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Aberdeen Asian Smaller Companies Investment Trust PLC

Annual Report and Accounts
31 July 2011



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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

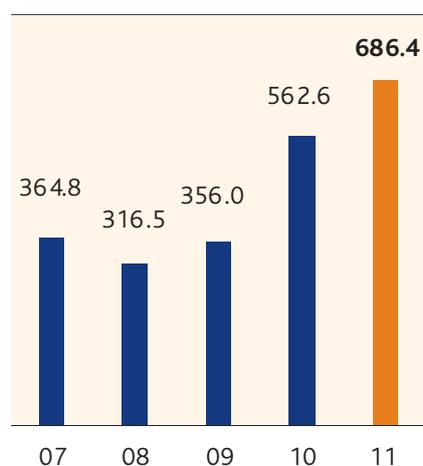
	2011	2010
Share price total return	+38.3%	+66.9%
Net asset value capital return ^A	+22.0%	+58.0%
Net asset value total return ^A	+23.9%	+60.0%
Ordinary dividend per share ^B	9.50p	8.20p
Special dividend per share ^B	2.80p	1.90p

^A Due to all outstanding warrants being exercised in the latest period the basic net asset value performance for the year to 31 July 2011 is based against the diluted net asset value as at 31 July 2010. This has been done to ensure the true uplift in the period is reflected.

^B Dividends are subject to shareholder approval at the Annual General Meeting.

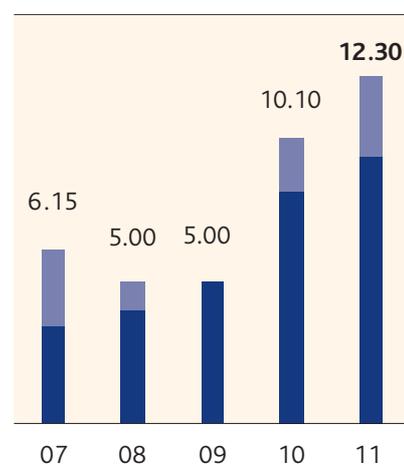
Net asset value* per share

At 31 July – pence



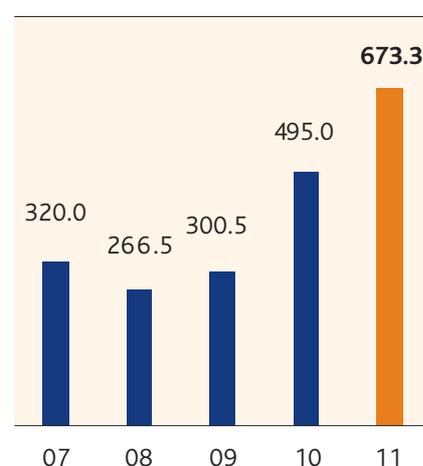
Dividends per share

pence



Mid-market price per share

At 31 July – pence



*Diluted values used for 2007-2010.

■ Final ■ Special

Financial Calendar

20 September 2011	Announcement of results for the year ended 31 July 2011
29 November 2011	Annual General Meeting at 11.30 a.m.
2 December 2011	Payment of final and special dividends for year ended 31 July 2011
March 2012	Announcement of half yearly results for the six months ending 31 January 2012
September 2012	Announcement of annual results for the year ending 31 July 2012

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 0.7% 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 to 15 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 64 holdings.

Benchmark

The Company does not have a benchmark. The Manager utilises two general regional indices, the MSCI AC Asia Pacific ex Japan Index (currency adjusted) and the MSCI AC Asia Pacific ex Japan Small Cap Index (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 2011 the Company had a capital structure comprising 37,146,500 Ordinary shares (of which 34,960,210 Ordinary shares are in issue and 2,186,290 Ordinary shares are held in treasury). The Company also had bank borrowings in US Dollars amounting to the equivalent of £5.36 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).

Total Assets and Net Asset Value

The Company had total assets (see definition on page 53) of £245.3 million and a net asset value per Ordinary share of 686.39p per share at 31 July 2011.

Websites

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

Company Secretary

Aberdeen Asset Management PLC, Bow Bells House, 1 Bread Street, 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 to the financial statements).

Market Risks

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

Foreign Exchange Risks

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

Taxation and Exchange Controls

Any change in the Company's tax status or in taxation legislation (including the tax treatment of dividends or other investment income received by the Company) or failure to satisfy the conditions of Section 1158 of the Corporation Tax Act 2010 (formerly Section 842 of the Income and Corporation Tax 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 51).

Management Agreement

The Company has an agreement with AAM Asia for the provision of management services, details of which are shown in notes 3 and 4 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

Despite continuing concerns over the financial state of Europe and the US, I am pleased to report that your Company enjoyed another good year, comfortably outpacing the broader stock market indices. The net asset value and share price returned 23.9% and 38.3% respectively (including the reinvestment of dividends); by comparison, the MSCI AC Asia Pacific ex Japan Small Cap Index and MSCI AC Asia Pacific ex Japan Index (both currency adjusted) returned 17.5% and 15.7%. This is a testament to your Manager's philosophy of investing only in high quality companies with healthy growth prospects, solid balance sheets and good management that helps them to survive and expand during challenging times.

It is important to note that the net asset value and share price as at close of business on 16 September 2011 have fallen to 658.3p and 656.5p respectively, down 4.1% and 2.5% from where they were at the Company's year-end, whilst the two indices referred to above have fallen by 11.7% and 9.8% respectively.

Dividend

During the year, the trend towards companies increasing their payouts, that I referred to in my statement last year, continued.

Your Company has always aimed to maintain or increase the Ordinary dividend where possible so that shareholders can rely on a consistent stream of income. Since the Company's formation in 1995, there has been just one year when this was not possible and that was during the Asian financial crisis in 1998. In some years, when the Company has been in receipt of special dividends, we have passed these on through the declaration of a special dividend. Therefore, we are very pleased to recommend, for this year, the payment of a final dividend of 9.5p per Ordinary share (2010 - 8.2p) representing an increase of 15.9% on last year's Ordinary dividend and the payment of a special dividend of 2.8p (2010 - 1.9p) to reflect the special dividends received during the year. If approved by shareholders at the Annual General Meeting of the Company on 29 November 2011, the final and special dividends will both be paid on 2 December 2011 to shareholders on the register on 28 October 2011.

Overview

During the year, the regional economies of Far East Asia continued to post respectable growth, especially if compared with the uncertainties that abound in most developed countries. The corollary to this was escalating inflationary pressures, compounded by abundant capital inflows as investors moved away from Western financial assets. In response, Asian policymakers undertook various tightening measures, primarily raising interest rates but also allowing currencies to appreciate. In China, Hong Kong and Singapore, specific measures were taken to reduce asset inflation in the property sectors.

The macroeconomic backdrop has been both a boon and a bane for your Company. On the one hand, several holdings in the retail space were beneficiaries of the buoyant conditions. On the other, a number of holdings were hurt; in the case of some producers of consumer goods by rising cost pressures or in the case of companies in real estate by financial tightening. Overall though, the positives comfortably outweighed the negatives. A detailed discussion follows in the Manager's Review.

Since the year end, sentiment has turned more cautious. A grim mixture of political turbulence in the Arab world, Japan's disasters and the unravelling sovereign debt crises in Europe and the US, have dented global recovery prospects. Nevertheless, Asia's growth trajectory remains firmly on track and continues to outpace developed economies by a wide margin, even if the momentum has moderated.

Why Invest in Smaller Companies?

Small companies have continued to outperform the large ones but I would like to highlight, once again, why this Company deserves your continued support. Small caps, because of their size, have more potential to grow than their mainstream counterparts. Conversely, traditionally small caps are regarded as being more vulnerable in tougher times given their size however your Manager tries to reduce this risk by investing in companies that are leaders in their respective fields and often backed by a multinational or strong family ownership. A common characteristic is conservatism and prudence, exemplified by low debt levels. Over the long term, this has translated into solid returns on equity and assets.

If we believe that share prices ultimately reflect a company's underlying business fundamentals, then choosing the right ones becomes paramount. Here, your Manager has a proven successful track record. Its commitment to in-depth research and regular management visits to assess quality and valuations has underpinned the successful investment

performance of your Company. There is a dearth of research in small caps – almost half receive little or no coverage at all – which means gems can be uncovered for the investor willing to make the effort to sift out the good from the bad.

To summarise, the future of smaller companies in Asia is bright given that they are more leveraged to domestic demand than the large caps and as most Asian economies are still at the early stages of development, this will continue. Unlike elsewhere in the emerging universe, Asia is characterised by high savings rates and low debt levels at the government, corporate and household levels, which should feed into greater consumption once recovery regains momentum. Since 2008, when the credit crisis first surfaced, Asia has been looking to become more self-reliant and it has been making efforts to boost internal demand to cushion against faltering Western consumption. This process of rebalancing will continue. While some countries are still dependent on exports to the West, future growth is expected to become increasingly self-sustaining.

Share Capital and Gearing

In December 2010, 3,823,595 new Ordinary shares were issued following the final exercise of Warrants to subscribe for Ordinary shares.

The Company remained geared throughout the year with net gearing of approximately 0.7% at the year end. The Board monitors the Company's gearing on a regular basis under advice from the Manager and on 12 September 2011 a further USD8 million was drawn down under the facility with The Royal Bank of Scotland. These new funds will be used to take advantage of opportunities arising from weakness in the markets.

Annual General Meeting

The Annual General Meeting is scheduled to be held on 29 November 2011 at 11.30 a.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 resale (at asset value or above) or cancel them. At the conclusion of the AGM there will be an opportunity for shareholders to meet the Board and the Manager over a buffet lunch and your Board looks forward to seeing as many shareholders as possible.

Outlook

The recent market correction is a reflection of growing fears over the sustainability of the economic recovery, both within Asia and globally. The nature of globalisation is such that Asia will not be able to avoid a slowdown or a double dip in the West, which looks increasingly likely given the

unresolved sovereign debt problems in Europe and America, exacerbated by their moribund housing markets, still-high unemployment and ongoing deleveraging among Western consumers. Asian companies dependent on demand from outside the region will understandably have a tougher time should conditions in the West deteriorate further but as we constantly state, the nature of the company's investment philosophy should shield them from the worst of these uncertainties and leave them in an excellent position to benefit once global economic conditions improve.

Internally, many Asian countries are still grappling with inflation even though this has eased somewhat in recent months. Costs are higher than a year ago. Shrinking margins and a more modest earnings outlook for the year ahead are to be expected. But the companies with which this Company is invested with their strong balance sheets and good management should ride out these uncertainties to emerge stronger in the medium term.

Nigel Cayzer

Chairman
20 September 2011

Manager's Review

Overview

Asian equity markets rose in the year under review, with gains in the first six months masking an increasingly turbulent second half. Robust economic growth, improved corporate profitability and an influx of liquidity supported early gains. The rally remained largely uninterrupted until the start of calendar 2011. Investor sentiment then turned cautious as successive monetary tightening dampened the region's growth prospects. A wave of regime-changing protests across the Arab world which drove oil prices to fresh highs exacerbated inflationary fears. The global supply chain disruption caused by Japan's disasters also spooked markets but expectations that the economic impact would be limited helped equities bounce back quickly. Resilient corporate earnings and the realisation that the West was unlikely to make any meaningful headway saw investors return to Asia. Towards the period-end, however, markets suffered a widespread retreat as economic growth moderated and the fiscal crises in Europe and the US deepened. European leaders eventually agreed on a second bailout for Greece, while the US faced the prospect of a default before reaching a deal to raise the debt ceiling in early August.

The region's economy grew steadily for most of the period, although the pace of expansion subsequently slowed as exports declined and inflation accelerated. Monetary policies were repeatedly tightened across the region to curb inflationary pressures fuelled by higher food prices. In China and India concerns of overheating elicited a more aggressive response from both central banks. Besides increasing banks' reserve requirements, the mainland authorities implemented cooling measures for property, while India raised electricity and diesel prices to ease its subsidy burden.

Portfolio Review

Good stock selection helped the Company produce another year of double-digit returns. The outperformance attests to the quality of our small cap holdings as their robust fundamentals have helped them weather the market gyrations and maintain their resilience against rising cost pressures. Consumer-related stocks were among our best performers across the board. These included Indonesian brewer Multi Bintang; Thai discount store chain operator Siam Makro; Indian soap and hair-dye maker Godrej Consumer Products; and in Hong Kong, clothing retailer Giordano Holdings, Aeon Stores, Convenience Retail Asia and Hong Kong Economic Times.

Multi Bintang and Siam Makro's share prices more than doubled in sterling terms over the review period, as improving profit margins boosted their results. Better-than-expected profits underpinned Godrej; the ability to cross-sell its products across emerging markets lifted earnings substantially. The dominant soap and hair-dye company has

made a string of household and personal care acquisitions in South America and Indonesia over the past year as part of its global expansion strategy. More recently, it bought a 51% stake in Darling Group, a leader in hair extensions across 14 African markets. The earnings-accretive acquisition will enhance its presence in the continent significantly. Giordano rose on the back of higher-than-expected first-quarter profits as operating margins improved significantly. News that a local tycoon was steadily accumulating a substantial stake in the company also bolstered its share price. Aeon Stores, Convenience Retail Asia and Hong Kong Economic Times were also supported by healthy earnings results.

It was a similar picture in Malaysia where the fund's defensive holdings held up better than the cyclicals. Superstore chain operator Aeon Co, brewer Guinness Anchor and palm oil producer United Plantations were among the best performers. Aeon reported steady quarterly results that were driven by healthy same store sales. We are comfortable with this holding and believe that it offers an exposure to the Malaysian consumer, through a conservatively managed company that is backed by strength in both its balance sheet and the Jusco brand. Guinness performed strongly on the back of robust full-year results that were aided by increased sales and improved efficiency. Higher crude palm oil prices and increased production volumes supported United Plantations; its solid results allowed the company to declare a special dividend.

Among the disappointing performers were some of our Singapore holdings. Property stocks such as Bukit Sembawang and Wheelock Properties were depressed by the government's measures to cool the overheating residential sector. WBL Corp also underperformed as shares of the Singapore-based conglomerate with principal activities in technology, automotive distribution and property, was pulled lower by the slowdown in developed markets. Nevertheless the three companies remain in our favour. We like Bukit Sembawang for its low-cost landbank; Wheelock continues to generate substantial profits on their core residential projects; while WBL's management has actively restructured its assets to unlock hidden value, particularly from its landbank in China.

Portfolio Activity

We introduced three new holdings to the portfolio during the year under review. Among them is Aeon Thana Sinsap, an attractively-valued Thai consumer finance company that offers a decent dividend yield. Another is CMC, the Indian subsidiary of Tata Consultancy Services. The company is benefiting from its move to provide more value-added solutions instead of low-margin integration services. It is also on a firmer footing given a more balanced product mix and geographic exposure between its domestic and international

Manager's Review continued

markets. The final initiation was the Malaysian cement operator Tasek in the first half of the period.

Outlook

While a double-dip recession in the developed world looks increasingly likely with the West's stimulation measures having apparently failed and its financial situation now worse than ever, it is hard not to be optimistic about the future of Asia and its smaller companies. That does not mean to say share prices will not fall or be volatile but we do think the businesses will continue to grow both in terms of size and profits, which over time will be reflected in share prices (as indeed has been the case since the Company's inception).

At the corporate level, valuations have become more attractive following the recent correction. But with a slowdown in global economic growth rates, we are not expecting strong earnings growth. That said, the portfolio's holdings are in good health, they are well managed and financially sound.

Aberdeen Asset Management Asia Limited

20 September 2011

Results

Financial Highlights

	31 July 2011	31 July 2010	% change
Total assets (see definition on page 53)	£245,326,000	£198,678,000	+23.5
Total equity shareholders' funds (net assets)	£239,965,000	£192,851,000	+24.4
Share price (mid market)	673.25p	495.00p	+36.0
Warrant price (mid market)	n/a	395.25p	
Net Asset Value per share ^A	686.39p	562.57p	+22.0
Discount to Net Asset Value	1.9%	12.0%	
MSCI AC Asia Pacific ex Japan Index (currency adjusted, capital gains basis)	548.75	488.72	+12.3
MSCI AC Asia Pacific ex Japan Small Cap Index (currency adjusted, capital gains basis)	1,272.19	1,111.62	+14.4
Actual gearing	0.7%	0.1%	
Potential gearing	2.2%	2.9%	
Dividends and earnings			
Total return per share (basic) ^B	137.91p	236.82p	
Revenue return per share (basic)	15.42p	12.85p	+20.0
Dividends per share ^C	12.30p	10.10p	+21.8
Dividend cover	1.25	1.27	-1.6
Revenue reserves ^D	£8,206,000	£6,159,000	+33.2
Operating costs			
Total expense ratio ^E	1.27%	1.40%	

^A Due to all outstanding warrants being exercised in the latest period the basic net asset value disclosed at 31 July 2010 is the diluted asset value. This has been done to ensure the true uplift in the period is reflected.

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

^C The figures for dividends per share reflect the dividends for the year in which they were earned.

^D Prior to payment of final and special dividends.

^E Management fees are charged on the basis of the average net asset value of the Company over a rolling 24 month period.

Performance (total return)

	1 year % return	3 year % return	5 year % return	Since inception
Share price	+38.3	+166.0	+179.6	+823.0
Net Asset Value per Ordinary share	+23.9	+127.3	+170.1	+765.7
MSCI AC Asia Pacific ex Japan Index (currency adjusted)	+15.7	+53.1	+94.4	+171.9
MSCI AC Asia Pacific ex Japan Small Cap Index (currency adjusted)	+17.5	+68.8	+108.8	N/A

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

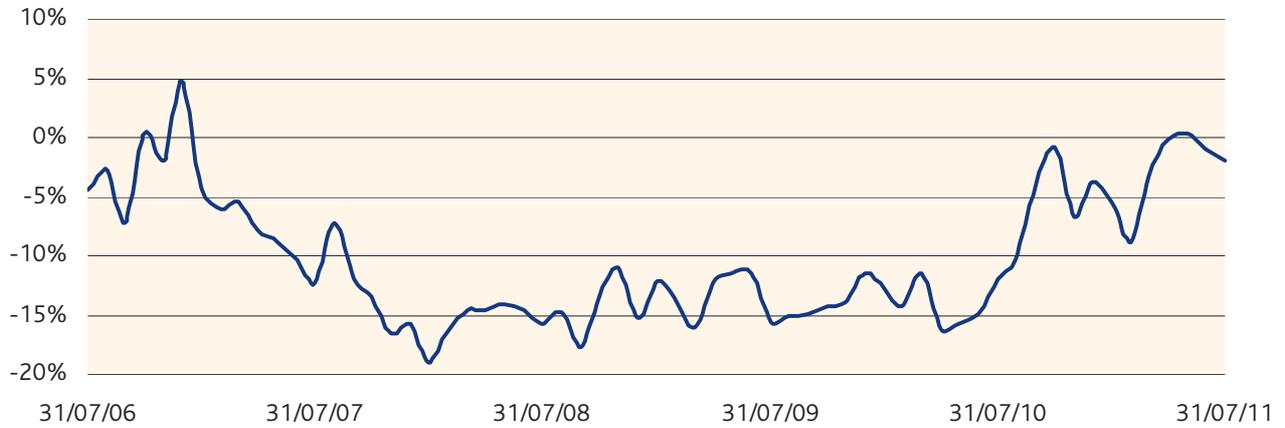
Dividends

	Rate	xd date	Record date	Payment date
Proposed final 2011	9.50p	26 October 2011	28 October 2011	2 December 2011
Proposed special 2011	2.80p	26 October 2011	28 October 2011	2 December 2011
	12.30p			
Final 2010	8.20p	20 October 2010	22 October 2010	2 December 2010
Special 2010	1.90p	20 October 2010	22 October 2010	2 December 2010
	10.10p			

Performance

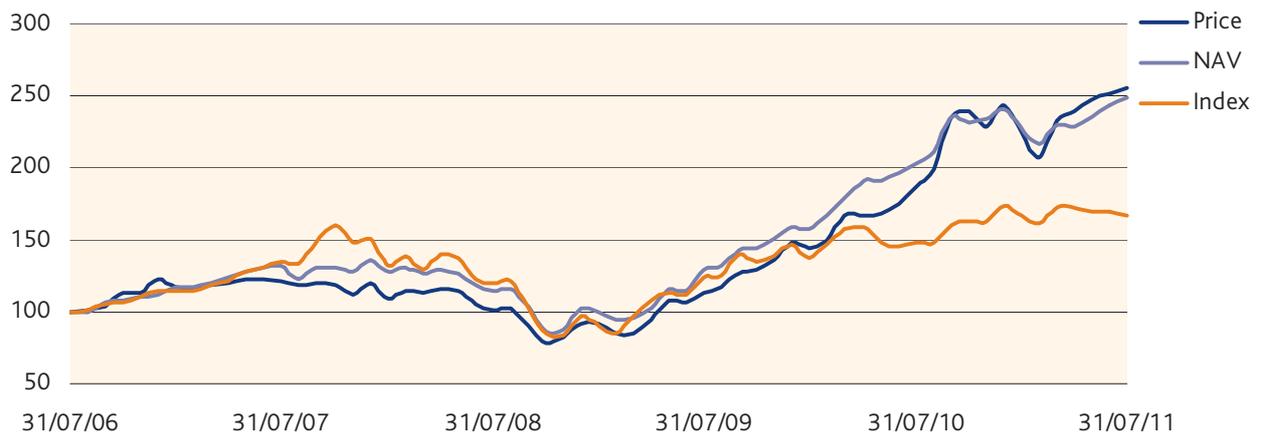
Share Price Premium/(Discount) to Diluted NAV (the effect of dilution is nil at 31 July 2011)

Five years to 31 July 2011



Capital Return of Diluted NAV and Share Price vs MSCI AC Asia Pacific ex Japan Index (sterling adjusted)

Five years to 31 July 2011 (rebased to 100 as at 31/07/06)



Diluted NAV Total Return Since Inception vs MSCI AC Asia Pacific ex Japan Index (sterling adjusted)

19 October 1995 to 31 July 2011 (rebased to 100 as at 19/10/95)



Ten Year Financial Record

Year to 31 July	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total revenue (£'000)	1,946	2,338	3,077	3,473	5,080	5,485	5,021	4,954	6,103	8,380
Per share (p)										
Net revenue return	2.67	3.12	4.01	4.54	7.25	6.98	5.88	6.75	12.85	15.42
Total return	25.63	34.52	25.48	95.93	31.48	108.38	(50.80)	48.21	236.82	137.91
Net ordinary dividends paid/proposed	2.65	3.10	3.10	3.45	3.45	3.45	4.00	5.00	8.20	9.50
Net special dividends paid/proposed	–	–	–	–	2.70	2.70	1.00	–	1.90	2.80
Net asset value per share (p)										
Basic	141.80	173.22	195.60	287.94	306.56	404.18	347.24	390.96	619.37	686.39
Diluted	113.13	158.04	175.78	251.25	276.45	364.77	316.46	355.95	562.57	n/a
Shareholders' funds (£'000)	37,938	46,345	52,332	83,082	98,669	131,679	109,829	121,963	192,851	239,965

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 2011

Company	Sector	Country	Valuation 2011 £'000	Total assets %	Valuation 2010 £'000
Multi Bintang Indonesia					
A subsidiary of Asia Pacific Breweries and an affiliate of Heineken in Indonesia.	Beverages	Indonesia	11,362	4.6	5,496
Siam Makro					
A subsidiary of SHV Netherlands, a cash and carry wholesaler with a network of outlets in Thailand.	Food & Staples Retailing	Thailand	10,090	4.1	4,844
LPI Capital					
Malaysia-based insurance company involved in underwriting fire, motor, marine, aviation, transit and miscellaneous insurance.	Insurance	Malaysia	8,946	3.6	7,138
Bank OCBC NISP					
Majority owned by Singapore's OCBC, it specialises in lending to the small and medium-sized business segment.	Commercial Banks	Indonesia	8,440	3.4	8,114
Bukit Sembawang Estates					
Singapore-based residential property developer with a large land bank.	Real Estate Management & Development	Singapore	8,389	3.4	8,445
AEON Co (M)					
Operator of general merchandise stores, supermarkets and convenience stores.	Multiline Retail	Malaysia	8,366	3.4	4,866
Giordano International					
A Hong Kong based fashion and clothing retailer with a presence across Asia.	Specialty Retail	Hong Kong	8,008	3.3	5,688
Godrej Consumer Products					
A leading FMCG company in India with strong market-leading brands in soaps and hair colour.	Personal Products	India	7,253	3.0	5,657
United Plantations					
With plantations in Malaysia and Indonesia, the company is in the cultivation and processing of palm oil business.	Food Products	Malaysia	6,360	2.6	4,374
Gujarat Gas					
Subsidiary of British Gas, the company is a distributor of natural gas in India.	Gas Utilities	India	6,141	2.5	4,484
Top ten investments			83,355	33.9	

Investment Portfolio – Other Investments

As at 31 July 2011

Company	Sector	Country	Valuation 2011 £'000	Total assets %	Valuation 2010 £'000
Asian Terminals	Transportation Infrastructure	Philippines	6,081	2.5	3,876
Castrol India	Chemicals	India	5,983	2.4	5,090
Hana Microelectronics	Electronic Equipment, Instruments & Components	Thailand	5,775	2.4	5,373
WBL Corporation	Electronic Equipment, Instruments & Components	Singapore	4,986	2.0	4,681
AEON Stores Hong Kong	Multiline Retail	Hong Kong	4,865	2.0	3,168
Guinness Anchor	Beverages	Malaysia	4,849	2.0	3,649
Tisco Financial Group	Commercial Banks	Thailand	4,755	2.0	3,339
M.P. Evans Group	Food Products	Other Asia	4,732	1.9	4,020
Wheelock Properties	Real Estate Management & Development	Singapore	4,707	1.9	4,415
Hong Kong Economic Times	Media	Hong Kong	4,693	1.9	3,421
Top twenty investments			134,781	54.9	
Commercial Bank of Ceylon	Commercial Banks	Sri Lanka	4,110	1.7	3,199
Jammu & Kashmir Bank	Commercial Banks	India	4,054	1.7	3,605
Shangri-La Hotels Malaysia	Hotels, Restaurants & Leisure	Malaysia	4,018	1.6	3,638
Holcim Indonesia	Construction Materials	Indonesia	3,966	1.6	4,528
Kansai Nerolac Paints	Chemicals	India	3,938	1.6	3,599
United Malacca	Food Products	Malaysia	3,896	1.6	3,559
Jollibee Foods	Hotels, Restaurants & Leisure	Philippines	3,771	1.5	3,247
Eastern Water Resources	Water Utilities	Thailand	3,656	1.5	2,867
Pos Malaysia	Air Freight & Logistics	Malaysia	3,590	1.5	3,400
ARB Corp	Specialty Retail	Australia	3,581	1.5	1,966
Top thirty investments			173,361	70.7	
Aventis Pharmaceuticals	Pharmaceuticals	India	3,536	1.4	3,164
The Hong Kong & Shanghai Hotels	Hotels, Restaurants & Leisure	Hong Kong	3,436	1.4	3,593
Unilever Pakistan	Food Products	Pakistan	3,415	1.4	2,503
Asia Satellite Communications	Telecommunications	Hong Kong	3,280	1.3	2,072
Convenience Retail Asia	Food & Staples	Hong Kong	3,243	1.3	–
Cebu Holdings	Real Estate Management & Development	Philippines	3,213	1.3	2,526
John Keells Holdings	Industrial Conglomerates	Sri Lanka	3,151	1.3	3,181
Chevron Lubricants Lanka	Oil, Gas & Consumable Fuels	Sri Lanka	3,109	1.3	3,360
Public Financial Holdings	Consumer Finance	Hong Kong	3,007	1.2	3,015
DGB Financial Group	Commercial Banks	South Korea	2,878	1.2	2,469
Top forty investments			205,629	83.8	
CDL Hospitality Trusts	Real Estate Investment Trusts	Singapore	2,579	1.1	2,301
CMC	IT Services	India	2,546	1.0	–
Millennium & Copthorne Hotels New Zealand	Hotels, Restaurants & Leisure	New Zealand	2,436	1.0	1,920
Hong Leong Finance	Consumer Finance	Singapore	2,321	0.9	2,356
AEON Thana Sinsap	Consumer Finance	Thailand	2,134	0.9	–
SBS Transit	Road & Rail	Singapore	2,042	0.8	1,854
Cafe de Coral	Hotels, Restaurants & Leisure	Hong Kong	1,993	0.8	1,995
AEON Credit Service (Asia)	Consumer Finance	Hong Kong	1,964	0.8	2,193
FJ Benjamin	Specialty Retail	Singapore	1,873	0.8	1,644
Goodyear (Thailand)	Auto Components	Thailand	1,790	0.7	2,065
Top fifty investments			227,307	92.6	
Other investments (14)			14,195	5.8	
Total investments			241,502	98.4	
Net current assets^A			3,824	1.6	
Total assets^B			245,326	100.0	

^A excludes bank loans of £5,361,000.

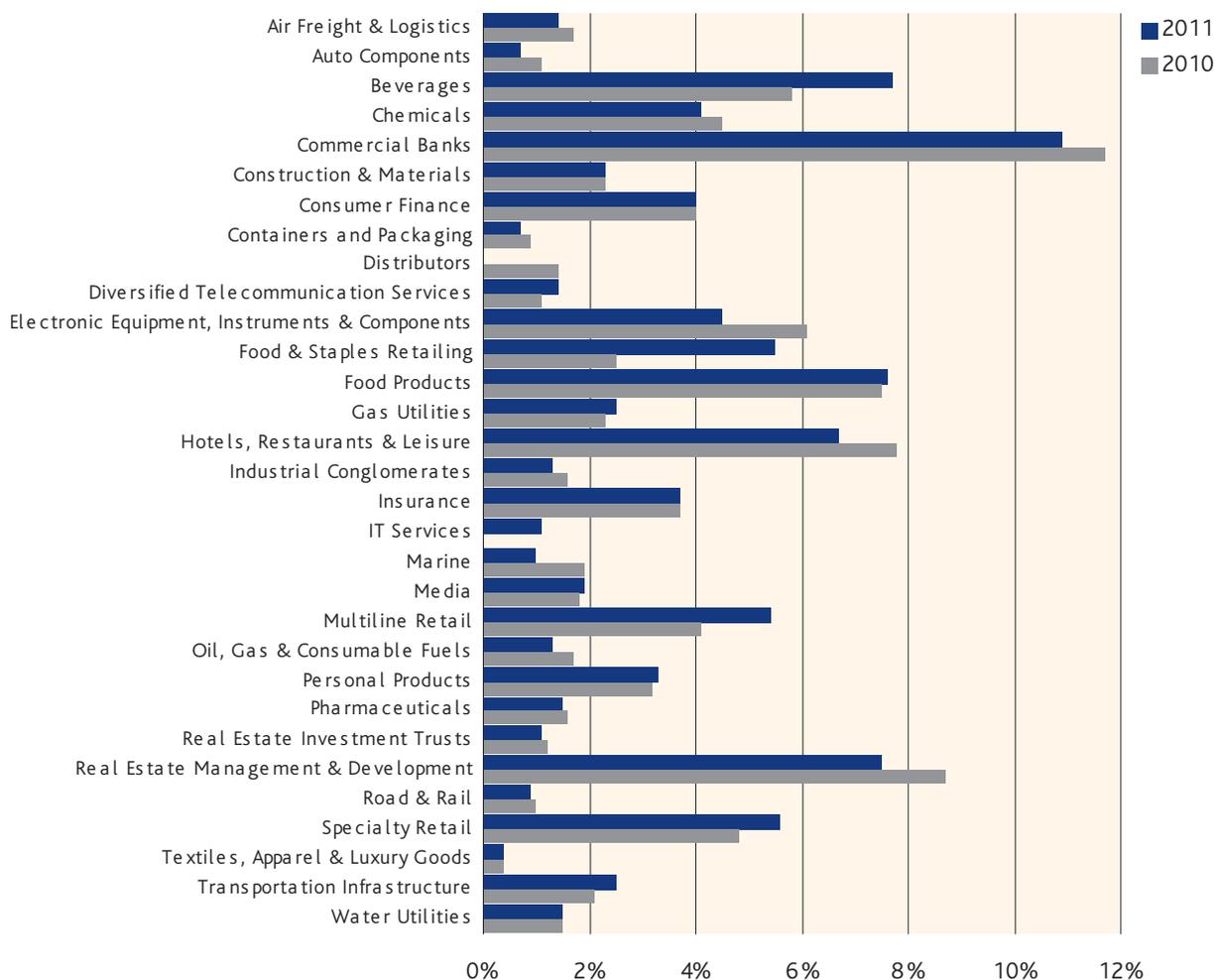
^B see definition on page 53.

All investments are in equities. For a full portfolio listing for Aberdeen Asian Smaller Companies Investment Trust PLC, please go to www.asian-smaller.co.uk.

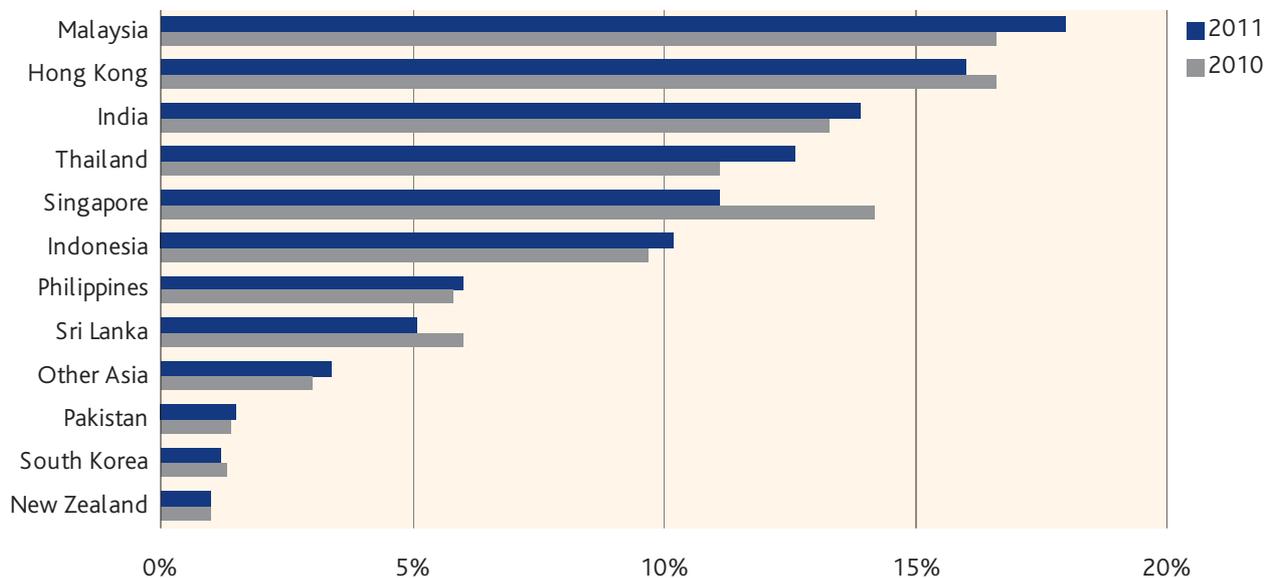
Sector/Geographical Analysis

As at 31 July 2011

Sector Breakdown



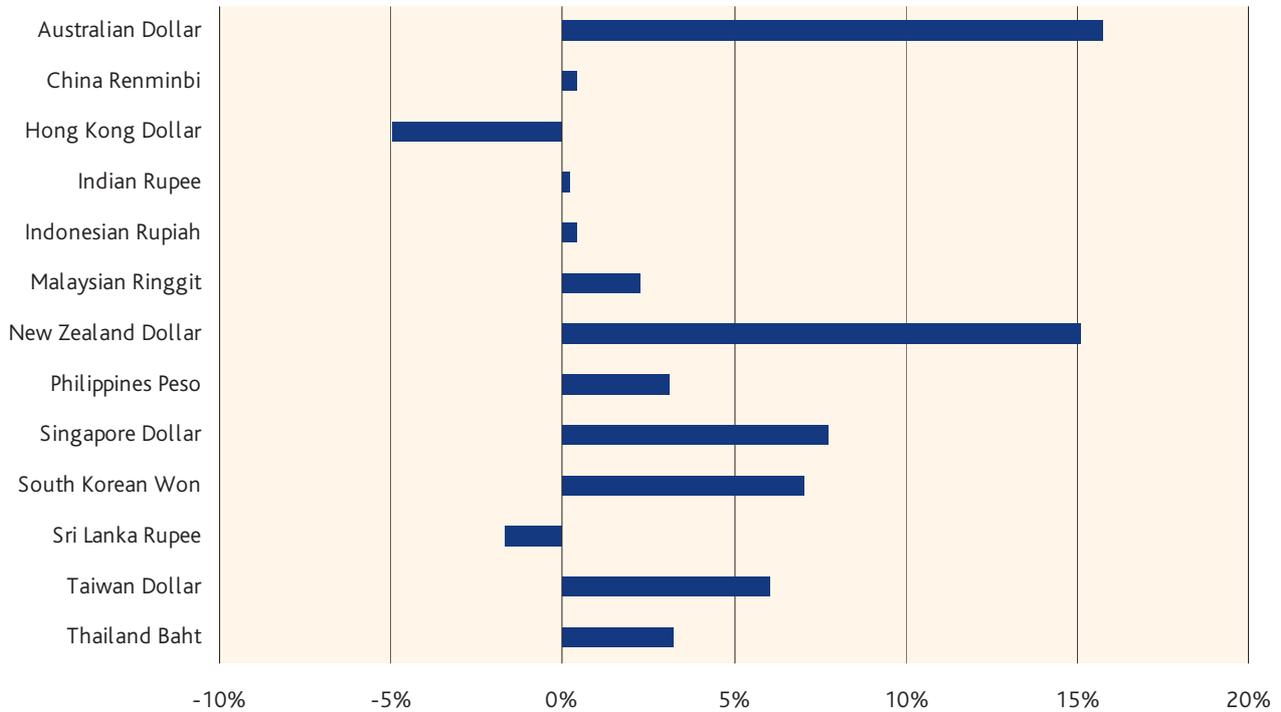
Geographic Breakdown



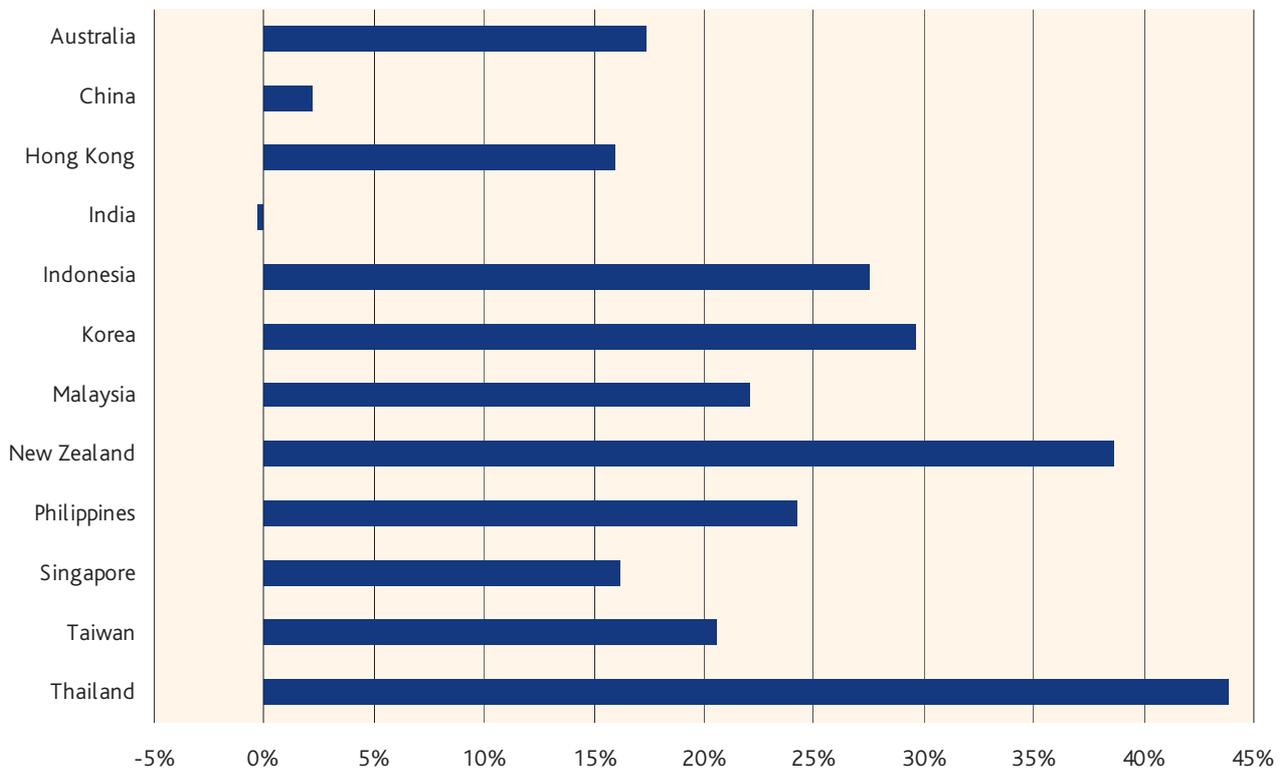
Currency/Market Performance

Year to 31 July 2011

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 ("Aberdeen Asset Management"), a publicly-quoted company on the London Stock Exchange.

Worldwide, Aberdeen Asset Management manages a combined £183.6 billion (as at 31 July 2011) in assets for a range of clients, including individuals and institutions, through mutual and segregated funds.

AAM Asia has been Aberdeen Asset Management's principal manager of Asia-Pacific assets since 1992, and had over 360 staff across the region at 31 July 2011.

Total funds in the region are over £57.3 billion as at 31 July 2011.

Aberdeen Asset Management 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 37 investment companies and other closed-ended funds representing approximately £8.2 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.



Chou Chong

Investment Director

Masters in accounting and finance from the London School of Economics. Joined Aberdeen in 1989 and was investment director in Australia followed by head of the pan-European desk in the UK before returning to Singapore in 2008.



Flavia Cheong

Investment Director

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.



Chris Wong

Senior Investment Manager

BA in accounting and finance from Heriot Watt University. Joined Aberdeen in 2001 having previously been an associate director at Andersen Corporate Finance.



Adrian Lim

Senior 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

Senior 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 the founding managing director. Hugh Young oversees a team of portfolio managers who act as generalists, cross-covering the region. In addition, AAM Asia has offices in Hong Kong, Kuala Lumpur, Melbourne, Shanghai, Sydney, 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: 57

Length of service: 16 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: 30 November 2010

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: nil



Haruko Fukuda OBE

Status: Independent Non-Executive Director

Age: 65

Length of service: 8 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: 25 November 2009

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: 3,224 Ordinary shares



Martin Gilbert

Status: Non-Executive Director

Age: 56

Length of service: 16 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: 30 November 2010

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., Aberdeen Latin American Income Fund Limited, Chaucer Holdings PLC, FirstGroup PLC and Primary Health Properties 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: 86,006 Ordinary shares

Alternate Director: Hugh Young



Alan Kemp

Status: Independent Non-Executive Director

Age: 67

Length of service: 15 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: 30 November 2010

Committee membership: Audit Committee (Chairman), Management Engagement Committee (Chairman) and Nomination Committee

Remuneration: £22,000 per annum

All other public company

directorships: JPMorgan US Smaller Companies 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: 26,000

Ordinary shares



Chris Maude

Status: Independent Non-Executive Director

Age: 60

Length of service: 4 years, appointed a Director on 16 May 2007

Experience: Co-founded RWC Partners Ltd, an independent asset management company, in 2000 where until very recently he was 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: 30 November 2010

Committee membership: Audit Committee, Management Engagement Committee and Nomination Committee

Remuneration: £20,000 per annum

All other public company

directorships: Cubit Long/Short Commodity Fund

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: 53

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 Asset Management PLC, Aberdeen New Thai Investment Trust PLC, Aberdeen New Dawn Investment Trust PLC, Aberdeen Asian Income Fund Limited, Aberdeen Asia-Pacific Income Investment Company 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: 124,000

Ordinary shares

Directors' Report

The Directors present their Report and the audited financial statements for the year ended 31 July 2011.

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 3 and 4 and in note 19 to the financial statements. Further details of the risk management objectives and policies are provided in the Statement of Corporate Governance on pages 24 to 27. The Key Performance Indicators for the Company are NAV performance and share price performance and 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 1 December 2010, 3,823,595 new Ordinary shares were allotted following the final exercise of 3,823,595 Warrants to subscribe for Ordinary shares.

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 in England & Wales with registered number 03106339 and is an investment company as defined by Section 833 of the Companies Act 2006. The Company is also 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 1158 of the Corporation Tax Act 2010 (formerly Section 842 ICTA) for the year ended 31 July 2010. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 July 2011 so as to be able to continue to obtain approval as an investment trust under Section 1158 of the Corporation Tax Act 2010 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 24;
- 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 forms part of this Directors' Report and covers the Company's compliance with the Combined Code and is shown on pages 24 to 27.

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 29 November 2011 and, being eligible,

offer themselves for re-election. 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 2011 and at 1 August 2010 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 2011 Ordinary shares	1 August 2010 Ordinary shares	Warrants
N K Cayzer	-	-	-
H Fukuda	3,224	3,179	-
M J Gilbert	86,006	76,006	-
A S Kemp	26,000	33,500	-
C S Maude	37,300	37,300	-
H Young (alternate)	124,000	124,000	-

The above interests are unchanged at 20 September 2011, 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 20 September 2011, being the nearest practicable date prior to the signing of this Report.

Shareholder	No. of Ord. shares held	% held
Funds managed by Aberdeen Asset Management PLC	4,851,040	13.9
Aberdeen Asset Managers Savings Scheme (non-beneficial)	3,046,751	8.7
Funds managed by M&G Investment Management Limited	2,301,354	6.6
Charles Stanley, stockbrokers	1,357,800	3.9
Hargreaves Lansdown	1,321,175	3.8
Alliance Trust Savings	1,280,020	3.7
Legal & General Investment Management	1,239,206	3.5
Reliance Mutual	1,225,000	3.5
Barclays Stockbrokers	1,146,721	3.3
Brewin Dolphin Stockbrokers	1,097,871	3.1

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 £5,826,700 representing approximately 2/3 of the existing issued capital of the Company, of which a maximum nominal amount of £2,913,350 (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 2012. 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. 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 of the middle market quotations for 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 2012 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.

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.

Notice of Meeting

Resolution 12, 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. This approval will be effective until the Company's next Annual General Meeting in 2012. In order to utilise this shorter notice period, the Company is required to ensure that shareholders are able to vote electronically at the general meeting called on such short notice. The Directors confirm that, in the event that a general meeting is called, they will give as much notice as practicable and will only utilise the authority granted by Resolution 12 in limited and time sensitive circumstances.

Recommendation

Your Board considers Resolutions 9, 10, 11 and 12 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 and 12 to be proposed at the AGM, as they intend to do in

respect of their own beneficial shareholdings amounting to 276,530 Ordinary shares.

Going Concern

The Directors of the Company are aware of the current turbulence in financial markets and the potential impact this may have on the operations of the Company. However, the Directors consider that there are no immediate threats identified at the date of approving these financial statements that may suggest that the Company may not continue as a going concern for the foreseeable future. The Directors note that the Company has borrowings of USD16.8 million which could be repaid upon demand, from the sale of investments held in the portfolio.

Note 19 to the financial statements includes the Company's policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to credit risk and liquidity risk.

The Directors have undertaken a rigorous review of the Company's ability to continue as a going concern including reviewing forecasts detailing revenue and liabilities. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt a 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 28 and 30.

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

Bow Bells House

1 Bread Street

London EC4M 9HH

20 September 2011

Statement of Corporate Governance

Introduction

The UK Listing Authority requires all listed companies to describe how they have complied with the principles of the UK Corporate Governance Code published in May 2010 (the "Governance Code"), which is available on the Financial Reporting Council's website: www.frc.org.uk. The Governance Code covers in particular the annual re-appointment of Directors, Board diversity, external evaluation, the Board's responsibilities in relation to risk, and a clear explanation of business model and strategy.

The Association of Investment Companies ("AIC") has also published a Code of Corporate Governance ("AIC Code") and a Corporate Governance Guide for Investment Companies ("AIC Guide") which are available on the AIC's website: www.theaic.co.uk. The AIC Code, as explained by the AIC Guide, addresses all of the principles set out in Section 1 of the Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment trusts.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Governance Code) will provide better information to shareholders.

Application of the Principles of the Codes

The Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Governance Code, except the Governance Code provisions relating to:

- The role of the chief executive (A.1.2)
- Executive directors' remuneration (D.2.1 and D.2.2)
- The need for an internal audit function (C.3.5)

For the reasons set out in the AIC Guide and in the preamble to the Governance Code, the Board considers these provisions are not relevant to the position of the Company, being an externally-managed investment company. The Company has, therefore, not reported further in respect of these provisions. The Board is committed to high standards of corporate governance and has put in place a framework for corporate governance, which it believes is appropriate for an investment trust.

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. The Articles of Association require the Directors to retire and submit themselves for re-election at least every three years. 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.

During the year ended 31 July 2011 the Board met eight 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 2011 as follows (with their eligibility to attend the relevant meeting in brackets):

Director	Audit and Management Engagement Committee		
	Board Meetings	Committee Meetings	Nomination Committee Meetings
NK Cayzer ^A	7 (8)	n/a	1 (1)
H Fukuda	7 (8)	2 (2)	1 (1)
MJ Gilbert ^{AB}	6 (8)	n/a	0 (1)
AS Kemp	8 (8)	2 (2)	1 (1)
CS Maude	7 (8)	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) (2010 - £6,000 ex VAT) were paid to the auditors in respect of non-audit services in connection with the review of the Half Yearly Report – 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

Statement of Corporate Governance continued

three years. In accordance with corporate governance best practice, Directors who have served for more than nine years or who are non-independent voluntarily offer themselves for re-election on an annual basis.

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 29.

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), 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 September 2011 meeting, the Audit Committee carried out an annual assessment of internal controls for the year ended 31 July 2011 by considering documentation from the Manager, including the internal audit and compliance functions and taking account of events since 31 July 2011. 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.

Proxy Voting and Stewardship

The Financial Reporting Council ('FRC') published "the UK Stewardship Code" for institutional shareholders on 2 July 2010. The purpose of the UK Stewardship Code is to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and assist institutional investors with the efficient exercise of their governance responsibilities. The FRC is encouraging institutional investors to make a statement of their commitment to the Code.

The Board has delegated responsibility for actively monitoring the activities of portfolio companies to the Manager. The Board has reviewed and accepts the Manager's Corporate Governance Principles, which may be found on the Manager's website, at <http://www.aberdeen-asset.com/aam.nsf/AboutUs/governancestewardship>. These Principles set out the Manager's framework on corporate governance, proxy voting and shareholder engagement in relation to the companies in which the Manager has invested or is considering investing. The Board has also reviewed the Manager's Disclosure Response to the UK Stewardship Code, which appears on the Manager's website, at the web-address given above.

The Manager is responsible for reviewing, on a regular basis, the annual reports, circulars and other publications produced by the portfolio company and for attending company meetings. The Manager, in the absence of explicit instruction from the Board, is empowered to use discretion in the exercise of the Company's voting rights.

The Board recognises and supports the Manager's policy of active engagement with investee companies and the voting of all of the shares held by the Company. The Board receives from the Manager regular reports on the exercise by the Manager of the Company's voting rights and discusses with the Manager any issues arising. It is the Board's view that having an active voting policy and a process for the monitoring by the Board of the Manager's exercise of those votes, especially in relation to controversial issues, aids the efficient exercise of the Company's governance responsibilities.

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.

By order of the Board
Aberdeen Asset Management PLC - Secretaries
Bow Bells House, 1 Bread Street
London EC4M 9HH
20 September 2011

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).

Under Company law the Directors must not approve the financial statements unless they are satisfied that they 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; and,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and which 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 2006. They are also responsible 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.

We 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

20 September 2011

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

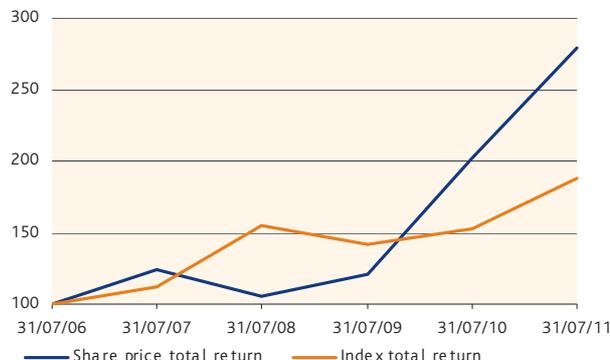
The Company's Articles of Association currently limit the aggregate fees payable to the Board of Directors to a total of £150,000 per annum. Subject to this overall limit, it is the Company's policy to determine the level of Directors' fees having regard to the level of fees payable to non-executive 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 2011 as follows: Chairman £30,000; Audit Committee Chairman £26,000; and other Directors £23,000. This policy will continue for the year to 31 July 2012. No element of the Directors' remuneration is performance related.

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 2011 (rebased to 100 at 31 July 2006). 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	2011 £	2010 £
N K Cayzer (Chairman and highest paid Director)	26,000	26,000
H Fukuda	20,000	20,000
M J Gilbert	20,000	20,000
A S Kemp (Audit Committee Chairman)	22,000	22,000
C S Maude	20,000	20,000
Total	108,000	108,000

Sums Paid to Third Parties

Of the fees disclosed above, £20,000 (2010 – £20,000) 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 29 was approved by the Board on 20 September 2011 and signed on its behalf by:

By order of the Board
Aberdeen Asset Management PLC
Secretaries
 20 September 2011

Independent Auditor's 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 2011 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 21. 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 chapter 3 of part 16 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 28, 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the Company's affairs as at 31 July 2011 and of its profit 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; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared 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 returns adequate for our audit have not been received from branches not visited by us; 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 and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 22, in relation to going concern;
- the part of the Statement of Corporate Governance relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and,
- certain elements of the report to the shareholders by the Board on Directors' remuneration

Susan Dawe

(Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh

20 September 2011

The maintenance and integrity of the Aberdeen Asian Smaller Companies Investment Trust PLC web site is the responsibility of the Directors; the work carried out by the auditors does not

involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Income Statement

	Notes	Year ended 31 July 2011			Year ended 31 July 2010		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	9	–	41,022	41,022	–	71,158	71,158
Income	2	8,380	–	8,380	6,103	–	6,103
Exchange gains/(losses)		–	260	260	–	(365)	(365)
Investment management fees	3	(2,065)	–	(2,065)	(1,521)	–	(1,521)
Administrative expenses	4	(790)	–	(790)	(726)	–	(726)
Net return on ordinary activities before finance costs and taxation		5,525	41,282	46,807	3,856	70,793	74,649
Finance costs	5	(71)	–	(71)	(54)	–	(54)
Return on ordinary activities before taxation		5,454	41,282	46,736	3,802	70,793	74,595
Taxation	6	(262)	(39)	(301)	214	(793)	(579)
Return on ordinary activities after taxation		5,192	41,243	46,435	4,016	70,000	74,016
Return per share (pence):	8						
Basic		15.42	122.49	137.91	12.85	223.97	236.82
Diluted		n/a	n/a	n/a	11.73	204.50	216.23

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 2011 £'000	As at 31 July 2010 £'000
Non current assets			
Investments at fair value through profit or loss	9	241,502	193,050
Current assets			
Debtors and prepayments	10	641	639
Cash and short term deposits		3,580	5,367
		4,221	6,006
Creditors: amounts falling due within one year			
Bank loan	11	(5,361)	(5,619)
Other creditors		(397)	(378)
		(5,758)	(5,997)
Net current (liabilities)/assets		(1,537)	9
Total assets less current liabilities		239,965	193,059
Provisions for liabilities and charges	12	–	(208)
Net assets		239,965	192,851
Capital and reserves			
Called-up share capital	13	9,287	8,331
Capital redemption reserve		2,062	2,062
Share premium account		14,512	11,644
Special reserve		8,372	8,372
Warrant reserve		–	1,243
Capital reserve	14	197,526	155,040
Revenue reserve	14	8,206	6,159
Equity shareholders' funds		239,965	192,851
Net asset value per share (pence):	15		
Basic		686.39	619.37
Diluted		n/a	562.57

The financial statements were approved by the Board of Directors and authorised for issue on 20 September 2011 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 2011

	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 2010		8,331	2,062	11,644	8,372	1,243	155,040	6,159	192,851
Exercise of warrants		956	–	2,868	–	(1,243)	1,243	–	3,824
Return on ordinary activities after taxation		–	–	–	–	–	41,243	5,192	46,435
Dividends paid	7	–	–	–	–	–	–	(3,145)	(3,145)
Balance at 31 July 2011		9,287	2,062	14,512	8,372	–	197,526	8,206	239,965

For the year ended 31 July 2010

	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 2009		8,220	2,062	11,312	10,386	1,387	84,896	3,700	121,963
Purchase of own shares		–	–	–	(2,014)	–	–	–	(2,014)
Exercise of warrants		111	–	332	–	(144)	144	–	443
Return on ordinary activities after taxation		–	–	–	–	–	70,000	4,016	74,016
Dividends paid	7	–	–	–	–	–	–	(1,557)	(1,557)
Balance at 31 July 2010		8,331	2,062	11,644	8,372	1,243	155,040	6,159	192,851

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

	Notes	Year ended 31 July 2011		Year ended 31 July 2010	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	16		5,016		3,217
Servicing of finance					
Bank and loan interest paid			(76)		(55)
Taxation					
Net taxation paid			–		(177)
Financial investment					
Purchases of investments		(13,935)		(8,171)	
Sales of investments		6,527		13,928	
Net cash (outflow)/inflow from financial investment			(7,408)		5,757
Equity dividends paid	7		(3,145)		(1,557)
Net cash (outflow)/inflow before financing			(5,613)		7,185
Financing					
Purchase of own shares		–		(2,014)	
Exercise of warrants	13	3,824		443	
Repayment of loan		–		(1,903)	
Net cash inflow/(outflow) from financing activities			3,824		(3,474)
(Decrease)/increase in cash			(1,789)		3,711
Reconciliation of net cash flow to movements in net debt					
(Decrease)/increase in cash as above			(1,789)		3,711
Repayment of loan			–		1,903
Exchange movements			260		(365)
Movement in net debt in the year			(1,529)		5,249
Net debt at 1 August			(252)		(5,501)
Net debt at 31 July	17		(1,781)		(252)

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

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'.

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 and disposals 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) Borrowings

Interest-bearing bank loans and overdrafts are initially recognised at cost, being the fair value of the consideration received, net of any issue expenses. Finance charges are accounted for on an accruals basis using the effective interest rate method and are charged 100% to revenue.

(d) Income

Dividends (other than special dividends), including taxes deducted at source, are included in revenue by reference to the date on which the investment is quoted ex-dividend. Special dividends are reviewed on a case-by-case basis and may be credited to capital, if circumstances dictate. Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. Fixed returns on non-equity shares are recognised on a time apportioned basis so as to reflect the effective yield on shares. Other returns on non-equity shares are recognised when the right to return is established. The fixed return on a debt security, if material, is recognised on a time apportioned basis so as to reflect the effective yield on each security. Where the Company has elected to receive its dividends in the form of additional shares rather than 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. Interest receivable on bank balances is dealt with on an accruals basis.

(e) 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 charged to the capital column of the Income Statement and are separately identified and disclosed in note 9 within gains on investments.

(f) Taxation

The charge for taxation is based on the profit 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.

(g) Capital reserve

The capital reserve reflects the following:

- gains and losses on the sale of investments and changes in fair values of investments held are transferred to the capital reserve;
- transfers from the warrant reserve on the exercise of warrants; and
- applicable capital tax charges.

(h) 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.

	2011	2010
	£'000	£'000
2. Income		
Income from investments		
UK dividend income	83	54
Overseas dividends	8,272	5,966
Stock dividends	22	37
Fixed interest	(3)	21
	8,374	6,078
Other income		
Deposit interest	6	15
Underwriting commission	–	10
	6	25
Total income	8,380	6,103

	2011			2010		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
3. Investment management fees						
Investment management fees	2,065	–	2,065	1,521	–	1,521

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 £200,000 (2010 – £275,000).

Notes to the Financial Statements continued

	Revenue £'000	2011 Capital £'000	Total £'000	Revenue £'000	2010 Capital £'000	Total £'000
4. Administrative expenses						
Administration fees	75	–	75	73	–	73
Directors' fees	108	–	108	108	–	108
Share Plan marketing contribution	149	–	149	95	–	95
Auditor's remuneration:						
– fees payable to the auditors for the audit of the annual accounts	23	–	23	23	–	23
– fees payable to the auditors and its associates for other services:						
– interim review	6	–	6	6	–	6
Custodian charges	201	–	201	265	–	265
Other expenses	228	–	228	156	–	156
	790	–	790	726	–	726

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 based on an index-linked annual amount of £75,000 (2010 – £73,000) and there was a prepayment of £19,000 (2010 – £18,000) 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 £149,000 (2010 – £95,000) and there was a £55,000 (2010 – £22,000) balance due to AAM the year end.

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

	Revenue £'000	2011 Capital £'000	Total £'000	Revenue £'000	2010 Capital £'000	Total £'000
5. Finance costs						
On bank loans and overdrafts	71	–	71	54	–	54

	Revenue £'000	2011 Capital £'000	Total £'000	Revenue £'000	2010 Capital £'000	Total £'000
6. Taxation						
(a) Analysis of charge for the year						
Overseas taxation	509	–	509	371	–	371
Tax relief to revenue	–	–	–	(348)	348	–
Current taxation	509	–	509	23	348	371
Movement on deferred taxation	237	(445)	(208)	–	–	–
Deferred taxation	(484)	484	–	(237)	445	208
Total tax	262	39	301	(214)	793	579

As at 31 July 2010 the Company had a potential deferred tax liability of £208,000 in respect of its holdings in CDL Hospitality Trust. A deferred tax liability was recognised at that time as CDL is a Singapore based real estate investment trust without distributor or reporting fund status and therefore the realised gains on disposal of its units are subject to corporation tax in the hands of this Company. As at 31 July 2010, the Company did not have sufficient excess expenses to cover the potential liability should all the units be sold at that date and therefore a deferred tax liability was recognised in this period. However, during the year ended 31 July 2011, the Company has incurred additional excess expenses, such that there are sufficient losses to cover the potential corporation tax due on disposal of the units and therefore the deferred tax liability has been written back in this period.

(b) Factors affecting the tax charge for the year

The tax assessed for the year is lower than the effective rate of corporation tax in the UK for a large company of 27.33% (2010 – 28%). The differences are explained below:

	Revenue £'000	2011 Capital £'000	Total £'000	Revenue £'000	2010 Capital £'000	Total £'000
Return on ordinary activities before taxation	5,454	41,282	46,736	3,802	70,793	74,595
Return on ordinary activities multiplied by the effective UK standard tax rate of corporation tax of 27.33% (2010 – 28%)	1,491	11,282	12,773	1,065	19,822	20,887
Effects of:						
Gains on investments not taxable	–	(11,211)	(11,211)	–	(19,924)	(19,924)
Offshore income gains realised	–	–	–	–	348	348
Exchange (gains)/losses	–	(71)	(71)	–	102	102
Franked dividend receipts not chargeable to corporation tax	(23)	–	(23)	(15)	–	(15)
Overseas tax	509	–	509	371	–	371
Movement on taxable accrued income	13	–	13	–	–	–
Non-taxable dividend income	(2,248)	–	(2,248)	(1,623)	–	(1,623)
Non-taxable stock dividends	–	–	–	(10)	–	(10)
Movement in unutilised management expenses	748	–	748	230	–	230
Movement in unutilised loan relationship deficits	19	–	19	5	–	5
Current tax charge for the year	509	–	509	23	348	371

	2011 £'000	2010 £'000
7. Dividends		
Final dividend for 2010 – 8.20p (2009 – 5.00p)	2,553	1,557
Special dividend for 2010 – 1.90p (2009 – nil)	592	–
	3,145	1,557

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 Sections 1158 – 1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the current year is £5,192,000 (2010 – £4,016,000).

	2011 £'000	2010 £'000
Proposed final dividend for 2011 – 9.50p (2010 – 8.20p)	3,321	2,553
Proposed special dividend for 2011 – 2.80p (2010 – 1.90p)	979	592
Total	4,300	3,145

Notes to the Financial Statements continued

8. Return per Ordinary share	2011			2010		
	Revenue	Capital	Total	Revenue	Capital	Total
Basic						
Return on ordinary activities after taxation (£'000)	5,192	41,243	46,435	4,016	70,000	74,016
Weighted average number of shares in issue (excluding shares held in treasury)			33,671,711			31,254,783
Basic return per Ordinary share (p)	15.42	122.49	137.91	12.85	223.97	236.82
	2011			2010		
	Revenue	Capital	Total	Revenue	Capital	Total
Diluted						
Number of dilutive shares			n/a			2,975,169
Diluted number of shares in issue (excluding shares held in treasury)			n/a			34,229,952
Diluted return per Ordinary share (p)	n/a	n/a	n/a	11.73	204.50	216.23

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.

9. Investments	Listed	Listed	Total
	in UK	overseas	
	£'000	£'000	£'000
Fair value through profit or loss:			
Opening book cost	2,289	91,379	93,668
Opening fair value gains on investments held	1,731	97,651	99,382
Opening fair value	4,020	189,030	193,050
Movements in year:			
Purchases at cost	–	13,957	13,957
Sales – proceeds	–	(6,527)	(6,527)
Sales – gains on sales	–	3,596	3,596
Movement in fair value gains on investments held	712	36,714	37,426
Closing fair value	4,732	236,770	241,502
	Listed	Listed	Total
	in UK	overseas	Total
	£'000	£'000	£'000
Closing book cost	2,289	102,405	104,694
Closing fair value gains on investments held	2,443	134,365	136,808
	4,732	236,770	241,502
	Listed	Listed	Total
	in UK	overseas	Total
	£'000	£'000	£'000
Gains on investments			
Gains on sales	–	3,596	3,596
Movement in fair value gains on investments held	712	36,714	37,426
	712	40,310	41,022

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:

	2011 £'000	2010 £'000
Purchases	28	27
Sales	18	55
	46	82

	2011 £'000	2010 £'000
10. Debtors: amounts falling due within one year		
Other debtors	12	14
Prepayments and accrued income	629	625
	641	639

	2011 £'000	2010 £'000
11. Creditors: amounts falling due within one year		
Bank loans	5,361	5,619
Other creditors	397	378
	5,758	5,997

At the year end the Company had drawn down a US\$8,800,000 loan from Royal Bank of Scotland at a rate of 1.60288% with repayment or rollover terms to 6 September 2011, on which date the loan was rolled on for a further three months to 6 December 2011 at a rate of 1.68056%.

On 12 September 2011 a further drawdown of US\$8,000,000 was made under the RBS facility at an annualised all-in rate of 1.1% for the period to 6 December 2011. A total of US\$16,800,000 has now been drawn under the Royal Bank of Scotland facility.

The new £20 million three year multi currency revolving advance loan facility with Royal Bank of Scotland dated 27 May 2011, contains covenants requiring that the on-going gearing ratio (Gross Borrowings divided by Adjusted Assets) shall not exceed 25%. Gross Borrowings are calculated by deducting from the Company's assets (Portfolio Value plus cash) (1) the value of any unquoted investments; (2) the value of any bonds rated below investment grade or which are unrated; (3) the extent to which the value of any single security or asset exceeds 5% of Investment Portfolio Value; (4) the extent to which the aggregate value of the 20 largest securities or assets exceeds 65% of Investment Portfolio Value; (5) the extent to which the aggregate value of securities or assets in any one country exceeds 25% of Investment Portfolio Value; (6) the extent to which the aggregate value of securities or assets in countries with a S&P foreign sovereign debt rating lower than BBB- exceeds 30% of Investment Portfolio Value. The Company met these covenants throughout the year and up to the date that this report was signed.

	2011 £'000	2010 £'000
12. Provisions for liabilities and charges		
Deferred tax on gains on offshore funds held:		
At 1 August	208	–
Deferred tax (credited)/charged to the Income Statement in the year	(208)	208
At 31 July	–	208

Notes to the Financial Statements continued

	2011	2010
	£'000	£'000
13. Called up share capital		
Authorised		
42,000,000 (2010 – 42,000,000) Ordinary shares of 25p	10,500	10,500
Called-up, allotted and fully paid		
37,146,500 (2010 – 33,322,905) Ordinary shares of 25p	9,287	8,331

During the year no Ordinary shares of 25p were repurchased by the Company (2010 – 502,069) at a total cost of £nil (2010 – £2,014,000). At the year end 2,186,290 (2010 – 2,186,290) shares were held in treasury, which represents 5.89% (2010 – 6.56%) of the Company's total issued share capital at 31 July 2011.

During the year an additional 3,823,595 (2010 – 442,698) Ordinary shares of 25p were issued after the remaining 3,823,595 Warrants were exercised at 100p each. The total consideration received was £3,823,595 (2010 – £442,698).

At 31 July 2011 there were no Warrants in issue (2010 – 3,823,595).

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.

	2011	2010
	£'000	£'000
14. Retained earnings		
Capital reserve		
At 31 July	155,040	84,896
Movement in investment holdings fair value	37,426	64,348
Gains on realisation of investments at fair value	3,596	6,810
Foreign exchange movement	260	(365)
Capital tax charge	(39)	(793)
Transfer from warrant reserve	1,243	144
At 31 July	197,526	155,040

	2011	2010
	£'000	£'000
Revenue reserve		
At 31 July	6,159	3,700
Revenue	5,192	4,016
Dividends paid	(3,145)	(1,557)
At 31 July	8,206	6,159

15. Net asset value per equity share	2011	2010
Basic		
Net assets attributable	£239,965,000	£192,851,000
Number of Ordinary shares in issue (excluding shares held in treasury)	34,960,210	31,136,615
Net asset value per Ordinary share	686.39p	619.37p
Diluted		
Net assets attributable	n/a	£196,675,000
Number of Ordinary shares if Warrants converted (excluding shares held in treasury)	n/a	34,960,210
Net asset value per Ordinary share	n/a	562.57p

Upon subscription the remaining 3,823,595 Warrants were exercised on 1 December 2010, therefore there is no longer any dilution.

The comparative diluted net asset value per Ordinary share has been calculated on the assumption that at 31 July 2010 3,823,595 Warrants in issue were exercised on the first day of the financial year at 100p per share, giving a total of 34,960,210 Ordinary shares at 31 July 2010.

16. Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities	2011	2010
	£'000	£'000
Net returns before finance costs and taxation	46,807	74,649
Adjustments for:		
Gains on investments	(41,022)	(71,158)
Effect of foreign exchange rate (gains)/losses	(260)	365
Decrease/(increase) in prepayments and accrued income	12	(259)
Decrease/(increase) in other debtors	2	(6)
Increase in other creditors	8	34
Overseas withholding tax suffered	(509)	(371)
Stock dividends included in investment income	(22)	(37)
Net cash inflow from operating activities	5,016	3,217

Notes to the Financial Statements continued

	1 August 2010 £'000	Cash flow £'000	Exchange movements £'000	31 July 2011 £'000
17. Analysis of changes in net debt				
Net cash:				
Cash at bank and overdrafts	5,367	(1,789)	2	3,580
Debt:				
Debt falling due within one year	(5,619)	–	258	(5,361)
	(252)	(1,789)	260	(1,781)

18. Related party transactions

Mr M J Gilbert and his alternate Director, Mr H Young are both directors 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;
- valuation of debt securities in the portfolio.

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 rate 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:

	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
At 31 July 2011				
Assets				
Sterling	–	–	–	3,580
	n/a	n/a	–	3,580
Liabilities				
Bank loan – US Dollar	0.25	1.60	(5,361)	–
At 31 July 2010				
Assets				
Singapore Dollar	3.42	2.50	1,681	–
Sterling	–	–	–	5,366
Thailand Baht	–	–	–	1
	n/a	n/a	1,681	5,367
Liabilities				
Bank loan – US Dollar	0.04	0.77	(5,619)	–

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:

Notes to the Financial Statements continued

	Within 1 year 2011 £'000	Within 1 year 2010 £'000
Assets		
Floating rate		
Cash	3,580	5,367
Liabilities		
Fixed rate		
Bank loans – US Dollar	5,361	5,619

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 2011			31 July 2010		
	Overseas investments £'000	Net monetary assets/(liabilities) £'000	Total currency exposure £'000	Overseas Investments £'000	Net monetary assets/(liabilities) £'000	Total currency exposure £'000
Australia	3,580	–	3,580	1,966	–	1,966
Hong Kong Dollar	38,552	–	38,552	32,117	–	32,117
Indian Rupee	33,451	–	33,451	25,600	–	25,600
Indonesian Rupiah	24,560	–	24,560	18,719	–	18,719
Korean Won	2,878	–	2,878	2,469	–	2,469
Malaysian Ringgit	43,406	–	43,406	32,080	–	32,080
New Zealand Dollar	2,436	–	2,436	1,920	–	1,920
Pakistan Rupee	3,584	–	3,584	2,658	–	2,658
Philippine Peso	14,532	–	14,532	11,148	–	11,148
Singapore Dollar	26,896	–	26,896	27,377	–	27,377
Sri Lankan Rupee	12,345	–	12,345	11,563	–	11,563
Thailand Baht	30,550	–	30,550	21,413	1	21,414
US Dollar	–	(5,361)	(5,361)	–	(5,619)	(5,619)
	236,770	(5,361)	231,409	189,030	(5,618)	183,412
Sterling	4,732	3,580	8,312	4,020	5,366	9,386
Total	241,502	(1,781)	239,721	193,050	(252)	192,798

Foreign currency sensitivity

The following table details the Company's sensitivity to a 10% increase and decrease in sterling against the foreign currencies in which the Company has exposure via foreign currency denominated monetary items. The sensitivity analysis adjusts their translation at the period end for a 10% change in foreign currency rates.

	2011	2010
	£'000	£'000
US Dollar	536	562

There is no sensitivity analysis included for the foreign currency 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.

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. 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% (2010 – 10%) higher or lower while all other variables remained constant, the return attributable to Ordinary shareholders for the year ended 31 July 2011 would have increased/(decreased) by £24,150,000 (2010 – increased/(decreased) by £19,305,000) 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 2011 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 2011 the Company's bank loan, amounting to £5,361,000 (2010 – £5,619,000), was due for repayment or roll-over within 2 months (2010 – 1 month). The maximum exposure during the year was £5,725,000 and the minimum exposure during the year was £5,346,000.

Notes to the Financial Statements continued

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 third party administrator carries out a stock reconciliation to Custodian 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 findings 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:

	2011		2010	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Current assets				
Debtors	588	588	599	599
Cash and short term deposits	3,580	3,580	5,367	5,367
	4,168	4,168	5,966	5,966

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 £5,363,000 as at 31 July 2011 (2010 – £5,620,000) compared to an accounts value in the financial statements of £5,361,000 (2010 – £5,619,000) (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.

20. Fair value hierarchy

The Company adopted the amendments to FRS 29 'Financial Instruments: Disclosures' effective from 1 January 2009. These amendments require an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (ie as prices) or indirectly (ie derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The financial assets and liabilities measured at fair value in the Balance Sheet are grouped into the fair value hierarchy at 31 July 2011 as follows:

As at 31 July 2011	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	241,502	–	–	241,502
Net fair value		241,502	–	–	241,502

As at 31 July 2010	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	191,369	–	–	191,369
Quoted bonds	b)	1,681	–	–	1,681
Net fair value		193,050	–	–	193,050

a) Quoted equities

The fair value of the Company's investments in quoted equities have been determined by reference to their quoted bid prices at the reporting date. Quoted equities included in Fair Value Level 1 are actively traded on recognised stock exchanges.

b) Quoted bonds

The fair value of the Company's investments in quoted bonds has been determined by their quoted bid price at reporting date.

21. Subsequent events

Since the year end, equity markets have fallen, with share prices in Asia Pacific being particularly affected. The NAV has fallen by 4.09% and the MSCI AC Asia Pacific ex Japan Small Cap Index and MSCI AC Asia Pacific ex Japan Index (both currency adjusted) have fallen by 11.70% and 9.78% respectively in the period 31 July 2011 to 16 September 2011.

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 £173,000 (ex VAT) for the 12 months to 30 April 2012.

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 AAM's 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. 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 Limited ("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 £10,680 can be made in the Company in the tax year 2011/2012.

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).

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

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. Lines open 8.30a.m. to 5.30p.m. Monday to Friday)

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 50, 51 and 52 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 include 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, long 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 up. 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 sixteenth Annual General Meeting of Aberdeen Asian Smaller Companies Investment Trust PLC will be held at Bow Bells House, 1 Bread Street, London EC4M 9HH, at 11.30 a.m. on 29 November 2011 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 and 12 as Special Resolutions:

Ordinary Business

1. To receive and adopt the Directors' Report and financial statements for the year ended 31 July 2011, 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 9.5 pence per Ordinary share.
4. To approve the payment of a special dividend of 2.8 pence per Ordinary share.
5. To re-elect Mr N.K. Cayzer as a Director.
6. To re-elect Mr M.J. Gilbert as a Director.
7. To re-elect Mr A.S. Kemp 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 all existing powers 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 ("Relevant Rights") to subscribe for, or to convert any security into, shares in the Company:
 - (a) up to an aggregate nominal amount of £2,913,350; and
 - (b) up to a further aggregate nominal amount of £2,913,350 in connection with an offer made by means of a negotiable document to (a) all holders of Ordinary shares of 25p each in the capital of the Company ("Ordinary shares") in proportion (as nearly as may be) to the respective numbers of such Ordinary shares held by them (but subject to such exclusions, limits or restrictions or other arrangements as the Directors of the Company may consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in or under the laws of any territory, or the requirements of any regulatory body or any stock exchange in any territory or otherwise howsoever); andsuch authorisation to expire at the conclusion of the next Annual General Meeting of the Company to be held in 2012 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 shares to be allotted or Relevant Rights to be granted after the expiry of this authorisation and the Directors of the Company may allot shares or grant Relevant Rights 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 all existing powers 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 (1), (2) and (3) 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 £874,005 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; and

such power shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2012, 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 5 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 2012 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 a general meeting other than an Annual General Meeting may be called on not less than 14 days' notice.

Bow Bells House,
1 Bread Street
London EC4M 9HH
3 October 2011

By order of the Board
Aberdeen Asset Management PLC
Secretaries

Notes:

1. In accordance with Section 311A of the Companies Act 2006, the contents of this Notice of Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on 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 Friday 25 November 2011 or, if this meeting is adjourned, at 6.00 p.m. on the day two business 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.

Notice of Annual General Meeting continued

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 which can be viewed at www.euroclear.com/CREST. 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. Any person holding 3% of the total voting rights in the Company who appoints a person other than the Chairman as his or her proxy(ies) will need to ensure that both he or she and such proxy(ies) comply with their respective disclosure obligations under the UK Disclosure and Transparency Rules.
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 20 September 2011 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 34,960,210 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 20 September 2011 is 34,960,210.
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, members 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. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.
17. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.
18. 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
Bow Bells House
1 Bread Street
London EC4M 9HH

Registration Number: 03106339

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. Lines open 8.30a.m. to 5.30p.m. Monday to Friday)

Stockbrokers

Matrix Corporate Capital LLP
One Vine Street
London
W1J 0AH

Auditors

Ernst & Young LLP
Ten George Street,
Edinburgh EH2 2DZ

Bankers

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

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 2011

34,960,210	Ordinary shares of 25p (excluding treasury shares)
2,186,290	Ordinary shares held in treasury

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
14 December 2009	442,698 Ordinary shares issued following the exercise of Warrants
Year ended 31 July 2010	502,069 Ordinary shares purchased for treasury at prices ranging from 296.7p to 455.0p
1 December 2010	3,823,595 Ordinary shares issued following the final exercise of Warrants



