Aberdeen Asian Smaller Companies Investment Trust PLC

Annual Report and Accounts
31 July 2013

Aberdeen

Contents

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.

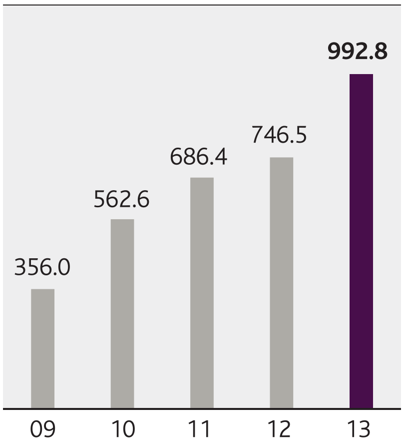
Financial Highlights

	2013	2012
Share price total return	+36.7%	+12.5%
Net asset value capital return (diluted)	+33.0%	+8.8%
Net asset value total return (diluted)	+35.0%	+11.0%
Ordinary dividend per share[A]	10.00p	9.50p
Special dividend per share[A]	3.00p	3.00p

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

Net asset value per share

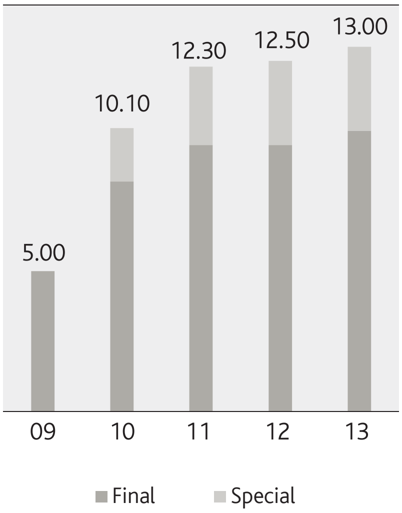
At 31 July – pence



Diluted values used for 2009, 2010 and 2013.

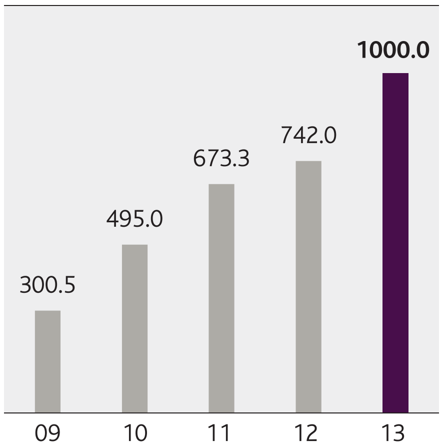
Dividends per share

pence



Mid-market price per share

At 31 July – pence



Financial Calendar

18 October 2013	Announcement of results for the year ended 31 July 2013
1 November to 30 November 2013	Period during which holders of the Company's 3.5% Convertible Unsecured Loan Stock 2019 (CULS) can elect to convert into Ordinary shares
30 November 2013	CULS Conversion Date
3 December 2013	Annual General Meeting at 11.30 a.m.
6 December 2013	Payment of final and special dividends for year ended 31 July 2013
March 2014	Announcement of half yearly results for the six months ending 31 January 2014
1 March to 31 March 2014	Period during which holders of the Company's 3.5% Convertible Unsecured Loan Stock 2019 (CULS) can elect to convert into Ordinary shares
31 March 2014	CULS Conversion Date
October 2014	Announcement of annual results for the year ending 31 July 2014

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, approved by shareholders at the General Meeting held on 17 May 2012, 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$1 billion 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. Gearing is subject to a maximum gearing level of 25 per cent. at the time of draw down.

The Company does not invest more than 15 per cent. of its gross assets at the time of investment either in other listed investment companies (including listed investment trusts), or in the shares of any one company.

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 20. A comprehensive analysis of the Company's portfolio is disclosed on pages 14 to 18 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 71 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 2013 the Company had a capital structure comprising 38,847,659 Ordinary shares (of which 37,771,369 Ordinary shares are in issue and 1,076,290 Ordinary shares are held in treasury). The Company also had £33,288,414 nominal of Convertible Unsecured Loan Stock ("CULS") in issue at that date.

Ordinary Share and CULS 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).

CULS holders have the power by Extraordinary Resolution to sanction any modification, abrogation or compromise of or arrangement in respect of their rights against the Company and to assent to any modification of the provisions of the Trust Deed. CULS holders have the right to receive notice of, but not to attend, Annual General Meetings of the Company.

Total Assets and Net Asset Value

The Company had total assets (see definition on page 59) of £414.6 million and a diluted net asset value per Ordinary share of 992.81p per share at 31 July 2013.

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

1. General Market Risks

1.1 Securities issued by the Company are designed to be held over the long-term and may not be suitable as short-term investments. There can be no guarantee that any appreciation in the value of the Company's investments will occur and the value of securities issued by the Company may go down as well as up. Accordingly, investors may not get back the full value of their original investment in any such securities.

1.2 The past performance of the Company is not, and should not be relied upon as, a guide to the future performance of the Company and there can be no guarantee that the Company will achieve its investment objective.

1.3 There can be no guarantee that a liquid market will exist in securities issued by the Company and it may be difficult to realise an investment in such securities at their quoted market price.

1.4 An investment in the Company should constitute part of a diversified investment portfolio and is only suitable for investors capable of evaluating the risks (including the potential risk of capital loss) and merits of such investment and who have sufficient resources to bear any loss which may result from such investment.

2. CULS

2.1 The market price of the CULS will be influenced by a number of factors, including the supply of, and demand for, CULS, the price, NAV and dividend yield of the Ordinary shares, prevailing interest rates, market conditions and investor sentiment, either general or specific to the Company and there can be no guarantee that the market price of the CULS will fully reflect any value inherent in their convertibility into Ordinary shares. Accordingly, the value of an investment in the CULS may go down as well as up and CULS Holders may not be able to realise the amount of their original investment.

2.2 If, at any time after 31 May 2014, the middle market price of the Ordinary shares is 20 per cent. or more above the Conversion Price for at least 20 dealing days during a period of 30 consecutive dealing days, the Company will be able to require CULS Holders to redeem their CULS at par. In such event, CULS Holders would be given a final opportunity to convert their CULS into Ordinary shares. Following conversion of 80 per cent. or more of the CULS originally issued, the Company will be entitled to require remaining CULS Holders to convert their outstanding CULS into Ordinary shares after they have been given an opportunity to have their CULS redeemed. If at any time after 31 May 2014 the nominal value of the outstanding CULS represents 30 per cent. or more of the Company's net assets, the Company shall be entitled to redeem all outstanding CULS at its nominal amount together with accrued interest up to (but excluding) the date of redemption. If any of these situations were to occur, CULS Holders would not be able to hold their CULS until the final maturity date of the CULS of 31 May 2019 and to have their CULS redeemed for cash on that date.

2.3 The CULS Trust Deed does not contain any restriction on borrowings (including borrowings ranking ahead of the CULS), the disposal of assets or the creation of charges by, or changes in, the nature of the business of the Company. Any material increase in the Company's borrowings, material disposal of assets or creation of charges by, or material changes in, the nature of the Company's business could adversely affect the rights of the CULS Holders and the value of the CULS and/or the Ordinary shares.

2.4 On a winding-up of the Company, the nominal amount of the CULS will rank ahead of the Ordinary shares but will be subordinated to the Company's other borrowings and creditors. Therefore, the rights and remedies available to the CULS Trustee and CULS Holders may be limited by applicable winding-up, insolvency, re-organisation, moratorium or similar provisions relating to or affecting creditors' rights generally.

3. Ordinary Shares

3.1 The Company will only pay dividends on the Ordinary shares to the extent that it has profits available for that purpose, which will largely depend on the amount of income that the Company receives on its investments and the timing of such receipt. Accordingly, the amount of dividends payable by the Company may fluctuate.

3.2 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 the NAV per Ordinary Share and may fall when the underlying NAV per Ordinary Share is rising, or *vice versa*. Accordingly, the value of an investment in the Ordinary shares may go down as well as up and shareholders may not be able to realise the amount of their original investment.

3.3 The Company does not have a fixed winding-up date and shareholders have no right to have their Ordinary shares repurchased by the Company. Accordingly, unless shareholders vote to wind up the Company, shareholders wishing to realise their investment in the Company will be required to dispose of their Ordinary shares through the market and they may be unable to realise their Ordinary shares at their quoted market price.

3.4 In the event of a winding-up of the Company, the Ordinary shares will rank behind any creditors or prior ranking capital of the Company, including the CULS.

4. The Company's Investments

4.1 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.

4.2 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.

4.3 There are many factors, including changes in economic or industry conditions (including, for example, interest rates, recession, inflation, deflation, foreign exchange rates, demand for or production of commodities and competition), changes in environmental, tax or other laws or regulations, natural disasters, social or political instability, events or trends, acts of terrorism or war and general investor sentiment which could have a material adverse effect on the value of the Company's investments or materially restrict the investment opportunities available to the Company and, therefore, could substantially and adversely affect the Company's performance and prospects.

4.4 The Company invests in smaller capitalisation companies. As smaller companies may not have the financial strength, diversity and resources of larger companies, they may find it more difficult to operate in periods of economic slowdown or recession. In addition, the relatively small capitalisation of such companies could make the market in their shares less liquid and, as a consequence, their share price more volatile than investments in larger companies.

4.5 The Company may invest in securities that are not readily tradable or may accumulate investment positions that represent a significant multiple of the normal trading volumes of an investment, which may make it difficult for the Company to sell its investments and may lead to volatility in the market price of the Ordinary shares. Accordingly, the Company will not necessarily be able to realise, within a short period of time, an illiquid investment and any such realisation that may be achieved may be at considerably lower prices than the Company's valuation of that investment for the purpose of calculating the NAV per Ordinary Share.

4.6 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 affected investments. Any reduction in the income received by the Company may lead to a reduction in the dividends paid on the Ordinary shares.

4.7 A proportion of the Company's portfolio may be held in cash or cash-equivalent investments from time to time. Such proportion of the Company's assets will be out of the market and will not benefit from positive stockmarket movements, but may give some protection against negative stockmarket movements.

5. Gearing

5.1 The CULS provides gearing for the Company. All gearing used by the Company must be in accordance with its investment policy. Whilst the use of gearing should enhance the total return on the Ordinary shares where the return on the Company's underlying assets is rising and exceeds the costs associated with the gearing, 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.

5.2 The use of borrowings by the Company may increase the volatility of the NAV and market price of the Ordinary shares and, as a result, the market price of the CULS.

6. Foreign Exchange

The Company accounts for its activities, reports its results and the NAV per Ordinary Share and declares and pays dividends in sterling while its 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, favourable or unfavourable, on the returns otherwise experienced on the investments made by the Company.

7. Taxation

7.1 The Company seeks to conduct its business so as to satisfy the conditions for approval as an investment trust under Chapter 4 of Part 24 of the CTA 2010. Breach of the tests that the Company must meet to obtain approval as an investment trust could lead to the Company being subject to tax on capital gains and, if that were to occur, would reduce the returns to shareholders.

7.2 Any change in the Company's tax status, tax treaty rates, tax laws (or their interpretation) or in the tax treatment of interest, dividends or other investment income received by the Company could affect the value of the investments held by the Company, affect the Company's ability to provide returns to its shareholders or alter the post-tax returns to its shareholders.

7.3 The Company may purchase investments that may be subject to exchange controls or withholding taxes in various jurisdictions (see item 4.6 above).

8. Accounting Practices and Policies

8.1 Any change in financial reporting standards or accounting practices applicable to the Company could affect the reported value of investments held by the Company or the level of profits available for the payment of dividends and, accordingly, could reduce the returns to shareholders.

8.2 The interest expense on the CULS is calculated according to the effective interest rate method by assuming the coupon rate of an equivalent non-convertible obligation of the Company. The interest expense on the CULS is charged to the revenue account in accordance with the Company's existing policy of charging all expenses to the revenue account. This could reduce the level of profit available for the payment of dividend and could reduce the returns to Ordinary shareholders.

9. The Manager

9.1 The success of the Company and the achievement of its investment objective are largely dependent on the Aberdeen investment team's expertise in acquiring, managing and disposing of assets in accordance with the Company's investment policy. There can be no guarantee that any individual referred to in this Annual Report will remain with the Manager and the personnel employed by the Investment Manager may change from time to time. The departure of a key fund manager may have an adverse effect on the performance of the Company.

9.2 Although the Manager has been successful in identifying suitable investments for the Company in the past, it may not be able to do so in the future. Any failure to find a sufficient number of attractive investment opportunities for the Company could have a material adverse effect on the Company's performance and prospects.

9.3 The Manager may be involved in other financial, investment or professional activities that may on occasion give rise to conflicts of interest with the Company. In particular, it currently does, and will continue to, provide investment management, investment advice or other services in relation to a number of other clients that may have similar investment objectives and/or policies to that of the Company and may receive *ad valorem* and/or performance-related fees for doing so. The Investment Manager may give advice or take action with respect to such other clients that differs from the advice given or actions taken with respect to the Company.

10. Legal and Regulatory

Although the legislation for the Alternative Investment Fund Managers (AIFM) Directive came into force in July 2013, there is a 12 month transitional period meaning that investment companies will have until July 2014 to complete the process of compliance and authorisation with the regulator. The Board continues to review the impact, including costs, of the Directive upon the Company but has agreed, in principle, to appoint a subsidiary of Aberdeen Asset Management PLC as the Company's AIFM and will enter into a new investment management agreement shortly.

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 57).

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

I am very pleased to report that, for the year ended 31 July 2013, the diluted net asset value ("NAV") total return was 35.0%. During the same period, the MSCI AC Asia Pacific ex Japan Index's total return was 11.4% and the MSCI AC Asia Pacific ex Japan Small Cap Index's total return was 15.6%.

During the year, the share price rose by 36.7% on a total return basis, ending at £10.00 per share on 31 July 2013 moving from a discount of 0.6% to a 0.7% premium to the diluted NAV. At the time of writing (18 October 2013), the share price was 999.5p and the diluted NAV stands at 947.2p, with the premium to diluted NAV at 5.5%.

The continuing strong performance of the Company in volatile markets once again validates your Manager's disciplined investment approach. The focus on investing in quality companies backed by robust cash flows, strong balance sheets and proven management has been the cornerstone of the Company's success over the last 18 years and the returns for the Company are testament to the soundness of this approach. The Manager's Review on pages 9 and 10 discusses this performance in detail.

Overview

Asian markets had another good year driven by the loose monetary policies of the major Central Banks. These gains, however, masked underlying volatility. In the last quarter of the financial year, Asia and other emerging markets bore the brunt of the sharp sell-off as investors adjusted to the prospect of an end to cheap funding. Regional currencies that were deemed vulnerable to capital flight, owing to their high current account deficits, came under pressure with the Rupiah, Thai Baht, Malaysian Ringgit and Indian Rupee all falling against the US Dollar. Since July, these concerns have increased with the Indian and Indonesian Central Banks intervening to stem currency slides.

The region is seeing signs of an economic slowdown. This emanated from China, where the new leadership is attempting to restructure the investment-led economy towards a more sustainable consumption-led one. India has been affected by lack of political action leading to underinvestment into badly needed infrastructure, high inflation and growing deficits. Similarly Indonesia's economy, one of the more resilient in the region because of its large domestically-driven economy, has also lost momentum. Regional Central Banks have followed the lead of the US Federal Reserve and continued with loose monetary policies, however the Indonesian and Indian Central Banks have recently raised interest rates on inflation concerns.

Despite these challenges, the region still benefits from growth numbers that the developed economies cannot begin to match and we expect these to continue albeit at a slower rate.

Benefits of investing in smaller companies

Encouragingly, during last year, smaller Asian companies continued to outperform their large-cap counterparts. Our emphasis on well founded and managed businesses will give us an element of protection during this period of market adjustment and may well throw up opportunities for the more nimble. We have seen some M&A activity with the recent acquisition of Thai cash-and-carry wholesaler Siam Makro by convenience store operator CP All, and Singapore-based property, engineering and construction firm United Engineers' takeover of conglomerate WBL Corp.

Dividend

As I have advised in previous years, subject to market conditions, it is your Company's aim to maintain or increase the Ordinary dividend so that shareholders can rely on a consistent stream of income. Therefore, we are pleased to recommend for this year the payment of an increased final dividend of 10.0p per Ordinary share (2012: 9.5p) and the payment of a special dividend of 3.0p (2012: 3.0p) which approximately reflects the level of special dividends that were received during the year. If approved by shareholders at the Annual General Meeting of the Company on 3 December 2013, the final and special dividends will be paid on 6 December 2013 to shareholders on the register on 1 November 2013.

Gearing and share capital management

The Company's year-end net gearing was 3.8%. The gearing is provided by the Convertible Unsecured Loan Stock of which approximately £33.3 million remains outstanding. The Company also has a £2 million loan facility with The Royal Bank of Scotland but no drawings were made under this facility during the year. The Directors monitor the Company's gearing on a regular basis in accordance with the Company's investment policy and under advice from the Manager.

During the year there has been strong demand for the Company's shares and they have traded at a premium to the underlying NAV per share for a significant part of the year.

As a result the Company has been able to sell shares from treasury and to issue new Ordinary shares for cash at a premium to NAV and a total of 1.1 million shares were sold from treasury and 1.5 million new shares were issued in the year raising over £24 million. Subsequent to the year end a further 140,000 new shares have been issued for cash. The Directors monitor the market in the Company's shares and further issues of new shares may be made as and when there is unfulfilled demand.

Annual General Meeting

The Annual General Meeting is scheduled to be held on 3 December 2013 at 11.30 a.m. In addition to the usual ordinary business, as special business the Board is seeking to renew its authority to issue new shares and sell treasury shares for cash at a premium without pre-emption rules applying and to renew its authority to buy back shares and either hold them in treasury for future resale (at a premium to the prevailing net asset value per share) 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. The Board is happy to take general questions on the Annual Report and Accounts at the meeting but would advise that questions of a technical nature should be addressed in writing to the Company Secretary, in advance.

Directorate

Alan Kemp has advised that he intends to retire from the Board at the AGM and he will not be seeking re-election. I would like to take this opportunity to thank Alan, on behalf of the shareholders, for his dedicated service and outstanding contribution to the Company since his appointment in 1996. He has served with distinction as a Director and also in the often unacknowledged but demanding role as Chairman of the Audit Committee.

I am very pleased to welcome Randal Dunluce and Mark Hadsley-Chaplin to the Board as independent non-executive Directors of the Company. They were appointed on 1 July 2013, and their appointment represented the culmination of a detailed search process which utilised the services of an external recruitment agency. Randal and Mark bring a wealth of international and commercial experience to the Board. In accordance with the Company's Articles of Association, Randal and Mark will retire at the forthcoming AGM and submit themselves for election.

Following Alan Kemp's retirement at the AGM in December Chris Maude has agreed to become Chairman of the Audit Committee.

Outlook

As I mentioned in the Half Yearly Report, the investment environment continues to be challenging and we believe that it is right to be cautious in the current year. The climate in the wider world economy as well as in Asia continues to be plagued with uncertainties. Most regional economies have better defences to withstand any economic fallout as the stronger external accounts and higher reserves common to the region give Governments the scope to both absorb losses and stimulate their economies. Smaller companies earn most of their profits from domestic markets, compared to large caps which are more exposed to global conditions. Your Company, with its heavy exposure to consumer-related sectors, where prospects remain upbeat, is therefore well positioned to take advantage of these opportunities.

The care with which your Manager selects and monitors the companies in which we invest should continue to deliver good long term returns but with markets volatile and the economies of the region slowing, it is difficult to make any predictions for the short term.

Nigel Cayzer
Chairman
18 October 2013

Manager's Review

Overview

Asian equities posted solid gains during the year under review, despite volatility in the final two months. Smaller companies outpaced their larger counterparts. Regional markets rose steadily through most of the period, buoyed by flush liquidity. This was mainly the result of stimulatory policy responses, as sovereign debt woes in Europe and a potential US fiscal cliff threatened the nascent global recovery. The US Federal Reserve launched its third round of quantitative easing, while the European Central Bank cut interest rates and initiated its own bond-buying programme. Given ultra-loose monetary conditions in the West, yield-seeking capital flowed from developed markets to emerging markets. Asia was a key beneficiary.

However, markets reeled in June, when Fed chairman Bernanke appeared to signal a tapering of bond purchases later in the year. The knee-jerk sell-off underscored the extent to which sentiment was driven by policy expectations rather than fundamentals. A cash crunch in China's interbank lending market also came at an inopportune time, compounding market volatility. Subsequently, reassurances from key central banks of continued accommodative policy led to a late rebound.

On the economic front, conditions worsened as sluggish external demand hurt manufacturers and exporters. China's slowdown was worrying, given its importance as an export destination for the rest of Asia. Even countries with a big domestic base, such as Indonesia and Malaysia, were not immune. Inflation was mostly benign, thus freeing central banks to cut interest rates to support growth. Unsurprisingly, economic restructuring received greater urgency. China implemented measures to rebalance towards domestic-led growth. India attempted to enact bold reforms, such as liberalising the banking and retail sectors as well as reducing fuel subsidies. Hong Kong and Singapore were more concerned with tackling overheating in specific areas, such as property.

Portfolio review

The portfolio's outperformance was driven by our consumer holdings in South-east Asia, which benefited from resilient domestic demand and were less sensitive to external weakness. We favour the consumer sector because business models are simple and we have found some good quality companies there. Many companies have incumbent advantages of efficient and well-established distribution networks, while regulations help limit foreign competition. Further, they are often family-owned, conservative in approach and have low borrowing levels. This often translates to a net cash position, with solid returns on equity and assets.

In Malaysia, Shangri-La Hotels posted higher-than-expected earnings, as occupancy levels rebounded at a key resort, following major refurbishment. It expects occupancy to rise at its hotels and resorts, and prime office rentals in the capital of Kuala Lumpur to hold up well with regard to its investment properties. Retailer Aeon was bolstered by contributions from new stores and rental growth in its property management business. The company is well managed and continues to fund expansion through healthy cash flows. Pos Malaysia, meanwhile, appeared to make good progress on its restructuring. Its latest results showed improvements in direct mail revenues and higher courier volumes. The potential extension into gold pawning should help ease margin pressure and alleviate its high fixed-cost structure. Management continues to extract value from its assets, such as the postal network and land bank. Another solid performer was brewer Guinness Anchor, which consolidated its market leadership through effective advertising and promotions. It remains focused on enhancing its core products while keeping a tight rein on cost.

In Thailand, cash-and-carry store operator Siam Makro delivered solid full-year profits, underpinned by better margins. Its emphasis is on domestic expansion, with a long-term target of having at least one store in every province. The company's share price rose sharply after convenience store operator CP All offered to acquire a 64.3% stake at 787 baht per share. We pared our position following the record tender offer. At the time of writing, we have accepted CP All's offer and sold out of Siam Makro, given the good exit price.

Elsewhere, Indonesian brewer Multi Bintang Indonesia benefited from a good set of quarterly results that highlighted continued growth in its flagship Bintang Beer and robust sales for its non-alcoholic Bintang Zero drink. It also produces Heineken beer and is the dominant domestic player. Recent news that the government is planning to loosen rules on the alcoholic beverages sector and allow producers to expand output is also positive for the brewer's prospects.

Portfolio activity

We invested in four new holdings over the year. One of them was Singapore-listed Yoma Strategic, which has quality property assets in Myanmar. Yoma is well placed to capitalise on the pressing need for top-quality hotels, serviced apartments and residential housing, particularly in Yangon. It has other interests in agriculture, automotive, retail and tourism. Yoma is also a good proxy for the resource-rich economy, which is reaping the benefits of re-assimilation into the global community after decades of international isolation.

In Thailand, we initiated a position in Thai Stanley Electric, a manufacturer of automotive light bulbs and other lighting parts which counts carmakers Honda, Nissan and Toyota among its major clients. Backed by a net-cash balance sheet, the company is investing 1.7 billion baht to expand capacity. Over the longer term, it is eyeing joint ventures with domestic partners in other Asian countries including Indonesia, Laos and Vietnam.

The other two new holdings are from India. We bought a stake in Linde India, a supplier of industrial gases, during a placement by the parent, Linde Group, to reduce its shareholding to comply with new exchange rules. Listed in 1959, the company was absorbed by Linde as part of its acquisition of BOC Group in 2006. It is a leading domestic player with more than 20 plants. The company also has a sizeable engineering division, which derives most of its business from repeat customers. Other strengths include a well-developed franchise and access to its parent company's technology and project execution know-how. While the company has been aggressively expanding capacity, this has been underpinned by steady cash flows over the past few years.

The other entrant, Madras Cement, is a regional player with exposure to consumer and infrastructure spending in southern India. While its earnings were weighed down by overcapacity, we expect the situation to improve once infrastructure investments picks up. We favour the company for its operating efficiency and cash flow visibility, although its high dependence on imported coal makes it vulnerable to volatile coal prices and rupee weakness.

In a significant portfolio-related development, Singapore's Straits Trading Co (STC) accepted United Engineers' latest offer of S$4.50 a share for WBL Corp after previous rejections. We believe that the revised bid better reflects WBL's value and are pleased that we will benefit from the deal through our holding in STC.

Outlook

While the global backdrop remains challenging, we view hasty portfolio changes in response to short-term market noise as a fool's game. Certainly, there is cause for caution in view of China's slowing growth and Europe's fiscal fissures. The likelihood of a Fed tapering is increasing in tandem with improvements in the US economy, with June's volatility giving a foretaste of how markets are likely to react should that happen. Asia and the broader emerging markets, as well as currencies, could face further pressure from liquidity tightening and capital outflows.

Given those uncertainties, it would be imprudent to expect corporate earnings and portfolio performance over the short run to remain as robust as that of the past year. We are already seeing some pressure on corporate revenues, which could translate into lower earnings. That said, the longer-term prospects of Asia, and its smaller companies, are attractive when one considers growth potential, fundamentals and demographics. It is still the world's fastest-growing region. Corporate and government balance sheets are mostly solid. Asia is also home to an expanding and increasingly affluent middle class, which bodes well for future consumption. Ultimately, we are convinced that investing in well-run companies with good market positions at the right price is the sensible way to achieve long-term returns. This approach has served us well thus far.

Aberdeen Asset Management Asia Limited
18 October 2013

Results

Financial Highlights

	31 July 2013	31 July 2012	% change
Total assets (see definition on page 59)	£414,620,000	£294,157,000	+41.0
Total equity shareholders' funds (net assets)	£382,932,000	£260,994,000	+46.7
Share price (mid market)	1000.00p	742.00p	+34.8
Net Asset Value per share (basic)	1013.82p	746.55p	+35.8
Net Asset Value per share (diluted)	992.81p	746.55p	+33.0
Premium/(discount) to Net Asset Value (diluted)	0.7%	–0.6%	
MSCI AC Asia Pacific ex Japan Index (currency adjusted, capital gains basis)	543.15	503.14	+8.0
MSCI AC Asia Pacific ex Japan Small Cap Index (currency adjusted, capital gains basis)	1,159.26	1,032.84	+12.2
Net gearing[A]	3.8%	10.0%	
Dividends and earnings			
Total return per share (basic)[B]	275.43p	68.56p	
Revenue return per share (basic)	13.84p	13.18p	+5.0
Dividends per share[C]	13.00p	12.50p	+4.0
Dividend cover	1.06	1.05	+1.0
Revenue reserves[D]	£9,152,000	£8,513,000	+7.5
Operating costs			
Ongoing Charges Ratio[E]	1.25%	1.51%	

[A] Calculated in accordance with AIC guidance "Gearing Disclosures post RDR" (see definition on page 59)
[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] Ongoing charges ratio calculated in accordance with guidance issued by the AIC as the total of the investment management fee and administrative expenses divided by the average cum income net asset value throughout the year. 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	+36.7	+112.6	+309.0	+1319.3
Net Asset Value per Ordinary share – diluted	+35.0	+85.7	+240.7	+1197.5
MSCI AC Asia Pacific ex Japan Index (currency adjusted)	+11.4	+22.3	+61.8	+187.4
MSCI AC Asia Pacific ex Japan Small Cap Index (currency adjusted)	+15.6	+13.8	+63.6	N/A

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

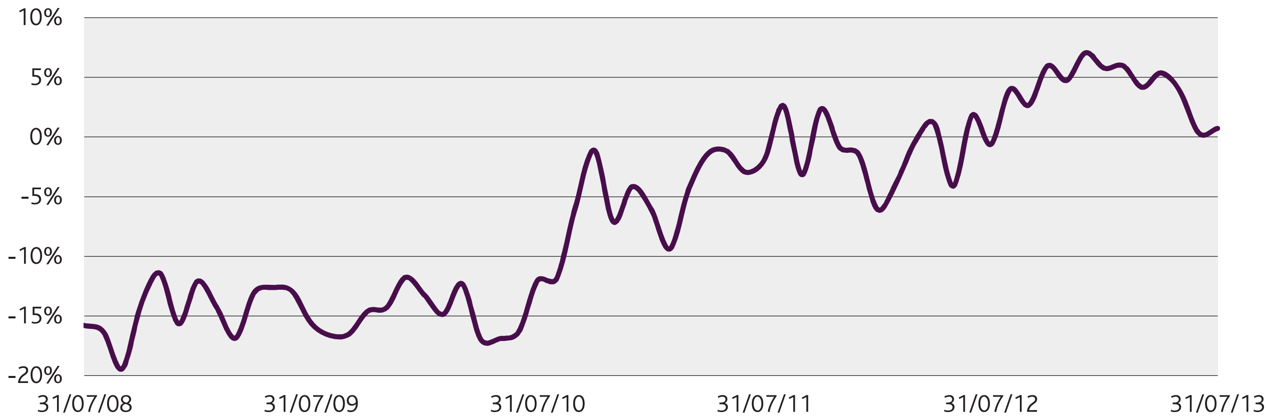
Dividends

	Rate	xd date	Record date	Payment date
Proposed final 2013	10.00p	30 October 2013	01 November 2013	06 December 2013
Proposed special 2013	3.00p	30 October 2013	01 November 2013	06 December 2013
	13.00p			
Final 2012	9.50p	17 October 2012	19 October 2012	23 November 2012
Special 2012	3.00p	17 October 2012	19 October 2012	23 November 2012
	12.50p			

Performance

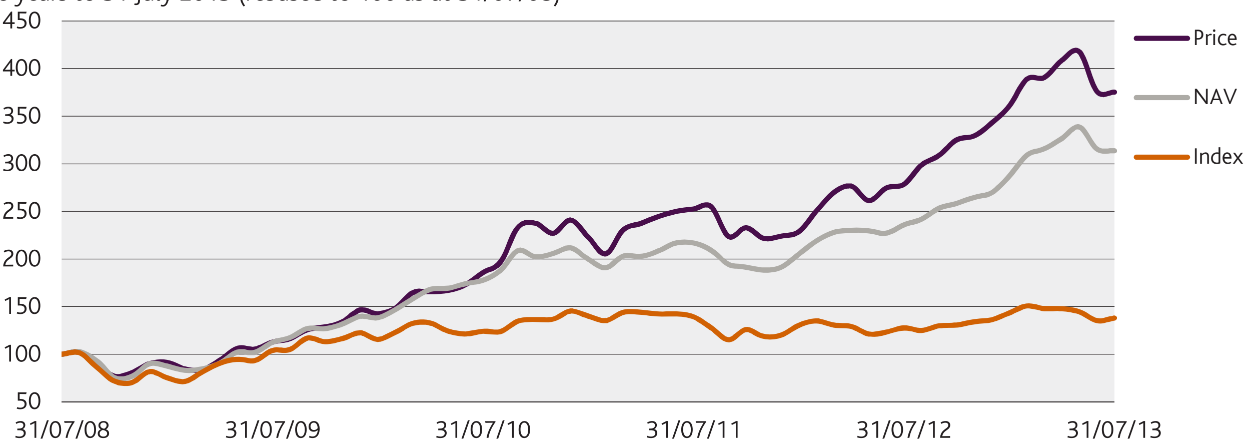
Share Price Premium/(Discount) to Diluted NAV

Five years to 31 July 2013



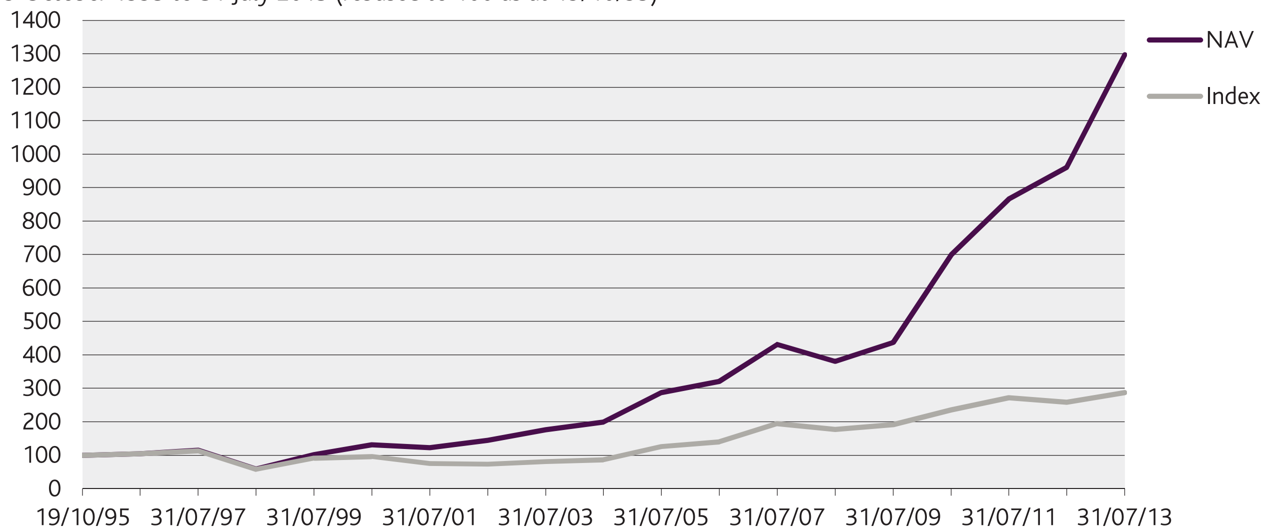
Capital Return of Diluted NAV and Share Price vs MSCI AC Asia Pacific ex Japan Index (sterling adjusted)

Five years to 31 July 2013 (rebased to 100 as at 31/07/08)



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

19 October 1995 to 31 July 2013 (rebased to 100 as at 19/10/95)



Ten Year Financial Record

Year to 31 July	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total revenue (£'000)	3,077	3,473	5,080	5,485	5,021	4,954	6,103	8,380	9,168	11,512
Per share (p)										
Net revenue return	4.01	4.54	7.25	6.98	5.88	6.75	12.85	15.42	13.18	13.84
Total return	25.48	95.93	31.48	108.38	(50.80)	48.21	236.82	137.91	68.56	275.43
Net ordinary dividends paid/proposed	3.10	3.45	3.45	3.45	4.00	5.00	8.20	9.50	9.50	10.00
Net special dividends paid/proposed	–	–	2.70	2.70	1.00	–	1.90	2.80	3.00	3.00
Net asset value per share (p)										
Basic	195.60	287.94	306.56	404.18	347.24	390.96	619.37	686.39	746.55	1013.82
Diluted	175.78	251.25	276.45	364.77	316.46	355.95	562.57	n/a	n/a	992.81
Shareholders' funds (£'000)	52,332	83,082	98,669	131,679	109,829	121,963	192,851	239,965	260,994	382,932

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 2013

Company	Sector	Country	Valuation 2013 £'000	Total assets %	Valuation 2012 £'000
AEON Co (M) Operator of general merchandise stores, supermarkets and convenience stores.	Multiline Retail	Malaysia	18,312	4.4	11,494
Multi Bintang Indonesia A subsidiary of Asia Pacific Breweries and an affiliate of Heineken in Indonesia.	Beverages	Indonesia	16,663	4.0	13,237
Shangri-La Hotels Malaysia Operator of hotels, beach resorts, property management and investment, and commercial laundry.	Hotels, Restaurants & Leisure	Malaysia	13,717	3.3	5,972
Bukit Sembawang Estates Singapore-based residential property developer with a large land bank.	Real Estate Management & Development	Singapore	12,439	3.0	9,362
Giordano International A Hong Kong based fashion and clothing retailer with a presence across Asia.	Specialty Retail	Hong Kong	11,268	2.7	7,682
AEON Thana Sinsap (Thailand)[A] Consumer financial services provider offering hire-purchase lending.	Consumer Finance	Thailand	10,950	2.7	4,086
AEON Credit Service (M) Subsidiary company of Aeon Credit Japan that provides shariah compliant consumer financial services in Malaysia.	Consumer Finance	Malaysia	10,733	2.6	3,912
LPI Capital Berhad Malaysia-based insurance company involved in underwriting fire, motor, marine, aviation, transit and miscellaneous insurance.	Insurance	Malaysia	9,851	2.4	8,693
Cebu Holdings Associate of Ayala Land that develops and operates Residential developments and Business Parks in Cebu.	Real Estate Management & Development	Philippines	9,660	2.3	6,753
Asian Terminals Manages and operates ports in the Philippines.	Transportation Infrastructure	Philippines	9,420	2.3	6,956
Top ten investments			**123,013**	**29.7**	

[A] Holding includes investment in both common and non-voting depositary receipt lines.

Investment Portfolio – Other Investments

As at 31 July 2013

Company	Sector	Country	Valuation 2013 £'000	Total assets %	Valuation 2012 £'000
Yoma Strategic Holdings	Construction & Engineering	Singapore	9,405	2.3	–
Straits Trading Company	Industrial Conglomerates	Singapore	9,147	2.2	–
Bank OCBC NISP	Commercial Banks	Indonesia	9,030	2.2	8,166
Godrej Consumer Products	Personal Products	India	8,622	2.1	8,615
Siam Makro (Foreign)	Food & Staples Retailing	Thailand	8,602	2.1	10,643
Guinness Anchor	Beverages	Malaysia	8,217	2.0	6,379
United Plantations	Food Products	Malaysia	7,956	1.9	7,968
Eastern Water Resources Development and Management (Foreign)	Water Utilities	Thailand	7,916	1.9	5,733
M.P. Evans Group	Food Products	Indonesia	7,394	1.8	7,190
Thai Stanley Electric (Foreign)	Auto Components	Thailand	7,317	1.8	–
Top twenty investments			**206,619**	**50.0**	
Millennium & Copthorne Hotels New Zealand	Hotels, Restaurants & Leisure	New Zealand	7,169	1.7	2,786
Tisco Financial Group (Foreign)	Commercial Banks	Thailand	6,871	1.7	6,209
Convenience Retail Asia	Food & Staples Retailing	Hong Kong	6,564	1.6	4,413
ARB Corporation	Specialty Retail	Australia	6,547	1.6	4,646
Cabcharge Australia	Commercial Services & Supplies	Australia	6,273	1.5	–
Hana Microelectronics (Foreign)	Electronic Equipment, Instruments & Components	Thailand	6,272	1.5	6,006
Asia Satellite Telecommunications Holdings	Diversified Telecommunication Services	Hong Kong	6,226	1.5	4,218
Jollibee Foods Corporation	Hotels, Restaurants & Leisure	Philippines	6,027	1.5	4,035
Dah Sing Financial Holdings	Commercial Banks	Hong Kong	6,016	1.5	4,482
Public Financial Holdings	Diversified Financial Services	Hong Kong	5,989	1.4	4,195
Top thirty investments			**270,573**	**65.5**	
Tasek Corporation	Construction Materials	Malaysia	5,794	1.4	3,512
CMC	IT Services	India	5,780	1.4	5,003
Chevron Lubricants Lanka	Oil, Gas & Consumable Fuels	Sri Lanka	5,584	1.3	3,000
Castrol India	Chemicals	India	5,461	1.3	5,087
Pos Malaysia	Air Freight & Logistics	Malaysia	5,449	1.3	3,253
AEON Credit Service (Asia)	Consumer Finance	Hong Kong	4,970	1.2	4,132
Wheelock Properties (S)	Real Estate Management & Development	Singapore	4,725	1.1	4,655
YHN Property	Real Estate Management & Development	Malaysia	4,687	1.1	2,861
United Malacca	Food Products	Malaysia	4,517	1.1	4,601
Holcim Indonesia	Construction Materials	Indonesia	4,419	1.1	4,734
Top forty investments			**321,959**	**77.8**	

Investment Portfolio – Other Investments continued

Company	Sector	Country	Valuation 2013 £'000	Total assets %	Valuation 2012 £'000
Linde India	Chemicals	India	4,209	1.0	–
Madras Cements	Construction Materials	India	4,166	1.0	–
AEON Stores Hong Kong	Multiline Retail	Hong Kong	4,160	1.0	6,067
Hong Kong Economic Times Holdings	Media	Hong Kong	4,124	1.0	4,449
Jammu & Kashmir Bank	Commercial Banks	India	4,094	1.0	3,551
Kansai Nerolac Paints	Chemicals	India	4,091	1.0	3,274
Eu Yan Sang International	Pharmaceuticals	Singapore	4,030	1.0	3,230
John Keells Holdings	Industrial Conglomerates	Sri Lanka	3,917	0.9	2,695
Commercial Bank of Ceylon	Commercial Banks	Sri Lanka	3,898	0.9	3,085
The Hong Kong & Shanghai Hotels	Hotels, Restaurants & Leisure	Hong Kong	3,587	0.9	2,931
Top fifty investments			**362,235**	**87.5**	
Sanofi India	Pharmaceuticals	India	3,237	0.8	3,059
DGB Financial Group	Commercial Banks	South Korea	2,942	0.7	2,193
Cafe de Coral Holdings	Hotels, Restaurants & Leisure	Hong Kong	2,775	0.7	2,386
DFCC Vardhana Bank	Commercial Banks	Sri Lanka	2,477	0.6	1,261
Hong Leong Finance	Consumer Finance	Singapore	2,290	0.6	2,040
Kingmaker Footwear Holdings	Textiles, Apparel & Luxury Goods	Hong Kong	2,230	0.5	1,681
Goodyear (Foreign)	Auto Components	Thailand	2,160	0.5	1,768
CDL Hospitality Trusts	Real Estate Investment Trusts	Singapore	2,112	0.5	2,576
Green Dragon Gas	Oil, Gas & Consumable Fuels	China	2,054	0.5	–
Gujarat Gas Co	Gas Utilities	India	2,027	0.5	3,788
Top sixty investments			**386,539**	**93.4**	
SBS Transit	Road & Rail	Singapore	1,863	0.4	2,045
Haad Thip (Foreign)	Beverages	Thailand	1,780	0.4	1,894
Pacific Basin Shipping	Marine	Hong Kong	1,394	0.3	1,101
National Development Bank	Commercial Banks	Sri Lanka	1,392	0.3	880
FJ Benjamin Holdings	Specialty Retail	Singapore	1,294	0.3	1,693
Regional Container Lines	Marine	Thailand	1,119	0.3	1,186
Hung Hing Printing	Containers & Packaging	Hong Kong	805	0.2	835
ORIX Leasing Pakistan	Consumer Finance	Pakistan	634	0.2	315
Mustika Ratu	Personal Products	Indonesia	609	0.1	719
City e-Solutions	Hotels, Restaurants & Leisure	Hong Kong	590	0.1	496
Top seventy investments			**398,019**	**96.0**	
Riverview Rubber Estates	Food Products	Malaysia	**342**	**0.1**	–
Total investments			**398,361**	**96.1**	
Net current assets			**16,259**	**3.9**	
Total assets[B]			**414,620**	**100.0**	

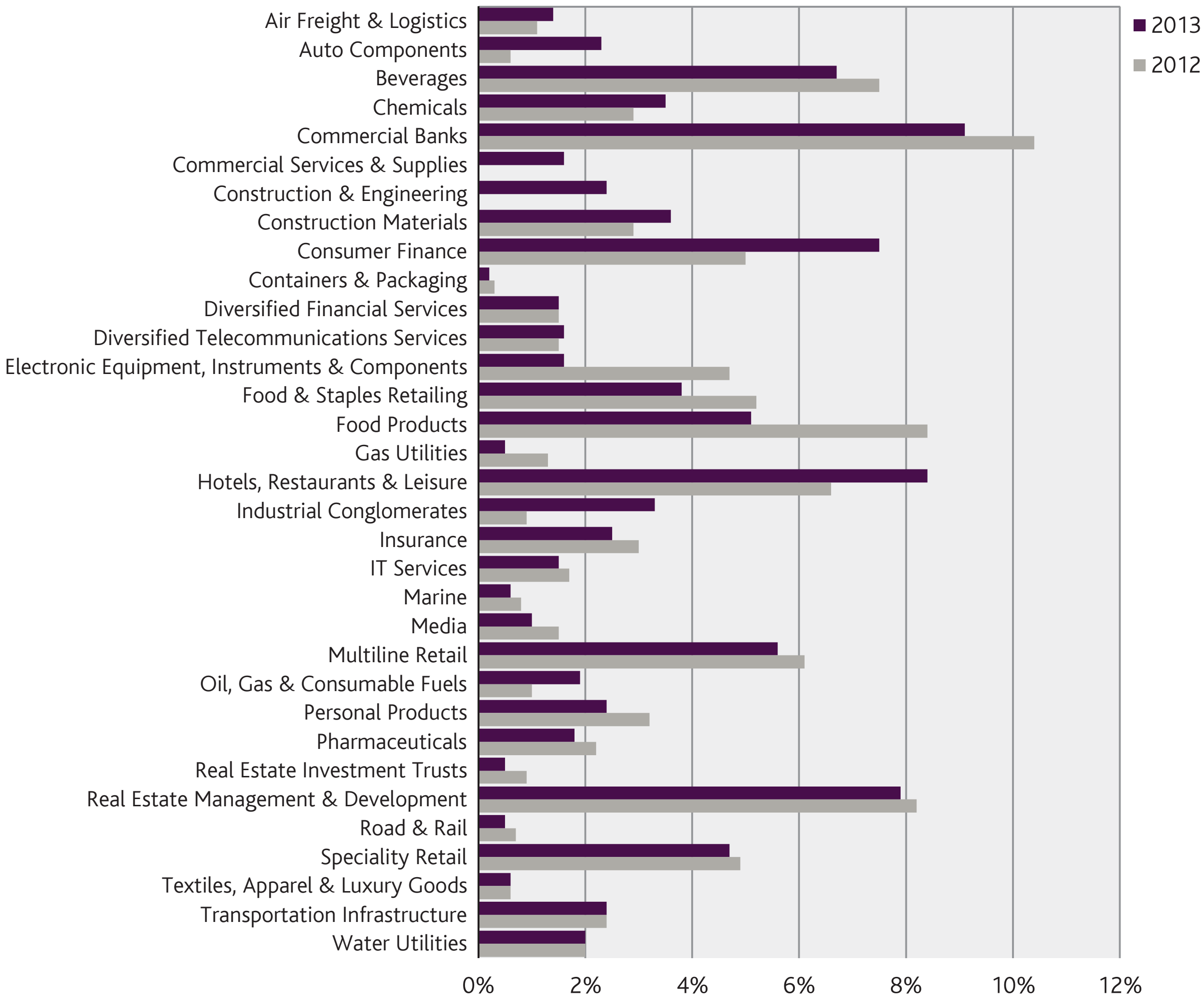
[B] See definition on page 59.

All investments are in equities.

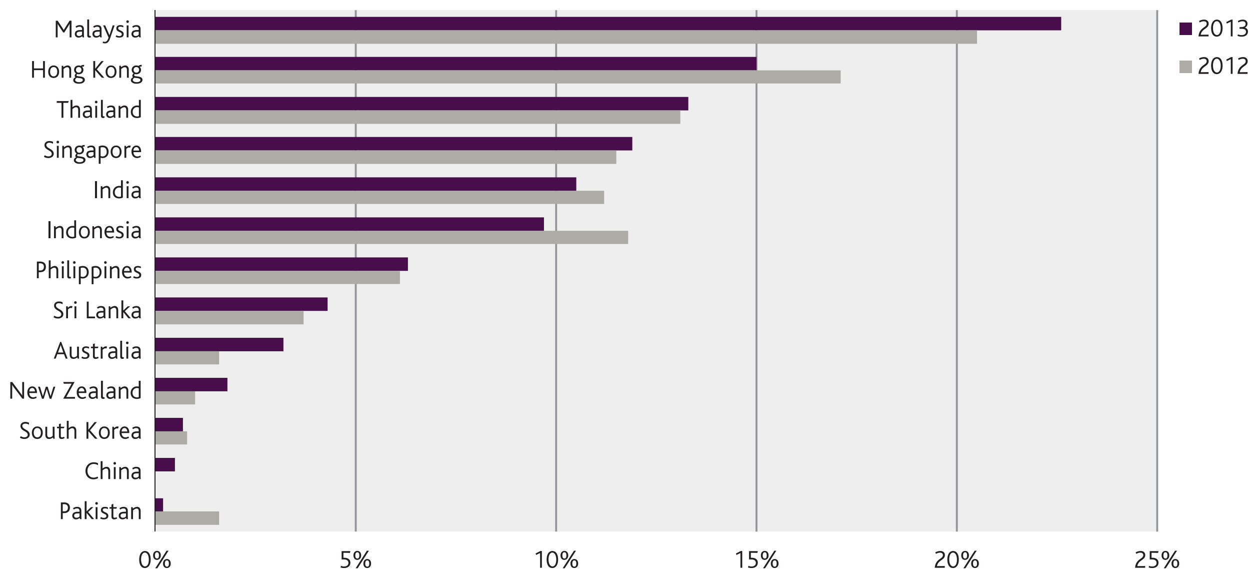
Sector/Geographical Analysis

As at 31 July 2013

Sector Breakdown



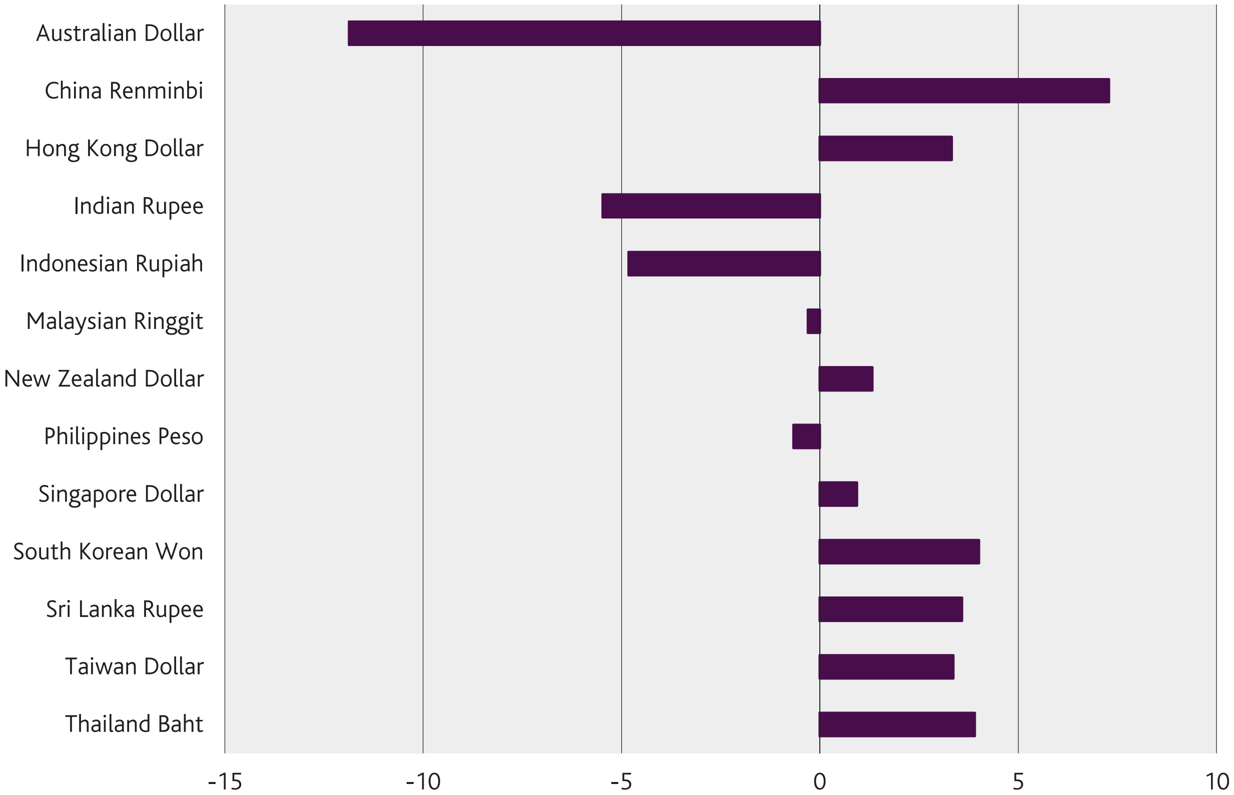
Geographic Breakdown



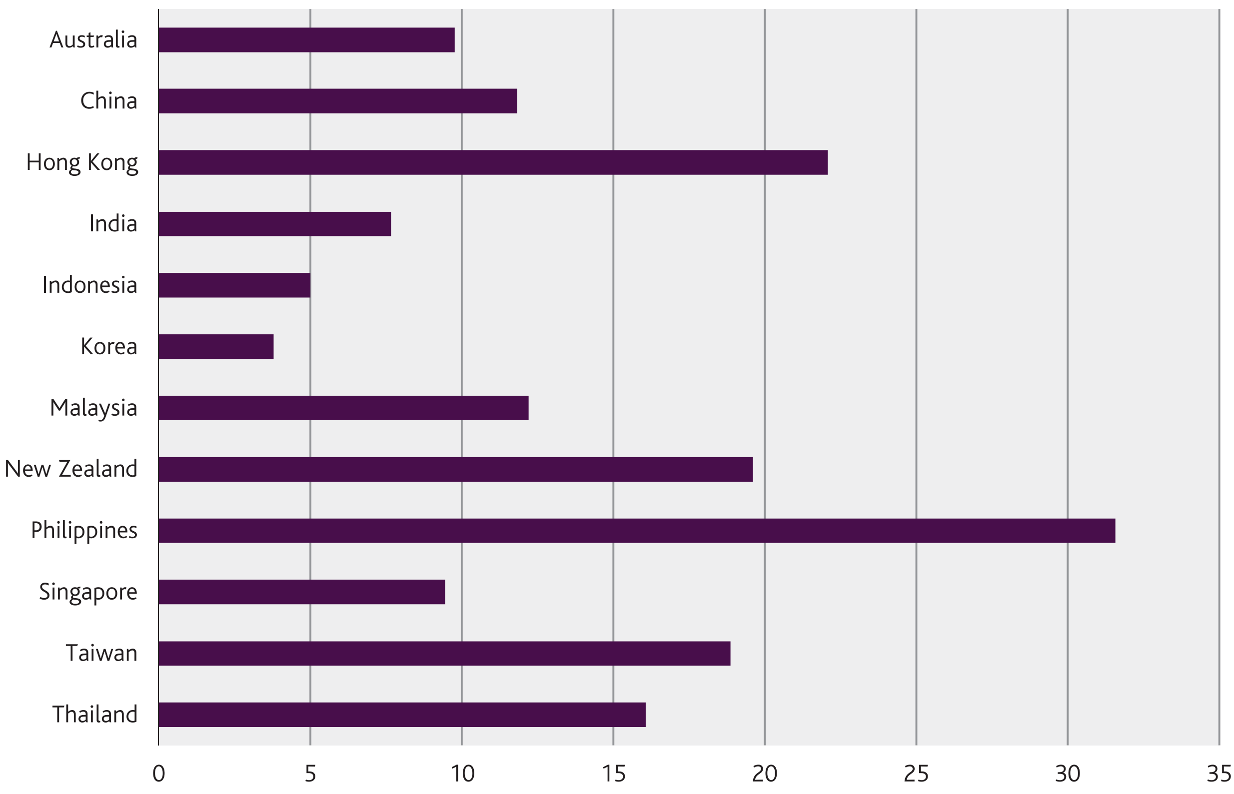
Currency/Market Performance

Year to 31 July 2013

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 £212.6 billion (as at 31 July 2013) 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 429 staff across the region at 31 July 2013.

Total funds in the region are over £75.7 billion as at 31 July 2013.

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

The Aberdeen Group manages over 50 investment companies and other closed-ended funds representing approximately £14.5 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 1994 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.

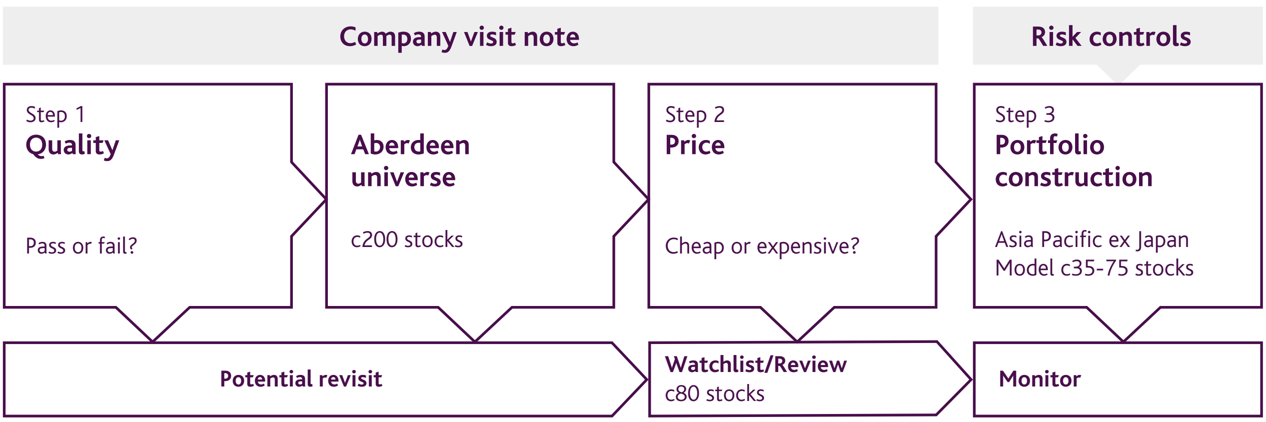
AAM Asia, is based in Singapore. Founded in 1992, the office is run by Hugh Young the founding managing director. Hugh Young oversees a team of portfolio managers who act as generalists, cross-covering the region. In addition, AAM Asia has offices in Hong Kong, Kuala Lumpur, Melbourne, Shanghai, Sydney, 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: 59
Length of service: 18 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: 21 November 2012
Committee membership: Nomination Committee (Chairman)
Remuneration: £30,000 per annum
All other public company directorships: Oryx International Growth Fund 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

Randal Alexander McDonnell, Viscount Dunluce

Status: Independent Non-Executive Director
Age: 46
Length of service: 3 months, appointed a Director on 1 July 2013
Experience: Is a Partner of Sarasin & Partners LLP and is responsible for the management of private client and charity portfolios as well as self-invested personal pension schemes. He is chairman of Sarasin's London partnership. He is also a non–executive director of a number of other private companies.
Last re-elected to the Board: N/A
Committee membership: Management Engagement Committee and Nomination Committee
Remuneration: £23,000
All other public company directorships: None
Employment by the Manager: None
Other connections with Trust or Manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: 800 Ordinary shares and £400 of CULS

Haruko Fukuda OBE

Status: Independent Non-Executive Director
Age: 67
Length of service: 10 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: 21 November 2012
Committee membership: Audit Committee, Management Engagement Committee and Nomination Committee
Remuneration: £23,000 per annum
All other public company directorships: Investec PLC and Investec S.A.
Employment by the Manager: None
Other connections with Trust or Manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: 3,328 Ordinary shares

Your Board of Directors continued

Martin Gilbert

Status: Non-Executive Director
Age: 58
Length of service: 18 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: 21 November 2012
Committee membership: Nomination Committee
Remuneration: £23,000 per annum
All other public company directorships: Aberdeen Asset Management PLC, Aberdeen Asia-Pacific Income Fund Inc., Aberdeen Asia-Pacific Income Investment Company Ltd, Aberdeen Global Income Fund Inc., FirstGroup PLC, Aberdeen Latin American Income Fund Limited, British Sky Broadcasting Group Plc, The India Fund, Inc. and The Asia Tigers Fund, Inc.
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 and £138,708 of CULS
Alternate Director: Hugh Young

Mark Hadsley-Chaplin

Status: Independent Non-Executive Director
Age: 52
Length of service: 3 months, appointed a Director on 1 July 2013
Experience: A former Vice Chairman of UBS Securities (East Asia) Limited and was, until 2010, Chairman of RWC Investors Limited, a London based fund management firm specializing in hedge funds and long only funds, having founded the company in 2000. He is a non-executive director of a number of other companies including Advance Developing Markets Fund a London listed investment trust.
Last re-elected to the Board: N/A
Committee membership: Audit Committee, Management Engagement Committee and Nomination Committee
Remuneration: £23,000
All other public company directorships: Advance Developing Markets Fund
Employment by the Manager: None
Other connections with Trust or Manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: 2,500 Ordinary shares

Alan Kemp

Status: Independent Non-Executive Director
Age: 69
Length of service: 17 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: 21 November 2012
Committee membership: Audit Committee (Chairman), Management Engagement Committee (Chairman) and Nomination Committee
Remuneration: £26,000 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: 20,000 Ordinary shares

Chris Maude

Status: Independent Non-Executive Director
Age: 62
Length of service: 5 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: £23,000 per annum
All other public company directorships: None
Employment by the Manager: None
Other connections with Trust or Manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: 37,300 Ordinary shares

Hugh Young

Status: Alternate Non-Executive Director for Martin Gilbert
Age: 55
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 Australia Equity Fund Inc., Aberdeen Asia-Pacific Income Investment Company Limited and The India 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 and £211,948 of CULS

Directors' Report

The Directors present their Report and the audited financial statements for the year ended 31 July 2013.

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 6 the Chairman's Statement on pages 7 and 8 and the Manager's Review on pages 9 and 10. 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 to 6 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 28 to 32. The Key Performance Indicators for the Company are NAV performance and share price performance and are detailed on page 11.

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.

Results and Dividends

Details of the Company's results and dividends proposed are shown on page 11 of this Report.

Cash Flow Statement Amendment

The 2012 notes to the Cash Flow Statement have been corrected to reflect the requirements of the FRS 1 definition of net debt. This has resulted in the net debt note to the cash flow statement in 2012 disclosing a net debt position of £26,121,000 rather than the net funds total of £7,042,000, originally disclosed that year. Further details are contained in Note 17.

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 ("HMRC") as an investment trust for the purposes of Sections 1158 - 1159 of the Corporation Tax Act 2010 ("Sections 1158 -1159") for the year ended 31 July 2012. During the year, the Company was approved by HMRC as an investment trust under Sections 1158 – 1159 and Part 2 Chapter 1 Statutory Instrument 2011/2999 for all financial years commencing on or after 1 August 2012, subject to the Company continuing to meet the relevant eligibility criteria.

The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 July 2013 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.

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.

Capital Structure and Borrowings

At 31 July 2013, there were 37,771,369 fully paid Ordinary shares of 25p each (2012 – 34,960,210 Ordinary shares) in issue with a further 1,076,290 Ordinary shares of 25p held in treasury (2012 – 2,186,290 treasury shares). There were no buybacks of Ordinary shares during the year.

During the period under review 1,505,000 new Ordinary shares were issued for cash at a premium to the prevailing net asset value per share and 1,100,000 shares were sold from treasury at a premium to the net asset value per share in order to satisfy demand from the market. On 5 December 2012, 194,182 units of Convertible Unsecured Loan Stock ("CULS") were converted into 23,372 new Ordinary shares and on 14 June 2013, 1,517,404 units of CULS were converted into 182,787 new Ordinary shares. In accordance with the terms of the CULS Issue, the conversion price of the CULS was determined at 830.0 pence nominal of CULS for one Ordinary share. Subsequent to the period end, a further 140,000 new Ordinary shares were issued for cash. Following the further issues of shares there are 37,911,369 Ordinary shares in issue and 1,076,290 shares remaining in treasury.

The Company has a £2.0 million loan facility with The Royal Bank of Scotland plc and there were no drawings under the facility either during the year or up to the date of this report.

Disclosure & Transparency Rules (DTRs)

The following further information is disclosed in accordance with the Companies Act and DTR 7.2.6:

- 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 25;
- The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and are summarised on page 30;
- 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 28 to 32.

Directors

The current Directors, Messrs N K Cayzer, Randal Dunluce (Viscount Dunluce) (appointed to the Board on 1 July 2013), A S Kemp, M J Gilbert (alternate H Young), M Hadsley-Chaplin (appointed to the Board on 1 July 2013), C S Maude and Ms H Fukuda were the only Directors who served during the year. Messrs Gilbert, Cayzer and Ms Fukuda 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 3 December 2013 and, being eligible, offer themselves for re-election. In accordance with the Articles of Association C S Maude will retire by rotation at the AGM and, being eligible, will offer himself for re-election. Viscount Dunluce and M Hadsley-Chaplin were both appointed to the Board during the year and in accordance with the Articles of Association, retire at the AGM and, being eligible will offer themselves for election to the Board. A S Kemp has indicated that he will retire from the Board following the conclusion of the AGM and will not be seeking 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 2013 and at 1 August 2012 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 2013 Ordinary shares	31 July 2013 CULS	1 August 2012 Ordinary shares	1 August 2012 CULS
N K Cayzer	-	-	-	-
Viscount Dunluce[A]	800	400	n/a	n/a
M Hadsley-Chaplin[A]	2,500	-	n/a	n/a
H Fukuda	3,328	-	3,289	-
M J Gilbert	86,006	138,708	86,006	138,708
A S Kemp	20,000	-	26,000	-
C S Maude	37,300	-	37,300	-
H Young (alternate)	124,000	211,948	124,000	211,948

[A] Appointed to the Board on 1 July 2013

The above interests are unchanged at 18 October 2013, 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 31 July 2013.

Shareholder	No. of Ordinary shares held	% held
Hargreaves Lansdown	3,957,105	10.5
Aberdeen Asset Managers Savings Scheme (non-beneficial)	3,781,966	10.0
Alliance Trust Savings	1,977,016	5.2
Funds managed by Aberdeen Asset Management PLC	1,966,606	5.2
Investec Wealth Management	1,612,189	4.3
Brewin Dolphin Stockbrokers	1,530,661	4.1
Charles Stanley, stockbrokers	1,390,940	3.7
Barclays Stockbrokers	1,337,946	3.5
Legal & General Investment Management	1,177,854	3.1

Subsequent to the period end, the Company has not been notified of any changes to the above information by any of its shareholders.

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 12 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 12 authorises the Directors to generally allot shares up to an aggregate nominal amount of £6,318,561 representing approximately 2/3 of the existing issued capital of the Company, of which a maximum nominal amount of £3,159,280 (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 2014. The Board has no present intention to utilise this authority.

Resolution 13 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 14 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. New shares issued in accordance with this authority will always be issued at a premium to the net asset value per Ordinary share at the time of issue, as determined by the Directors. The Board intends to actively continue to sell Ordinary shares from treasury or issue new Ordinary shares for cash when it is appropriate to do so, in accordance with its current policy. 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 10% of the issued share capital as at the date of the Annual General Meeting rather than the date of this document.

Purchase of the Company’s Shares

Resolution 14, 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 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 Resolutions 13 and 14 are 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 2014 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 14 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 Meetings

Resolution 15, 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 2014. 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 15 in limited and time sensitive circumstances.

Increase in Articles Limit on Directors' Fees

Resolution 16, an Ordinary Resolution, will be proposed to increase the current cap on the aggregate amount of fees payable to Directors in any one year, contained in the Articles of Association, to £225,000. The Board reviews the level of fees paid to Directors periodically to ensure that remuneration levels remain appropriate. The Board is therefore proposing to increase the Articles cap from £150,000 to £225,000. The cap was last increased, from £120,000 to the present limit, in 2009. The increase will also enable succession periods for retiring Directors by ensuring that any overlap of Directors' services does not breach the aggregate fees the Company is permitted to pay.

Recommendation

Your Board considers Resolutions 12 to 16 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 12 to 16 to be proposed at the AGM, as they intend to do in respect of their own beneficial shareholdings amounting to 273,934 Ordinary shares.

Management of Conflicts of Interest

The Board has a procedure in place to deal with a situation where a Director has a conflict of interest, as required by the Companies Act 2006. As part of this process, the Directors prepare a list of other positions held and all other conflict situations that may need to be authorised either in relation to the Director concerned or his connected persons. The Board considers each Director's situation and decides whether to approve any conflict, taking into consideration what is in the best interests of the Company and whether the Director's ability to act in accordance with his wider duties is affected. Each Director is required to notify the Company Secretary of any potential or actual conflict situations that will need authorising by the Board. Authorisations given by the Board are reviewed at each Board meeting.

Going Concern

In accordance with the Financial Reporting Council's guidance on Going Concern and Liquidity Risk issued in October 2009 the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. 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 and at least 12 months from the date of this Annual Report.

Note 13 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 auditor in connection with the financial statements are set out on pages 33 and 36.

Each Director confirms that, so far as he or she is aware, there is no relevant audit information of which the Company's auditor is 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 auditor is aware of that information. Additionally there have been no important events since the year end.

Independent Auditor

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

By order of the Board

Aberdeen Asset Management PLC - Secretaries
Bow Bells House
1 Bread Street
London EC4M 9HH
18 October 2013

Statement of Corporate Governance

Introduction

The Company is committed to a high standard of corporate governance.

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 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.

In respect of the year ending 31 July 2014 the Board will report its corporate governance compliance against the new AIC Code of Corporate Governance for investment companies which was published in February 2013 and which is effective for year ends commencing on or after 1 October 2012. The February 2013 AIC Code incorporates changes made to the Governance Code in September 2012.

Application of the AIC Code

The Board is accountable to the Company's shareholders for good governance and this statement describes how the principles identified in the AIC Code have been applied by the Company. Save for the exceptions noted below, the Company has complied with the provisions set out in the AIC Code and the relevant provisions of the Code throughout the year ended 31 July 2013:

- The role of the chief executive (A.1.2)
- Executive directors' remuneration (D.2.1 and D.2.2)

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

The Board currently consists of a non-executive Chairman and six 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 Ms Fukuda was appointed to the Board in 2003. 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 Ms Fukuda who, having both served on the Board for more than nine years must stand for annual re-election, each continue to be independent in character and are effective Directors and it recommends that shareholders support their re-election. Mr Kemp has indicated that he intends to retire at the AGM on 3 December 2013.

During the year ended 31 July 2013 the Board met six 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 2013 as follows (with their eligibility to attend the relevant meeting in brackets):

Director	Board Meetings	Audit and Management Engagement Committee Meetings	Nomination Committee Meetings
NK Cayzer[A]	6 (6)	n/a	2 (2)
Viscount Dunluce[AC]	1 (1)	n/a	0 (0)
H Fukuda	6 (6)	2 (2)	2 (2)
MJ Gilbert[AB]	6 (6)	n/a	1 (2)
M Hadsley-Chaplin[C]	0 (1)	n/a	n/a
AS Kemp	6 (6)	2 (2)	2 (2)
CS Maude	6 (6)	2 (2)	2 (2)

[A] Mr Cayzer, Mr Gilbert and Viscount Dunluce are not members of the Audit and Management Engagement Committees.
[B] Including attendance by Mr Young as Alternate Director to Mr Gilbert.
[C] Appointed on 1 July 2013

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 four independent Directors, Mr Kemp (Chairman), Mr Maude, Mr Hadsley-Chaplin and Ms Fukuda. Following the retirement of Mr Kemp from the Board Mr Maude has agreed to become Chairman of the Audit Committee with effect from the conclusion of the AGM on 3 December 2013. 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 auditor. 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 £15,000 (ex VAT) (2012 - £10,000 ex VAT) were paid to the auditor in respect of non-audit services in connection with (i) the review of the Half Yearly Report, (ii) taxation services and (iii) iXBRL tagging services in connection with the electronic filing of tax returns – 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, objective and effective.

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.

The Audit Committee has reviewed the effectiveness of the Auditor including:
- **independence** (the Auditor discusses with the Audit Committee, at least annually, the steps it takes to ensure its independence and objectivity and makes the Committee aware of any potential issues, explaining all relevant safeguards)
- **quality of audit work** including the ability to resolve issues in a timely manner (identified issues are satisfactorily and promptly resolved), its communications/presentation of outputs (the explanation of the audit plan, any deviations from it and the subsequent audit findings are comprehensive and comprehensible), and working relationship with management (the Auditor has a constructive working relationship with the Manager)
- **quality of people and service** including continuity and succession plans (the audit team is made up of sufficient, suitably experienced staff with provision made for knowledge of the investment trust sector and retention on rotation of the partner)

The Audit Committee therefore supports the recommendation to the Board that the reappointment of the Auditor be put to shareholders for approval at the AGM.

Nomination Committee

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

Possible new Directors are identified against the requirements of the Company's business and the need to have a balanced Board. Every Director is entitled to receive appropriate training as deemed necessary. A Director appointed during the year is required, under the provisions of the Company's Articles of Association, to retire and seek election by shareholders at the first subsequent AGM. The Articles of Association require that one third of the Directors retire by rotation at each AGM and that Directors are required to submit themselves for re-election at least every three years. 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. Lord Davies' review of gender diversity on the boards of listed companies was published in February 2011. It made a number of recommendations, and concluded that quotas were not the preferred option and might indeed be counterproductive. The Board is supportive of the principle of diversity.

During the year the Nomination Committee initiated a search for additional Directors using the services of Fletcher Jones Limited as its independent external recruitment consultant. The Committee identified specifications for new Directors including the requisite skills and experience that would complement the existing Board and having due regard for the benefits of diversity on the Board. The Committee considered several high quality candidates and identified Randal Dunluce (Viscount Dunluce) and Mark Hadsley-Chaplin as the preferred candidates due to their relevant experience and expertise. Viscount Dunluce and Mr Hadsley-Chaplin were appointed to the Board on 1 July 2013.

The Board's overriding priority in appointing new Directors to the Board is to identify the candidate with the best range of skills and experience to complement existing Directors. The Board recognises the benefits of gender diversity.

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 pages 34 and 35.

Policy on Tenure

The Board's policy on tenure is that Directors need not serve on the Board for a limited period of time only. The Board does not consider that the length of service of a Director is as important as the contribution he or she has to make, and therefore the length of service will be determined on a case-by-case basis.

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 2013 meeting, the Audit Committee carried out an annual assessment of internal controls for the year ended 31 July 2013 by considering documentation from the Manager, including the internal audit and compliance functions and taking account of events since 31 July 2013. The results of the assessment, that internal controls are satisfactory, 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
18 October 2013

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 including Business Review, 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 that:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Chairman's Statement, Manager's Review and Business Review contained within the Report of the Directors (together constituting the Management Report) include 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 it faces; and
- the financial statements and the Directors' Report and Business Review include details on related party transactions.

For Aberdeen Asian Smaller Companies Investment Trust PLC

Nigel Cayzer
Chairman
18 October 2013

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.

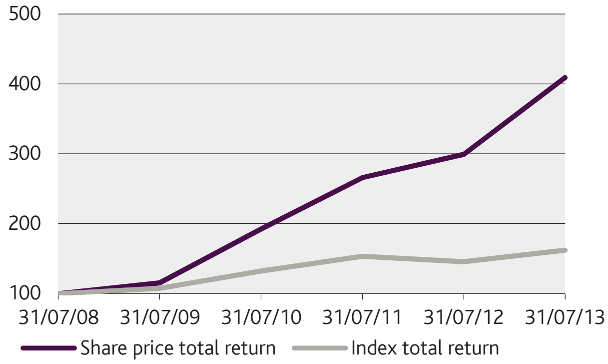
Unaudited Information

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. The Directors are recommending to shareholders that this aggregate limit on fees be increased to £225,000 and Ordinary Resolution 16 will, if passed, amend Article 80 to this effect. Further details on this proposal are contained in the Directors' Report on page 27. 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. The Directors' fees were last increased on 1 August 2011 and are payable 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 2014. 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. There is no compensation payable to the Directors for loss of office. 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 2013 (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	2013 £	2012 £
N K Cayzer (Chairman and highest paid Director)	30,000	30,000
Viscount Dunluce[A]	1,917	N/A
H Fukuda	23,000	23,000
M J Gilbert	23,000	23,000
M Hadsley-Chaplin[A]	1,917	N/A
A S Kemp (Audit Committee Chairman)	26,000	26,000
C S Maude	23,000	23,000
Total	**128,834**	**125,000**

[A] Appointed on 1 July 2013

Sums Paid to Third Parties

Of the fees disclosed above, £23,000 (2012 – £23,000) 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 pages 34 to 35 was approved by the Board on 18 October 2013 and signed on its behalf by:

By order of the Board

Aberdeen Asset Management PLC
Secretaries
18 October 2013

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 2013 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 20. 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 Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 33, 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 for the year ended 31 July 2013 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 2013 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 matters where the Companies Act 2006 requires us 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 27, 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
18 October 2013

Income Statement

		Year ended 31 July 2013			Year ended 31 July 2012		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	9	–	95,470	95,470	–	19,559	19,559
Income	2	11,512	–	11,512	9,168	–	9,168
Exchange losses		–	(186)	(186)	–	(211)	(211)
Investment management fees	3	(3,170)	–	(3,170)	(2,665)	–	(2,665)
Administrative expenses	4	(1,058)	–	(1,058)	(867)	–	(867)
Net return on ordinary activities before finance costs and taxation		7,284	95,284	102,568	5,636	19,348	24,984
Finance costs	5	(1,470)	–	(1,470)	(518)	–	(518)
Return on ordinary activities before taxation		5,814	95,284	101,098	5,118	19,348	24,466
Taxation	6	(766)	142	(624)	(511)	13	(498)
Return on ordinary activities after taxation		**5,048**	**95,426**	**100,474**	**4,607**	**19,361**	**23,968**
Return per share (pence):							
Basic	8	**13.84**	**261.59**	**275.43**	**13.18**	**55.38**	**68.56**
Diluted	8	**n/a**	**234.71**	**249.43**	**n/a**	**n/a**	**n/a**

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 2013 £'000	As at 31 July 2012 £'000
Non-current assets			
Investments at fair value through profit or loss	9	398,361	287,637
Current assets			
Debtors and prepayments	10	488	627
Cash and short term deposits	17	17,244	7,042
		17,732	7,669
Creditors: amounts falling due within one year			
Other creditors	11	(1,473)	(1,149)
Net current assets		16,259	6,520
Total assets less current liabilities		414,620	294,157
Non-current liabilities			
3.5% Convertible Unsecured Loan Stock 2019	12	(31,688)	(33,163)
Net assets		**382,932**	**260,994**
Capital and reserves			
Called-up share capital	13	9,712	9,287
Capital redemption reserve		2,062	2,062
Share premium account		36,617	14,512
Special reserve		11,715	8,372
Equity component of 3.5% Convertible Unsecured Loan Stock 2019	12	1,361	1,361
Capital reserve	14	312,313	216,887
Revenue reserve	14	9,152	8,513
Equity shareholders' funds		**382,932**	**260,994**
Net asset value per share (pence):			
Basic	15	**1,013.82**	**746.55**
Diluted	15	**992.81**	**–**

The financial statements were approved by the Board of Directors and authorised for issue on 18 October 2013 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 2013

	Note	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 1 August 2012		9,287	2,062	14,512	8,372	1,361	216,887	8,513	260,994
Conversion of 3.5% Convertible Unsecured Loan Stock 2019	12	51	–	1,660	–	–	–	–	1,711
Issue of own shares	13	374	–	14,368	–	–	–	–	14,742
Issue of own shares from treasury	13	–	–	6,077	3,343	–	–	–	9,420
Return on ordinary activities after taxation		–	–	–	–	–	95,426	5,048	100,474
Dividends paid	7	–	–	–	–	–	–	(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**

For the year ended 31 July 2012

	Note	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 1 August 2011		9,287	2,062	14,512	8,372	–	197,526	8,206	239,965
Issue of 3.5% Convertible Unsecured Loan Stock 2019		–	–	–	–	1,361	–	–	1,361
Return on ordinary activities after taxation		–	–	–	–	–	19,361	4,607	23,968
Dividends paid	7	–	–	–	–	–	–	(4,300)	(4,300)
Balance at 31 July 2012		**9,287**	**2,062**	**14,512**	**8,372**	**1,361**	**216,887**	**8,513**	**260,994**

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

Cash Flow Statement

	Notes	Year ended 31 July 2013 £'000	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000	Year ended 31 July 2012 £'000
Net cash inflow from operating activities	16		7,156		5,176
Servicing of finance					
Interest paid			(1,288)		(208)
Financial investment					
Purchases of investments		(58,522)		(37,619)	
Sales of investments	9	43,289		11,533	
Net cash outflow from financial investment			(15,233)		(26,086)
Equity dividends paid	7		(4,409)		(4,300)
Net cash outflow before financing			(13,774)		(25,418)
Financing					
Issue of own shares	13	24,162		–	
Issue of 3.5% Convertible Unsecured Loan Stock 2019		–		34,452	
Drawdown of loan		–		14,062	
Repayment of loan		–		(19,634)	
Net cash inflow from financing activities			24,162		28,880
Increase in cash			**10,388**		**3,462**
Reconciliation of net cash flow to movements in net debt[A]					
Increase in cash as above			10,388		3,462
Drawdown of loan			–		(14,062)
Repayment of loan			–		19,634
Issue of 3.5% Convertible Unsecured Loan Stock 2019			–		(34,452)
Other non-cash movements			1,475		1,289
Exchange movements			(186)		(211)
Movement in net debt in the year			11,677		(24,340)
Net debt at 1 August			(26,121)		(1,781)
Net debt at 31 July	17		**(14,444)**		**(26,121)**

[A] The prior year disclosure has been amended to accord with current year disclosure.

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

Notes to the Financial Statements For the year ended 31 July 2013

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 27.

The financial statements 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. Subsequently, they continue to be valued at fair value, which is determined by aggregating the expected future cash flows for that loan or overdraft at a rate comprising the borrower's margin plus an average of market rates applicable to loans or overdrafts of a similar period of time and currency. 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. 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 revenue. 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**

Tax relief is allocated between revenue and capital on the Statement of Comprehensive Income using the marginal method in accordance with the SORP.

Deferred tax

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits available from which the future reversal of the underlying temporary differences can be deducted. Deferred taxation is measured without discounting and based on substantially enacted tax rates.

(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; 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.

(i) 3.5% Convertible Unsecured Loan Stock 2019

Convertible Unsecured Loan Stock ("CULS") issued by the Company is regarded as a compound instrument, comprising of a liability component and an equity component. At the date of issue, the fair value of the liability component was estimated by assuming that an equivalent non-convertible obligation of the Company would have a coupon rate of 4.662%. The fair value of the equity component, representing the option to convert liability into equity, is derived from the difference between the issue proceeds of the CULS and the fair value assigned to the liability. The accounting treatment of the CULS resulted in an uplift in the NAV of just under 1%. The liability component is subsequently measured at amortised cost using the effective interest rate and the equity component remains unchanged.

Direct expenses associated with the CULS issue are allocated to the liability and equity components in proportion to the split of the proceeds of the issue. Expenses allocated to the liability component are amortised over the life of the instrument using the effective interest rate.

The interest expense on the CULS is calculated according to the effective interest rate method by applying the assumed rate of 4.662% to the liability component of the instrument.

On conversion of CULS, equity is issued and the liability component is derecognised. The original equity component recognised at inception remains in equity. No gain or loss is recognised on conversion.

When CULS is repurchased for cancellation, the fair value of the liability at the redemption date is compared to its carrying amount, giving rise to a gain or loss on redemption that is recognised through profit or loss. The amount of consideration allocated to equity is recognised in equity with no gain or loss being recognised.

2. Income	2013 £'000	2012 £'000
Income from investments		
UK dividend income	109	106
Overseas dividends	11,385	9,021
Stock dividends	–	30
	11,494	9,157
Other income		
Deposit interest	18	11
Total income	**11,512**	**9,168**

3. Investment management fees	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
Investment management fees	3,170	–	3,170	2,665	–	2,665

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 £586,000 (2012 – £239,000).

4. Administrative expenses	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
Administration fees	82	–	82	80	–	80
Directors' fees	129	–	129	125	–	125
Share Plan marketing contribution	215	–	215	172	–	172
Auditor's remuneration:						
• fees payable to the auditor for the audit of the annual accounts	24	–	24	23	–	23
• fees payable to the auditor and its associates for other services:						
– interim review	6	–	6	6	–	6
– taxation and iXBRL tagging services	9	–	9	4	–	4
Custodian charges	287	–	287	212	–	212
Other expenses	306	–	306	245	–	245
	1,058	–	**1,058**	**867**	–	**867**

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 £82,000 (2012 – £80,000) and there was a accrual of £41,000 (2012 – £20,000) 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 £215,000 (2012 – £172,000) and there was a £21,000 (2012 – £58,000) balance due to AAM at the year end.

All of the expenses above, with the exception of Auditor's remuneration, include irrecoverable VAT where applicable. For the Auditor's remuneration the VAT amounted to £8,000 (2012 – £7,000).

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

5. Finance costs	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
Loans repayable in less than 1 year	21	–	21	198	–	198
Interest on 3.5% Convertible Unsecured Loan Stock 2019	1,213	–	1,213	248	–	248
Notional interest on 3.5% Convertible Unsecured Loan Stock 2019	161	–	161	36	–	36
Amortisation of 3.5% Convertible Unsecured Loan Stock 2019 issue expenses	75	–	75	15	–	15
Issue expenses on 3.5% Convertible Unsecured Loan Stock 2019	–	–	–	21	–	21
	1,470	–	**1,470**	**518**	–	**518**

6. Taxation	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
(a) **Analysis of charge for the year**						
Overseas taxation	624	–	624	498	–	498
Tax relief to revenue	–	–	–	–	–	–
Current taxation	624	–	624	498	–	498
Movement on deferred taxation	142	(142)	–	13	(13)	–
Total tax	**766**	**(142)**	**624**	**511**	**(13)**	**498**

No provision for deferred taxation has been made in respect of the holding in CDL Hospitality Trust. This is due to the Company having sufficient excess management expenses available to cover the potential liability and the Company is not expected to generate taxable income in the future in excess of deductible expenses. 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.

(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 23.67% (2012 – 25.33%). The differences are explained below:

	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
Return on ordinary activities before taxation	5,814	95,284	101,098	5,118	19,348	24,466
Return on ordinary activities multiplied by the effective UK standard rate of corporation tax of 23.67% (2012 – 25.33%)	1,376	22,554	23,930	1,296	4,901	6,197
Effects of:						
Gains on investments not taxable	–	(22,598)	(22,598)	–	(4,954)	(4,954)
Exchange losses	–	44	44	–	53	53
Franked dividend receipts not chargeable to corporation tax	(26)	–	(26)	(27)	–	(27)
Overseas tax	624	–	624	498	–	498
Non-taxable dividend income	(2,663)	–	(2,663)	(2,260)	–	(2,260)
Movement in unutilised management expenses	969	–	969	863	–	863
Movement in unutilised loan relationship deficits	344	–	344	128	–	128
Current tax charge for the year	**624**	–	**624**	**498**	–	**498**

7. Dividends

	2013 £'000	2012 £'000
Final dividend for 2012 – 9.50p (2011 – 9.50p)	3,351	3,321
Special dividend for 2012 – 3.00p (2011 – 2.80p)	1,058	979
	4,409	**4,300**

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 £5,048,000 (2012 – £4,607,000).

	2013 £'000	2012 £'000
Proposed final dividend for 2013 – 10.00p (2012 – 9.50p)	3,791	3,351
Proposed special dividend for 2013 – 3.00p (2012 – 3.00p)	1,137	1,058
Total	**4,928**	**4,409**

Subsequent to the year end the Company has issued a further 140,000 new Ordinary shares; therefore the amounts reflected above for the cost of the proposed final and special dividends for 2013 are based on 37,911,369 Ordinary shares in issue, being the number of Ordinary shares in issue at the date of this Report.

8. **Return per Ordinary share**

Basic	2013 Revenue	2013 Capital	2013 Total	2012 Revenue	2012 Capital	2012 Total
Return on ordinary activities after taxation (£'000)	5,048	95,426	100,474	4,607	19,361	23,968
Weighted average number of shares in issue[A]			36,478,795			34,960,210
Return per Ordinary share (p)	**13.84**	**261.59**	**275.43**	**13.18**	**55.38**	**68.56**

Diluted	2013 Revenue	2013 Capital	2013 Total	2012 Revenue	2012 Capital	2012 Total
Return on ordinary activities after taxation (£'000)	5,985	95,426	101,411	n/a	n/a	n/a
Weighted average number of shares in issue[B]			40,656,854			n/a
Return per Ordinary share (p)	**n/a**	**234.71**	**249.43**	**n/a**	**n/a**	**n/a**

[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 4,178,059 (2012 – nil) to 40,656,854 (2012 – nil) Ordinary shares.

For the year ended 31 July 2013 there was no dilution to the revenue return per Ordinary share and for the period ended 31 July 2012 there was no dilution to the revenue return per Ordinary share nor to the capital 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.

9. **Investments**

	Listed in UK £'000	Listed overseas £'000	Total £'000
Fair value through profit or loss:			
Opening book cost	3,375	136,392	139,767
Opening fair value gains on investments held	3,815	144,055	147,870
Opening fair value	7,190	280,447	287,637
Movements in year:			
Purchases at cost	1,941	56,602	58,543
Sales – proceeds	–	(43,289)	(43,289)
Sales – gains on sales	–	34,530	34,530
Movement in fair value gains on investments held	317	60,623	60,940
Closing fair value	**9,448**	**388,913**	**398,361**

	Listed in UK £'000	Listed overseas £'000	Total £'000
Closing book cost	5,316	184,235	189,551
Closing fair value gains on investments held	4,132	204,678	208,810
	9,448	**388,913**	**398,361**

Gains on investments	Listed in UK £'000	Listed overseas £'000	Total £'000
Gains on sales	–	34,530	34,530
Movement in fair value gains on investments held	317	60,623	60,940
	317	**95,153**	**95,470**

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:

	2013 £'000	2012 £'000
Purchases	103	102
Sales	63	49
	166	**151**

10. Debtors: amounts falling due within one year	2013 £'000	2012 £'000
Other debtors	21	15
Prepayments and accrued income	467	612
	488	**627**

11. Creditors: amounts falling due within one year	2013 £'000	2012 £'000
Amounts due to brokers	481	460
Other creditors	992	689
	1,473	**1,149**

On 27 May 2011 the Company entered into a £20 million 3 year multi currency revolving advance loan facility with Royal Bank of Scotland. The amount available under this facility was reduced to £2 million from 1 June 2012. As at 31 July 2013, there were no amounts drawn down from the loan facility (2012 – nil) and there were no amounts drawn down during the year. 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.

12. Non-current liabilities

3.5% Convertible Loan Stock 2019	Number of units £'000	Liability component £'000	Equity component £'000
Balance at beginning of year	35,000	33,163	1,361
Conversion of 3.5% Convertible Unsecured Loan Stock 2019	(1,712)	(1,711)	–
Notional Interest on CULS transferred to revenue reserve	–	161	–
Amortisation and issue expenses	–	75	–
Balance at end of year	**33,288**	**31,688**	**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 1 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.

The CULS has been constituted as an unsecured subordinated obligation of the Company by the Trust Deed between the Company and the Trustee, The Law Debenture Trust Corporation p.l.c., dated 17 May 2012. The Trust Deed details the CULS holders' rights and the Company's obligations to the CULS holders and the trustee oversees the operation of the Trust Deed. 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.

During the period ended 31 July 2013 the Company converted £1,711,586 (31 July 2012 – £nil) nominal amount of CULS into 206,159 (31 July 2012 – nil) Ordinary shares.

As at 31 July 2013, there was £33,288,414 (2012 – £35,000,000) nominal amount of 3.5% Convertible Unsecured Loan Stock 2019 in issue.

13. Called up share capital

Called up share capital	2013 £'000	2012 £'000
Allotted, called-up and fully paid		
Ordinary shares of 25p	9,443	8,740
Treasury shares	269	547
	9,712	**9,287**

	Ordinary shares Number	Treasury shares Number	Total Number
At 31 July 2012	34,960,210	2,186,290	37,146,500
Conversion of CULS	206,159	–	206,159
Issue of own shares	1,495,000	–	1,495,000
Issue of own shares from treasury	1,110,000	(1,110,000)	–
At 31 July 2013	**37,771,369**	**1,076,290**	**38,847,659**

During the year 2,605,000 Ordinary shares of 25p were issued by the Company (2012 – nil) at a total consideration of £24,162,000 (2012 – £nil), of which 1,110,000 were issued from treasury. At the year end 1,076,290 (2012 – 2,186,290) shares were held in treasury, which represents 2.77% (2012 – 5.89%) of the Company's total issued share capital at 31 July 2013.

During the year a further 206,159 Ordinary shares were issued as a result of CULS conversion (2012 – nil).

Capital management

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

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

- the planned level of gearing which takes account of the Manager's views on the market;
- the level of equity shares in issue;
- the extent to which revenue in excess of that which is required to be distributed should be retained.

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

The Company does not have any externally imposed capital requirements.

14. Retained earnings

Retained earnings	2013 £'000	2012 £'000
Capital reserve		
At 31 July	216,887	197,526
Movement in investment holdings fair value	60,940	11,062
Gains on realisation of investments at fair value	34,530	8,497
Foreign exchange movement	(186)	(211)
Capital tax charge	142	13
At 31 July	**312,313**	**216,887**

Revenue reserve	2013 £'000	2012 £'000
At 31 July	8,513	8,206
Revenue	5,048	4,607
Dividends paid	(4,409)	(4,300)
At 31 July	**9,152**	**8,513**

15. Net asset value per Ordinary share

Net asset value per Ordinary share	2013	2012
Basic		
Net assets attributable	£382,932,000	£260,994,000
Number of Ordinary shares in issue[A]	37,771,369	34,960,210
Net asset value per Ordinary share	1,013.82p	746.55p
Diluted		
Net assets attributable	£414,815,000	–
Number of Ordinary shares in issue[A]	41,782,021	–
Net asset value per Ordinary share[B]	992.81p	–

[A] Calculated excluding shares held in treasury.

[B] The diluted net asset value per Ordinary share has been calculated on the assumption that the 33,288,414 3.5% Convertible Unsecured Loan Stock 2019 ("CULS") are converted at 830.0p per share, giving a total of 41,782,021 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 financial instruments are deemed to be 'in the money' if the cum income 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 July 2013 the cum income NAV was 1,013.82p and thus the CULS were 'in the money'. At 31 July 2012 the CULS were not 'in the money'.

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

	2013 £'000	2012 £'000
Net returns before finance costs and taxation	102,568	24,984
Adjustments for:		
Gains on investments	(95,470)	(19,559)
Effect of foreign exchange rate losses	186	211
Decrease in prepayments and accrued income	145	15
Increase in other debtors	(6)	(3)
Increase in other creditors	357	56
Overseas withholding tax suffered	(624)	(498)
Stock dividends included in investment income	–	(30)
Net cash inflow from operating activities	**7,156**	**5,176**

17. **Analysis of changes in net debt**

	1 August 2012 £'000	Cash flow £'000	Exchange movements £'000	Other non-cash movements £'000	31 July 2013 £'000
Cash and short term deposits	7,042	10,388	(186)	–	17,244
Debt falling due in more than one year	(33,163)	–	–	1,475	(31,688)
Net debt	**(26,121)**	**10,388**	**(186)**	**1,475**	**(14,444)**

The prior year opening figures have been amended to accord with current year disclosure.

18. **Transactions with the Manager**

Mr M J Gilbert and his alternate Director, Mr H Young are both directors of Aberdeen Asset Management PLC ("AAM") and its subsidiary, Aberdeen Asset Management Asia ("AAM Asia").

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 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 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:

At 31 July 2013	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Indian Rupee	–	–	–	186
Malaysian Ringgit	–	–	–	117
Sterling	–	–	–	16,758
Thailand Baht	–	–	–	183
	–	–	–	**17,244**
Liabilities				
3.5% Convertible Loan Stock 2019	**5.83**	**3.5**	**31,688**	–

At 31 July 2012	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Indonesian Rupiah	–	–	–	17
Malaysian Ringgit	–	–	–	98
Sterling	–	–	–	6,924
Thailand Baht	–	–	–	3
	–	–	–	**7,042**

Liabilities				
3.5% Convertible Loan Stock 2019	**6.83**	**3.5**	**33,163**	–

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. Details of the Company's bank loan facility is shown in note 11 of the financial statements. There were no loan amounts drawn down during the year.

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

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

Maturity profile

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

Assets	2013 £'000	2012 £'000
In less than one year	17,244	7,042

Liabilities	2013 £'000	2012 £'000
In more than one year	31,688	33,163

All the other financial assets and liabilities do not have a maturity date. The full contractual liability for the CULS assuming no further conversion is £40,279,000 (2012 – £43,575,000).

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 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 2013 Overseas investments £'000	Net monetary assets/(liabilities) £'000	Total currency exposure £'000	31 July 2012 Overseas Investments £'000	Net monetary assets/(liabilities) £'000[A]	Total currency exposure £'000
Australian Dollar	12,820	–	12,820	4,646	–	4,646
Hong Kong Dollar	60,698	–	60,698	49,067	–	49,067
Indian Rupee	41,687	186	41,873	32,378	–	32,378
Indonesian Rupiah	30,721	–	30,721	26,856	17	26,873
Korean Won	2,942	–	2,942	2,193	–	2,193
Malaysian Ringgit	89,575	117	89,692	58,644	98	58,742
New Zealand Dollar	7,169	–	7,169	2,786	–	2,786
Pakistan Rupee	634	–	634	4,685	–	4,685
Philippine Peso	25,107	–	25,107	17,744	–	17,744
Singapore Dollar	47,305	–	47,305	33,001	–	33,001
Sri Lankan Rupee	17,268	–	17,268	10,921	–	10,921
Thailand Baht	52,987	183	53,170	37,526	3	37,529
	388,913	486	389,399	280,447	118	280,565
Sterling	9,448	(14,930)	(5,482)	7,190	(26,239)	(19,049)
Total	**398,361**	**(14,444)**	**383,917**	**287,637**	**(26,121)**	**261,516**

[A] Values have been restated to reallocate the cash held across the appropriate currency. The overall total value has not changed.

Foreign currency sensitivity

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

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 20, 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% (2012 – 10%) higher or lower while all other variables remained constant, the return attributable to Ordinary shareholders for the year ended 31 July 2013 would have increased/(decreased) by £39,836,000 (2012 – increased/(decreased) by £28,764,000)) 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. Gearing comprises convertible unsecured loan stock. 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 gearing at the 31 July 2013 are shown in notes 11 and 12.

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 investment policy section on page 2.

Liquidity risk exposure

At 31 July 2013 the Company had borrowings in the form of the £33,288,414 (2012 – £35,000,000) nominal of 3.5% Convertible Unsecured Loan Stock 2019.

At 31 July 2013 the Company's bank loan amounted to £nil (2012 – £nil). The maximum exposure during the year was £nil (2012 – £19,640,000) and the minimum exposure during the year was £nil (2012 – £nil).

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 finding to the Manager's risk management committee. This review will also include checks on the maintenance and security of investments held; and
- cash is held only with reputable banks with high quality external credit enhancements.

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

Credit risk exposure

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

	2013		2012	
Current assets	**Balance Sheet £'000**	**Maximum exposure £'000**	**Balance Sheet £'000**	**Maximum exposure £'000**
Debtors	465	465	595	595
Cash and short term deposits	17,244	17,244	7,042	7,042
	17,709	**17,709**	**7,637**	**7,637**

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

Fair values of financial assets and financial liabilities

Investments held at fair value through profit or loss are valued at their quoted bid prices which equate to their fair values. The Directors are of the opinion that the other financial assets and liabilities are stated at fair value in the

Balance Sheet and considered that this is equal to the carrying amount.

20. Fair value hierarchy

FRS 29 'Financial Instruments: Disclosures' requires 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 has 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 2013 as follows:

As at 31 July 2013	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets and liabilities at fair value through profit or loss					
Quoted equities	a)	398,361	–	–	398,361
CULS	b)	(40,445)	–	–	(40,445)
Net fair value		**357,916**	**–**	**–**	**357,916**

As at 31 July 2012	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets and liabilities at fair value through profit or loss					
Quoted equities	a)	287,637	–	–	287,637
CULS	b)	(36,925)	–	–	(36,925)
Net fair value		**250,712**	**–**	**–**	**250,712**

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) Convertible Unsecured Loan Stock ("CULS")

The Company's CULS are actively traded on a recognised stock exchange. The fair value of the CULS have therefore been deemed Level 1. The carrying value of the CULS is disclosed in note 12.

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 £250,000 (ex VAT) for 2013/2014.

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, PO Box 11020, Chelmsford, Essex CM99 2DB.

How to Invest in Aberdeen Asian Smaller Companies Investment Trust PLC

Direct

Investors can buy and sell shares in 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 £11,520 can be made in the tax year 2013/2014.

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.

In accordance with HMRC ISA guidelines for managers a security will not be eligible for inclusion in an ISA if it requires a loan to be repaid within 5 years of the date of purchase. As the CULS has an end redemption date of 31 May 2019 it will be eligible for inclusion in an ISA up to 31 May 2014 and ineligible thereafter.

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 an ISA 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.

Investor Warning

The Board has been made aware by Aberdeen Asset Management (Aberdeen) that some investors have received telephone calls from people purporting to work for Aberdeen, or third parties, who have offered to buy their investment trust shares. These may be scams which attempt to gain personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from an investor is required to release the supposed payment for their shares.

These callers do not work for Aberdeen and any third party making such offers has no link with Aberdeen. Aberdeen never makes these types of offers and does not 'cold-call' investors in this way. If investors have any doubt over the veracity of a caller, they should not offer any personal information, end the call and contact Aberdeen's investor services centre using the details provided below.

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

Suitable for Retail

The Company's shares are designed for private investors in the UK (including retail investors), professional-advised private clients and institutional investors who seek income and capital growth from investment in Far East markets and who understand and are willing to accept the risks of exposure to equities. Private investors should consider consulting an independent financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

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). Alternatively you can call 0500 00 00 40 (free when dialling from a UK landline) for trust 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 (free when dialling from a UK landline)

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

The information on pages 56 to 58 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority

Glossary of Terms and Definitions

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.

CULS
The £33.29 million nominal of 3.5 per cent. Convertible Unsecured Loan Stock 2019.

CULS Conversion Date
The CULS is convertible at any time during the periods of 28 days ending on 30 November and 31 May in each year commencing November 2012 and ending May 2019 (each such period and any other period during which Conversion Rights may be exercised being a "Conversion Period") conversions requests are to be received by 5.00 p.m. on the last day of the relevant Conversion Period (each such last day being a "Conversion Date" and the Conversion Date falling on 31 May 2019 or Final Repayment Date being the "Final Conversion Date").

CULS Conversion Price
The CULS is convertible semi-annually on the Conversion Date on the basis of 830p nominal of CULS for one Ordinary Share. This equated to a 15 per cent. premium to the unaudited NAV per Ordinary Share (including income) of 725p at 14 May 2012, rounded down to the nearest 5 pence.

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.

Net Gearing
Net gearing is calculated by dividing total assets (as defined below) less cash or cash equivalents by shareholders' funds expressed as a percentage.

Ongoing Charges
Ratio of expenses as percentage of average daily shareholders' funds calculated as per the industry standard.

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.

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

Notice of Annual General Meeting

Notice is hereby given that the eighteenth 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 3 December 2013 for the following purposes:

To consider and if thought fit, pass the following Resolutions of which Resolutions 1 – 12 and 16 will be proposed as Ordinary Resolutions and Resolutions 13, 14 and 15 as Special Resolutions:

Ordinary Business

1. To receive and adopt the Directors' Report and financial statements for the year ended 31 July 2013, together with the auditor's report thereon.
2. To receive and adopt the Directors' Remuneration Report.
3. To approve the payment of a final dividend of 10.0 pence per Ordinary share.
4. To approve the payment of a special dividend of 3.0 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 Ms H. Fukuda as a Director.
8. To re-elect Mr C.S. Maude as a Director.
9. To elect Viscount Dunluce as a Director.
10. To elect Mr M. Hadsley-Chaplin as a Director.
11. To re-appoint Ernst & Young LLP as auditor and to authorise the Directors to determine their remuneration.

Special Business

12. 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 £3,159,280; and

    (b) up to a further aggregate nominal amount of £3,159,280 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 and (b) to holders of other equity securities required by the rights of those securities (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); and,

    such authorisation to expire at the conclusion of the next Annual General Meeting of the Company to be held in 2014 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.

13. THAT subject to the passing of Resolution numbered 12 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 12 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 £947,784 which are, or are to be, wholly paid up in cash, at a price representing a premium to 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 representing a premium to 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 2014, 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.

14. 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 14;
(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 2014 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.

15. THAT a general meeting other than an Annual General Meeting may be called on not less than 14 days' notice.
16. THAT the limit on aggregate fees payable to Directors as set out in Article 80 be increased from £150,000 to £225,000.

Bow Bells House
1 Bread Street
London EC4M 9HH
25 October 2013

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 form of proxy 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 form of proxy 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 1 December 2013 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.
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. 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 18 October 2013 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 37,911,369 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 18 October 2013 is 37,911,369.
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
Randal Dunluce (Viscount Dunluce)*
Haruko Fukuda, OBE
Martin Gilbert
M Hadsley-Chaplin*
Alan Kemp
Chris Maude
* Appointed 1 July 2013

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

Panmure Gordon & Co
1 New Change
London EC4M 9AF

Auditor

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

CULS Trustee

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

Website

www.asian-smaller.co.uk

Your Company's History

Issued Share Capital at 31 July 2013

37,771,369	Ordinary shares of 25p (excluding treasury shares)
1,076,290	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
18 May 2012	£35 million nominal of Convertible Unsecured Loan Stock 2019 ("CULS") issued at 100p per unit
5 December 2012	23,372 new Ordinary shares issued following the conversion of 194,182 units of CULS
14 June 2013	182,787 new Ordinary shares issued following the conversion of 1,517,404 units of CULS
Year ended 31 July 2013	2,605,000 Ordinary shares issued for cash and sold from treasury at a premium to NAV

MIX
Paper from responsible sources
FSC® C005739
www.fsc.org