

Aberdeen Asian Smaller Companies Investment Trust PLC

Half Yearly Report
for the six months ended 31 January 2014



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Highlights and Financial Calendar

Financial Highlights

	31 January 2014	31 July 2013	% change
Total assets (£'000)	351,729	414,620	-15.2
Basic net asset value per Ordinary share	840.3p	1,013.8p	-17.1
Diluted net asset value per Ordinary share	836.3p	992.8p	-17.5
Share price (mid)	784.3p	1,000.0p	-21.6
(Discount)/premium to diluted net asset value	(6.2%)	0.7%	

Performance – total return^A

	Six months ended 31 January 2014	Year ended 31 July 2013
Basic net asset value per Ordinary share	-16.0%	+37.9%
Diluted net asset value per Ordinary share	-14.6%	+35.0%
Share price	-20.6%	+36.7%
MSCI AC Asia Pacific ex Japan Index (currency adjusted)	-5.8%	+11.4%
MSCI AC Asia Pacific ex Japan Small Cap Index (currency adjusted)	-4.8%	+15.6%

^A Total return represents the capital return plus dividends reinvested.

Financial Calendar

31 March 2014	Announcement of unaudited half yearly results for the six months ended 31 January 2014
April 2014	Half-Yearly Financial Report posted to shareholders
1 May to 31 May 2014	Period during which holders of the 3.5% Convertible Unsecured Loan Stock 2019 (CULS) can elect to convert into Ordinary shares
31 May 2014	CULS conversion date
October 2014	Announcement of results for the year ending 31 July 2014
October 2014	Annual Report posted to shareholders
December 2014	Annual General Meeting

Interim Board Report

Background

Your Company's net asset value fell by 16.0% in the period ended 31 January 2014. This compares with falls in the MSCI AC Asia Pacific ex Japan Index and MSCI AC Asia Pacific ex Japan Small Cap Index of 5.8% and 4.8% respectively (all figures with income reinvested). In the same period the share price declined 20.6% to 784.25p as the valuation accorded by the stock market moved from a premium to net asset value of 0.7% to a discount of 6.2%.

The Board has looked carefully at the reasons behind this disappointing result to see if there is any cause for concern. The Company's strategy is to invest in companies with good prospects, good management and strong balance sheets. The principal question that the shareholders need to know is whether the companies in which we are invested are showing any deterioration in trading that would merit this kind of correction. I am pleased to report that this is not the case. On those results for the calendar year ending 31 December 2013, your Managers report no significant change in outlook from expectations. Our investments, in aggregate, boast strong balance sheets and a healthy earnings outlook. In local currency terms, our investments broadly performed in line with the local stock markets.

The relative strength of sterling over this period contributed over 9% of this fall in the NAV and the genesis of the weakness of both currencies and stock markets across the region can be traced to the announcement by US Federal Reserve Chairman Ben Bernanke in May 2013 of tapering the stimulus that is being applied to the US economy. The prospect of a reduction in global liquidity has led to money moving out of Asian equities, particularly the emerging markets with the consequential effect on local currencies. As a matter of policy, we have never hedged against currency movements.

Whilst not pleasing to underperform at any time, it should be viewed in the context of a very long and impressive investment track record and given that the reasons were not to do with the underlying fundamentals of the companies in our portfolio, I can with confidence speak of there being today much better value on offer. Our aggregate portfolio now stands on a prospective price/earnings multiple for calendar 2014 of 14.5x and importantly the aggregate underlying balance sheet of the companies is in a net cash position.

Portfolio

Dealing with some of the specifics, consumer-related stocks, such as Multi Bintang in Indonesia and Aeon and Guinness Anchor in Malaysia, which have been key drivers of our prior performance, retreated on profit-taking. Aeon is one of the largest mall operators in Malaysia and is a stable and well run

business that is expanding its domestic footprint further, funded by the strength of its operational cash flow. Our Malaysian brewer, Guinness Anchor, is a dominant player in both the mass market and premium beer segments in what is essentially a duopoly market. In Indonesia, Multi Bintang's results have been consistently solid and, backed by its flagship Bintang Beer brand, it is well poised to benefit from double-digit consumption growth across the archipelago. The brewer has a near-monopoly domestically.

As illustrated above, there is a disconnect between the short term share price performances of these companies relative to their long term fundamental attractiveness, which, as long term stock pickers concentrating on fundamentals, presents our Manager with a buying opportunity. Therefore, for example, during the half year, your Manager supported the rights issues of Indonesia's Bank OCBC Nisp and Sri Lankan conglomerate John Keells. Bank OCBC Nisp will be provided with the capital flexibility to expand its local reach, while John Keells will fund a new integrated resort.

Share Capital and Gearing

At the beginning of the period under review, the Company continued the policy of issuing new shares for cash at a premium to the underlying NAV per share with the resultant benefit to the liquidity of the Company's shares and the resultant minor uplift to NAV per share.

The Company has structural gearing in the form of the Convertible Unsecured Loan Stock issued in 2012 which represents approximately 9.9% of the Company's assets.

Board

As mentioned in the Chairman's Statement in the Annual Report for the year ended 31 July 2013, Alan Kemp retired as a Director of the Company at the Annual General Meeting held on 3 December 2013. In January 2014, following a recruitment exercise undertaken in conjunction with an independent search consultancy, the Board was pleased to announce the appointment of Mr Philip Yea as an independent non executive Director of the Company. Philip has extensive executive and non executive board level experience and brings significant further international business and technical experience to the Board.

Alternative Investment Fund Managers Directive ("AIFMD")

Shareholders may have heard of the AIFMD which creates a European-wide framework for regulating managers of alternative investment funds ("AIF"s). Listed investment companies fall within the definition of an AIF. The Directive is intended to reduce systemic risk created by the financial sector and aims to improve regulation, enhance transparency and investor protection, develop a single EU market for AIFs

and implement effective mechanisms for micro- and macro-prudential oversight. The Directive came into force in July 2013 but a transitional period means that investment companies have until July 2014 to comply with the relevant regulations. Your Board has agreed in principle to appoint a subsidiary of Aberdeen Asset Management PLC to act as the Company's AIFM and we are currently in the process of finalising the appointment of a Depositary required by the Directive. Complying with the Directive will also require some technical amendments to our investment management agreement.

Outlook

While there may be further turbulence in the stock markets in the months ahead, as I have set out above, the story behind your Company's success is based on the old fashioned principle of working hard to understand the strategy, balance sheets and performance of the companies in which we invest. This has led to some outstanding performance in the past, which absent an economic shock to directly affect the performance of our portfolio, we would expect to see repeated in the future particularly with the emergence of good value following this recent stock market correction.

Principal Risks and Uncertainties

The principal risks and uncertainties affecting the Company are set out in detail on pages 3 to 6 of the Annual Report and Financial Statements for the year ended 31 July 2013 and have not changed. They can be summarised under the following headings:

- General Market Risks
- CULS Risks
- Ordinary Share Risks
- Risks Relating to the Company's Investments
- Gearing Risks
- Foreign Exchange Risks
- Taxation Risks
- Accounting Practices and Policies Risk
- Risks relating to the Appointment of the Manager
- Legal and Regulatory Risks

Going Concern

The Company's assets consist of a diverse portfolio of listed equities which in most circumstances are realisable within a short timescale. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors' Responsibility Statement

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

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

Nigel Cayzer
Chairman
31 March 2014

Investment Portfolio

As at 31 January 2014

Company	Industry	Country	Valuation £'000	Total assets %
AEON Co (M)	Multiline Retail	Malaysia	12,973	3.7
Shangri-La Hotels Malaysia	Hotels, Restaurants & Leisure	Malaysia	11,718	3.3
Bukit Sembawang Estates	Real Estate Management & Development	Singapore	10,508	3.0
LPI Capital Berhad	Insurance	Malaysia	9,659	2.8
Multi Bintang Indonesia	Beverages	Indonesia	9,621	2.7
AEON Thana Sinsap (Foreign) ^A	Consumer Finance	Thailand	9,417	2.7
Bank OCBC NISP	Commercial Banks	Indonesia	8,964	2.6
Cebu Holdings	Real Estate Management & Development	Philippines	8,135	2.3
Giordano International	Specialty Retail	Hong Kong	7,543	2.1
Straits Trading Company	Industrial Conglomerates	Singapore	7,413	2.1
Top ten investments			95,951	27.3
Godrej Consumer Products	Personal Products	India	7,304	2.1
Yoma Strategic Holdings	Construction & Engineering	Singapore	7,248	2.1
Asian Terminals	Transportation Infrastructure	Philippines	7,222	2.1
Thai Stanley Electric (Foreign)	Auto Components	Thailand	7,120	2.0
Tisco Financial Group (Foreign) ^A	Commercial Banks	Thailand	7,111	2.0
United Plantations	Food Products	Malaysia	6,994	2.0
Hana Microelectronics (Foreign)	Electronic Equipment, Instruments & Components	Thailand	6,814	1.9
AEON Credit Service (M)	Consumer Finance	Malaysia	6,625	1.9
Eastern Water Resources Development & Management (Foreign)	Water Utilities	Thailand	6,539	1.9
Public Financial Holdings	Diversified Financial Services	Hong Kong	6,470	1.8
Top twenty investments			165,398	47.1
Dah Sing Financial Holdings	Commercial Banks	Hong Kong	6,413	1.8
Millennium & Copthorne Hotels New Zealand	Hotels, Restaurants & Leisure	UK	6,336	1.8
M. P. Evans Group	Food Products	UK	6,114	1.7
CMC	IT Services	India	6,069	1.7
Guinness Anchor	Beverages	Malaysia	5,777	1.6
Asia Satellite Telecommunications Holdings	Diversified Telecommunications Services	Hong Kong	5,736	1.6
Pos Malaysia	Air Freight & Logistics	Malaysia	5,605	1.6
Convenience Retail Asia	Food & Staples Retailing	Hong Kong	5,453	1.5
Cabcharge Australia	Commercial Services & Supplies	Australia	5,401	1.5
Jollibee Foods Corporation	Hotels, Restaurants & Leisure	Philippines	5,221	1.5
Top thirty investments			223,523	63.4

Company	Industry	Country	Valuation £'000	Total assets %
Hong Kong Economic Times Holdings	Media	Hong Kong	5,181	1.5
ARB Corporation	Specialty Retail	Australia	4,964	1.4
Thaire Life Assurance (Foreign)	Insurance	Thailand	4,861	1.4
YNH Property	Real Estate Management & Development	Malaysia	4,713	1.3
Jammu & Kashmir Bank	Commercial Banks	India	4,573	1.3
Castrol India	Chemicals	India	4,573	1.3
Tasek Corporation	Construction Materials	Malaysia	4,400	1.3
Linde India	Chemicals	India	4,382	1.3
Sanofi India	Pharmaceuticals	India	4,203	1.2
AEON Credit Service (Asia)	Consumer Finance	Hong Kong	4,186	1.2
Top forty investments			269,559	76.6
John Keells Holdings ^b	Industrial Conglomerates	Sri Lanka	3,978	1.1
Commercial Bank of Ceylon	Commercial Banks	Sri Lanka	3,885	1.1
United Malacca	Food Products	Malaysia	3,818	1.1
Eu Yan Sang International	Pharmaceuticals	Singapore	3,817	1.1
Ramco Cements	Construction Materials	India	3,764	1.1
Wheelock Properties (S)	Real Estate Management & Development	Singapore	3,737	1.1
Green Dragon Gas	Oil, Gas & Consumable Fuels	China	3,614	1.0
Kansai Nerolac Paints	Chemicals	India	3,606	1.0
Chevron Lubricants Lanka	Oil, Gas & Consumable Fuels	Sri Lanka	3,569	1.0
Gujarat Gas Co	Gas Utilities	India	3,465	1.0
Top fifty investments			306,812	87.2
The Hong Kong & Shanghai Hotels	Hotels, Restaurants & Leisure	Hong Kong	2,994	0.9
DGB Financial Group	Commercial Banks	South Korea	2,840	0.8
Holcim Indonesia	Construction Materials	Indonesia	2,785	0.8
DFCC Bank	Commercial Banks	Sri Lanka	2,701	0.8
AEON Stores Hong Kong	Multiline Retail	Hong Kong	2,507	0.7
Cafe de Coral Holdings	Hotels, Restaurants & Leisure	Hong Kong	2,409	0.7
Hong Leong Finance	Consumer Finance	Singapore	2,305	0.6
Kingmaker Footwear Holdings	Textiles, Apparel & Luxury Goods	Hong Kong	2,110	0.6
CDL Hospitality Trusts	Real Estate Investment Trusts	Singapore	1,866	0.5
Goodyear (Foreign)	Auto Components	Thailand	1,787	0.5
Top sixty investments			331,116	94.1

Investment Portfolio continued

Company	Industry	Country	Valuation £'000	Total assets %
Haad Thip (Foreign)	Beverages	Thailand	1,625	0.5
SBS Transit	Road & Rail	Singapore	1,596	0.5
Aitken Spence & Co	Industrial Conglomerates	Sri Lanka	1,589	0.4
City e-Solutions	Hotels, Restaurants & Leisure	Hong Kong	1,536	0.4
Pacific Basin Shipping	Marine	Hong Kong	1,471	0.4
National Development Bank	Commercial Banks	Sri Lanka	1,429	0.4
Wintermar Offshore Marine	Marine	Indonesia	1,275	0.4
Regional Container Lines (Foreign)	Marine	Thailand	962	0.3
FJ Benjamin Holdings	Specialty Retail	Singapore	952	0.3
Hung Hing Printing	Containers & Packaging	Hong Kong	748	0.2
Top seventy investments			344,299	97.9
ORIX Leasing Pakistan	Consumer Finance	Pakistan	658	0.2
Mustika Ratu	Personal Products	Indonesia	435	0.1
Riverview Rubber Estates	Food Products	Malaysia	356	0.1
Greka Engineering & Technology	Energy Equipment & Services	China	211	0.1
Total investments			345,959	98.4
Net current assets			5,770	1.6
Total assets^C			351,729	100.0

^A Holding includes investment on both common and non-voting depositary receipt lines.

^B Holding includes investment on both common stock and warrants.

^C Total assets less current liabilities.

Income Statement

	Six months ended 31 January 2014 (unaudited)			Six months ended 31 January 2013 (unaudited)			Year ended 31 July 2013 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	–	(62,592)	(62,592)	–	65,149	65,149	–	95,470	95,470
Income (note 3)	4,891	–	4,891	4,115	–	4,115	11,512	–	11,512
Exchange gains/(losses)	–	153	153	–	(10)	(10)	–	(186)	(186)
Investment management fees	(1,884)	–	(1,884)	(1,490)	–	(1,490)	(3,170)	–	(3,170)
Administrative expenses	(598)	–	(598)	(508)	–	(508)	(1,058)	–	(1,058)
Net return on ordinary activities before finance costs and taxation	2,409	(62,439)	(60,030)	2,117	65,139	67,256	7,284	95,284	102,568
Finance costs	(721)	–	(721)	(743)	–	(743)	(1,470)	–	(1,470)
Net return on ordinary activities before taxation	1,688	(62,439)	(60,751)	1,374	65,139	66,513	5,814	95,284	101,098
Taxation	(272)	74	(198)	(228)	47	(181)	(766)	142	(624)
Return on ordinary activities after taxation	1,416	(62,365)	(60,949)	1,146	65,186	66,332	5,048	95,426	100,474
Return per share (pence) (note 5):									
Basic	3.73	(164.34)	(160.61)	3.22	183.32	186.54	13.84	261.59	275.43
Diluted	n/a	(148.66)	(144.63)	n/a	163.91	167.38	n/a	234.71	249.43

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

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

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

No operations were acquired or discontinued during the period.

Balance Sheet

	As at 31 January 2014 (unaudited) £'000	As at 31 January 2013 (unaudited) £'000	As at 31 July 2013 (audited) £'000
Non-current assets			
Investments at fair value through profit or loss	345,959	359,512	398,361
Current assets			
Debtors and prepayments	581	1,520	488
Cash and short term deposits	6,260	9,161	17,244
	6,841	10,681	17,732
Creditors: amounts falling due within one year			
Other creditors	(1,071)	(654)	(1,473)
Net current assets	5,770	10,027	16,259
Total assets less current liabilities	351,729	369,539	414,620
Non-current liabilities			
3.5% Convertible Unsecured Loan Stock 2019 (note 11)	(31,617)	(33,086)	(31,688)
Net assets	320,112	336,453	382,932
Capital and reserves			
Called-up share capital (note 12)	9,793	9,397	9,712
Capital redemption reserve	2,062	2,062	2,062
Share premium account	39,593	24,595	36,617
Special reserve	11,715	11,715	11,715
Equity component of 3.5% Convertible Unsecured Loan Stock 2019 (note 11)	1,361	1,361	1,361
Capital reserve (note 7)	249,948	282,073	312,313
Revenue reserve	5,640	5,250	9,152
Equity shareholders' funds	320,112	336,453	382,932
Net asset value per share (pence) (note 6):			
Basic	840.31	921.45	1,013.82
Diluted	836.29	908.31	992.81

Reconciliation of Movements in Shareholders' Funds

Six months ended 31 January 2014 (unaudited)

	Share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Special reserve £'000	Equity component CULS 2019 £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 July 2013	9,712	2,062	36,617	11,715	1,361	312,313	9,152	382,932
Issue of own shares	75	–	2,789	–	–	–	–	2,864
Conversion of 3.5% Convertible Unsecured Loan Stock (note 11)	6	–	187	–	–	–	–	193
Net return on ordinary activities after taxation	–	–	–	–	–	(62,365)	1,416	(60,949)
Dividends paid (note 2)	–	–	–	–	–	–	(4,928)	(4,928)
Balance at 31 January 2014	9,793	2,062	39,593	11,715	1,361	249,948	5,640	320,112

Six months ended 31 January 2013 (unaudited)

	Share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Special reserve £'000	Equity component CULS 2019 £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 July 2012	9,287	2,062	14,512	8,372	1,361	216,887	8,513	260,994
Issue of own shares	104	–	3,819	–	–	–	–	3,923
Issue of own shares from treasury	–	–	6,076	3,343	–	–	–	9,419
Conversion of 3.5% Convertible Unsecured Loan Stock (note 11)	6	–	188	–	–	–	–	194
Net return on ordinary activities after taxation	–	–	–	–	–	65,186	1,146	66,332
Dividends paid (note 2)	–	–	–	–	–	–	(4,409)	(4,409)
Balance at 31 January 2013	9,397	2,062	24,595	11,715	1,361	282,073	5,250	336,453

Year ended 31 July 2013 (audited)

	Share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Special reserve £'000	Equity component CULS 2019 £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 July 2012	9,287	2,062	14,512	8,372	1,361	216,887	8,513	260,994
Issue of own shares	374	–	14,368	–	–	–	–	14,742
Issue of own shares from treasury	–	–	6,077	3,343	–	–	–	9,420
Issue of 3.5% Convertible Unsecured Loan Stock (note 11)	51	–	1,660	–	–	–	–	1,711
Net return on ordinary activities after taxation	–	–	–	–	–	95,426	5,048	100,474
Dividends paid (note 2)	–	–	–	–	–	–	(4,409)	(4,409)
Balance at 31 July 2013	9,712	2,062	36,617	11,715	1,361	312,313	9,152	382,932

Cash Flow Statement

	Six months ended 31 January 2014 (unaudited) £'000	Six months ended 31 January 2013 (unaudited) £'000	Year ended 31 July 2013 (audited) £'000
Net total return before finance costs and taxation	(60,030)	67,256	102,568
Adjustments for:			
Losses/(gains) on investments	62,592	(65,149)	(95,470)
Effect of exchange rate movements	(153)	10	186
(Increase)/decrease in accrued income	(91)	128	145
Increase in other debtors	(6)	(23)	(6)
Increase in other creditors	73	7	357
Overseas withholding tax suffered	(198)	(181)	(624)
Stock dividend included in investment income	(31)	–	–
Net cash inflow from operating activities	2,156	2,048	7,156
Net cash outflow from servicing of finance	(590)	(663)	(1,288)
Net cash outflow from financial investment	(10,639)	(7,661)	(15,233)
Equity dividends paid (note 2)	(4,928)	(4,409)	(4,409)
Net cash outflow before financing	(14,001)	(10,685)	(13,774)
Financing			
Issue of own shares	2,864	3,395	24,162
Issue of shares from treasury	–	9,419	–
Net cash inflow from financing activities	2,864	12,814	24,162
(Decrease)/increase in cash	(11,137)	2,129	10,388
Reconciliation of net cash flow to movements in net debt			
(Decrease)/increase in cash as above	(11,137)	2,129	10,388
Effect of exchange rate movements	153	(10)	(186)
Other non-cash movements	71	77	1,475
Movement in net debt in the period	(10,913)	2,196	11,677
Net debt at start of period	(14,444)	(26,121)	(26,121)
Net debt at end of period	(25,357)	(23,925)	(14,444)
Represented by:			
Cash and short term deposits	6,260	9,161	17,244
Debt falling due in more than one year	(31,617)	(33,086)	(31,688)
Net debt	(25,357)	(23,925)	(14,444)

Notes to the Accounts

1. Accounting policies

(a) Basis of Accounting

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

The same accounting policies used for the year ended 31 July 2013 have been applied.

(b) Dividends payable

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

	Six months ended 31 January 2014 £'000	Six months ended 31 January 2013 £'000	Year ended 31 July 2013 £'000
2. Dividends			
Final dividend for 2013 – 10.00p (2012 – 9.50p)	3,791	3,351	3,351
Special dividend for 2013 – 3.00p (2012 – 3.00p)	1,137	1,058	1,058
	4,928	4,409	4,409

	Six months ended 31 January 2014 £'000	Six months ended 31 January 2013 £'000	Year ended 31 July 2013 £'000
3. Income			
Income from investments			
UK dividend income	–	31	109
Overseas dividends	4,852	4,077	11,385
Stock dividends	31	–	–
	4,883	4,108	11,494
Other income			
Deposit interest	8	7	18
Total income	4,891	4,115	11,512

4. Taxation

The taxation charge for the period has been calculated at an annualised tax rate of 22.33% (31 January 2013 – 23.67%; 31 July 2013 – 23.67%) and reflects the tax on offshore funds without distributor status and the subsequent transfer to income for the use of excess expenses.

Notes to the Accounts continued

	Six months ended 31 January 2014	Six months ended 31 January 2013	Year ended 31 July 2013
5. Return per Ordinary share	p	p	p
Basic			
Revenue return	3.73	3.22	13.84
Capital return	(164.34)	183.32	261.59
Total return	(160.61)	186.54	275.43
The figures above are based on the following:			
	£'000	£'000	£'000
Revenue return	1,416	1,146	5,048
Capital return	(62,365)	65,186	95,426
Total return	(60,949)	66,332	100,474
Weighted average number of shares in issue^A	37,947,365	35,558,836	36,478,795
Diluted^B	p	p	p
Revenue return	–	–	–
Capital return	(148.66)	163.91	234.71
Total return	(144.63)	167.38	249.43
The figures above are based on the following:			
	£'000	£'000	£'000
Revenue return	1,689	1,378	5,985
Capital return	(62,365)	65,186	95,426
Total return	(60,676)	66,564	101,411
Number of dilutive shares	4,004,463	4,209,540	4,178,059
Diluted shares in issue^A	41,951,828	39,768,376	40,656,854

^A Calculated excluding shares held in treasury.

^B The calculation of the diluted total, revenue and capital returns per Ordinary share are carried out in accordance with Financial Reporting Standard 22, "Earnings per Share". For the purpose of calculating total, revenue and capital returns per Ordinary share, the number of Ordinary shares used is the weighted average number used in the basic calculation plus the number of Ordinary shares deemed to be issued for no consideration on exercise of all 3.5% Convertible Unsecured Loan Stock 2019 (CULS). The calculations indicate that the exercise of CULS would result in an increase in the weighted average number of Ordinary shares of 4,004,463 (31 January 2013 – 4,209,540; 31 July 2013 – 4,178,059) to 41,951,828 (31 January 2013 – 39,768,376; 31 July 2013 – 40,656,854) Ordinary shares.

For the period ended 31 January 2014 and 31 July 2013 there was no dilution to the revenue return per Ordinary share. Where dilution occurs, the net returns are adjusted for items relating to the CULS. Total earnings for the period are tested for dilution. Once dilution has been determined individual revenue and capital earnings are adjusted. Accrued CULS finance costs for the period and unamortised issues expenses are reversed.

6. Net asset value per Ordinary share	As at 31 January 2014	As at 31 January 2013	As at 31 July 2013
Basic			
Net assets attributable	£320,112,000	£336,453,000	£382,932,000
Number of Ordinary shares in issue ^A	38,094,597	36,513,582	37,771,369
Net asset value per Ordinary share	840.31p	921.45p	1,013.82p
Diluted^B			
Net assets attributable	£351,929,000	369,746,000	414,815,000
Number of Ordinary shares	42,082,009	40,707,054	41,782,021
Net asset value per Ordinary share	836.29p	908.31p	992.81p

^A Excludes shares in issue held in treasury.

^B The diluted net asset value per Ordinary share has been calculated on the assumption that the 33,095,518 3.5% Convertible Unsecured Loan Stock 2019 ("CULS") are converted at 830.0p per share, giving a total of 42,082,009 Ordinary shares. Where dilution occurs, the net assets are adjusted for items relating to the CULS.

Net asset value per share – debt converted

In accordance with the Company's understanding of the current methodology adopted by the AIC, convertible bond instruments are deemed to be 'in the money' if the cum income (debt at fair value) net asset value ("NAV") exceeds the conversion price of 830.0p per share. In such circumstances a net asset value is produced and disclosed assuming the convertible debt is fully converted. At 31 January 2014 the cum income NAV was 840.31p and thus the CULS were 'in the money' (31 January 2013 – 921.45p, 'in the money'; 31 July 2013 – 1,013.82p, 'in the money').

7. Capital reserve

The capital reserve reflected in the Balance Sheet at 31 January 2014 includes gains of £136,611,000 (31 January 2013 – gains of £209,937,000; 31 July 2013 – gains £208,810,000), which relate to the revaluation of investments held at the reporting date.

8. Transaction costs

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

	Six months ended 31 January 2014 £'000	Six months ended 31 January 2013 £'000	Year ended 31 July 2013 £'000
Purchases	44	31	103
Sales	15	–	63
	59	31	166

9. Transactions with the Manager

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

Notes to the Accounts continued

The management fee is payable monthly in arrears based on an annual amount of 1.2% calculated on the average net asset value (being gross assets less liabilities but excluding from such liabilities the amount of any loan facilities drawn down) of the Company over a 24 month period, valued monthly. During the period £1,884,000 (31 January 2013 – £1,490,000; 31 July 2013 – £3,170,000) of management fees were earned by the Manager, with a balance of £648,000 (31 January 2013 – £257,000; 31 July 2013 – £586,000) being payable to AAM Asia at the period end.

The investment management fees are charged 100% to revenue.

The administration fee is payable quarterly in advance and is based on a current annual amount of £85,000 (31 January 2013 – £80,000; 31 July 2013 – £82,000). During the period £42,000 (31 January 2013 – £40,000; 31 July 2013 – £82,000) of fees were earned, with a balance of £21,000 (31 January 2013 – £20,000; 31 July 2013 – £41,000) payable to AAM at the period end.

The marketing fee is based on a current annual amount of £250,000 (31 January 2013 – £206,000; 31 July 2013 – £215,000), payable quarterly in arrears. During the period £125,000 (31 January 2013 – £98,000; 31 July 2013 – £215,000) of fees were earned, with a balance of £83,000 (31 January 2013 – £18,000; 31 July 2013 – £21,000) being payable to AAM at the period end.

10. Bank loan

On 27 May 2011 the Company entered into a £20 million 3 year multi currency revolving advance loan facility with The Royal Bank of Scotland. The amount available under this facility was reduced to £2 million from 1 June 2012. The agreement 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.

During the six months ended 31 January 2014 no amount was drawn down under the facility.

11. Non-current liabilities – 3.5% Convertible Unsecured Loan Stock 2019 ("CULS")

	Number of units £'000	Liability component £'000	Equity component £'000
Balance at beginning of year	33,288	31,688	1,361
Conversion of CULS into Ordinary shares	(193)	(193)	–
Notional interest on CULS transferred to revenue reserve	–	85	–
Amortisation of discount and issue expenses	–	37	–
Balance at end of period	33,095	31,617	1,361

The 3.5% Convertible Unsecured Loan Stock 2019 ("CULS") can be converted at the election of holders into Ordinary shares during the months of May and November each year throughout their life, commencing 30 November 2012 to 31 May 2019 at a rate of one Ordinary share for every 830.0p nominal of CULS. Interest is paid on the CULS on 31 May and 30 November each year, commencing 30 November 2012. 100% of the interest is charged to revenue in line with the Board's expected long-term split of returns from the investment portfolio of the Company.

During the period ended 31 January 2014 the holders of £192,896 of CULS exercised their right to convert their holdings into Ordinary shares. Following the receipt of the exercise instructions, the Company converted £192,896 (31 January 2013 – £194,182; 31 July 2013 – £1,711,586) nominal amount of CULS into 23,228 (31 January 2013 – 23,372; 31 July 2013 – 206,159) Ordinary shares.

In the event of a winding-up of the Company the rights and claims of the Trustee and CULS holders would be subordinate to the claims of all creditors in respect of the Company's secured and unsecured borrowings, under the terms of the Trust Deed.

As at 31 January 2014, there was £33,095,518 nominal amount of CULS in issue (31 January 2013 – £34,805,818; 31 July 2013 – 33,288,414).

12. Called-up share capital

During the six months ended 31 January 2014 an additional 23,228 (31 January 2013 – 23,372; 31 July 2013 – 206,159) Ordinary shares of 25p each were issued after £192,896 (31 January 2013 – 194,182; 31 July 2013 – 1,711,586) nominal amount of 3.5% Convertible Unsecured Loan Stock 2019 were converted at 830.0p each. The total consideration received was £nil.

In addition, during the six months ended 31 January 2014 an additional 300,000 (31 January 2013 – 420,000; 31 July 2013 – 2,605,000) new Ordinary shares of 25p each were issued. The total consideration received was £2,864,000 (31 January 2013 – £3,923,000; 31 July 2013 – £24,162,000).

In addition, during the six months ended 31 January 2014 an additional nil (31 January 2013 – 1,110,000; 31 July 2013 – 1,110,000) Ordinary shares from treasury of 25p each were issued. The total consideration received was £nil (31 January 2013 – £9,419,000; 31 July 2013 – £9,419,000).

At the end of the period there were 38,094,597 (31 January 2013 – 36,513,582; 31 July 2013 – 37,771,369) Ordinary shares in issue, of which 1,076,290 (31 January 2013 and 31 July 2013 – same) were held in treasury.

13. Half-Yearly Report

The financial information in this Report does not comprise statutory accounts within the meaning of Section 434 – 436 of the Companies Act 2006. The financial information for the year ended 31 July 2013 has been extracted from published accounts that have been delivered to the Registrar of Companies and on which the report of the auditors was unqualified and contained no statement under Section 498 (2), (3) or (4) of the Companies Act 2006. The interim accounts have been prepared using the same accounting policies as the preceding annual accounts.

Ernst & Young LLP has reviewed the financial information for the six months ended 31 January 2014 pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

14. This Half-Yearly Report was approved by the Board and authorised for issue on 31 March 2014.

Independent Review Report to Aberdeen Asian Smaller Companies Investment Trust PLC

Introduction

We have been engaged by Aberdeen Asian Smaller Companies Investment Trust PLC ("the Company") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 January 2014 which comprises the Income Statement, Balance Sheet, Reconciliation of Movements in Shareholders' Funds, Cash Flow Statement and the related notes 1 to 14. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' Responsibilities

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

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

Our Responsibility

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

Scope of Review

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 January 2014 is not prepared, in all material respects, in accordance with the Accounting Standards Board Statement "Half-Yearly Financial Reports" and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP

Edinburgh
31 March 2014

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

Aberdeen's Investment Plan for Children

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

Aberdeen's Investment Trust Share Plan

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

Stocks and Shares ISA

An investment of up to £11,880 in the Company can be made in the tax year 2014/2015. From 1 July 2014 this annual limit will be increased to £15,000.

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

calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the Plan prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the Plan, from the sale of investments held in the Plan. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

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

Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested. As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread. Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs may be changed by future legislation.

Keeping You Informed

For internet users, detailed data on the Company, including price, performance information and a monthly fact sheet is available from the Trust's website (www.asian-smaller.co.uk) and the TrustNet website (www.trustnet.co.uk). Or, you can also call 0500 00 00 40 for information.

Literature Request Service

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

Telephone: 0500 00 40 00
Email: aam@lit-request.com

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

Aberdeen Investment Trust Administration
PO Box 11020, Chelmsford, Essex, CM99 2DB

Telephone: 0500 00 00 40

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

Corporate Information

Directors

Nigel Cayzer, Chairman
Viscount Dunluce
Mark Hadsley-Chaplin
Haruko Fukuda OBE
Martin Gilbert
Chris Maude
Philip Yea (*appointed 23 January 2014*)

Alternate Director

Hugh Young (*alternate for Martin Gilbert*)

Manager

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

Secretaries and Registered Office

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

Registered in England as an Investment Company.
Registration Number 03106339

Registrars

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

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

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

Stockbrokers

Panmure Gordon & Co
1 New Change
London EC4M 9AF

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

Auditor

Ernst & Young LLP
Ten George Street
Edinburgh
EH2 2DZ

CULS Trustee

The Law Debenture Corporation p.l.c.
Fifth Floor
100 Wood Street
London EC2V 7EX

Website

www.asian-smaller.co.uk



