand together with such other countries in Asia as the Directors may from time to time determine, (collectively, the "Investment Region").

Investments may also be made through collective investment schemes and in companies traded on stock markets outside the Investment Region provided that over 75 per cent. of their consolidated revenue is earned from trading in the Investment Region or they hold more than 75 per cent. of their consolidated net assets in the Investment Region.

The Board is responsible for determining the gearing strategy for the Company. Gearing is used selectively to leverage the Company's portfolio in order to enhance returns where and to the extent this is considered appropriate to do so. At the year end there was actual gearing of 4.5% which compares with a maximum limit of 25% although in the last 10 years gearing has been within the approximate range of 0% to 16%. Borrowings are short term and particular care is taken to ensure that any bank covenants permit maximum flexibility of investment policy.

In addition, it is the investment policy of the Company to invest no more than 15% of its gross assets in other listed investment companies (including listed investment trusts). The Company currently does not have any investments in other investment companies.

Achieving the Investment Policy

The Directors are responsible for determining the investment policy and the investment objective of the Company. Day to day management of the Company's assets has been delegated to AAM Asia. The Manager invests in a diversified range of companies throughout the Investment Region in accordance with the investment policy. The Manager follows a bottom-up investment process based on a disciplined evaluation of companies through direct visits by its fund managers. Stock selection is the major source of added value. No stock is bought without the fund managers having first met management. The Manager estimates a company's worth in two stages, quality then price. Quality is defined by reference to management, business focus, the balance sheet and corporate governance. Price is calculated by reference to key financial ratios, the market, the peer group and business prospects. Top-down investment factors are secondary in the Manager's portfolio construction, with diversification rather than formal controls guiding stock and sector weights. Except for the maximum market capitalisation limit little regard is paid to market capitalisation. The Manager is authorised to invest up to 10% of the Company's gross assets in any single stock although circumstances may occasionally arise when it may be in shareholders' interests to make an investment that exceeds this level.

A detailed description of the investment process and risk controls employed by the Manager is disclosed on page 17. A comprehensive analysis of the Company's portfolio is disclosed on pages 12 and 13 including a description of the ten largest investments, the top 50 investments by value, sector/geographical analysis and currency/market performance. At the year end the Company's portfolio consisted of 63 holdings.

Benchmark

The Company does not have a benchmark. The Manager utilises two general regional indices, the MSCI AC Asia Pacific ex Japan (currency adjusted) and the MSCI AC Asia Pacific Small Cap ex Japan (currency adjusted), as well as peer group comparisons for Board reporting. It is likely that performance will diverge, possibly quite dramatically in either direction, from these or any other indices. The Manager seeks to minimise risk by using in depth research and does not see divergence from an index as risk.

Capital Structure

At 31 July 2009 the Company had a capital structure comprising 32,880,207 Ordinary shares (of which 31,195,986 Ordinary shares are in issue and 1,684,221 Ordinary shares are held in treasury) and 4,266,293 Warrants to subscribe for Ordinary shares at 100p. The Company also had bank borrowings in US Dollars amounting to the equivalent of

£8.14 million which rank for repayment ahead of any capital repayment to shareholders.

Ordinary Share Rights

Subject to any suspension or abrogation of rights pursuant to relevant law or the Company's Articles of Association, the Ordinary shares confer on their holders (other than the Company in respect of any treasury shares) the following principal rights:

a) the right to receive out of profits available for distribution such dividends as may be agreed to be paid (in the case of a final dividend in an amount not exceeding the amount recommended by the Board as approved by shareholders in general meeting or in the case of an interim dividend in an amount determined by the Board). All dividends unclaimed for a period of 12 years after having become due for payment are forfeited automatically and cease to remain owing by the Company;
b) the right, on a return of assets on liquidation, reduction of capital or otherwise, to share in the surplus assets of the Company remaining after payment of its liabilities pari passu with the other holders of Ordinary shares; and
c) the right to receive notice of and to attend and speak and vote in person or by proxy at any general meeting of the Company. On a show of hands every member present or represented and voting has one vote and on a poll every member present or represented and voting has one vote for every share of which that member is the holder; the appointment of a proxy must be received not less than 48 hours before the time of the holding of the relevant meeting or adjourned meeting or, in the case of a poll taken otherwise than at or on the same day as the relevant meeting or adjourned meeting, be received after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll.

These rights can be suspended. If a member, or any other person appearing to be interested in shares held by that member, has failed to comply within the time limits specified in the Company's Articles of Association with a notice pursuant to Section 793 of the Companies Act 2006 (notice by company requiring information about interests in its shares), the Company can, until the default ceases, suspend the right to attend and speak and vote at a general meeting and if the shares represent at least 0.25% of their class the Company can also withhold any dividend or other money payable in respect of the relevant shares (without any obligation to pay interest) and refuse to accept certain transfers of the relevant shares.

Shareholders, either alone or with other shareholders, have other rights as set out in the Company's Articles of Association and in company law (principally the Companies Act 2006 and, so far as still applicable, the Companies Act 1985).

Total Assets and Net Asset Value

The Company had total assets (see definition on page 50) of £130.11 million and a basic net asset value of 390.96p per share at 31 July 2009.

Websites

www.asian-smaller.co.uk
www.aberdeen-asset.com

Company Secretary

Aberdeen Asset Management PLC, One Bow Churchyard, Cheapside, London EC4M 9HH

Email: company.secretary@invtrusts.co.uk

Customer Services

Freephone: 0500 00 00 40
(open Monday – Friday, 9am - 5pm)
Email: inv.trusts@aberdeen-asset.com

Duration

The Company does not have a fixed life.

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 financial statements. 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 'Capital Structure' above and note 11).

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 842 of the Income and Corporation Taxes Act 1988 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.

Share Dealing/PEP/ISA status
Shares in the Company can be bought in the open market through a stockbroker. They can also be purchased through the Aberdeen savings schemes and qualify fully for inclusion within tax-efficient ISA wrappers (see page 48).

Management Agreement
The Company has an agreement with AAM Asia for the provision of management services, details of which are shown in note 3 to the financial statements.

The Directors review the terms of the investment management agreement on a regular basis and have confirmed that, due to the long-term relative performance, investment skills, experience and commitment of the investment management team, in their opinion the continuing appointment of AAM Asia is in the interests of shareholders as a whole.

Chairman's Statement

Nigel Cayzer
Chairman

Results

The year under review covers a hugely volatile period across the financial world with large stock market swings and dramatic moves in exchange rates. This was and still is set against an economic background as uncertain as any encountered since the end of the Second World War. Despite these challenges, I am pleased to report that in the year ended 31 July 2009, the Company's diluted net asset value per share rose 12.5% to 355.9p while the share price gained 12.8% to 300.5p. This compared favourably with the currency adjusted gains of 6.5% and 4.0% in the MSCI AC Asia Pacific ex Japan Small Cap index and the MSCI Asia Pacific ex Japan index respectively.

Dividend

We are very pleased to declare a final dividend of 5p which is the same overall dividend as last year but really represents an increase of 25% on last year's Ordinary dividend as the total dividend in 2008 included a 1p special dividend. In last year's Annual Report, I referred to the slowdown in the receipt of special dividends. This continued into 2009. However during the year, revenues derived from ordinary dividends held up well despite the gyrations of the stock market and the downward pressure on corporate earnings. With the income remaining static, the revenue return per Ordinary share increased by 14.8% due to a reduction in other expenses, a smaller tax charge and the positive effect of having fewer shares in issue.

If approved by shareholders at the Annual General Meeting of the Company on 25 November 2009, the dividend will be paid on 27 November 2009 to shareholders on the register on 23 October 2009.

Overview

The investment philosophy pursued by Hugh Young and the investment management team at Aberdeen in Singapore of only investing in companies with strong management, well structured balance sheets and superior prospects has stood us in good stead during this turbulent period. The good short term results are mirrored by good long term performance. Since the Company was established in 1995, its share price has returned over 300% (including dividends) compared with the currency adjusted total return of the MSCI AC Asia Pacific ex Japan index of just 91%.

With these statistics in mind, I feel that it is worth analysing for shareholders why we, as a Board, feel that this Company is worthy of your continued long term support. In doing this, we have attempted to answer three questions.

The first question is why invest in Asia?

You can argue that trade cycles and political influence go in cycles; the nineteenth century saw the rise of the British Empire, the twentieth century saw the emergence of the United States as the dominant world power and there is a very strong likelihood that the twenty first century will see the emergence of Asia as the great centre of trade and influence. India and China seem poised for a long period of sustained growth off what is a relatively low base. The GDP per capita of China is just US$3,000, which is comparable to the Republic of the Congo and India is even lower. But the growth across the region over the last thirty years has outstripped any other global region. The high rates of saving, the emphasis on manufacturing, the rise in domestic markets with the consequent gradual decoupling of Asian economic reliance on the rest of the world, point to this as being near the beginning of the cycle. But it is not without risks. The dependence of the Asian economies on other regions for raw materials can lead to pressure on both supply and volatility in input prices but we have recently seen China using its financial muscle to compensate for this by extending its influence in mineral rich countries and corporations. The chance of a more volatile political backdrop is a risk, but Asia seems to have an ability to muddle through political crises with no long term slowdown in its economic growth. The less developed corporate governance model found in Asian companies can lead to some unexpected results but this is improving and better reporting and improved transparency have taken considerable strides during the last decade.

The second question is why smaller companies?

We believe that the more exciting opportunities exist in this sector. The companies tend to be more exposed to the domestic economy where long term growth prospects seem most interesting. Market inefficiencies inherent in a sector, which is under researched, can lead to the identification of interesting investment opportunities in companies that either own proprietary technology, or have interesting service offerings or have niche positions in the market or a combination of the three. Some of these small companies have the ability to grow rapidly and become the brands of the future. Added to this, in Asia, there are strong managers and managements who conduct their affairs in a sustainable and conservative manner with low debt and well founded balance sheets and where the work ethic is strong across the whole work force.

The third question is why Aberdeen Asian Smaller Companies Investment Trust?

Aberdeen has a long established reputation of conducting fundamental proprietary research by a well qualified team of investment professionals. In our case, they are based in Singapore. They pursue a highly disciplined process whereby thousands of companies are screened to meet the stringent criteria of being well managed, having strong balance sheets and good prospect; all companies are visited at least twice by more than one member of the team before an investment is made and then detailed reporting and follow up are agreed so that the progress of the company can be carefully monitored and evaluated. This can lead to some stocks being held for a long time thus leading to low turnover within the portfolio. This lack of reliance on market gossip enables the managers to take long term decisions and then back their judgement.

This methodology has served us well over the last fourteen years. The current crisis is the second we have successfully weathered without a single investee company failing. The fact that our dividend flow has been maintained points to the sustainability of earnings even in times of difficult trading. This underlying strength in the portfolio has been reflected in the results for the year with the values recovering well from those reported at the time of the interim statement.

The Managers' Report covers the performance of the portfolio and the companies within it in more detail.

Share Capital and Gearing

During the year, 662,210 Ordinary shares were purchased by the Company. A further 65,000 shares have been purchased subsequent to the year end.

The Company modestly increased its gearing during the year. It stood at approximately 4.5% at the year end (on a net basis) compared with 2.6% at the start of the year. The Board monitors the Company's gearing on a regular basis under advice from the Manager.

Annual General Meeting

The Annual General Meeting is scheduled to be held on 25 November 2009 at 12.30 p.m. In addition to the usual ordinary business, as special business the Board is seeking to renew its existing authority to issue new shares for cash without pre-emption rules applying and to renew its authority to buy back shares and either hold them in treasury for future sale (at asset value or above) or cancel them.

The Directors are also proposing to adopt new articles of association which will take account of further changes as a result of the implementation of the Companies Act 2006 and the recent implementation of the Shareholder Rights Directive. Further details of these changes are provided in the Appendix to the Annual Report and Accounts.

Outlook

At the time of writing, it looks like markets have run ahead of fundamentals. This does not mean that they cannot continue to rise, only that they have become more vulnerable, particularly if the broader global turnaround does not materialise. Governments have resorted to public spending to help compensate for the plunge in exports and private investment, but such pump priming, if coupled with loose monetary policy, can create other problems. Most of the region's governments have been prudent but in China, excess cash in the banking system is sowing the seeds of future asset bubbles. We therefore prefer to gain exposure to China through well-managed companies listed in Hong Kong.

Demand for exports is likely to remain weak for some time. Governments are seeking to boost private consumption as an engine of growth, but this is unlikely to occur overnight, given Asia's propensity to save.

The holdings within the portfolio have a domestic bias and hence stand to benefit from the evolving consumer-spending story. Importantly, as I have stated above, the quality of the portfolio and the way it is managed should provide us with some protection if we see renewed economic weakness.

We remain optimistic about the long-term growth potential of Asia. The region is expected to lead the world out of recession, given its healthy foreign reserves, low debt, high savings rates and growing middle class.

Nigel Cayzer
Chairman
12 October 2009

Manager's Review

Overview

In a year characterised by extreme volatility, Asian equity markets posted positive returns, though this was due in large part to sterling's weakness (in local currency terms Asian markets were generally flat over the period). Concerns over inflation had dominated sentiment in the first half of 2008, but the second half quickly saw attention shift to the imploding financial sector and the threat of debt deflation. September and October were particularly volatile months, as the failures and near-failures of once-trusted Western financial institutions momentarily paralysed the global financial system and triggered steep declines in stock markets. Even though Asia had limited exposure to toxic assets and its banks were, on the whole, well capitalised, investors deserted the region's markets amid the general crisis of confidence.

The financial turmoil soon spread to the real economy, and the fourth quarter of 2008 saw most economies either contract severely or grow well below long-term average rates. Correspondingly, share prices worldwide tumbled on the back of the general gloom about the economic outlook. March, however, marked the turning point for global equities, though by then Asian markets had been outperforming their developed counterparts for the best part of six months, having underperformed for most of 2008. Markets maintained a general uptrend until the end of the period, recovering their previous losses. The second quarter was dominated by talk of green shoots of economic recovery, but arguably it was financial catastrophe having been averted that was the main driver of the equity rally. By the end of the reporting period, there were still few, if any, signs of genuine economic strength. The decline in risk aversion was exceptionally rewarding for small cap stocks, which outpaced their larger counterparts from March until the period-end.

It should be noted that throughout this turmoil, the holdings within your Company were surprisingly resilient, falling substantially less than the MSCI AC Asia Pacific ex Japan Small Cap Index in the first half of the Company's financial year and rising less sharply in the rebound in the second half. This is due to the more stable nature of the businesses and balance sheets of the companies in which we invest when compared to the make-up of the index.

On the economic front, the downturn in the West had a pronounced impact on Asia's trade-reliant economies. Adding to the strains, already-weak domestic consumption was further dented by rising unemployment and shrinking wages. Many economies contracted at a record pace, while Singapore, Hong Kong, Taiwan and Thailand entered recession. Even China and India posted large declines in their growth rates.

To boost flagging growth, Western governments undertook massive measures to pump money into the system. As well, lower inflation – thanks to rapidly falling commodity prices and low capacity utilisation – allowed Asian central banks to cut interest rates. The tremendous global policy response started to take effect in the latter half of the period. At the time of writing, GDP for many economies have turned positive in the second quarter after earlier contractions.

Portfolio review

During the review period, the Company outperformed the MSCI AC Asia Pacific ex Japan Index by around 7 percentage points in sterling terms on a total return basis. Measured against the MSCI AC Asia Pacific ex Japan Small Cap Index, the Company outperformed by more than 4 percentage points. The good performance, despite very volatile markets, is a reflection of the quality of your Company's investments. Furthermore, the smaller companies that we prefer are generally more domestically orientated, cushioning their businesses during periods when the world's major economies contract, if not their share prices.

The outperformance was attributable in the main to the Company's exposure to India, Indonesia and Malaysia. Our zero weight to Australia's sluggish market also proved beneficial, helped further by the weak Australian dollar. From an investment perspective, Australia has limited long-term upside compared with the rest of Asia and few companies with which we can feel comfortable.

India, on the other hand, has been a core overweight. The economy is less dependent on external demand compared to other Asian countries, and has weathered the global downturn relatively well. The Indian stock universe of around 7,000 companies also provides great stock-picking potential, though the vast majority can be disregarded with a cursory glance. Our positioning enhanced relative performance significantly, given the stock market's strong performance over the year. Furthermore, our Indian holdings were also the period's best performers. Godrej Consumer Products, a leader in the fast-moving consumer goods sector, gained from expectations that falling raw material prices would raise profit margins, along with resilient demand for its soap and hair colour products. Its strong rural thrust also lifted its business, as the government has committed to developing rural areas, with schemes like the rural employment guarantee and debt waiver plan. Aventis Pharma also fared well, particularly alongside other companies in the more defensive pharmaceutical sector. Castrol India was a beneficiary of the falling oil price, while Gujarat Gas' share price was buoyed by a pick-up in industrial activity along with hopes of volume growth once gas from the KG Basin starts to flow.

Likewise, our overweight to Indonesia boosted performance. Stock prices there were supported by the resilient economy and the relatively trouble-free election, which saw president Yudhoyono return to power. At the stock level, Multi Bintang, a leading beer and beverage company, rose substantially, thanks to durable domestic demand. Another significant outperformer was cement maker Holcim Indonesia, which was helped by an increase in infrastructure spending.

The performance of our investments in Malaysia was equally pleasing, largely owing to the defensive nature of the domestic market. Notable mentions include brewer Guinness Anchor, which enjoyed good demand and improved operational efficiency, and Pos Malaysia, which was boosted by restructuring hopes following the appointment of a new CEO. Well-run retailer Aeon Company and general insurer LPI Capital also held up well, while United Plantations' strong performance, attributable to firm palm oil prices, was in line with other plantation stocks.

Conversely, our holdings in Hong Kong detracted from relative performance. Among the disappointments were Hong Kong & Shanghai Hotels, which struggled with falling occupancy rates as the tourism industry declined amid the global downturn. On the positive side, the business continues to boast a strong brand and solid asset base. Elsewhere, the collapse of advertising spend dampened the share price of leading financial journal Hong Kong Economic Times, while clothing retailer Giordano's underperformance reflected the difficult market conditions. Pacific Basin Shipping, a regional vessel operator, was beset by industry overcapacity as global trade stalled but remains an interesting investment. The company has several advantages – its young fleet, which is more reliable and fuel-efficient, gives it a strong competitive edge; and its net-cash position will allow it to buy distressed assets as they become available.

The lack of exposure to China also worked against the portfolio. The mainland market eclipsed most of the main bourses in the region over the period, but finding good stocks in that market is a challenge, in view of the lack of proven management as well as poor transparency and complicated corporate structures. Another reservation is valuations, which are in most cases excessive. As such, our preference is still for Hong Kong-listed stocks and H shares with diversified, regional business activities, or those that provide an exposure to China.

Apart from Hong Kong and China, our exposure to Singapore also weighed on performance, as the stock market of the trade-dependent city-state lagged the region over the year. Property developer Bukit Sembawang Estates was slow to develop and launch projects, and subsequently felt the brunt of tightening liquidity. Its share price was also hurt by its need for a rights issue. The developer's large landbank, however, remains its key strength. In addition, WBL Corp, a conglomerate with principal activities in technology, automotive distribution and property investments, failed to keep pace because of negative sentiment towards technology businesses. Still, the salient point is that Singapore is home to some of the best Asian companies, while its economy still boasts a strong regulatory environment and rich business culture.

In portfolio activity, your Manager introduced two new holdings. The first, Hong Kong's Public Financial, is a subsidiary of Malaysia's Public Bank. The company has a good, conservative management team and is carefully pursuing growth opportunities in China. The second new investment was CDL Hospitality Trust, a Singapore-listed real estate investment trust with a decent portfolio of assets. We also topped up several holdings on account of depressed valuations. Among these were Thailand's Hana Microelectronics; Holcim Indonesia; Kansai Nerolac Paints and Aventis Pharma in India; Singapore's Wheelock Properties; and Hong Kong's Giordano.

Against this, we divested some holdings whose fundamentals deteriorated amid the challenging operating environment. These included Korea's Jeonbuk Bank and Korean Reinsurance as well as Hong Kong's Fong's Industries and Hong Kong Catering. We also disposed of Thailand's Aeon Thana, which had a strong run in its share price, and top-sliced Hong Kong-listed Café de Coral, Jollibee Foods in the Philippines, Malaysia's Aeon Co, and WBL in Singapore after their share prices rebounded.

Outlook

Asian economies appear to be recovering fast, at least compared with Western peers. Still, some wariness is merited. The rebound has been driven largely by arguably unsustainable fiscal and monetary expansions from governments in the West. There is an increasing school of thought that economies may experience a double dip recession – a fear we share. Economically, Asia will, of course, be affected but the region is resilient, given its prudent government finances, stable banking system and generally low levels of debt among corporates and consumers.

Therefore, although equity markets appear to have run ahead of fundamentals at the time of writing, the long-term attraction of Asia and of our companies in particular remain and we are confident about the growth prospects of the region's economies in the long run. Our strategy will, as always, be to remain conservative with respect to stock selection, focusing on attractively valued and well-run businesses. These, we believe, are the companies that will deliver good results for our shareholders over the long term.

Aberdeen Asset Management Asia Limited
12 October 2009

Results

Financial Highlights

	31 July 2009	31 July 2008	% change
Total Assets (see definition on page 50)	£130,106,000	£114,039,000	
Total Equity Shareholders' funds (Net Assets)	£121,963,000	£109,829,000	+11.0
Share price (mid market)	300.50p	266.50p	+12.8
Warrant price (mid market)	196.50p	165.50p	+18.7
Net Asset Value per share (basic)	390.96p	347.24p	+12.6
Net Asset Value per share (diluted)	355.95p	316.46p	+12.5
Discount to diluted Net Asset Value	15.6%	15.8%	
MSCI AC Asia Pacific ex Japan Index (currency adjusted, capital gains basis)	409.34	393.75	+4.0
MSCI AC Asia Pacific ex Japan Small Cap Index (currency adjusted, capital gains basis)	876.79	823.03	+6.5
Actual gearing	4.5%	2.6%	
Potential gearing	6.7%	3.8%	
Dividends and earnings			
Total return per share (basic)[A]	48.21p	(50.80)p	
Revenue return per share (undiluted)	6.75p	5.88p	+14.8
Dividends per share[B]	5.00p	5.00p	–
Dividend cover	1.35	1.18	+14.4
Revenue reserves[C]	£3,700,000	£3,151,000	+17.4
Operating costs			
Total expense ratio	1.91%	1.69%	

[A] Measures the total earnings for the year divided by the weighted average number of Ordinary shares in issue (see note 8).

[B] The figures for dividends per share reflect the dividends for the year in which they were earned. The figure for 2008 includes a special dividend of 1.00p per share.

[C] Prior to payment of final and special dividends.

Performance (total return)

	1 year % return	3 year % return	5 year % return	since inception
Share price	+15.3	+21.2	+101.3	+300.0
Net Asset Value (basic) per Ordinary share	+14.6	+34.2	+114.7	+373.5
Net Asset Value (diluted) per Ordinary share	+14.6	+36.2	+119.5	+336.5
MSCI AC Asia Pacific ex Japan Index (currency adjusted)	+7.7	+36.8	+120.8	+91.3
MSCI AC Asia Pacific ex Japan Small Cap Index (currency adjusted)	+10.4	+36.5	+127.8	N/A

Source: Aberdeen Asset Management PLC, Fundamental Data, Factset & Russell Mellon

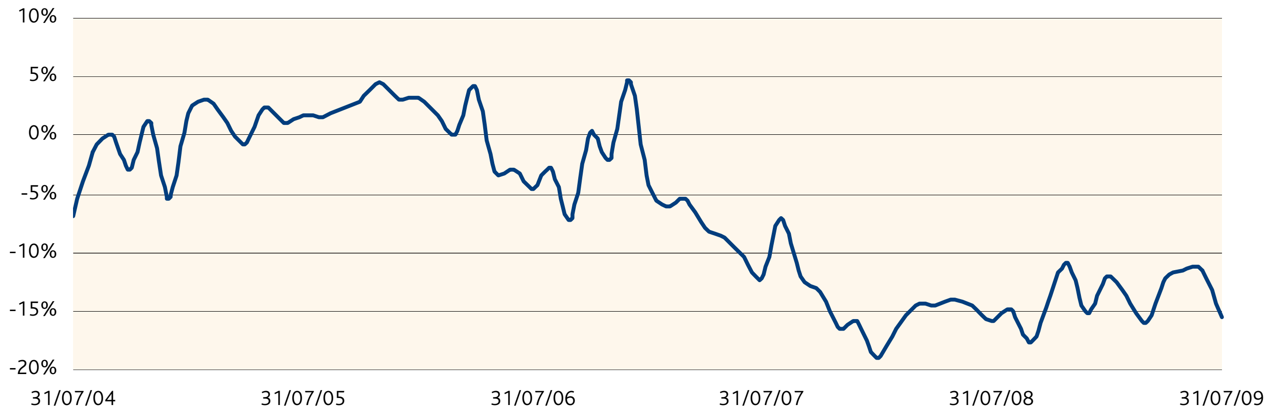
Dividends

	Rate	xd date	Record date	Payment date
Proposed Final 2009	5.00p	21 October 2009	23 October 2009	27 November 2009
Final 2008	4.00p	15 October 2008	17 October 2008	28 November 2008
Special 2008	1.00p	15 October 2008	17 October 2008	28 November 2008

Performance

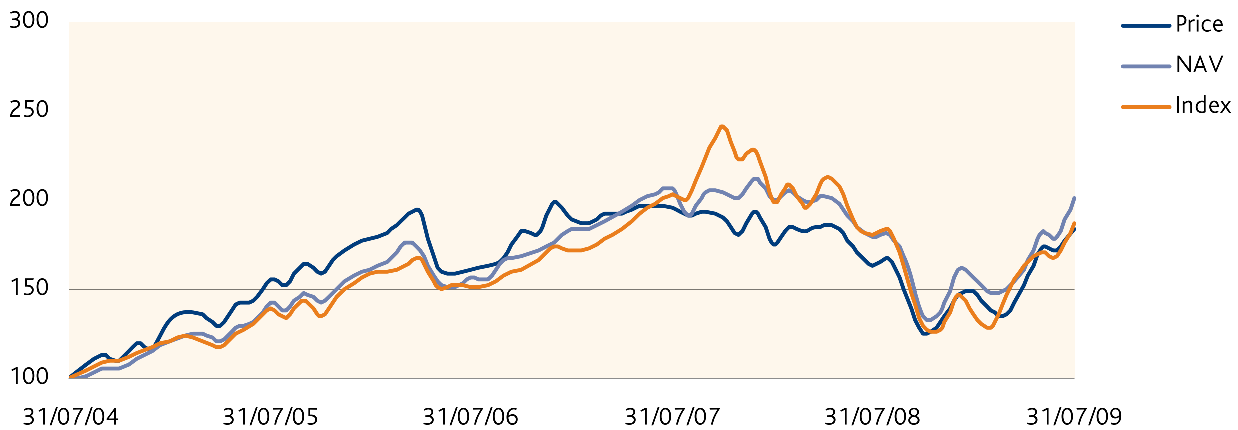
Share Price Premium/(Discount) to Diluted NAV

Five years to 31 July 2009



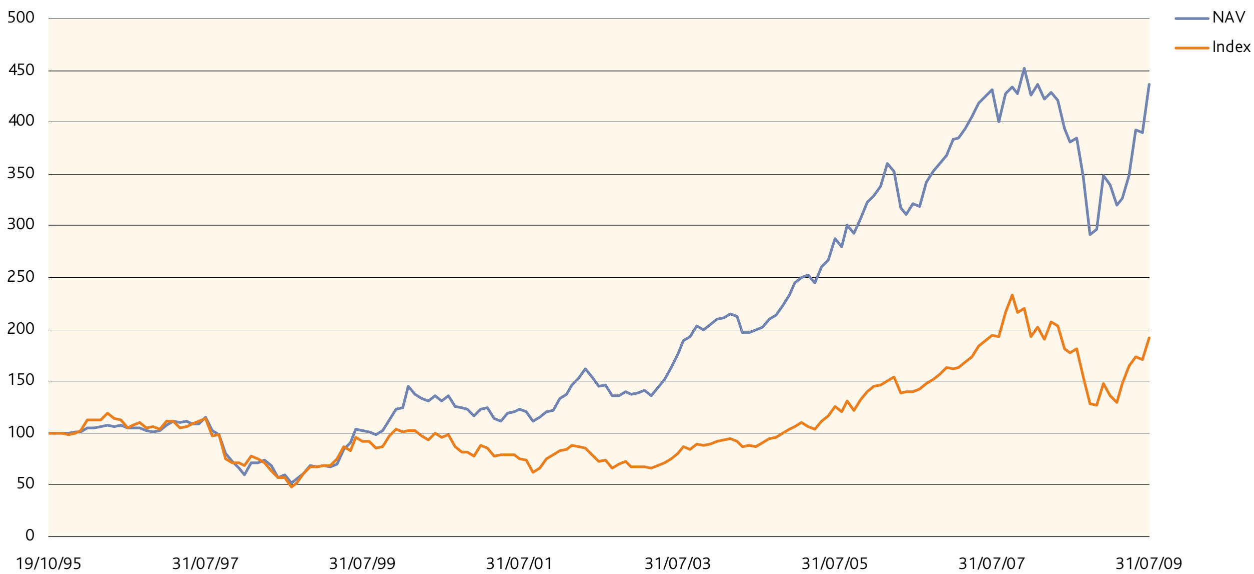
Capital Return of NAV and Share Price vs MSCI AC Asia Pacific Free ex Japan Index

Five years to 31 July 2009 (rebased to 100 as at 31/07/04)



NAV Total Return Since Inception versus MSCI AC Asia Free ex Japan Index

19 October 1995 to 31 July 2009 (rebased to 100 as at 19/10/95)



Ten Year Financial Record

Year to 31 July	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total revenue (£'000)	1,334	1,673	1,946	2,338	3,077	3,473	5,080	5,485	5,021	4,954
Per share										
Net revenue return (p)	1.12	1.84	2.67	3.12	4.01	4.54	7.25	6.98	5.88	6.75
Total return (p)	32.20	(11.59)	25.63	34.52	25.48	95.93	31.48	108.38	(50.80)	48.21
Net dividends paid/proposed (p)	1.22	2.00	2.65	3.10	3.10	3.45	6.15[A]	6.15[A]	5.00[A]	5.00
Net asset value per share										
Undiluted (p)	129.46	118.83	141.80	173.22	195.60	287.94	306.56	404.18	347.24	390.96
Diluted (p)	123.85	114.93	113.13	158.04	175.78	251.25	276.45	364.77	316.46	355.95
Shareholders' funds (£'000)	38,520	31,791	37,938	46,345	52,332	83,082	98,669	131,679	109,829	121,963

[A] 2006, 2007 and 2008 include special dividends of 2.70p, 2.70p and 1.00p respectively.

The figures for 2005 for Shareholders' Funds and Net Asset Value per share have been restated to reflect the changes in accounting policies. The figures for dividends have not been restated and still reflect the dividends for the years in which they were earned.

Investment Portfolio – Ten Largest Investments

As at 31 July 2009

Company	Sector	Country	Valuation 2009 £'000	Total assets %	Valuation 2008 £'000
Bukit Sembawang Estates Singapore-based residential property developer with a large land bank.	Real Estate	Singapore	5,959	4.6	6,062
Bank OCBC NISP 72 per cent-owned by Singapore's OCBC, it specialises in lending to the small and medium-sized business segment.	Commercial Banks	Indonesia	4,443	3.4	4,753
Godrej Consumer Products A leading FMCG company in India with strong market-leading brands in soaps and hair colour.	Personal Products	India	4,155	3.2	2,643
LPI Capital Malaysia-based insurance company involved in underwriting fire, motor, marine, aviation, transit and miscellaneous insurance.	Insurance	Malaysia	3,870	3.0	3,411
Holcim Indonesia The Indonesian subsidiary of the Swiss cement producer.	Construction & Materials	Indonesia	3,793	2.9	655
Wheelock Properties Property investor and developer, with a focus on luxury residences.	Real Estate	Singapore	3,765	2.9	2,822
AEON Stores Operator of general merchandise stores, supermarkets, discount stores, home centres, convenience stores, department stores and speciality stores.	Multi-line Retail	Hong Kong	3,728	2.9	2,974
WBL Conglomerate with principal activities in technology, automotive distribution and property investments.	Electronic Equipment & Instruments	Singapore	3,672	2.8	4,606
AEON Co Operator of general merchandise stores, supermarkets and convenience stores.	Multi-line Retail	Malaysia	3,581	2.8	3,223
Castrol The Indian subsidiary of Castrol Ltd., which manufactures and distributes automotive and industrial lubricants and specialty products.	Chemicals	India	3,426	2.6	2,056
Top ten investments			**40,392**	**31.1**	

Investment Portfolio – Other Investments

As at 31 July 2009

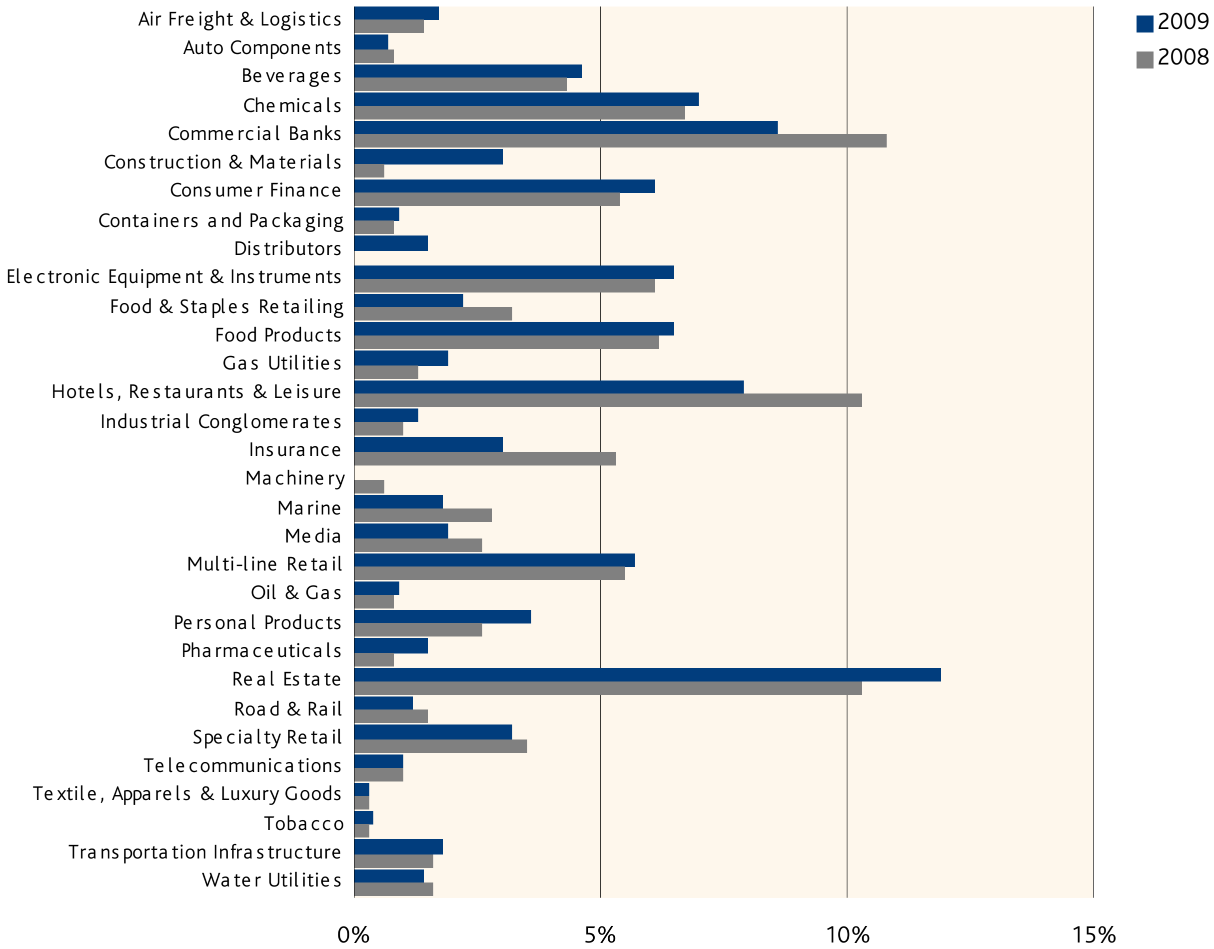
Company	Sector	Country	Valuation 2009 £'000	Total assets %	Valuation 2008 £'000
Hana Microelectronic	Electronic Equipment & Instruments	Thailand	3,308	2.5	2,277
Giordano International	Specialty Retail	Hong Kong	3,124	2.4	2,469
United Plantations	Food Products	Malaysia	3,010	2.3	2,523
Kansai Nerolac Paints	Chemicals	India	2,710	2.1	2,087
Siam Makro	Food & Staples Retailing	Thailand	2,687	2.1	2,652
ICI India	Chemicals	India	2,655	2.1	3,391
Multi Bintang Indonesia	Beverages	Indonesia	2,597	2.0	1,445
United Malacca	Food Products	Malaysia	2,512	1.9	1,811
CDL Hospitality Trust	Real Estate	Singapore	2,505	1.9	–
Gujarat Gas	Gas Utilities	India	2,469	1.9	1,446
Top twenty investments			**67,969**	**52.3**	
The Hong Kong & Shanghai Hotels	Hotels, Restaurants & Leisure	Hong Kong	2,436	1.9	2,749
Guinness Anchor	Beverages	Malaysia	2,370	1.8	1,814
Hong Kong Economic Times	Media	Hong Kong	2,358	1.8	2,889
Asian Terminals	Transportation Infrastructure	Philippines	2,266	1.7	1,778
Pos Malaysia	Air Freight & Logistics	Malaysia	2,204	1.7	1,586
Public Financial Holdings	Consumer Finance	Hong Kong	2,152	1.7	–
Shangri-La Hotels	Hotels, Restaurants & Leisure	Malaysia	2,135	1.7	1,678
Daegu Bank	Commercial Banks	South Korea	2,063	1.6	1,886
Hong Leong Finance	Consumer Finance	Singapore	1,988	1.5	1,926
Jammu & Kashmir Bank	Commercial Banks	India	1,951	1.5	2,008
Top thirty investments			**89,892**	**69.2**	
IDS Group	Distributors	Hong Kong	1,908	1.5	–
Aventis Pharmaceuticals	Pharmaceuticals	India	1,889	1.5	934
Jollibee Foods	Hotels, Restaurants & Leisure	Philippines	1,882	1.4	1,968
Eastern Water Resources	Water Utilities	Thailand	1,833	1.4	1,756
AEON Credit Service	Consumer Finance	Hong Kong	1,747	1.3	2,124
Cebu Holdings	Real Estate	Philippines	1,726	1.3	1,782
M.P. Evans	Food Products	Other Asia	1,720	1.3	1,661
Tisco Financial Group	Consumer Finance	Thailand	1,697	1.3	1,373
Cafe de Coral	Hotels, Restaurants & Leisure	Hong Kong	1,655	1.3	2,586
Keells (J)	Industrial Conglomerates	Sri Lanka	1,622	1.2	1,126
Top forty investments			**107,571**	**82.7**	
SBS Transit	Road and Rail	Singapore	1,579	1.2	1,721
Millennium & Copthorne Hotels	Hotels, Restaurants & Leisure	New Zealand	1,521	1.2	1,375
Commercial Bank of Ceylon	Commercial Banks	Sri Lanka	1,518	1.2	1,160
WBL 2.5% 10/06/14	Electronic Equipment & Instruments	Singapore	1,309	1.0	–
Asia Satellite Communications	Telecommunications	Hong Kong	1,296	1.0	1,159
YNH Property	Real Estate	Malaysia	1,274	1.0	980
Pacific Basin Shipping	Marine	Hong Kong	1,217	0.9	1,792
Chevron Lubricants	Oil & Gas	Sri Lanka	1,204	0.9	882
Unilever Pakistan	Food Products	Pakistan	1,057	0.8	1,069
Regional Container Lines	Marine	Thailand	1,056	0.8	1,350
Top fifty investments			**120,602**	**92.7**	
Other investments (13)			**7,010**	**5.4**	
Total investments			**127,612**	**98.1**	
Net current assets[A]			**2,494**	**1.9**	
Total assets[B]			**130,106**	**100.0**	

[A] excludes bank loans of £8,143,000.
[B] see definition on page 50.
All investments are in equities or warrants to convert to equities with the exception of a holding in WBL 2.5% 10/6/14 Convertible Bonds. For a full portfolio listing for Aberdeen Asian Smaller Companies Investment Trust PLC, please go to www.asian-smaller.co.uk.

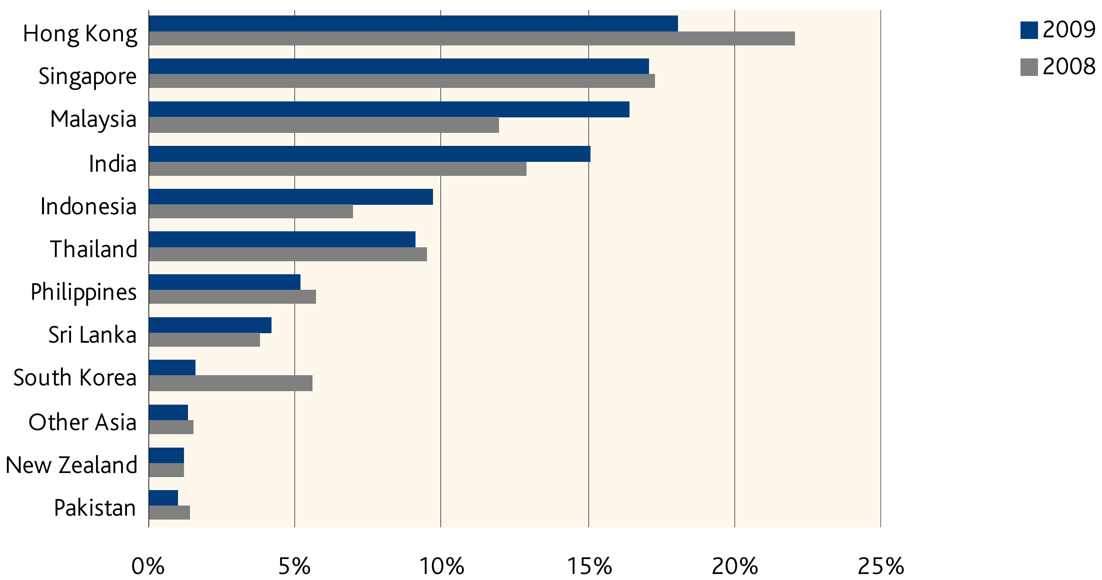
Sector/Geographical Analysis

As at 31 July 2009

Sector Breakdown



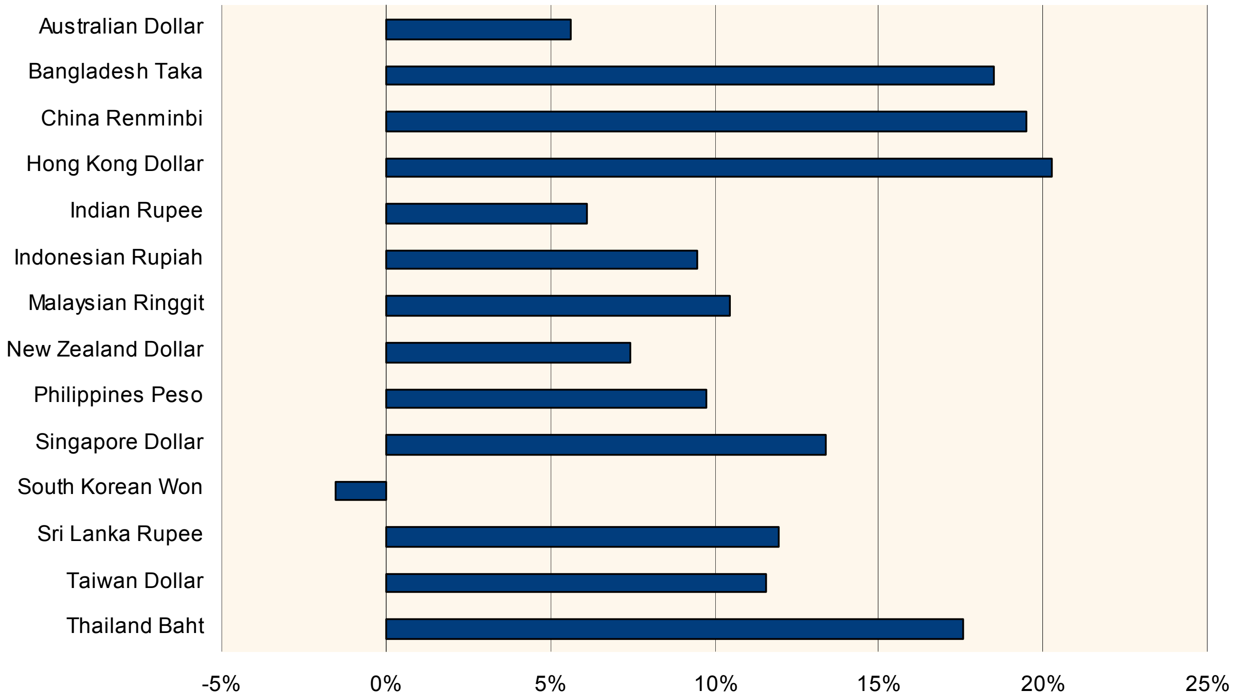
Geographic Breakdown



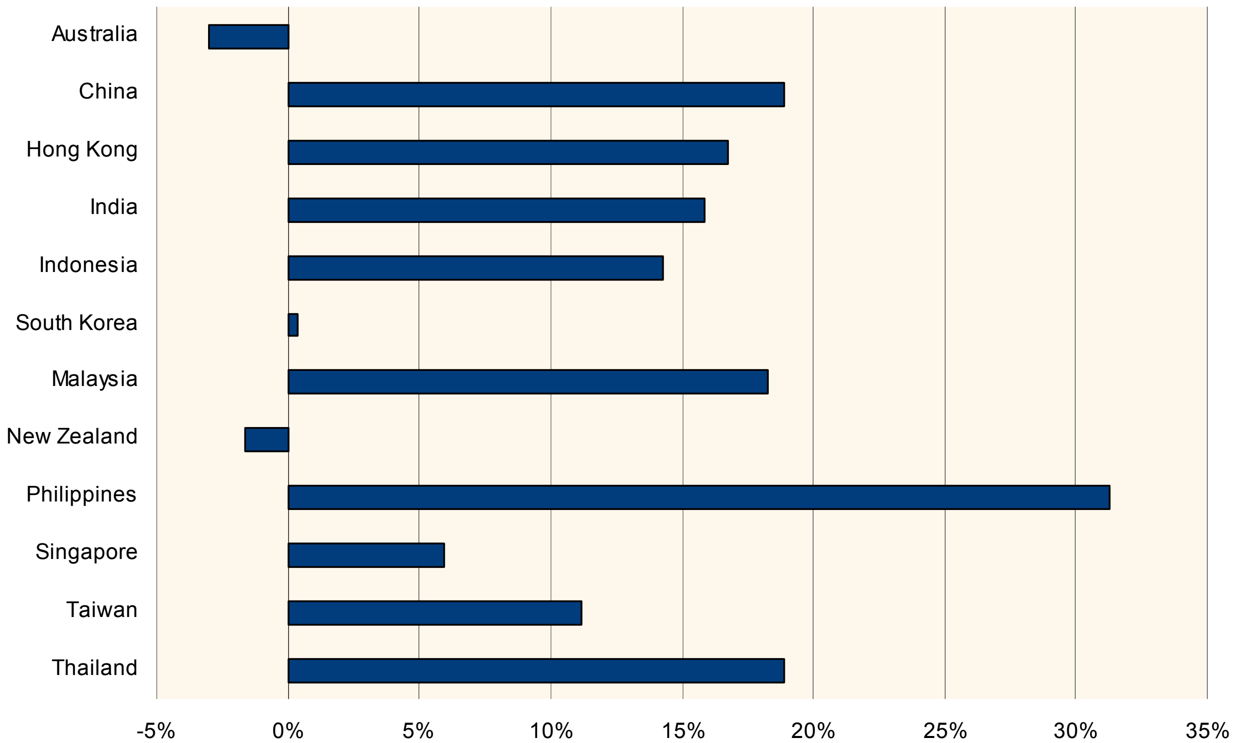
Currency/Market Performance

Year to 31 July 2009

Currency Returns (£)



MSCI Country Index Total Returns (£)



Information about the Manager

Aberdeen Asset Management Asia Limited

Aberdeen Asset Management Asia Limited is the Manager of the Company. AAM Asia is based in Singapore and is a wholly-owned subsidiary, and the Asia Pacific headquarters of, Aberdeen Asset Management PLC (the "Aberdeen Group"), a publicly-quoted company on the London Stock Exchange.

Worldwide, the Aberdeen Group manages a combined £136 billion (as at 31 July 2009) in assets for a range of clients, including individuals and institutions, through mutual and segregated funds.

AAM Asia has been the Aberdeen Group's principal manager of Asia-Pacific assets since 1992, and had over 365 staff across the region at 31 July 2009.

Total funds in the region are over £33 billion as at 31 July 2009.

The Aberdeen Group has its headquarters in Aberdeen with over 20 offices globally including Bangkok, Edinburgh, Frankfurt, Glasgow, Hong Kong, Jersey, Kuala Lumpur, London, Philadelphia, Singapore, Stockholm, Sydney, Taipei and Tokyo.

The Aberdeen Group manages over 41 investment companies and other closed-ended funds representing approximately £8 billion of assets under management. They adhere closely to the Group's investment style which is that of fundamental investors, with an emphasis on company visits and original research.

The Investment Team Senior Managers

Hugh Young
Managing Director
BA in Politics from Exeter University. Started investment career in 1980. In charge of AAM Asia's Far East funds since 1985.

Peter Hames
Investment Director
BSc in Economics & Accountancy from Bristol University. Started investment career in 1985. Joined AAM Asia in 1989.

Flavia Cheong
Senior Investment Manager
Masters in Economics from University of Auckland. Previously with Investment Company of the People's Republic of China and Development Bank of Singapore. Started investment career in 1987. Joined AAM Asia in August 1996.

Nicholas Yeo
Investment Manager
Chartered Financial Analyst, BA (Hons) from Manchester University and MSc from Warwick Business School. Joined AAM Asia in 2000 and now heads the equity desk in Hong Kong

Adrian Lim
Investment Manager
Chartered Financial Analyst, B.Acc from Nanyang Technological University (Singapore). Joined AAM Asia in 2000. Previously he was an associate director at Arthur Andersen advising on mergers & acquisitions in South East Asia.

Andrew Gillan
Investment Manager
MA Joint Honours in French and European History from University of Edinburgh. Joined AAM Asia in September 2000.

The Investment Process

Philosophy and Style

AAM Asia's investment philosophy is that markets are not always efficient. At AAM Asia we believe that superior investment returns are therefore attainable by identifying good companies cheaply, defined in terms of the fundamentals that in our opinion drive share prices over the long term. We undertake substantial due diligence before initiating any investment including company visits in order to assure ourselves of the quality of the prospective investment. We are then careful not to pay too high a price when making the investment. Subsequent to that investment we then keep in close touch with the company, aiming to meet management at least twice a year. Given our long-term fundamental investment philosophy, one would not expect much change in the companies in which we invest. We do, however, take opportunities offered to us by what we see as anomalous price movements within stock markets to either top up or top slice positions, which accounts for the bulk of the activity within the portfolio during the year under review.

AAM Asia, is based in Singapore. Founded in 1992, the office is run by Hugh Young and Peter Hames, the founding managing and investment directors respectively. They oversee a team of nine portfolio managers who act as generalists, cross-covering the region. In addition, AAM Asia has offices in Sydney, Kuala Lumpur, Taipei, Tokyo and Bangkok.

Risk Controls

We seek to minimise risk by our in depth research. We do not view divergence from a benchmark as risk – we view investment in poorly run expensive companies that we do not understand as risk. In fact where risk parameters are expressed in index relative terms, asset – including sector – allocation constitutes a significant constraint on stock selection. Hence diversification of stocks provides our main control.

Aberdeen's performance and investment risk unit independently monitors portfolio positions, and reports monthly. As well as attributing performance it also produces statistical analysis, which is used by the Manager primarily to check the portfolio is behaving as expected, not as a predictive tool.

Regional Teams

Your Board of Directors

The Directors, all of whom are non-executive, and the majority of whom are independent of the Manager, supervise the management of Aberdeen Asian Smaller Companies Investment Trust PLC and represent the interests of shareholders.

Nigel Cayzer

Status: Independent Non-Executive Chairman
Age: 55
Length of service: 14 years, appointed Chairman on 28 September 1995
Experience: Chairman of Oryx International Growth Fund Limited and a director of a number of other investment companies.
Last re-elected to the Board: 26 November 2008
Committee membership: Nomination Committee (Chairman)
Remuneration: £26,000 per annum
All other public company directorships: Oryx International Growth Fund Limited and Cayzer Continuation Limited
Employment by the Manager: None
Other connections with Trust or Manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: 350,979 Ordinary shares (non-beneficial)

Haruko Fukuda OBE

Status: Independent Non-Executive Director
Age: 63
Length of service: 6 years, appointed a Director on 30 January 2003
Experience: Previously chief executive of the World Gold Council. She was vice chairman of Nikko Europe PLC and a Partner of James Capel & Co. She was a non-executive director of the Foreign & Colonial Investment Trust PLC for seventeen years until May 2005 and has been a director of several other investment trust companies.
Last re-elected to the Board: 29 November 2006
Committee membership: Audit Committee, Management Engagement Committee and Nomination Committee
Remuneration: £20,000 per annum
All other public company directorships: Investec PLC
Employment by the Manager: None
Other connections with Trust or Manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: 3,139 Ordinary shares

Martin Gilbert

Status: Non-Executive Director
Age: 54
Length of service: 14 years, appointed a Director on 20 September 1995
Experience: Qualified as a chartered accountant in 1982 and thereafter pursued a career in investment management.
Last re-elected to the Board: 26 November 2008
Committee membership: Nomination Committee
Remuneration: £20,000 per annum
All other public company directorships: Aberdeen Asset Management PLC, Aberdeen Football Club PLC, Aberdeen Asia-Pacific Income Fund Inc., Aberdeen Asia-Pacific Income Investment Company Ltd, Aberdeen Development Capital PLC, Aberdeen Global Income Fund Inc., ADC Zeros 2010 PLC, ADC Zeros 2012 PLC, Chaucer Holdings PLC, FirstGroup PLC, Primary Health Properties PLC and The Enhanced Zero Trust PLC
Employment by the Manager: Chief executive of Aberdeen Asset Management PLC
Other connections with Trust or Manager: Director of a number of other Aberdeen-managed investment companies
Shared Directorships with any other Trust Directors: None
Shareholding in Company: 66,233 Ordinary shares, 9,773 Warrants
Alternate Director: Hugh Young

Alan Kemp

Status: Independent Non-Executive Director
Age: 65
Length of service: 13 years, appointed a Director on 16 May 1996
Experience: Has been involved in fund management since 1970 and with investment trusts since 1972. He was deputy manager of The Edinburgh Investment Trust plc from 1974 to 1985 and was subsequently deputy chief executive of Dunedin Fund Managers.
Last re-elected to the Board: 26 November 2008
Committee membership: Audit Committee (Chairman), Management Engagement Committee and Nomination Committee
Remuneration: £22,000 per annum
All other public company directorships: JPMorgan US Discovery Investment Trust PLC
Employment by the Manager: None
Other connections with Trust or Manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: 33,500 Ordinary shares

Chris Maude

Status: Independent Non-Executive Director
Age: 58
Length of service: 2 years, appointed a Director on 16 May 2007
Experience: Co-founded MPC Investors Ltd, an independent asset management company, in 2000 where he is the finance director. He had spent the previous eleven years in Asia initially as finance director at James Capel in Hong Kong before being recruited by UBS Securities (East Asia) Limited as regional finance director in Singapore. Mr Maude is a chartered accountant and holds a degree in Engineering from Cambridge University.
Last re-elected to the Board: 29 November 2007
Committee membership: Audit Committee, Management Engagement Committee and Nomination Committee
Remuneration: £20,000 per annum
All other public company directorships: None
Employment by the Manager: None
Other connections with Trust or Manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: 37,300 Ordinary shares

Hugh Young

Status: Alternate Non-Executive Director for Martin Gilbert
Age: 51
Experience: Was an investment manager with Fidelity International and MGM Assurance prior to joining what is now Aberdeen Asset Managers Limited in December 1985. He is managing director of Aberdeen Asset Management Asia Limited, responsible for all the Aberdeen Group's investments in Asia.
Remuneration: £Nil
All other public company directorships: Aberdeen New Thai Investment Trust PLC, Aberdeen New Dawn Investment Trust PLC, Aberdeen Asian Income Fund Limited and Aberdeen Australia Equity Fund Inc.
Employment by the Manager: Managing Director of Aberdeen Asset Management Asia Limited and a director of a number of other Aberdeen-managed investment companies
Other connections with Trust or Manager: None
Shareholding in Company: 20,000 Ordinary shares, 104,000 Warrants

Directors' Report

The Directors present their Report and the audited financial statements for the year ended 31 July 2009.

Business Review

The business of the Company is that of an investment trust investing in the economies of Asia and Australasia excluding Japan. The objective of the Company is set out on page 2 of this Annual Report. A review of the Company's activities is given in the Corporate Summary on pages 2 to 4, the Chairman's Statement on pages 5 and 6 and the Manager's Review on pages 7 and 8. This includes a review of the business of the Company and its principal activities, likely future developments of the business, recommended dividends and details of the issue of new shares during the year by the Company. The major risks associated with the Company are detailed in the Corporate Summary on pages 2 to 4 and in Note 19 to the Financial Statements. Further details of the risk management objectives and policies are provided in the Corporate Governance Statement on pages 24 to 26. The Key Performance Indicators for the Company, including NAV performance and share price performance, are detailed on page 9.

The Company does not make political donations and has not made any donations for charitable purposes during the year and in common with most investment trusts, the Company has no employees. Directors' & Officers' liability insurance cover has been maintained throughout the year at the expense of the Company.

Share Capital

On 15 December 2008, 229,063 new Ordinary shares were allotted following the exercise of 229,063 Warrants to subscribe for Ordinary shares. During the year the Company purchased in the market for treasury 662,210 Ordinary shares. Subsequent to the year end a further 65,000 Ordinary shares have been purchased for treasury, bringing the total number of shares held in treasury to 1,749,221.

Results and Dividends

Details of the Company's results and dividends proposed are shown on page 9 of this Report.

Principal Activity

The business of the Company is that of an investment trust. The objective of the Company is set out on page 2 of this Report. The Directors do not envisage any change in this activity in the foreseeable future.

Status

The Company is registered as a public limited company, is an investment company as defined by Section 833 of the Companies Act 2006, and is a member of the Association of Investment Companies.

The Company has been approved by HM Revenue & Customs as an investment trust for the purposes of Section 842 of the Income and Corporation Taxes Act 1988 for the year ended 31 July 2008. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 July 2009 so as to be able to continue to obtain approval as an investment trust under Section 842 of the Income and Corporation Taxes Act 1988 for that year, although approval for that year would be subject to review were there to be an enquiry under the Corporate Tax Self Assessment regime.

The Company intends to manage its affairs so as to be a qualifying investment for inclusion in the stocks and shares component of an Individual Savings Account ("ISA") and it is the Directors' intention that the Company should continue to be a qualifying trust.

Section 992 Companies Act 2006

The following further information is disclosed in accordance with Section 992 of the Companies Act 2006:

- The Company's capital structure and voting rights are summarised on pages 2 and 3;
- Details of the substantial shareholders in the Company are listed on page 21;
- The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and are summarised on page 21;
- Amendment of the Company's Articles of Association and powers to issue or buy back the Company's shares require a special resolution to be passed by shareholders;
- There are no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; no agreements which the Company is party to that might affect its control following a takeover bid; and,
- There are no agreements between the Company and its Directors concerning compensation for loss of office.

Corporate Governance

The Statement of Corporate Governance is shown on pages 24 to 26.

Directors

The current Directors, Messrs N K Cayzer, A S Kemp, M J Gilbert (alternate H Young), C S Maude and Miss H Fukuda were the only Directors who served during the year. Messrs Gilbert, Kemp and Cayzer have each served on the Board for more than nine years and in accordance with corporate governance best practice will retire at the Annual General Meeting ("AGM") on 25 November 2009 and, being eligible, offer themselves for re-election. Miss Fukuda retires by rotation, in accordance with the Company's Articles of Association which require Directors to retire and stand for re-election at least every three years, and, being eligible, offers herself for re-election at the AGM. The Board considers that there is a balance of skills and experience within the Board relevant to the leadership and direction of the Company and that all the Directors contribute effectively.

The Directors at 31 July 2009 and at 1 August 2008 had no interest other than those interests, all of which are beneficial unless otherwise stated, shown below in the share capital of the Company:

	31 July 2009		1 August 2008	
	Ordinary shares	Warrants	Ordinary shares	Warrants
N K Cayzer[A]	350,979	-	350,979	-
H Fukuda	3,143	-	3,093	-
M J Gilbert	66,233	9,773	66,233	9,773
A S Kemp	33,500	-	33,500	-
C S Maude	37,300	-	37,300	-
H Young (alternate)	20,000	104,000	20,000	104,000

[A] non beneficial interest

On 21 September 2009 4 Ordinary shares were automatically sold by the Aberdeen ISA Plan on behalf of Ms Fukuda to fund Plan management fees. Otherwise, the above interests were unchanged at 12 October 2009, being the nearest practicable date prior to the signing of this Report. No Director has a service contract with the Company although Directors are issued with letters of appointment upon appointment. The Directors' interests in contractual arrangements with the Company are as shown in note 18 to the financial statements. No other Directors had any interest in contracts with the Company during the period or subsequently.

Substantial Interests

The Board has been advised that the following shareholders owned 3% or more of the issued Ordinary share capital of the Company at 12 October 2009, being the nearest practicable date prior to the signing of this Report.

Shareholder	Number of Ordinary shares held	% held
Funds managed by Aberdeen Asset Management PLC	4,823,500	15.5
Funds managed by M&G Investment Management Limited	3,437,290	11.0
Aberdeen Asset Managers Savings Scheme (non-beneficial)	2,723,947	8.7
City of London Investment Management	2,342,096	7.5
Charles Stanley, stockbrokers	1,339,429	4.3
Reliance Mutual	1,300,000	4.2
Legal & General Investment Management	1,250,427	4.0

Special Business at the Annual General Meeting

Directors' Authority to Allot Relevant Securities

Among the Resolutions being put to the Annual General Meeting as Special Business, Resolution 9 which is an Ordinary Resolution, will, if passed, renew the Directors' existing general power to allot securities but will also, provide a further authority (subject to certain limits), to allot shares pursuant to fully pre-emptive rights issues. Resolution 9 authorises the Directors to generally allot shares up to an aggregate nominal amount of £5,188,497 representing approximately 2/3 of the existing issued capital of the Company, of which a maximum nominal amount of £2,594,248 (approximately 1/3 of the existing issued share capital) may only be applied to fully pre-emptive rights issues. Such authority will expire upon the conclusion of the next Annual General Meeting in 2010. The Board has no present intention to utilise this authority.

Resolution 10 which is a Special Resolution, will, if passed, renew the Directors' existing authority until the conclusion of the next Annual General Meeting to make limited allotments of shares for cash of up to 10% of the issued share capital other than according to the statutory pre-emption rights which require all shares issued for cash to be offered first to all existing shareholders. This authority includes shares that the Company sells or transfers that have been held in treasury (if any) pursuant to the authority conferred by Resolution 11 below. Since the introduction of The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 on 1 December 2003, a listed company is able to hold shares that it has repurchased in treasury rather than cancel them (provided they do not exceed 10% of the Company's issued share capital). The Board has established guidelines for treasury shares and will only consider buying in shares for treasury at a discount to their prevailing NAV and selling them from treasury at or above the then prevailing NAV.

Purchase of the Company's Shares

Resolution 11, a Special Resolution, will be proposed to renew the Directors' authority to make market purchases of the Company's shares in accordance with the provisions contained in the Companies Act 2006 and the Listing Rules of the Financial Services Authority. The minimum price to be paid per Ordinary share shall be not less than 25p per share (being the nominal value) and the maximum price should not be more than the higher of (i) 5 per cent. above the average market values of the shares for the preceding five business days; and, (ii) the higher of the last independent trade and the current highest independent bid on the trading venue where the purchase is carried out. The Directors do not intend to use this authority to purchase the Company's Ordinary shares unless to do so would result in an increase in net asset value per share and would be in the interests of shareholders generally. The Board intends to actively continue to repurchase Ordinary shares when it is appropriate to do so, in accordance with its current authority to repurchase. It is therefore possible that the issued share capital of the Company may change between the date of this document and the Annual General Meeting and therefore the authority sought will be in respect of 14.99% of the issued share capital as at the date of the Annual General Meeting rather than the date of this document.

If Resolution 11 is passed then an announcement will be made on the date of the Annual General Meeting which will detail the exact number of Ordinary shares to which each of these authorities relate.

The authority being sought shall expire at the conclusion of the Annual General Meeting in 2010 unless such authority is renewed prior to such time. Any Ordinary shares purchased in this way will either be cancelled and the number of Ordinary shares will be reduced accordingly or, pursuant to the power granted in Resolution 11 above, may be held in treasury (provided such number does not exceed 10% of the Company's issued share capital).

These powers will give the Directors additional flexibility going forward and the Board considers that it will be in the interests of the Company that such powers be available. Such powers will only be implemented when, in the view of the Directors, to do so will be for the benefit of all shareholders.

Articles of Association

The law in relation to companies has been undergoing a number of changes following the introduction of new companies legislation in the United Kingdom under the Companies Act 2006 ("2006 Act") and the implementation of the Companies (Shareholders Rights) Regulations 2009 ("Regulations") which were introduced in August of this year. The changes brought about by the 2006 Act have been implemented in stages, and the remaining parts were implemented on 1 October 2009.

The Company has been updating its articles in stages to accommodate the revisions required as a consequence of the latest parts of the 2006 Act to be implemented. Whilst the majority of the changes introduced on 1 October 2009 will apply automatically to the Company, it is best practice to update the Company's articles to reflect the law when the opportunity arises. Accordingly, resolution 12 (B) is a special resolution relating to the adoption of new Articles of Association ("New Articles") in order to ensure full compliance with the provisions of the 2006 Act.

The principal changes proposed to be made to the existing Articles of Association to incorporate these changes ("Existing Articles") at the Company's Annual General Meeting are detailed in the Appendix at the back of this Annual Report. The proposed New Articles showing all the changes are available for inspection at the Company's registered office from the date of this Annual Report until the close of the Annual General Meeting.

Notice of Meeting

Resolution 13, which is a Special Resolution, will be proposed to authorise the Directors to call general meetings of the Company (other than Annual General Meetings), on 14 days' notice as permitted by the Companies Act 2006 and as amended by the Companies (Shareholders' Rights) Regulations 2009.

Recommendation

Your Board considers Resolutions 9, 10, 11, 12 and 13 to be in the best interests of the Company and its members as a whole and most likely to promote the success of the Company for the benefit of its members as a whole. Accordingly, your Board unanimously recommends that shareholders should vote in favour of Resolutions 9, 10, 11, 12 and 13 to be proposed at the AGM, as they intend to do in respect of their own beneficial shareholdings amounting to 160,172 Ordinary shares.

Going Concern

After making enquiries and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Financial Statements.

Creditor Payment Policy

It is the policy of the Company to settle all investment transactions in accordance with the terms and conditions of the relevant market in which it operates. All other expenses are paid on a timely basis in the ordinary course of business. The Directors do not consider any creditors to represent trade creditors.

Accountability and Audit

The respective responsibilities of the Directors and the Auditors in connection with the financial statements are set out on pages 27 and 29.

Each Director confirms that, so far as he or she is aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. Additionally there have been no important events since the year end.

Independent Auditors

The auditors, Ernst & Young LLP, have indicated their willingness to remain in office. The Directors will place a resolution before the Annual General Meeting to re-appoint Ernst & Young LLP as auditors for the ensuing year, and to authorise the Directors to determine their remuneration.

By order of the Board
Aberdeen Asset Management PLC - Secretaries
One Bow Churchyard
London EC4M 9HH
12 October 2009

Statement of Corporate Governance

Introduction

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and this statement describes how the Company applies the principles identified in the Combined Code on Corporate Governance ("the Combined Code") issued in June 2008 (as appended to the UK Listing Authority Listing Rules). Additionally, the AIC published a Code on Corporate Governance in July 2003, (as supplemented by the Guide and as amended in February 2006, May 2007 and March 2009) (the "AIC Code") which complements the Combined Code and represents a framework of best practice for investment companies. The Company has complied with the Combined Code and the recommendations of the AIC Code, except as set out below.

The Combined Code includes provisions relating to:
- The role of the chief executive (A1.2)
- Executive directors' remuneration (B2.1)
- The need for an internal audit function (C3.5)
- The need for a senior independent director (A3.3)

For the reasons set out below and in the AIC Code, and in the preamble to the Combined Code, the Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company with no executive Directors.

The Board

The Board currently consists of a non-executive Chairman and four other non-executive Directors. All Directors, with the exception of Mr Gilbert, are considered by the Board to be independent of the Manager and free of any material relationship with the Manager. Mr Gilbert is Chief Executive of Aberdeen Asset Management PLC and Mr Young, his Alternate, is Managing Director of AAM Asia and as such neither Mr Gilbert nor Mr Young are considered to be independent. Mr Gilbert submits himself for annual re-election to the Board at each AGM and the Board supports Mr Gilbert's re-election as a non-independent Director.

Each Director has the requisite high level and range of business and financial experience which enables the Board to provide clear and effective leadership and proper stewardship of the Company. The Board considers that the post of chief executive officer is not relevant for an investment trust company as this role has effectively been delegated to the Manager, under the terms of the investment management agreement. Given the size and composition of the Board it is not felt necessary to separate the roles of Chairman and senior independent Director. Mr Cayzer has served on the Board as a Director and Chairman since September 1995 and Mr Kemp has served on the Board as a Director since May 1996. The Board takes the view that independence is not compromised by length of tenure and that experience can add significantly to the Board's strength. The Board is satisfied that Mr Cayzer and Mr Kemp who, having each served on the Board for more than nine years must stand for annual re-election, both continue to be independent in character and are effective Directors and it recommends that shareholders support their re-election. Given her broad business experience and contribution to the Company, the Board also fully endorses the re-election of Miss Fukuda.

During the year ended 31 July 2009 the Board met seven times. In addition, the Audit Committee and Management Engagement Committee met jointly twice. Between meetings the Board maintains regular contact with the Manager.

Directors have attended Board and Committee meetings during the year ended 31 July 2009 as follows (with their eligibility to attend the relevant meeting in brackets):

Director	Board Meetings	Audit and Management Engagement Committee Meetings	Nomination Committee Meetings
NK Cayzer[A]	6 (7)	0 (0)	1 (1)
H Fukuda	7 (7)	2 (2)	1 (1)
MJ Gilbert[AB]	6 (7)	0 (0)	1 (1)
AS Kemp	7 (7)	2 (2)	1 (1)
CS Maude	7 (7)	2 (2)	1 (1)

[A] Mr Cayzer (and Mr Gilbert) are not members of the Audit and Management Engagement Committees

[B] including attendance by Mr Young as Alternate Director to Mr Gilbert

The Board has a schedule of matters reserved to it for decision and the requirement for Board approval on these matters is communicated directly to the senior staff of the Manager. Such matters include strategy, borrowings, treasury and dividend policy. Full and timely information is provided to the Board to enable the Directors to function effectively and to discharge their responsibilities. The Board also reviews the financial statements, performance and revenue budgets.

The Board has put in place the necessary procedures to conduct, on an annual basis, an appraisal of the Chairman of the Board as well as an appraisal and performance evaluation of the Board as a whole and of its Committees. The appraisals were carried out by way of a detailed questionnaire, the summarised results of which were then reviewed and discussed by the Directors.

The Board has also reviewed the other commitments of the Chairman and Directors and is satisfied that the Chairman and other Directors are capable of devoting sufficient time to the Company.

There is an agreed procedure for Directors to take independent professional advice if necessary and at the Company's expense. This is in addition to the access that every Director has to the advice and services of the Company Secretary, Aberdeen Asset Management PLC, which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Board Committees

Audit & Management Engagement Committee

An Audit Committee has been established with written terms of reference and comprises three independent Directors, Mr Kemp (Chairman), Mr Maude and Miss Fukuda. The terms of reference of the Audit Committee are reviewed and re-assessed for their adequacy on an annual basis. Copies of the terms of reference are available on the Company's website and upon request.

A summary of the Committee's main audit review functions is shown below:

- to review and monitor the internal control systems and risk management systems on which the Company is reliant;
- to consider annually whether there is a need for the Company to have its own internal audit function;
- to monitor the integrity of the interim and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Manager and Administrator;
- to meet with the external Auditor to review their proposed audit programme of work and the findings of the Auditors. The Board shall also use this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement policy on the engagement of the external Auditor to supply non-audit services (During the period under review, fees amounting to £6,000 (ex VAT) were paid to the Auditors in respect of non-audit services in connection with the review of the Interim Report and for tax services – the Board will review any future fees in the light of the requirement to maintain the Auditor's independence);
- to review an annual statement from the Manager detailing the arrangements in place within Aberdeen whereby Aberdeen staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters;
- to make recommendations in relation to the appointment of the external Auditor and to approve the remuneration and terms of engagement of the external Auditor; and
- to monitor and review annually the external Auditor's independence, objectivity, effectiveness, resources and qualification. At its September meeting the Audit Committee confirmed its view that the Auditor remained independent and objective.

The Management Engagement Committee meets jointly with the Audit Committee. The joint Committee annually reviews matters concerning the management contract which exists between the Company and the Manager. Details of the Management Agreement are shown in note 3 to the financial statements. The terms and conditions of the Manager's appointment, including an evaluation of performance and fees, are reviewed by the Committee at least once a year. The Board remains satisfied that the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole. The key factors taken into account in reaching this decision are the long-term performance of the portfolio and the investment skills, experience and commitment of the Manager. The Investment Management Agreement is terminable on not less than one year's notice.

Nomination Committee

Appointments to the Board of Directors are considered by the Nomination Committee which comprises the entire Board and whose Chairman is the Chairman of the Company. The terms of reference of the Nomination Committee are reviewed and re-assessed for their adequacy on an annual basis. Copies of the terms of reference are available on the Company's website and upon request.

Possible new Directors are identified against the requirements of the Company's business and the need to have a balanced Board. Every Director is entitled to receive appropriate training as deemed necessary. A Director appointed during the year is required, under the provisions of the Company's Articles of Association, to retire and seek election by shareholders at the first subsequent AGM. The Articles of Association require that one third of the Directors retire by rotation at each AGM and that Directors are required to submit themselves for re-election at least every three years.

Remuneration Committee

Under the UK Listing Authority rules, where an investment trust has only non-executive directors, the Code principles relating to directors' remuneration do not apply. The full Board acts as the Remuneration Committee whose Chairman is the Chairman of the Company.

The Company's remuneration policy is to set remuneration at a level to attract individuals of a calibre appropriate to the Company's future development. Further information on remuneration is disclosed in the Directors' Remuneration Report on page 28.

Statement of Corporate Governance continued

Internal Control

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. Following the Financial Reporting Council's publication of "Internal Control: Revised Guidance for Directors on the Combined Code" (the FRC guidance) in October 2005, the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place for the year under review and up to the date of approval of this Annual Report and Accounts, is regularly reviewed by the Board and accords with the FRC Guidance. The Board has reviewed the effectiveness of the system of internal control. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the Company and policies by which these risks are managed.

The significant risks faced by the Company are as follows:
- financial;
- operational; and
- compliance.

The key components designed to provide effective internal control are outlined below:
- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance;
- the Board and Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board and there are meetings with the Manager as appropriate;
- as a matter of course the Manager's compliance department continually reviews the Manager's operations;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers;
- the Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place at the Manager, has decided to place reliance on the Manager's systems and internal audit procedures; and
- at its October 2009 meeting, the Audit Committee carried out an annual assessment of internal controls for the year ended 31 July 2009 by considering documentation from the Manager, including the internal audit and compliance functions and taking account of events since 31 July 2009. The results of the assessment were then reported to the Board at the next Board meeting.

Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against mis-statement and loss.

Exercise of Voting Powers

The Manager, in the absence of explicit instruction from the Board, is empowered to exercise discretion in the use of the Company's voting rights in respect of investee companies. The underlying aim of exercising such voting rights is to protect the return from an investment.

Relations with Shareholders

The Directors place a great deal of importance on communication with shareholders. The Annual Report is widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up to date information on the Company through the Manager's freephone information service and the Company's website (www.asian-smaller.co.uk). The Company responds to letters from shareholders on a wide range of issues and usually a representative from the Board meets with major shareholders on an annual basis in order to gauge their views.

The Notice of the Annual General Meeting included within the Annual Report and Accounts is sent out at least 20 working days in advance of the meeting. All shareholders have the opportunity to put questions to the Board or Manager, either formally at the Company's Annual General Meeting or at the subsequent buffet luncheon for shareholders. The Company Secretary is available to answer general Shareholder queries at any time throughout the year.

Socially Responsible Investment Policy

The Board is aware of its duty to act in the interests of the Company. The Board acknowledges that there are risks associated with investment in companies which fail to conduct business in a socially responsible manner. The Manager considers social, environmental and ethical factors which may affect the performance or value of the Company's investments. The Directors, through the Company's Manager, encourage companies in which investments are made to adhere to best practice in the area of Corporate Governance. They believe that this can best be achieved by entering into a dialogue with company management to encourage them, where necessary, to improve their policies in this area. The Company's ultimate objective, however, is to deliver superior investment return for its shareholders. Accordingly, whilst the Manager will seek to favour companies which pursue best practice in the above areas, this must not be to the detriment of the return on the investment portfolio.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985 and Companies Act 2006, where applicable. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Statement of Corporate Governance that comply with that law and those regulations.

The financial statements are published on www.asian-smaller.co.uk which is a website maintained by the Company's Manager. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable UK Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

For Aberdeen Asian Smaller Companies Investment Trust PLC

Nigel Cayzer
Chairman
12 October 2009

Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of s421 of the Companies Act 2006. An ordinary resolution for the approval of this Report will be put to the members at the forthcoming Annual General Meeting. The Board as a whole fulfils the functions of the Remuneration Committee and therefore the determination of the Directors' fees is a matter dealt with by the whole Board. This Report has been divided into separate sections for unaudited and audited information.

Unaudited information

Remuneration Policy

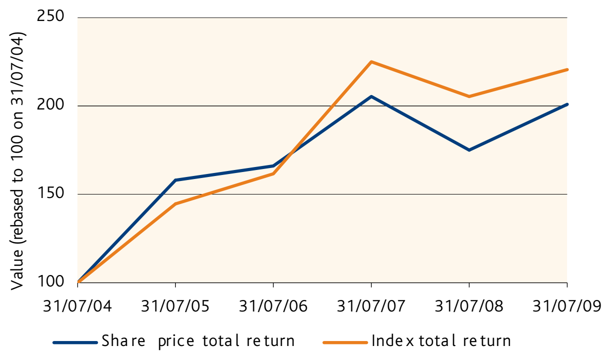
The Company's Articles of Association currently limit the aggregate fees payable to the Board of Directors to a total of £120,000 per annum. Subject to this overall limit, it is the Company's policy to determine the level of Directors' fees having regard to the level of fees payable to non-executive directors in the industry generally, the role that individual Directors fulfil in respect of Board and Committee responsibilities and the time committed to the Company's affairs. Following a periodic review, the Directors' fees were increased on 1 August 2009 as follows: Chairman £26,000; Audit Committee Chairman £22,000; and, other Directors £20,000. This represented the first increase in fees for over three years and it is intended that this policy will continue for the year to 31 July 2010. No element of the Directors' remuneration is performance related.

A resolution to receive and adopt the Directors' Remuneration Report will be proposed at the Annual General Meeting.

None of the Directors has a service contract with the Company although upon appointment Directors are issued with letters of appointment. The Company's Articles of Association provide that Directors shall not remain in office for longer than three years without submitting themselves for re-election. The Directors' interests in contractual arrangements with the Company are as shown in note 18 to the financial statements. No other Directors had an interest in any contracts with the Company during the period or subsequently. No Director past or present has any entitlement to pensions, and the Company has not awarded any share options or long-term performance incentives to any of the Directors.

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors. The Company's Articles indemnify each of the Directors out of the assets of the Company against any liability incurred by them as a Director in defending proceedings or in connection with any application to the Court in which relief is granted and separate deeds of indemnity exist in this regard between the Company and each Director.

The following chart illustrates the total Shareholder return (including reinvested dividends) for a holding in the Company's shares as compared to the MSCI AC Asia Pacific ex Japan Index (in Sterling terms) for the five year period to 31 July 2009. Given the absence of any meaningful index with which to compare performance, this index is deemed to be the most appropriate one against which to measure the Company's performance.



Audited information

Directors' Emoluments

The Directors who served in the year received the following fees:

Director	2009 £	2008 £
N K Cayzer (Chairman and highest paid Director)	22,000	22,000
H Fukuda	17,000	17,000
M J Gilbert	17,000	17,000
A S Kemp (Audit Committee Chairman)	19,000	19,000
C S Maude	17,000	17,000
Total	**92,000**	**92,000**

Sums Paid to Third Parties

Of the fees disclosed above, £17,000 (2008 – £17,000) was payable to third parties in respect of making available the services of one of the Directors. These fees were assigned to Aberdeen Asset Management PLC (M J Gilbert). The amounts paid by the Company to the Directors were for services as non-executive Directors.

Approval

The Directors' Remuneration Report on page 28 was approved by the Board on 12 October 2009 and signed on its behalf by:

By order of the Board
Aberdeen Asset Management PLC Secretaries
12 October 2009

Independent Auditors' Report to the Members of Aberdeen Asian Smaller Companies Investment Trust PLC

We have audited the financial statements of Aberdeen Asian Smaller Companies Investment Trust PLC for the year ended 31 July 2009 which comprise the Income Statement, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, the Cash Flow Statement, and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Sections 495, 496 and 497 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 27, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2009 and of its net return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and,
- the information given in the Corporate Governance Statement in compliance with rules 7.2.5 and 7.2.6 in The Disclosure and Transparency Rules Sourcebook issued by the Financial Services Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structures) is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- Adequate accounting records have not been kept; or
- The financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- Certain disclosures of Directors' remuneration specified by law are not made; or
- We have not received all the information we require for our audit.

Under the Listing Rules we are required to review:

- The Directors' statement in relation to going concern; and
- The part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review.

Caroline Gulliver
(Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor
London
12 October 2009

Income Statement

		Year ended 31 July 2009			Year ended 31 July 2008		
		Revenue	Capital	Total	Revenue	Capital	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Gains/(losses) on investments	9	–	14,420	14,420	–	(17,988)	(17,988)
Income	2	4,954	–	4,954	5,021	–	5,021
Exchange (losses)/gains		–	(1,475)	(1,475)	–	48	48
Investment management fees	3	(1,494)	–	(1,494)	(1,493)	–	(1,493)
Administrative expenses	4	(623)	–	(623)	(640)	–	(640)
Net return on ordinary activities before finance costs and taxation		2,837	12,945	15,782	2,888	(17,940)	(15,052)
Finance costs	5	(167)	–	(167)	(237)	–	(237)
Return on ordinary activities before taxation		2,670	12,945	15,615	2,651	(17,940)	(15,289)
Taxation	6	(563)	–	(563)	(761)	(271)	(1,032)
Return on ordinary activities after taxation		**2,107**	**12,945**	**15,052**	**1,890**	**(18,211)**	**(16,321)**
Return per share (pence):	8						
Basic		**6.75**	**41.46**	**48.21**	**5.88**	**(56.68)**	**(50.80)**
Diluted		**6.24**	**38.32**	**44.56**	**5.36**	**(51.68)**	**(46.32)**

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

All revenue and capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued in the year.

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

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

Balance Sheet

	Notes	As at 31 July 2009 £'000	As at 31 July 2008 £'000
Non current assets			
Investments at fair value through profit or loss	9	127,612	113,089
Current assets			
Debtors and prepayments	10	374	523
Cash and short term deposits		2,642	1,387
		3,016	1,910
Creditors: amounts falling due within one year	11		
Bank loan		(8,143)	(4,173)
Other creditors		(522)	(960)
		(8,665)	(5,133)
Net current liabilities		(5,649)	(3,223)
Total assets less current liabilities		121,963	109,866
Provisions for liabilities and charges	12	–	(37)
Net assets		**121,963**	**109,829**
Capital and reserves			
Called-up share capital	13	8,220	8,163
Capital redemption reserve		2,062	2,062
Share premium account		11,312	11,140
Special reserve		10,386	11,975
Warrant reserve		1,387	1,461
Capital reserve	14	84,896	71,877
Revenue reserve	14	3,700	3,151
Equity Shareholders' funds		**121,963**	**109,829**
Net asset value per share (pence):	15		
Basic		**390.96**	**347.24**
Diluted		**355.95**	**316.46**

The financial statements were approved by the Board of Directors and authorised for issue on 12 October 2009 and were signed on behalf of the Board by:

Nigel Cayzer
Chairman

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

Reconciliation of Movements in Shareholders' Funds

For the year ended 31 July 2009

	Note	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 2008		8,163	2,062	11,140	11,975	1,461	71,877	3,151	109,829
Purchase of own shares		–	–	–	(1,589)	–	–	–	(1,589)
Exercise of warrants		57	–	172	–	(74)	74	–	229
Return on ordinary activities after taxation		–	–	–	–	–	12,945	2,107	15,052
Dividends paid	7	–	–	–	–	–	–	(1,558)	(1,558)
Balance at 31 July 2009		**8,220**	**2,062**	**11,312**	**10,386**	**1,387**	**84,896**	**3,700**	**121,963**

For the year ended 31 July 2008

	Note	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 2007		8,145	2,062	11,087	14,990	1,576	90,554	3,265	131,679
Issue of shares		–	–	–	(3,015)	–	–	–	(3,015)
Exercise of warrants		18	–	53	–	(23)	23	–	71
Buyback of warrants		–	–	–	–	(92)	(489)	–	(581)
Return on ordinary activities after taxation		–	–	–	–	–	(18,211)	1,890	(16,321)
Dividends paid	7	–	–	–	–	–	–	(2,004)	(2,004)
Balance at 31 July 2008		**8,163**	**2,062**	**11,140**	**11,975**	**1,461**	**71,877**	**3,151**	**109,829**

The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

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

Cash Flow Statement

		Year ended 31 July 2009		Year ended 31 July 2008	
	Notes	**£'000**	**£'000**	**£'000**	**£'000**
Net cash inflow from operating activities	16		2,383		2,688
Servicing of finance					
Bank and loan interest paid			(173)		(348)
Taxation					
Net taxation paid			(658)		(748)
Financial investment					
Purchases of investments		(15,602)		(17,185)	
Sales of investments		15,728		19,742	
Net cash inflow from financial investment			126		2,557
Equity dividends paid	7		(1,558)		(2,004)
Net cash inflow before financing			120		2,145
Financing					
Purchase of own shares		(1,589)		(3,015)	
Exercise of warrants		229		71	
Buyback of warrants		–		(581)	
Drawdown/(repayment) of loan	17	2,069		(3,389)	
Net cash inflow/(outflow) from financing activities			709		(6,914)
Increase/(decrease) in cash			**829**		**(4,769)**
Reconciliation of net cash flow to movements in net debt					
Increase/(decrease) in cash as above			829		(4,769)
(Drawdown)/repayment of loan			(2,069)		3,389
Exchange movements			(1,475)		48
Movement in net debt in the year			(2,715)		(1,332)
Net debt at 1 August			(2,786)		(1,454)
Net debt at 31 July	17		**(5,501)**		**(2,786)**

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

Notes to the Financial Statements For the year ended 31 July 2009

1. Accounting policies

(a) Basis of preparation and going concern

The financial statements have been prepared in accordance with the applicable UK Accounting Standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (issued in January 2009 and adopted early). The early adoption of the January 2009 SORP had no effect on the financial statements of the Company, other than:

- the recommendation to disclose separately capital reserves that relate to the revaluation of investments held at the reporting date. These are disclosed in note 14. This new requirement replaces the previous requirement to disclose the value of the capital reserve that was unrealised.
- the requirement to present tax reconciliations based on the total column of the Income Statement rather than the revenue column as was previously recommended. The reconciliation is disclosed in note 6.

The financial statements 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 Directors believe this is appropriate for the reasons outlined in the Directors' Report on page 22.

The financial statements, and the net asset value per share figures, have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP).

(b) Valuation of investments

Listed investments have been designated upon initial recognition as fair value through profit or loss. Investments are recognised and de–recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the time frame established by the market concerned, and are initially measured at cost. Subsequent to initial recognition, investments are valued at fair value. For listed investments, this is deemed to be bid market prices. Gains and losses arising from changes in fair value are included in net profit or loss for the period as a capital item in the Income Statement and are ultimately recognised in the capital reserve.

(c) Income

Dividends receivable on equity shares are recognised on the ex-dividend date. Dividends receivable on equity shares where no ex-dividend date is quoted are recognised when the Company's right to receive payment is established. Fixed returns on debt securities are recognised on a time apportioned basis so as to reflect the effective yield on shares. Other returns on debt securities are recognised when the right to return is established. Where the Company has elected to receive its dividends in the form of additional shares rather than in cash, the amount of the cash dividend is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital reserves.

(d) Expenses

All expenses are accounted for on an accruals basis. Expenses, including management fees and finance costs, are charged 100% through the revenue column of the Income Statement with the exception of transaction costs incurred on the purchase and disposal of investments which are either added to the cost of the investment or deducted from the sales proceeds. Such transaction costs are disclosed in accordance with the SORP. These expenses are charged to the capital column of the Income Statement are separately identified and disclosed in note 9 within gains/(losses) on investments.

(e) Taxation

The charge for taxation is based on the revenue return for the year.

Deferred tax

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided using the liability method on all timing differences, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in future against which the deferred tax asset can be offset.

(f) Capital reserve

Gains and losses on the sale of investments and changes in fair values of investments held are transferred to the capital reserve.

(g) Foreign currency

Overseas monetary assets are converted into Sterling at the rate of exchange ruling at the balance sheet date. Transactions during the year involving foreign currencies are converted at the rate of exchange ruling at the transaction date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the capital reserve or in the revenue account depending on whether the gain or loss is of a capital or revenue nature respectively.

2. Income	**2009 £'000**	**2008 £'000**
Income from investments		
UK dividend income	36	42
Overseas dividends	4,886	4,730
Stock dividends	15	56
Fixed interest	3	–
	4,940	4,828
Other income		
Deposit interest	15	193
Interest on tax refunded	(27)	–
Underwriting commission	26	–
Total income	**4,954**	**5,021**

	2009			2008		
3. Investment management fees	**Revenue £'000**	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
Investment management fees	**1,494**	**–**	**1,494**	**1,493**	**–**	**1,493**

The Company has an agreement with Aberdeen Asset Management Asia Limited ('AAM Asia') for the provision of management services.

During the period the management fee was payable monthly in arrears and is based on an annual amount of 1.2%, calculated on the average net asset value of the Company over a 24 month period, valued monthly. The agreement is terminable on one year's notice. The balance due to AAM Asia at the year end was £240,000 (2008 – £257,000).

Notes to the Financial Statements continued

4. Administrative expenses	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000
Administration fees	72	–	72	69	–	69
Directors' fees	92	–	92	92	–	92
Share Plan marketing contribution	101	–	101	98	–	98
Auditors' remuneration:						
– fees payable to the auditors for the audit of the annual accounts	22	–	22	21	–	21
– fees payable to the auditors and its associates for other services:						
– interim review	6	–	6	6	–	6
– tax services	–	–	–	1	–	1
Custodian charges	176	–	176	195	–	195
Other expenses	154	–	154	158	–	158
	623	**–**	**623**	**640**	**–**	**640**

The Company has an agreement with Aberdeen Asset Managers Limited ("AAM") for the provision of administration services. The administration fee is payable quarterly in advance and was based on an annual amount of £72,000 (2008 – £69,000) and there was no outstanding balance (2008 – £17,000 prepaid) at the year end. The agreement is terminable on six months' notice.

The Company also has an agreement with AAM for the provision of marketing services in relation to the Company's participation in the Aberdeen Investment Trust Share Plan and ISA. The total fee paid and payable under the agreement was £101,000 (2008 – £98,000) and there was a £7,000 (2008 – £17,000 prepaid) balance due to AAM the year end.

No pension contributions were made in respect of any of the Directors.

5. Finance costs	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000
On bank loans and overdrafts	**167**	**–**	**167**	**237**	**–**	**237**

6. Taxation	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000
(a) Analysis of charge for the year						
Corporation tax	577	–	577	836	271	1,107
Overseas taxation	255	–	255	209	–	209
Relief for overseas taxation	(245)	–	(245)	(209)	–	(209)
Prior year adjustment	13	–	13	–	–	–
Current taxation	600	–	600	836	271	1,107
Deferred taxation	(37)	–	(37)	(75)	–	(75)
Total tax	**563**	**–**	**563**	**761**	**271**	**1,032**

(b) Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for a large company (28%). The differences are explained below:

	2009			2008		
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Return on ordinary activities before taxation	**2,670**	**12,945**	**15,615**	**2,651**	**(17,940)**	**(15,289)**
Return on ordinary activities multiplied by the UK standard tax rate of corporation tax of 28% (2008 – 29.3%)	748	3,625	4,373	777	(5,257)	(4,480)
Effects of:						
(Gains)/losses on investments not (taxable)/relievable	–	(4,038)	(4,038)	–	5,542	5,542
Exchange losses/(gains)	–	413	413	–	(14)	(14)
Franked dividend receipts not chargeable to corporation tax	(10)	–	(10)	(12)	–	(12)
Overseas tax	255	–	255	204	–	204
Double tax relief	(245)	–	(245)	(204)	–	(204)
Movement in income taxable on receipt	(60)	–	(60)	71	–	71
Non-taxable dividend income	(101)	–	(101)	–	–	–
Prior year adjustment	13	–	13	–	–	–
Current tax charge for the year	600	–	600	836	271	1,107

7. Dividends

	2009 £'000	**2008 £'000**
Final dividend for 2008 – 4.00p (2007 – 3.45p)	1,246	1,124
Special dividend for 2008 – 1.00p (2007 – 2.70p)	312	880
	1,558	**2,004**

Proposed final and special dividends are subject to approval by shareholders at the Annual General Meeting and are not included as a liability in the financial statements.

We set out below the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Section 842 of the Income and Corporation Taxes Act 1988 are considered. The revenue available for distribution by way of dividend for the year is £2,107,000 (2008 – £1,890,000).

	2009 £'000	**2008 £'000**
Proposed final dividend for 2009 – 5.0p (2008 – 4.00p)	1,557	1,248
Proposed special dividend for 2009 – nil (2008 – 1.00p)	–	312
	1,557	**1,560**

Since the year end the Company has repurchased 65,000 shares, all of which have been placed in treasury. Therefore, the proposed final dividend for 2009 is based on 31,130,986 Ordinary shares in issue.

8. Return per Ordinary share	2009 Revenue	2009 Capital	2009 Total	2008 Revenue	2008 Capital	2008 Total
Basic						
Return on ordinary activities after taxation (£'000)	**2,107**	**12,945**	**15,052**	1,890	(18,211)	(16,321)
Weighted average number of shares in issue (excluding shares held in treasury)			**31,223,576**			32,128,649
Basic return per Ordinary share (p)	**6.75**	**41.46**	**48.21**	5.88	(56.68)	(50.80)

	2009 Revenue	2009 Capital	2009 Total	2008 Revenue	2008 Capital	2008 Total
Diluted						
Number of dilutive shares			**2,560,696**			3,109,607
Diluted number of shares in issue (excluding shares held in treasury)			**33,784,272**			35,238,256
Diluted return per Ordinary share (p)	**6.24**	**38.32**	**44.56**	5.36	(51.68)	(46.32)

The calculation of the diluted total, revenue and capital returns per Ordinary share are carried out in accordance with Financial Reporting Standard No. 22, "Earnings per Share". For the purposes of calculating diluted total, revenue and capital returns per Ordinary share, the number of Ordinary shares is the weighted average used in the basic calculation plus the number of Ordinary shares deemed to be issued for no consideration on exercise of all Warrants by reference to the average share price of the Ordinary shares during the year. The calculations indicate that the exercise of Warrants would result in an increase in the weighted average number of Ordinary shares of 2,560,696 (2008 – 3,109,607) to 33,784,272 (2008 – 35,238,256) Ordinary shares.

9. Investments	Listed in UK £'000	Listed overseas £'000	Total £'000
Fair value through profit or loss:			
Opening book cost	362	88,103	88,465
Opening fair value gains on investments held	1,299	23,325	24,624
Opening fair value	1,661	111,428	113,089
Movements in year:			
Purchases at cost	–	15,502	15,502
Sales – proceeds	–	(15,399)	(15,399)
– gains on sales	–	4,010	4,010
Movement in fair value gains on investments held	59	10,351	10,410
Closing fair value	**1,720**	**125,892**	**127,612**

	Listed in UK £'000	Listed overseas £'000	Total £'000
Closing book cost	362	92,216	92,578
Closing fair value gains on investments held	1,358	33,676	35,034
	1,720	**125,892**	**127,612**

Gains on investments	Listed in UK £'000	Listed overseas £'000	Total £'000
Gains on sales	–	4,010	4,010
Movement in fair value gains on investments held	59	10,351	10,410
	59	**14,361**	**14,420**

Transaction costs

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

	2009 £'000	2008 £'000
Purchases	33	43
Sales	52	40
	85	**83**

10. Debtors: amounts falling due within one year	2009 £'000	2008 £'000
Amounts due from brokers	–	329
Other debtors	8	13
Prepayments and accrued income	366	181
	374	**523**

11. Creditors: amounts falling due within one year	2009 £'000	2008 £'000
Bank loans	8,143	4,173
Amounts due to brokers	–	115
Other creditors	345	356
Corporation tax payable	177	489
	8,665	**5,133**

At the year end the Company had drawn down a US$13,500,000 loan from Barclays Bank at a rate of 0.725% with repayment or rollover terms to 10 August 2009.

On 10 August 2009, the US$13,500,000 loan from Barclays Bank was then rolled for one month to 10 September 2009 at a rate of 0.701%. On 10 September 2009, the US$13,500,000 loan from Barclays Bank was rolled forward to 13 October 2009 at a rate of 0.647%.

The terms of the loan facility with Barclays Bank contain covenants requiring that the minimum number of investments held by the Company be thirty; that the minimum geographical spread be five countries; that the maximum investment in any one country be 25% of the portfolio value; that the maximum investment in MSCI financial services industry category be 40% of portfolio value; and that the maximum investment in other MSCI industry categories be 25% of portfolio value. The Company met these covenants throughout the year and up to the date that this report was signed.

12. Provisions for liabilities and charges	2009 £'000	2008 £'000
Deferred tax on accrued income:		
At 1 August	37	112
Deferred tax credited to the Income Statement in the year	(37)	(75)
At 31 July	**–**	**37**

13. Called up share capital	2009 £'000	2008 £'000
Authorised		
42,000,000 (2008 – 42,000,000) Ordinary shares of 25p	**10,500**	**10,500**
Called-up, allotted and fully paid		
32,880,207 (2008 – 32,651,144) Ordinary shares of 25p	**8,220**	**8,163**

During the year 662,210 (2008 – 1,022,011) Ordinary shares of 25p were repurchased by the Company at a total cost of £1,589,000 (2008 – £3,015,000). All these shares were placed in treasury. At the year end 1,684,221 (2008 – 1,022,011) shares were held in treasury, which represents 5.12% (2008 – 3.13%) of the Company's total issued share capital at 31 July 2009.

During the year an additional 229,063 Ordinary shares of 25p were issued after 229,063 Warrants were exercised at 100p each. The total consideration received was £229,063.

At 31 July 2009 there were 4,266,293 (2008 – 4,495,356) Warrants in issue. Each Warrant entitles a holder to subscribe for an Ordinary share of 25p at a price of 100p. Further details of exercise rights are included on page 55.

The investment objective of the Company is to maximise total return to shareholders over the long term from a portfolio of smaller quoted companies (with a market capitalisation of up to approximately US$750m at the time of investment) in the economies of Asia and Australasia, excluding Japan.

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. The review includes:

– the planned level of gearing which takes account of the Manager's views on the market;

– the level of equity shares in issue;

– the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

The Company does not have any externally imposed capital requirements.

14. Retained earnings

	2009 £'000	2008 £'000
Capital reserve		
At 31 July 2008	71,877	90,554
Movement in investment holdings fair value	10,410	(28,909)
Gains on realisation of investments at fair value	4,010	10,921
Foreign exchange movement	(1,475)	48
Capitalised items	74	(737)
At 31 July 2009	**84,896**	**71,877**

Revenue reserve		
At 31 July 2008	3,151	3,265
Revenue	2,107	1,890
Dividends paid	(1,558)	(2,004)
At 31 July 2009	**3,700**	**3,151**

15. Net asset value per equity share

	2009	2008
Basic		
Net assets attributable	£121,963,000	£109,829,000
Number of Ordinary shares in issue (excluding shares held in treasury)	31,195,986	31,629,133
Net asset value per Ordinary share	390.96p	347.24p
Diluted		
Net assets attributable	£126,229,000	£114,319,000
Number of Ordinary shares if Warrants converted (excluding shares held in treasury)	35,462,279	36,124,489
Net asset value per Ordinary share	355.95p	316.46p

The diluted net asset value per Ordinary share has been calculated on the assumption that 4,266,293 (2008 – 4,495,356) Warrants in issue were exercised on the first day of the financial year at 100p per share, giving year end figures of 35,462,279 (2008 – 36,124,489) Ordinary shares.

16. Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities

	2009 £'000	2008 £'000
Net returns before finance costs and taxation	15,782	(15,052)
Adjustments for:		
(Gains)/losses on investments	(14,420)	17,988
Effect of foreign exchange rate losses/(gains)	1,475	(48)
(Increase)/decrease in prepayments and accrued income	(185)	242
Decrease/(increase) in other debtors	5	(4)
Decrease in other creditors	(4)	(178)
Overseas withholding tax suffered	(255)	(204)
Stock Dividends included in investment income	(15)	(56)
Net cash inflow from operating activities	**2,383**	**2,688**

17. Analysis of changes in net debt	1 August 2008 £'000	Cash flow £'000	Exchange movements £'000	31 July 2009 £'000
Net cash:				
Cash at bank and overdrafts	1,387	829	426	2,642
Debt:				
Debt falling due within one year	(4,173)	(2,069)	(1,901)	(8,143)
	(2,786)	**(1,240)**	**(1,475)**	**(5,501)**

18. Related party transactions

Mr M J Gilbert is a director of AAM Asia, a subsidiary of Aberdeen Asset Management PLC. Mr Gilbert is also a director of AAM.

AAM Asia has an agreement to provide management services to the Company, the terms of which are outlined in note 3. AAM has an agreement to provide both administration and marketing services to the Company, the terms of which are outlined in note 4.

19. Financial instruments

Risk management

The Company's financial instruments comprise equities and other investments, cash balances, loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income.

The Manager has a dedicated investment management process, which ensures that the investment policy explained on page 2 is followed. Stock selection procedures are in place based on the active portfolio management and identification of stocks. The portfolio is reviewed on a periodic basis by a senior investment manager and also by the Manager's investment committee.

The Company's Manager has an independent investment risk department for reviewing the investment risk parameters of the Company's portfolio on a regular basis. The department reports to the Manager's performance review committee which is chaired by the Manager's chief investment officer. The department's responsibility is to review and monitor ex-ante (predicted) portfolio risk and style characteristics using best practice, industry standard multi-factor models.

Additionally, the Manager's compliance department continually monitors the Company's investment and borrowing powers and reports to the Manager's risk management committee.

The main financial risks that the Company faces from its financial instruments are market price risk (comprising interest rate risk, currency risk and other price risk), liquidity risk and credit risk.

The Board regularly reviews and agrees policies for managing each of these risks. The Manager's policies for managing these risks are summarised below and have been applied throughout the year. The numerical disclosures exclude short-term debtors and creditors.

Market price risk

The fair value of or future cash flows from a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – interest rate risk, currency risk and other price risk.

Interest rate risk

Interest rate movements may affect:

– the level of income receivable on cash deposits;

– interest payable on the Company's variable rate borrowings.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions.

Interest risk profile

The interest rate risk profile of the Company's financial assets and liabilities, excluding equity holdings which are all non-interest bearing, at the Balance Sheet date was as follows:

At 31 July 2009	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Indian Rupee	–	–	–	13
Philippine Peso	–	–	–	66
Singapore Dollar	4.42	2.50	1,309	19
Sri Lankan Rupee	–	–	–	61
Sterling	–	0.30	–	2,483
	n/a	**n/a**	**1,309**	**2,642**
Liabilities				
Bank loan – US Dollar	**0.03**	**0.73**	**(8,143)**	**–**

At 31 July 2008	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Indian Rupee	–	–	–	13
Malaysian Ringgit	–	–	–	1,023
Philippine Peso	–	–	–	60
Sterling	–	2.65	–	291
	n/a	**n/a**	**–**	**1,387**
Liabilities				
Bank loan – US Dollar	**0.19**	**3.21**	**(4,173)**	**–**

The weighted average interest rate is based on the current yield of each asset, weighted by its market value. The weighted average interest rate on bank loans is based on interest payable, weighted by the value of the loan. The maturity date of the Company's loan is shown in note 11 to the financial statements.

The floating rate assets consist of cash deposits on call earning interest at prevailing market rates.

The Company's equity portfolio and short term debtors and creditors (excluding bank loans) have been excluded from the above tables.

Maturity profile

The maturity profile of the Company's financial assets and liabilities at 31 July was as follows:

Assets	Within 1 year 2009 £'000	Within 1 year 2008 £'000
Floating rate		
Cash	**2,642**	**1,387**

Liabilities	Within 1 year 2009 £'000	Within 1 year 2008 £'000
Fixed rate		
Bank loans	**(8,143)**	**(4,173)**

All the other financial assets and liabilities do not have a maturity date.

Interest rate sensitivity

Movements in interest rates would not significantly affect net assets attributable to the Company's shareholders and total profit.

Foreign currency risk

All of the Company's investment portfolio is invested in overseas securities and the Balance Sheet, therefore, can be significantly affected by movements in foreign exchange rates. It is not the Company's policy to hedge this risk on a continuing basis but the Company may, from time to time, match specific overseas investment with foreign currency borrowings. The Company's borrowings, as detailed in note 11, are also in foreign currency.

The revenue account is subject to currency fluctuation arising on dividends paid in foreign currencies. The Company does not hedge this currency risk.

Foreign currency risk exposure by currency of denomination:

	31 July 2009			31 July 2008		
	Overseas investments £'000	Net monetary assets/(liabilities) £'000	Total currency exposure £'000	Overseas Investments £'000	Net monetary assets/(liabilities) £'000	Total currency exposure £'000
Hong Kong Dollar	23,076	–	23,076	21,553	(111)	21,442
Indian Rupee	19,255	13	19,268	14,565	17	14,582
Indonesian Rupiah	12,405	–	12,405	7,944	1,023	8,967
Korean Won	2,063	–	2,063	6,279	183	6,462
Malaysian Ringgit	20,956	–	20,956	17,026	32	17,058
New Zealand Dollar	1,521	–	1,521	1,375	–	1,375
Pakistan Rupee	1,294	–	1,294	1,610	–	1,610
Philippine Peso	6,605	66	6,671	6,464	60	6,524
Singapore Dollar	21,760	19	21,779	19,594	96	19,690
Sri Lankan Rupee	5,296	61	5,357	4,269	142	4,411
Thailand Baht	11,661	–	11,661	10,749	–	10,749
US Dollar	–	(8,143)	(8,143)	–	(4,173)	(4,173)
	125,892	(7,984)	117,908	111,428	(2,731)	108,697
Sterling	1,720	2,483	4,203	1,661	(492)	1,169
Total	**127,612**	**(5,501)**	**122,111**	**113,089**	**(3,223)**	**109,866**

Foreign currency sensitivity

There is no sensitivity analysis included as the Company's significant foreign currency financial instruments are in the form of equity investments, which have been included within the other price risk sensitivity analysis so as to show the overall level of exposure.

Other price risk

Other price risks (ie changes in market prices other than those arising from interest rate or currency risk) may affect the value of the quoted investments.

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular country or sector. Both the allocation of assets and the stock selection process, as detailed on page 17, act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on various stock exchanges worldwide.

Other price risk sensitivity

If market prices at the Balance Sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to Ordinary shareholders for the year ended 31 July 2009 would have increased/(decreased) by £12,761,000 (2008 increased/(decreased) by £11,309,000) and equity reserves would have increased/(decreased) by the same amount.

Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Borrowings comprise a revolving multi-currency credit facility. The Board has imposed a maximum gearing level, measured on the most stringent basis of calculation after netting off cash equivalents, of 25%. Details of borrowings at the 31 July 2009 are shown in note 11.

Liquidity risk is not considered to be significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of a loan facility, details of which can be found in note 11. Under the terms of the loan facility, the Manager provides the lender with loan covenant reports on a monthly basis, to provide the lender with assurance that the terms of the facility are not being breached. The Manager will also review the credit rating of a lender on a regular basis. Details of the Board's policy on gearing are shown in the interest rate risk section of this note.

Liquidity risk exposure

At 31 July 2009 and 31 July 2008 the Company's bank loans, amounting to £8,143,000 and £4,173,000, were due for repayment or roll-over within 1 month and 2 months respectively. The maximum exposure during the year was £12,497,000 and the minimum exposure during the year was £4,553,000.

Credit risk

This is the risk of failure of the counterparty to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss.

The risk is not considered to be significant, and is managed as follows:

– investment transactions are carried out with a large number of brokers, whose credit-standing is reviewed periodically by the investment manager, and limits are set on the amount that may be due from any one broker;

– the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports on a monthly basis. In addition, the Custodian carries out a stock reconciliation to third party administrators' records on a monthly basis to ensure discrepancies are picked up on a timely basis. The Manager's compliance department carries out periodic reviews of the Custodian's operations and reports its finding to the Manager's risk management

committee. This review will also include checks on the maintenance and security of investments held; and
– cash is held only with reputable banks with high quality external credit enhancements.

None of the Company's financial assets is secured by collateral or other credit enhancements.

Credit risk exposure

In summary, compared to the amounts in the Balance Sheet, the maximum exposure to credit risk at 31 July was as follows:

	2009		2008	
Current assets	**Balance Sheet £'000**	**Maximum exposure £'000**	**Balance Sheet £'000**	**Maximum exposure £'000**
Debtors and prepayments	374	374	523	523
Cash and short term deposits	2,642	2,642	1,387	1,387
	3,016	**3,016**	**1,910**	**1,910**

None of the Company's financial assets is past due or impaired.

Fair values of financial assets and financial liabilities

For the US Dollar loan, the fair value of borrowings has been calculated at £8,144,000 as at 31 July 2009 (2008 – £4,176,000) compared to an accounts value in the financial statements of £8,143,000 (2008 – £4,173,000) (note 11). The fair value of each loan is determined by aggregating the expected future cash flows for that loan discounted at a rate comprising the borrower's margin plus an average of market rates applicable to loans of a similar period of time and currency. All other assets and liabilities of the Company are included in the Balance Sheet at fair value.

Marketing Strategy

Aberdeen Asian Smaller Companies Investment Trust PLC contributes to the marketing programme run by the Aberdeen Group on behalf of a number of investment trusts under its management. Under this agreement the Company's contribution is matched by AAM. This contribution, which is reviewed annually, will amount to £80,000 (ex VAT) for the year ending 31 December 2009.

The purpose of the Programme is to communicate effectively with existing shareholders and gain more new shareholders, thus improving liquidity and thereby enhancing the value and rating of the Company's shares.

These aims can be met in several ways:

Investor Relations Programme

AAM runs an investor relations programme to existing and prospective institutional investors in investment trusts. Each month institutional investors and prospects receive a Manager's report on your Company that includes detailed performance analysis.

Newsletter

The 'Bulletin' newsletter, an informed commentary on markets and investment trusts managed by the Aberdeen Group is distributed free of charge.

Public Relations

AAM undertakes to brief journalists, write regularly through placed articles and ensure Company results and any corporate activity are brought to public attention.

Shareholder Services

AAM runs an investment help desk for retail enquirers and investors. Enquirers or investors will be sent any relevant literature on request and have queries answered immediately.

The Marketing Programme is under the direction of AAM's Group Head of Marketing, who has considerable experience in the marketing and communications of investment products. He is supported by a team of marketing professionals.

Internet

The AAM Investment Trusts web site contains details of closed end funds and investment companies managed or advised by the Aberdeen Group.

Aberdeen Asian Smaller Companies Investment Trust PLC also has its own dedicated website: www.asian-smaller.co.uk. This allows web users to access information on the Company's share price performance, capital structure, stock exchange announcements and monthly reports. The site is continuously being evaluated for improvement.

It is intended that ongoing Programme activities in these various fields, both proactive and supportive, will assist the Company to increase and maintain its Shareholder base, improve liquidity and sustain ratings.

The Company is committed to a close monitoring of the Programme and the Group Head of Marketing reports to the Board and provides a written summary quarterly.

If you have any questions about your Company, the Manager or performance, please telephone the AAM Customer Services Department (direct private investors) on 0500 00 00 40 or our Broker Desk on 0800 592 487 (Institutions and IFAs). Alternatively, internet users may email AAM at inv.trusts@aberdeen-asset.com or write to Aberdeen Investment Trusts, Block C, Western House, Lynchwood Business Park, Peterborough PE2 6BP.

How to Invest in Aberdeen Asian Smaller Companies Investment Trust PLC

Direct

Investors can buy and sell shares in Aberdeen Asian Smaller Companies Investment Trust PLC 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, 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 Aberdeen Asian Smaller Companies Investment Trust PLC. 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 Investment Trust Share Plan

AAM runs a Share Plan (the "Plan") through which shares in Aberdeen Asian Smaller Companies Investment Trust PLC 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 £7,200 can be made in the Company in the tax year 2009/2010 and up to £10,200 in the tax year 2010/2011. Between 6 October 2009 and 5 April 2010, an additional £3,000 may be invested in an ISA, for the tax year 2009/2010, provided that the ISA holder is aged 50 years or over at the date of the additional investment.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can, on some occasions, 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 Aberdeen Asian Smaller Companies Investment Trust PLC while retaining your ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per investment 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.

Trust Information

If investors would like details of Aberdeen Asian Smaller Companies Investment Trust PLC or information on the Children's Plan, Share Plan, ISA or ISA Transfers please telephone 0500 00 00 40, e-mail to inv.trusts@aberdeen-asset.com or write to:

Aberdeen Investment Trust Administration
Block C, Western House
Lynchwood Business Park
Peterborough, PE2 6BP

Details are also available on www.invtrusts.co.uk

Keeping You Informed

The Company's share price appears under the heading 'Investment Companies' in the Financial Times.

For internet users, detailed data on Aberdeen Asian Smaller Companies Investment Trust PLC including price, performance information and a monthly fact sheet is available from the Trust's website (www.asian-smaller.co.uk) and the TrustNet website (www.trustnet.co.uk). Alternatively you can call 0500 00 00 40 for trust information.

For further information concerning any direct shareholding, please contact the Company's registrars:

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Shareholder helpline numbers:
Tel. 0871 384 2416
Fax 0871 384 2100
Shareview enquiry line: 0871 384 2020
Textel/hard of hearing line: 0871 384 2255

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

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

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

Aberdeen Investment Trust Administration
Block C, Western House
Lynchwood Business Park
Peterborough, PE2 6BP

The information on pages 47, 48 and 49 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Services Authority.

Glossary of Terms and Definitions

Actual Gearing
Total Assets (as below) less all cash and fixed interest assets (excluding convertibles) divided by shareholders' funds.

Asset Cover
The value of a company's net assets available to repay a certain security. Asset cover is usually expressed as a multiple and calculated by dividing the net assets available by the amount required to repay the specific security.

Discount
The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.

Dividend Cover
Earnings per share divided by dividends per share expressed as a ratio.

Dividend Yield
The annual dividend expressed as a percentage of the share price.

Net Asset Value
The value of total assets less liabilities. Liabilities for this purpose included current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.

Potential Gearing
Total Assets including all debt being used for investment purposes divided by shareholders' funds.

Premium
The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.

Price/Earnings Ratio
The ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stock market's view of a company's prospects and profit growth potential.

Prior Charges
The name given to all borrowings including debentures, loan and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.

Total Assets
Total Assets less current liabilities (before deducting prior charges as defined above).

Total Expense Ratio
Ratio of expenses as percentage of average shareholders' funds calculated as per the industry standard Lipper Fitzrovia method.

Total Return
Total Return involves reinvesting the net dividend in the month that the share price goes xd. The NAV Total Return involves investing the same net dividend in the NAV of the trust on the date to which that dividend was earned, eg quarter end, half year or year end date.

Winding-up Date
The date specified in the Articles of Association for winding-up a company.

Notice of Annual General Meeting

Notice is hereby given that the fourteenth Annual General Meeting of Aberdeen Asian Smaller Companies Investment Trust PLC will be held at One Bow Churchyard, Cheapside, London EC4M 9HH, at 12.30 p.m. on 25 November 2009 for the following purposes:

To consider and if thought fit, pass the following Resolutions of which Resolutions 1 – 9 will be proposed as Ordinary Resolutions and Resolutions 10, 11, 12 and 13 as Special Resolutions:

Ordinary Business

1. To receive and adopt the Directors' Report and financial statements for the year ended 31 July 2009, together with the auditors' report thereon.
2. To receive and adopt the Directors' Remuneration Report.
3. To approve the payment of a final dividend of 5.0 pence per Ordinary share.
4. To re-elect Mr N.K. Cayzer as a Director.
5. To re-elect Mr M.J. Gilbert as a Director.
6. To re-elect Mr A.S. Kemp as a Director.
7. To re-elect Miss H. Fukuda as a Director.
8. To re-appoint Ernst & Young LLP as auditors and to authorise the Directors to determine their remuneration.

Special Business

9. THAT in substitution for any existing authority under section 80 of the Companies Act 1985 but without prejudice to the exercise of any such authority prior to the date of this resolution the Directors of the Company be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the "Act"), to allot shares in the Company, and to grant rights to subscribe for or to convert any security into shares in the Company (such shares and rights together being "relevant securities") up to an aggregate nominal amount of £5,188,497, provided that such authority is limited to a nominal amount equal to £2,594,248 in relation to the allotment of shares other than in connection with a rights issue (as defined in resolution 10 of this Notice of Meeting) made by means of a negotiable document, such authorisation to expire at the conclusion of the next Annual General Meeting of the Company to be held in 2010 unless previously renewed revoked or varied by the Company in general meeting, save that the Company may at any time before the expiry of this authorisation make an offer or enter into an agreement which would or might require relevant securities to be allotted or granted after the expiry of this authorisation and the Directors of the Company may allot or grant relevant securities in pursuance of any such offer or agreement as if the authorisation conferred hereby had not expired.

10. THAT subject to the passing of resolution numbered 9 above and in substitution for any existing authority under section 95(1) of the Companies Act 1985 but without prejudice to the exercise of any such authority prior to the date of this resolution, the Directors be empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the "Act") to allot equity securities (within the meaning of section 560 of the Act) either pursuant to the authorisation under section 551 of the Act as conferred by resolution 9 above or by way of a sale of treasury shares, in each case for cash as if section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to:

    (a) the allotment of equity securities (otherwise than pursuant to sub-paragraph (b) below) up to an aggregate nominal amount of £778,274 which are, or are to be, wholly paid up in cash, at a price not less than the net asset value per share at allotment, as determined by the Directors, and do not exceed up to 10 per cent. of the issued share capital (as at the date of the Annual General Meeting convened by this notice); and

    (b) the allotment of equity securities in connection with an offer to (a) all holders of Ordinary Shares of 25p each in the capital of the Company in proportion (as nearly as may be) to the respective numbers of Ordinary Shares held by them and (b) to holders of other equity securities as required by the rights of those securities (but subject in either case to such exclusions limits or restrictions or other arrangements as the Directors may consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in or under the laws of, or requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever) at a price of not less than the net asset value per share at allotment, as determined by the Directors ("rights issue"); and such power shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2010, but so that this power shall enable the Company to make offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry and the Directors may do so as if such expiry had not occurred.

11. THAT, the Company be generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of section 693(4) of the Act) of Ordinary Shares of 25p each in the capital of the Company ("Ordinary Shares"), and to cancel or hold in treasury such shares provided that:

    (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 14.99 per cent. of the Ordinary shares in issue as at the date of the passing of this Resolution 11;
    (b) the minimum price which may be paid for an Ordinary share is 25p;
    (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall not be more than the higher of (i) an amount equal to 105 per cent. above the average of the middle market quotations for an Ordinary Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Ordinary Share is contracted to be purchased; and (ii) the higher of the price of the last independent trade and the current highest independent bid on the trading venue where the purchase is carried out;
    (d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2010 unless such authority is renewed, revoked or varied prior to such time by the Company in general meeting; and
    (e) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

12. THAT:

    12 (A) The Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Companies Act 2006, are treated as provisions of the Company's Articles of Association; and,

    12 (B) the Articles of Association in the form produced to the Annual General Meeting and initialled by the Chairman of the Meeting be adopted as the Articles of Association of the Company, in substitution for and to the exclusion of, the existing Articles of Association.

13. THAT a general meeting other than an Annual General Meeting may be called on not less than 14 days' notice.

One Bow Churchyard, Cheapside,
London EC4M 9HH
20 October 2009

By order of the Board
Aberdeen Asset Management PLC
Secretaries

Notes:

1. Information about this meeting is available from the Company's website www.asian-smaller.co.uk.
2. As a member, you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the Meeting. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise the rights attached to any one share. A form of proxy is enclosed.
3. To be valid, any proxy form or other instrument of proxy and any power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power of attorney or authority should be sent to the Company's registrars so as to arrive not less than 48 hours before the time fixed for the meeting. The return of a completed proxy form or other instrument of proxy will not prevent you attending the Meeting and voting in person if you wish to do so.
4. The right to vote at the meeting is determined by reference to the Company's Register of Members as at 6.00 p.m. on 23 November 2009 or, if this meeting is adjourned, at 6.00 p.m. on the day two days prior to the adjourned meeting. Changes to the entries on that Register after that time shall be disregarded in determining the rights of any member to attend and vote at the meeting.
5. As a member you have the right to put questions at the meeting relating to the business being dealt with at the meeting.
6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored

members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

7. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
8. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
10. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between them and the member by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.
11. The statement of the rights of members in relation to the appointment of proxies in paragraphs 2 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
12. As at close of business on 12 October 2009 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 31,130,986 Ordinary shares of 25 pence each. Each Ordinary share carries the right to one vote at a general meeting of the Company and therefore the total number of voting rights in the Company as at close of business on 12 October 2009 is 31,130,986.
13. No Director has a service contract with the Company, however, copies of Directors' letters of appointment will be available for inspection for at least 15 minutes prior to the meeting and during the meeting.
14. Under section 338 of the Companies Act 2006, member may require the Company to give, to members of the Company entitled to receive this Notice of Meeting, notice of a resolution which may properly be moved and is intended to be moved at the Meeting. Under section 338A of that Act, members may request the Company to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may be properly included in the business.
15. Members should note that it is possible that, pursuant to requests made by the Members of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid out before the Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the Members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on the website.
16. There are special arrangements for holders of shares through Aberdeen's Investment Plan for Children, Investment Trust Share Plan and Investment Trust Individual Savings Account ('Plan Participants'). These are explained in the separate 'Letter of Direction' which Plan Participants will have received with this Annual Report.

Corporate Information

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
One Bow Churchyard, Cheapside
London EC4M 9HH

Registration Number: 3106339

Registrars

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Tel. 0871 384 2416
(Calls to the above Equiniti numbers will be 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

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

Barclays Bank,
1st Floor, Aurora Building,
120 Bothwell Street,
Glasgow G2 7JT

Bank of Scotland
Corporate Banking (Scotland)
3-5 Albyn Place
Aberdeen AB10 1PY

Solicitors

Maclay Murray & Spens LLP
One London Wall
London EC2Y 5AB

Website

www.asian-smaller.co.uk

Your Company's History

Issued Share Capital at 31 July 2009

31,195,986	Ordinary shares of 25p
1,684,221	Ordinary shares held in treasury
4,266,293	Warrants to subscribe at 100p

Capital History

19 October 1995	35,000,000 Ordinary shares of 25p each placed at 100p with 7,000,000 Warrants attaching, each conferring the right to subscribe for one Ordinary share of 25p at 100p
21 December 1998	600 Ordinary shares issued following the exercise of Warrants
27 January 2000	3,500,000 Ordinary shares purchased for cancellation at 95p per share
22 February 2000	1,746,500 Ordinary shares purchased for cancellation at 105p per share
5 June 2001	500,000 Ordinary shares purchased for cancellation at 90.25p
31 July 2001	2,500,000 Ordinary shares purchased for cancellation at 91.5p
Year ended 31 July 2005	2,100,000 new Ordinary shares issued at prices ranging from 196.5p to 252.5p
14 December 2005	1,507,108 Ordinary shares issued following the exercise of Warrants
Year ended 31 July 2006	1,825,000 new Ordinary shares issued at prices ranging from 250.75p to 324.0p
12 December 2006	143,389 Ordinary shares issued following the exercise of Warrants
Year ended 31 July 2007	250,000 new Ordinary shares issued at 313p and 500,000 Warrants purchased for cancellation at prices ranging from 214p to 227p
7 December 2007	71,547 new Ordinary shares issued following the exercise of Warrants
Year ended 31 July 2008	1,022,011 Ordinary shares purchased for treasury at prices ranging from 269p to 316p and 282,000 Warrants purchased for cancellation at prices ranging from 193p to 222p
15 December 2009	229,023 new Ordinary shares issued following the exercise of Warrants
Year ended 31 July 2009	662,210 Ordinary shares purchased for treasury at prices ranging from 269p to 316p

Warrants

The Company has 4,266,293 Warrants in issue. The Warrants confer the right to subscribe for one Ordinary share of 25p at 100p on 30 November in either 2009 or 2010 or, if later, the date in any such year thirty days after the date on which copies of the audited accounts of the Company for its then immediately preceding financial year are dispatched to shareholders. For further details on the procedures relating to the exercise of Warrants, Warrantholders should refer to the separate Letter to Warrantholders, accompanying this Annual Report.

Appendix: Explanatory Note of Principal Changes to the Company's Articles of Association

1 THE COMPANY'S OBJECTS

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The 2006 Act significantly reduces the constitutional significance of a company's memorandum. The 2006 Act provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the 2006 Act the objects clause and all other provisions which are contained in a company's memorandum, are deemed to be contained in the company's articles of association but the company can remove these provisions by special resolution.

Further the 2006 Act states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all the other provisions of its memorandum which, by virtue of the 2006 Act, are treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 12 (A) confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

2 ARTICLES WHICH DUPLICATE STATUTORY PROVISIONS

Provisions in the Existing Articles which replicate provisions contained in the 2006 Act are in the main to be removed in the New Articles. This is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution.

3 CHANGE OF NAME

Under the Companies Act 1985, a company could only change its name by special resolution. Under the 2006 Act a company will be able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles enable the Directors to pass a resolution to change the Company's name.

4 AUTHORISED SHARE CAPITAL AND UNISSUED SHARES

The 2006 Act abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the 2006 Act, save in respect of employee share schemes.

5 REDEEMABLE SHARES

Under the Companies Act 1985, if a company wished to issue redeemable shares, it had to include in its articles the terms and manner of redemption. The 2006 Act enables directors to determine such matters instead provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the Directors would need shareholders' authority to issue new shares in the usual way.

6 AUTHORITY TO PURCHASE OWN SHARES, CONSOLIDATE AND SUB-DIVIDE SHARES, AND REDUCE SHARE CAPITAL

Under the Companies Act 1985, a company required specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The Existing Articles include these enabling provisions. Under the 2006 Act a company will only require shareholder authority to do any of these things and it will no longer be necessary for articles to contain enabling provisions. Accordingly the relevant enabling provisions have been removed in the New Articles.

7 SUSPENSION OF REGISTRATION OF SHARE TRANSFERS

The Existing Articles permit the Directors to suspend the registration of transfers. Under the 2006 Act share transfers must be registered as soon as practicable. The power in the Existing Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

8 VOTING BY PROXIES ON A SHOW OF HANDS

The Regulations have amended the 2006 Act so that it now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The New Articles have been drafted to reflect these changes.

9 DIRECTORS' FEES

The upper limit for Directors' fees has been increased in the New Articles to £150,000 (from £120,000). This limit has not been amended for six years and the increase will provide the Directors with future flexibility although the Directors do not currently intend to make use of the increased element of the limit.

10 VOTING BY CORPORATE REPRESENTATIVES

The Regulations have amended the 2006 Act in order to enable multiple representatives appointed by the same corporate member to vote in different ways on a show of hands and a poll. The New Articles contain provisions which reflect these amendments.

11 ELECTRONIC CONDUCT OF MEETINGS

Amendments made to the 2006 Act by the Regulations specifically provide for the holding and conducting of electronic meetings. The New Articles have been amended to reflect more closely the relevant provisions.

12 CHAIRMAN'S CASTING VOTE

The New Articles remove the provision giving the Chairman a casting vote in the event of an equality of votes as this is no longer permitted under the 2006 Act.

13 NOTICE OF GENERAL MEETINGS

The Regulations amend the 2006 Act to require the Company to give 21 clear days' notice of general meetings unless the Company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than 14 days has been passed. Annual general meetings must be held on 21 clear days' notice. The New Articles amend the provisions of the Existing Articles to be consistent with the new requirements.

14 ADJOURNMENTS FOR LACK OF QUORUM

Under the 2006 Act as amended by the Regulations, general meetings adjourned for lack of quorum must be held at least 10 clear days after the original meeting. The New Articles have been drafted to reflect this requirement.

15 VOTING RECORD DATE

Under the 2006 Act as amended by the Regulations the Company must determine the right of members to vote at a general meeting by reference to the register not more than 48 hours before the time for the holding of the meeting, not taking account of days which are not working days. The New Articles have been drafted to reflect this requirement.

16 GENERAL

Generally the opportunity has been taken to bring clearer language into the New Articles and therefore non-material changes and stylistic amendments have also been made to the Existing Articles.

Aberdeen