

03

Aberdeen Asian Smaller Companies Investment Trust PLC

**Maximise total return from smaller quoted companies
in the emerging economies of Asia.**



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Financial Calendar

27 November 2003	Annual General Meeting
1 December 2003	Payment of proposed final dividend for 2003 (3.10p)
March 2004	Half yearly results announced
October 2004	Final results announced

Corporate Summary

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 Trust Companies.

Objective

The investment objective of the Company is to maximise total return to Shareholders over the long term from a portfolio of smaller quoted companies (with a market capitalisation of under US\$600m at time of investment) in the economies of Asia and Australasia, outside Japan.

Benchmark

There is no meaningful smaller companies index against which to compare the performance of the Company. Accordingly, the Manager utilises a general regional index, as well as peer group comparisons for Board reporting.

Investment Manager

Aberdeen Asset Management Asia Limited.

Capital Structure

The Company has a capital structure comprising Ordinary shares of 25p and Warrants to subscribe for Ordinary shares at 100p.

Total Assets and Net Asset Value

The Company had total assets* of £51.7m and an undiluted net asset value of 173.22p at 31 July 2003.

**See definition on page 45.*

Duration

The Company does not have a fixed life.

Risk

Many of the stocks in which the Company invests are exposed to the risk of political change, exchange controls, tax or other regulations which may affect their value and marketability. Currency fluctuations may also affect the value of the Company's investments and the income derived therefrom. Companies in the Asia Pacific region are not always subject to the equivalent accounting, auditing and financial standards of those in the United Kingdom. There may therefore be less supervision and regulation in this respect.

Management Agreement

The Company has an agreement with Aberdeen Asset Management Asia Limited for the provision of management services. Please refer to page 34 for details of the management and secretarial fees payable.

Share Dealing/ PEP/ISA status

Shares in Aberdeen Asian Smaller Companies Investment Trust can be bought in the open market through a stockbroker. They can also be purchased through the Aberdeen savings schemes and are fully qualifying for inclusion within tax-efficient ISA wrappers (see page 44).

Websites

www.aberdeen-asset.com

www.asian-smaller.co.uk

Company Secretary

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

Email: company.secretary@invtrusts.co.uk

Customer Services

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

Your Board

The Board of Directors, all of whom are non-executive, and the majority of whom are independent of the Investment Manager, supervises the management of Aberdeen Asian Smaller Companies Investment Trust PLC and looks after the interests of Shareholders.

Nigel Cayzer *Chairman*

Current Employment: Self-employed

Relevant Experience: Is chairman of Oryx Fund Limited and Oryx International Growth Fund Limited and a director of a number of other companies.

Length of service: Served on the Board as Chairman since 28 September 1995

Age: 49

Committee member: Audit Committee and Management Engagement Committee

All other public company directorships: Alliance Housing Bank SAOG, Oryx Fund Limited, 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: None

Eric Elstob *Director*

Current Employment: Self-employed

Relevant Experience: Was a director of F&C Management Limited for over 25 years in charge of the far east and european desks. He is an elected member of the executive committee of the Association of Investment Trust Companies and a director of SR Europe Investment Trust PLC.

Length of service: Served on the Board since 28 September 1995

Age: 60

Committee member: Audit Committee and Management Engagement Committee

All other public company directorships: MW Japan Fund, MW Nippon Fund, Foreign & Colonial Pacific Investment Trust PLC, Foreign & Colonial Eurotrust PLC, SR Europe 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: 134,000 Ordinary shares, 20,000 Warrants

Haruko Fukuda OBE *Director*

Current Employment: Self employed

Relevant Experience: Was, until recently, chief executive of the World Gold Council. She was vice chairman of Nikko Europe PLC and a partner of James Capel & Co

Length of service: Appointed to the Board on 30 January 2003

Age: 57

Committee member: Audit and Management Engagement Committee

All other public company directorships: Foreign & Colonial Investment Trust PLC, AB Volvo, Investec PLC

Employment by the Manager: None

Other connections with Trust or Manager: None

Shared directorships with any other Trust Directors: None

Shareholding in Company: None

Martin Gilbert *Director*

Current Employment: Chief Executive of Aberdeen Asset Management PLC

Relevant Experience: Qualified as a chartered accountant in 1982 and thereafter pursued a career in investment management

Length of service: Served on the Board since 20 September 1995

Age: 48

Committee member: None

All other public company directorships: Aberdeen Asset Management PLC, Aberdeen Football Club PLC, Chaucer Holdings PLC, First Group PLC, Lombard International Assurance SA, Primary Health Properties PLC, Healthcare Reform Investment Trust PLC, Aberdeen Emerging Economies Investment Trust PLC, Aberdeen Convertible Income Trust PLC, Aberdeen Growth Opportunities PLC, Aberdeen Growth VCT 1 PLC, Broadgate Investment Trust PLC, The Enhanced Zero Trust PLC, The London Market Fund plc, The Taverners Trust PLC

Employment by the Manager: Chief Executive from 1 July 1983

Other connections with Trust or Manager: Director of Aberdeen Asset Managers Limited

Shared directorships with any other Trust Directors: The London Market Fund plc

Shareholding in Company: 66,233 Ordinary shares, 9,773 Warrants

Your Board – continued

Alan Kemp, *Director*

Current Employment: Self-employed

Relevant 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. He is now an independent financial consultant

Length of service: Served on the Board since 16 May 1996

Age: 59

Committee member: Audit and Management Engagement Committee

All other public company directorships: J P Morgan Fleming US Discovery Investment Trust PLC

Employment by the Manager: None

Other connections with Trust or Manager: None

Shared directorships with any other Trust Directors: None

Shareholding in Company: 5,611 Ordinary shares

Hugh Young, *Director*

Current Employment: *Managing Director of Aberdeen Asset Management Asia Limited*

Relevant 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 investment in the Far East

Length of service: Served on the Board since 20 September 1995

Age: 45

Committee member: None

All other public company directorships: Aberdeen New Dawn Investment Trust PLC, Aberdeen New Thai Investment Trust PLC, The London Market Fund plc

Employment by the Manager: Managing Director of Aberdeen Asset Management Asia Limited

Other connections with Trust or Manager: None

Shared directorships with any other Trust Directors: The London Market Fund plc

Shareholding in Company: 20,000 Ordinary shares, 104,000 Warrants

Information about the Manager

The Company's manager is Aberdeen Asset Management Asia Limited ('AAM Asia'), a wholly-owned subsidiary of Aberdeen Asset Management PLC ('AAM'), whose Group companies as at 30 September 2003 managed a combined £20.6 billion of funds of UK institutions, investment trusts, closed-end funds, unit trusts, private clients and offshore funds.

AAM has been listed on the London Stock Exchange since 1991, although its origins go back to an

investment company founded in 1876 to assist Scottish farmers to set up in the Canadian prairies. It has its headquarters in Aberdeen with offices in Fort Lauderdale, Glasgow, Hong Kong, Inverness, Jersey, London, Luxembourg, Singapore and Sydney.

The Group now has 36 investment trusts and other closed-end funds 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.

Highlights

Financial Highlights	31 July 2003	31 July 2002	% change
Total Assets	£51,739,000	£42,815,000	20.8
Total Equity Shareholder's funds (Net Assets)	£46,345,000	£37,938,000	22.2
Share price (mid market)	146.50p	114.00p	28.5
Net Asset Value per Ordinary share (undiluted)	173.22p	141.80p	22.2
Net Asset Value per Ordinary share (diluted)	158.04p	133.13p	18.7
Earnings per Ordinary share (undiluted)	3.12p	2.67p	16.9
Dividends per Ordinary share	3.10p	2.65p	17.0
Actual gearing	110	112	(2.2)
Potential gearing	112	113	(1.1)
Discount to Net Asset Value on Ordinary shares	15.4%	19.6%	

Operating Highlights

- In the twelve months to 31 July 2003 the Company's net asset value rose by 22.2% against a rise in the MSCI AC Asia Pacific Free ex Japan (currency adjusted) Index of 11.03%. The share price rose 28.5% and we are proposing a dividend increase of 17% to 3.10p.
- During the year the Company was awarded 1st place over one and five years in the UK Investment Trusts Far East ex Japan sector by Standard & Poor's.

Performance (total return)	1 year % return	3 years % return	5 years % return
Share price	31.73	52.56	270.67
Net Asset Value (diluted) per Ordinary share	21.25	34.21	197.86
MSCI AC Asia Pacific Free ex Japan (currency adjusted).	11.03	(15.54)	40.91

Dividend Growth	Dividend and earnings	2003	2002
	Dividend per Ordinary share	3.10p	2.65p
	Return per Ordinary share	3.12p	2.67p
	Dividend cover	1.01	1.01
	Revenue reserves	£260,000	£255,000
	Operating Costs		
	Total Expense Ratio	1.38%	1.42%

Dividend	Rate	xd date	Record date	Payment date
Proposed final 2003	3.10p	29 October 2003	31 October 2003	1 December 2003
Total dividend 2002	2.65p	16 October 2002	18 October 2002	29 November 2002

Share Price Total Return/NAV Total Return relative to MSCI AC Asia Pacific ex Japan (currency adjusted) invex Total Return

Five years to 31 July 2003

Discount to Fully Diluted Net Asset Value %

Five years to 31 July 2003

Source: Aberdeen Asset Managers Limited/Fundamental Data.

Historic Financial Record

Year to 31 July 2003	1996	1997	1998	1999	2000	2001	2002	2003
Total revenue ('000)*	1,361	1,194	801	869	1,334	1,673	1,946	2,338
Per ordinary share								
Net earnings (pence)	1.57	1.01	0.11	0.26	1.12	1.84	2.67	3.12
Net dividends paid (pence)	1.20	0.70	0.11	0.26	1.22	2.00	2.65	3.10**
Net asset value								
Undiluted (pence)	101.96	112.34	56.06	96.52	129.46	118.83	141.80	173.22
Diluted (pence)	101.64	110.28	n/a	n/a	123.85	114.93	113.13	158.04
Equity Shareholders funds (£'000)	35,687	39,319	19,620	33,782	38,520	31,791	37,938	46,345

*The total revenue figure for 1999 has been restated in line with FRS 16 'Current Tax'. No restatement was required for 1996 to 1998 as no franked income was received.

**Proposed dividend.

Earnings per share (p)

Net dividends per share (p)

**Net asset value per share
(undiluted) (p)**

Indexed Total Return Performance

Five years to 31 July 2003

(figures rebased to 100 at 31 July 1998)

	1999	2000	2001	2002	2003
Net asset value (diluted)	173.9	221.9	208.1	245.7	297.9
MSCI AC Asia Pacific Free ex Japan Index (currency adjusted)	159.4	166.8	131.5	126.9	140.9

Chairman's Statement

Results and Dividend

I am delighted to report that during this financial year and against an uncertain global economic backdrop, the Company's net asset value ("NAV") increased by 22.2% and the share price by 28.5%. This compares to a rise of 11.0% in the MSCI AC Asia Pacific Free ex-Japan Index.

During the year, the Company was awarded 1st place over one and five years in the UK Investment Trusts Far East ex Japan sector by Standard and Poor's.

This excellent result underlines the investment approach of your Managers which is to invest in companies that are well managed, have good growth prospects and strong balance sheets. Despite the substantial increase in the NAV over the past year, the quality of the portfolio has not declined. The Managers estimate that the current portfolio is on a prospective price earnings ratio of just over 11.5 times based upon 2004 estimated earnings and a dividend yield of 4.0%. The balance sheets of the underlying companies in which we invest are strong - in aggregate they have no debt and are in a net cash position.

Your Board is pleased to recommend the payment of a final dividend of 3.1p payable on 1 December 2003 to Ordinary Shareholders on the register on 31 October 2003, which is an increase of 17.0% against 2002.

Directorate

I would like to take this opportunity to welcome Miss Haruko Fukuda OBE to the Board following her appointment in January 2003. Miss Fukuda brings a wealth of international experience to the Board, which complements the skills of the existing Directors. *She will be standing for re-election at the forthcoming Annual General Meeting.*

It is with great regret that we have recently learned of the death of Mr Elstob after a long illness. His

experience and wise counsel will be greatly missed by everyone concerned with the management of this Company.

Gearing

Over the last few years the Company has judiciously used gearing to enhance investment performance. This is reviewed on a regular basis by the Board who, on the advice of the Manager, are responsible for setting gearing levels. At 31 July 2003, gearing stood at 11.6% of the NAV of the Company.

Outlook

Our confidence in the future for Asian markets rests mostly on factors internal to Asia and on the attractive valuations of Asian stocks. The area is insulated from the slow recovery in the major economies of North America and Europe by the fact that it has large domestic markets and a higher proportion of savings which can be directed towards consumption. Company profitability and retained earnings are improving with excess cash being prudently used to pay higher dividends and fund share buy-backs. Higher standards of corporate governance and greater disclosure are becoming more prevalent. With these and other general more positive factors in the region, your Board is confident that the current year should result in further good performance.

Annual General Meeting

The Board looks forward to meeting Shareholders at the Annual General Meeting to be held on 27 November 2003 at 12.30p.m.

Nigel Cayzer
Chairman
29 October 2003



Summary of Investment Changes during the Year

	Valuation 31 July 2002		Transactions £'000	Appreciation (depreciation) £'000	Valuation 31 July 2003	
	£'000	%			£'000	£'000
Hong Kong	6,849	16.0	1,431	99	8,379	16.2
Singapore	8,545	19.9	(1,208)	62	7,399	14.2
Thailand	4,966	11.6	(315)	2,082	6,733	13.0
Indonesia	5,826	13.6	(1,027)	850	5,649	10.9
South Korea	2,288	5.3	2,429	903	5,620	10.9
India	3,705	8.7	349	1,490	5,544	10.7
Sri Lanka	2,564	6.0	36	1,892	4,492	8.7
Malaysia	3,211	7.5	(669)	(50)	2,492	4.8
Other Asia	1,772	4.1		488	2,260	4.4
Philippines	2,200	5.1	(216)	160	2,144	4.1
Pakistan	420	1.0	411	436	1,267	2.4
Australia	713	1.7	(715)	2	--	--
Taiwan	478	1.1	(404)	(74)	--	--
Total investments	43,537	101.6	102	8,340	51,979	100.3
Other net liabilities	(687)	(1.6)	(98)	--	(240)	(0.3)
Total assets	42,850	100.0	4	8,340	51,739	100.0

Investment Portfolio – Twenty Largest Investments

Company	Sector	Country	Valuation £'000	Total assets %
Robinson & Co. Singaporean retailer which has the Marks and Spencer franchise for Singapore and Malaysia.	Multi-line Retail	Singapore	2,362	4.6
Rowe Evans Investments Indonesian palm oil company with property interests in Malaysia.	Paper & Forest Products	Other Asia	2,260	4.4
Bank NISP The country's fourth largest bank, focused mainly on lending to small and medium enterprises.	Commercial Banks	Indonesia	1,773	3.4
Regional Container Lines Trans-shipment operator covering ports across Asia. The company's best routes are in North Asia, India and Australia.	Transportation Infrastructure	Thailand	1,348	2.6
Dynaplast Plastic container and packaging company with facilities in Thailand and Indonesia. The company's products are mainly used in the food, cosmetic, pharmaceutical, motor oil and chemical industries.	Industrial Conglomerates	Indonesia	1,342	2.6
Caltex Lubricants The company has a dominant share of the local lubricants market. Majority shareholder is Caltex, which owns a 51% stake. Used to be part of Ceylon Petroleum Corp (CPC) before it was privatised in 1994.	Oil & Gas	Sri Lanka	1,303	2.5
Hana Microelectronics An electronics company engaged in IC packaging, printed circuit board assembly, and microdisplays.	Electronic Equipment & Instruments	Thailand	1,284	2.5
Hung Hing Printing The company supplies printing services for packaging and books, in addition to paper trading and paper manufacturing.	Containers & Packaging	Hong Kong	1,272	2.5
Orix Leasing Japanese leasing giant's joint venture in Pakistan whose products are auto and equipment/machinery loans. Pakistan remains the core market, with exploratory activities in Oman, Egypt, UAE & Saudi Arabia.	Diversified Financial Services	Pakistan	1,267	2.4
Hong Leong Singapore Finance Singapore's largest finance company with a network of 28 branches.	Diversified Financial Services	Singapore	1,263	2.4
Top ten investments			15,474	29.9

Investment Portfolio – Twenty Largest Investments – continued

Company	Sector	Country	Valuation £'000	Total assets %
Café De Coral Hong Kong fast-food chain with over 100 outlets, with a growing business supplying meals to schools and hospitals.	Hotels, Restaurants and Leisure	Hong Kong	1,254	2.4
Eastern Water Resources The company provides water to provinces in the eastern seaboard of Thailand, as well as consultancy services for clear water production and distribution.	Water Utilities	Thailand	1,241	2.4
Aeon Credit Services The company provides consumer credit finance services in Hong Kong, including the issuance of credit cards and personal loan financing. Majority shareholder is Aeon Credit Services of Japan.	Diversified Financial Services	Hong Kong	1,178	2.3
Grasim Industries Flagship company of India's Birla group, the company has two main business – cement and viscose staple fibre – with other divisions being sponge iron and textiles.	Industrial Conglomerates	India	1,102	2.1
Kooksoondang Brewery Leading traditional rice wine maker in South Korea. Majority family-owned, the company enjoys a steady business with opportunities for growth.	Beverages	Korea	1,099	2.1
Goodyear Subsidiary of US multinational company and the third largest tyre manufacturer in Thailand behind Bridgestone and Michelin.	Auto Components	Thailand	1,072	2.1
Kingmaker Footwear Contract shoe manufacturer with factories in China and Vietnam. The company is a major manufacturer for brands such as Timberland and Clarks.	Textiles, Apparels & Luxury Goods	Hong Kong	1,052	2.0
Aventis Pharmaceuticals The company was created in 1999 through the merger of Hoechst and Rhone-Poulenc and is the listed Indian subsidiary of the MNC. Strong parent backing, good products and focused marketing strategy.	Pharmaceuticals	India	1,044	2.0
Courts The largest retailer of furniture and electrical appliances in Singapore, the company primarily caters to low and middle income groups, and has a large hire purchase business. Majority shareholder is Courts of the UK.	Household Durables	Singapore	1,041	2.0
Marco Polo Development Property developer, the company is part of Hong Kong's Wheelock group.	Real Estate	Singapore	1,027	2.0
Top twenty investments			26,584	51.3

Investment Portfolio – Other Investments

Company	Sector	Country	Valuation £'000	Total assets %
Shinsegae Food System	Food & Staples Retailing	Korea	1,024	2.0
Giordano International	Speciality Retail	Hong Kong	1,022	2.0
Multi Bintang Indonesia	Beverages	Indonesia	994	1.9
Malaysian Oxygen	Chemicals	Malaysia	987	1.9
Distilleries	Beverages	Sri Lanka	964	1.9
Credit Rating Information Service	Diversified Financial Services	India	950	1.8
Hong Kong & Shanghai Hotel	Hotels, Restaurants and Leisure	Hong Kong	942	1.8
Godrej Consumer Products	Household Products	India	923	1.8
Cheil Communications	Media	Korea	911	1.8
Bukit Sembawang Estates	Real Estate	Singapore	899	1.7
Hana Tour Service	Hotels, Restaurants and Leisure	Korea	886	1.7
Korean Reinsurance	Insurance	Korea	886	1.7
Aeon Stores Hong Kong	Multi-line Retail	Hong Kong	881	1.7
LPI Capital	Insurance	Malaysia	853	1.6
BAT Indonesia	Tobacco	Indonesia	849	1.6
ICI India	Chemicals	India	838	1.6
Lotte Confectionery	Food Products	Korea	814	1.6
Singapore Food Industries	Food & Staples Retailing	Singapore	807	1.6
Keells (J.)	Industrial Conglomerates	Sri Lanka	786	1.5
Asian Terminals	Transportation Infrastructure	Philippines	780	1.5
City E-Solutions	Commercial Services & Supplies	Hong Kong	778	1.5
Mustika Ratu	Personal Products	Indonesia	691	1.3
Thai Reinsurance	Insurance	Thailand	688	1.3
ICICI	Commercial Banks	India	687	1.3
Jollibee Foods	Hotels, Restaurants and Leisure	Philippines	664	1.3
Sime UEP Properties	Real Estate	Malaysia	652	1.3
Phatra Insurance	Insurance	Thailand	632	1.2
Ginebra San Miguel	Beverages	Philippines	613	1.2
Commercial Bank of Ceylon	Commercial Banks	Sri Lanka	595	1.2
DFCC Bank	Commercial Banks	Sri Lanka	536	1.0
Haad Thip	Beverages	Thailand	468	0.9
National Development Bank	Commercial Banks	Sri Lanka	308	0.6
Cebu Holdings	Real Estate	Philippines	87	0.2
Total fixed asset investments (53 holdings)			51,979	100.3
Net current liabilities and provision for liabilities and charges*			(240)	(0.3)
Total assets			51,739	100.0

* Excluding loan of £2.596m

The Investment Process

Philosophy and Style

The Manager's investment philosophy and process is very akin to that of Warren Buffett. 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.

Asset Allocation and Stock Selection

AAM Asia, is based in Singapore. Founded in 1992, the office is run by Hugh Young and Peter Hames, the founding managing and investment directors, respectively. They oversee a team of eight portfolio

managers who act as generalists, cross-covering the region. In addition, AAM has an office in Sydney, Australia and a joint venture in Bangkok, Thailand, that report to Singapore.

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 benchmark relative terms, asset – including sector – allocation constitutes a significant constraint on stock selection. Hence diversification provides our main control. Individual stocks are limited to 7% of the portfolio, with a minimum of 30 stocks in total.

AAM'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, and not as a predictive tool.

The Investment Team

Hugh Young, Managing Director, BA in Politics from Exeter University, 22 years' investment experience. In charge of AAM Asia's Far East funds since 1985. Aged 45.

Peter Hames, Investment Director, BSc in Economics & Accountancy from Bristol University, 15 years' investment experience. Joined the Group in 1989. Aged 42.

Devan Kaloo, Investment Manager, MA (Hons) from St Andrews University, Postgraduate degree in Investment Analysis, Stirling University. Worked with Martin Currie in Edinburgh for five years before joining Murray Johnstone in July 2000 and AAM Asias in November 2000. Aged 31.

Andrew Gillan, Assistant Investment Manager, MA Joint Honours in French and European History from University of Edinburgh. Joined Aberdeen in September 2000 and subsequently transferred to the AAM Asia team in Singapore in Nov 2001. Aged 26.

Flavia Cheong, Investment Manager, Masters in Economics from University of Auckland. Previously with Investment Company of the People's Republic of China and Development Bank of Singapore. Seven years' investment experience. Joined AAM Asia in August 1996. Aged 36.

Christopher Wong, Investment Manager, BA in Accounting and Finance, Heriot Watt University, Edinburgh. Joined Aberdeen in December 2001 from Andersen Corporate Finance; transferred from private equity to equity desk in August 2002. Aged 31.

The Investment Manager's Report

Review of Stockmarkets

The year under review began on a positive note as a regional rally, led by the bigger, more liquid markets such as Korea and Taiwan, helped sentiment. However, Southeast Asia, including Indonesia and Thailand then became the frontrunners with investors focusing on those economies benefiting from rising domestic demand. Only Hong Kong, with a fixed exchange rate, and structural deflation, failed to participate.

After this, markets relapsed on the back of external uncertainties and geopolitical concerns, with the Bali bomb blast an ugly warning. Tech stocks staged a short-lived rally, though this appeared opportunistic, being driven by hoped-for seasonal demand that did not materialise. Indeed, with global economic data continuing to deteriorate, Asian markets generally followed a sluggish Wall Street. Risk aversion reached a peak early in 2003 ahead of the Iraq invasion.

By the second quarter of 2003, global markets had embarked on a strong, liquidity-driven rally, underpinned by rising consumer sentiment and the belief that the door to economic recovery had been finally opened. Asia lagged behind due to the outbreak of SARS, with Hong Kong, China and Singapore most directly affected by travel bans.

Lately, this deficit has been more than addressed, the main triggers being an influx of foreign institutional money, a revitalised consumer and the release of pent-up demand.

Portfolio Review

Overall the portfolio has done extremely well during the year, outperforming the broad indices which have a bias to larger capitalisation stocks. This is a reflection of the recognition of the value within our smaller stock universe, which trades at a discount in terms of valuation to its larger peers and which also, certainly as far as our stocks are concerned, boasts a stronger balance sheet. At the same time we have also benefited from a resurgence of interest in some of the peripheral stock markets, notably Pakistan, Sri Lanka and Thailand.

The number of shares we hold in **Robinson**, the Singapore based retailer, was unchanged over the year and it remains our largest holding. The share price

rose over 15% during that period and it paid a dividend of over 5%. The company has weathered a tough retail environment and the effects of SARS well and is positioned to grow its underlying retail earnings. At the same time it has been paying back increased dividends to its shareholders from its surplus cash reserves. We have been vocal in our call for more to be returned to Shareholders and indeed, since the end of our financial year, the Company has announced a full scale capital restructuring which will result in a substantial cash distribution.

The one holding we sold within our top 20 over the year was **Informatics**, an international training company, where we felt increasingly uncomfortable with its ability to handle acquisitions, primarily in the United Kingdom. In a similar vein, i.e. exiting holdings where for one reason or another we felt uncomfortable, we sold **Carlsberg Malaysia** as it tied up with a Thai whisky tycoon where we felt there was an increased possibility of disadvantageous transfer pricing. Other sales were **Standard Foods** in Taiwan, which had diverted a chunk of its balance sheet from its original lucrative food business into technology investments; **Post Publishing**, Thailand's leading English language newspaper, where we felt there was little clear sense of direction; **China Hong Kong Photo Products**, the **Fuji Photo Film** distributor whose business is being squeezed and **SHL**, a small holding we had in the Malaysian property sector, preferring to concentrate on our higher quality holding in **Sime UEP** in the same sector.

Fortunately other outright sales during the period were due to more auspicious circumstances. We sold **BRL Hardy**, the Australian wine producer, at a substantial premium to purchase price. **Otis Elevator of India** was taken over by its U.S. parent, whilst we received the balance of our monies from the winding up of **Harimau**, a regional closed end fund which we had bought on roughly a 50% discount to its net asset value. **Comfort Group**, the Singapore taxi company, was also the subject of a merger and we took the opportunity to sell our holding at a substantial profit.

We made five new investments during the year. Two we referred to at the time of last year's annual report, one being **Godrej** in India, a producer of toiletries, the other **Korea Reinsurance**, the country's leading

insurer, to both of which we have added.

We added a further two new holdings in Korea, **Kook Soon Dang Brewery**, the maker of a local rice wine, and **Shinsegae Food Systems**, a leading prepared foods supplier. We also invested in **Hong Kong and Shanghai Hotels**, the owner of Hong Kong's prestigious Peninsula Hotel, where the share price stands at a substantial discount to underlying net asset value.

Performance Attribution Analysis

For the twelve months ended 31 July 2003 the total return performance of the Company before expenses and management fees was 28.9%. This represented a 17.9 outperformance of the MSCI AC Asia Pacific Free ex Japan Index (currency adjusted). Of this outperformance 8.6% was due to allocation and currency movement, whilst 9.3% was due to stock selection.

The Net Asset Value, with net income reinvested, for the 12 months ending July 31, 2003 rose 25.4% compared with a 10.9% return by the MSCI AC Asia Pacific Free ex-Japan index.

Our returns are all ultimately driven by stock

selection. Therefore, although asset allocation returns during the period under review were strong due to our overweight positions in the Indian sub-continent and Thailand, this is simply due to that fact that these countries offered good value companies of sufficiently high quality. Taiwan's stock market outperformed and we were underweight, hence it detracted from performance. Our reasons for not having more in Taiwanese companies was, and remains, our lack of comfort with the valuations and most of the business models of the technology stocks which constitute the greater part of the Taiwanese stock market.

Stock selection returns also proved strong, with positive contributions in Thailand, Korea and Singapore. In China and Hong Kong, stock selection proved crucial to our outperformance although we were broadly neutral in terms of market weighting. In Australia, we continued to pare back our weighting since, whilst there are plenty of quality companies, valuations appear stretched, especially compared to those of companies elsewhere in the region. This gain was mitigated by a sharp rebound in the Australian dollar.

Portfolio Sector Analysis against MSCI AC Asia Pacific Free ex Japan Index (currency adjusted)

This analysis is included to show Shareholders in which economic sectors investment is based for Aberdeen Asian Smaller Companies and for the comparative index.

Economic Sector Biases	Aberdeen Asian Smaller Companies %	MSCI AC Asia Pacific Free ex Japan Index (currency adjusted) %	Difference %
Consumer Discretionary	27.98	10.22	17.76
Consumer Staples	20.16	5.16	15.01
Energy	2.51	3.35	-0.84
Financials	26.22	33.32	-7.10
Health Care	2.01	1.28	0.73
Industrials	7.73	9.34	-1.62
Information Technology	2.47	14.59	-12.12
Materials	8.54	11.27	-2.73
Telecommunication Services	0.00	7.08	-7.08
Utilities	2.39	4.39	-2.00
Total	100.00	100.00	0.00

Market Outlook and Future Strategy Overview

Asian smaller companies have performed well. By definition this makes them less cheap than they were, but valuations at current levels do not give us undue cause for concern. On our estimates, at the time of writing, the portfolio stands on a prospective price/earnings multiple for calendar 2004 of 11.5.

Importantly the underlying investments boast strong balance sheets. Our companies are in fact, in aggregate, in a net cash position. This should enable them to at least maintain, if not grow, their dividends and, based on historic dividends, our portfolio yields 4% at current prices. This has given us confidence to add an element of gearing to our own portfolio.

We do not pretend to be great economic forecasters. We feel we make money by analysing the fundamentals of each company rather than an overall economy. Suffice it to say that Asia as a whole should continue to enjoy above average growth rates which creates a favourable, albeit no less competitive, environment for the stocks in our portfolio.

Looking ahead, there is little change that we are currently contemplating, save taking a little money off the table in our Sri Lankan holdings which have performed exceptionally well. Providing the peace process holds, we still think that earnings growth in Sri Lanka could be exceptionally strong but the stock prices have already risen sharply; frankly it would be prudent to take some profits.

We are seeing new companies all the time and will consider them closely for the portfolio. Assuming stock price moves are not extreme, however, our ideal would be to report back in a year's time that again there has been little change in our holdings, and companies to be in a stronger position. We might not change our investments much but we are extremely active in monitoring them and looking for new ones.

Hugh Young

29 October 2003

Sector/Geographical Analysis

As at 31 July 2003

Sector Breakdown

Geographical Breakdown

Currency/Market Performance

Twelve months to 31 July 2003

Currency Returns (£)

MSCI Country Index Total Returns (£)

Your Company's History

Issued share capital

26,754,100	Ordinary shares of 25p
6,999,400	Warrants to subscribe at 100p

Capital history

19 October 1995	35,000,000 Ordinary shares of 25p each placed at 100p with 7,000,000 Warrants attaching, each conferring the right to subscribe for one Ordinary share of 25p at 100p.
21 December 1998	600 Ordinary shares issued following the exercise of Warrants.
27 January 2000	3,500,000 Ordinary shares purchased for cancellation at 95p per share.
22 February 2000	1,746,500 Ordinary shares purchased for cancellation at 105p per share.
5 June 2001	500,000 Ordinary shares purchased for cancellation at 90.25p.
31 July 2001	2,500,000 Ordinary shares purchased for cancellation at 91.5p.

Warrants

The Company has 6,999,400 Warrants in issue. The Warrants confer the right to subscribe for one Ordinary share of 25p at 100p on 30 November in any of the years 2003 to 2010 inclusive or, if later, the date in any such year thirty days after the date on which copies of the audited accounts of the Company for its then immediately preceding financial year are dispatched to shareholders.

Aberdeen Asian Smaller Companies Investment Trust PLC

Directors' Report & Financial Statements

Year ended 31 July 2003

Directors' Report

Review of the business

A review of the Company's activities is given in the Chairman's Statement on page 9 and the Investment Manager's Report on pages 15 to 17.

Dividends

A final dividend of 3.10p per share, which will absorb £829,000 has been proposed and if approved will be payable on 1 December 2003 to those Shareholders entered on the register of members on 31 October 2003. The payment of the dividend will leave a surplus of £5,000 to be transferred to reserves.

Principal activity

The business of the Company is that of an investment trust investing in Asia.

Status

The Company is an investment company as defined by Section 266 of the Companies Act 1985, and a member of the Association of Investment Trust Companies ("AITC").

The Company has been approved by the Inland Revenue as an approved investment trust company for the purposes of Section 842 of the ICTA 1988 for the year ended 31 July 2002. The Directors are of the opinion, under advice, that the Company has conducted its affairs for the year ended 31 July 2003 so as to be able to continue to obtain approval as an investment trust.

Following changes in legislation, the Company's shares qualify as an eligible security in a PEP, provided that the investment is funded from proceeds raised from the sale of an existing PEP holding. 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 and it is the Directors' intention that the Company should continue to be a qualifying trust.

The Board

Details of the current Directors of the Company are shown on pages 2 to 4.

The Articles of Association provide that the Directors shall not remain in office for longer than three years without submitting themselves for re-election. Accordingly, Mr Cayzer shall retire and offers himself for re-election at the forthcoming Annual General Meeting.

Miss Haruko Fukuda was appointed as a Director of the Company on 30 January 2003 and will offer herself for re-appointment at the Annual General Meeting, being the first since her appointment as a Director.

The Board currently consists of six non-executive Directors, the majority of whom are independent of the Company's Investment Manager, with the Chairman fulfilling the role of senior independent non-executive Director. Given the size and composition of the Board it is not felt necessary to separate the roles of Chairman and senior independent non-executive Director. From their biographies on pages 2 to 4 it will be seen that the Board has a breadth of experience relevant to the Company.

The Board meets regularly and between these formal meetings there is regular contact with the Investment Manager. The Directors also have access to the Company Secretary and, where necessary in the furtherance of their duties, to independent professional advice at the expense of the Company.

The Board as a whole fulfils the function of a Nomination Committee which meets when necessary to select and propose suitable candidates for appointment.

No Director has a service contract with the Company.

The Directors' interests in contractual arrangements with the Company are as shown in note 19 to the financial statements. Subject to these exceptions no other Directors were interested in contracts with the Company during the period or subsequently.

At 31 July 2003 Mr Elstob had a non-beneficial interest in 104,000 Ordinary shares (2002 – 104,000 Ordinary shares).

The Directors at the year end and their beneficial interests in the Company's Ordinary shares both at 31 July 2003 and at 1 August 2002 were as follows:

	31 July 2003 Ordinary shares	1 August 2002* Ordinary shares
N K Cayzer	–	–
E C Elstob	30,000	30,000
H Fukuda	–	–
M J Gilbert	66,233	66,233
A S Kemp	5,611	5,477
H Young	20,000	20,000

*or subsequent date of appointment.

Corporate Governance

The Board has in place a framework for corporate governance which it believes is suitable for an investment trust. The Board considers that the Company has complied with the provisions contained in Section 1 of the Principles of Good Governance and Code of Best Practice ("the Combined Code"), prepared by the Committee on Corporate Governance published in June 1998, throughout this accounting period, except for the provision in respect of appointing a senior independent director which is referred to below. The following statement describes how the relevant principles of governance are applied to the Company.

Management and Administration

Subject to the direction of the Board the management of the investment portfolio and the administration of the Company has been delegated to AAM and its subsidiaries pursuant to the Management Agreement. Custody and settlement services are undertaken by State Street Bank and Trust Company, a subsidiary of State Street Corporation. The Board has delegated the exercise of voting rights attaching to the Company's investments to the Investment Manager. All other matters are reserved for the approval of the Board.

Separate Audit and Management Engagement Committees have been established, with Mr Cayzer acting as Chairman. Each committee consists of Directors independent of the Investment Manager. The Audit Committee examines the effectiveness of the Company's internal controls system and receives information from the Investment Manager's internal audit and compliance departments and has direct access to the auditors, Ernst & Young LLP. The Committee reviews all announcements of the Company and the Interim and Annual Reports prior to sign off. The Management Engagement Committee keeps under review the terms of the investment management and related agreements.

Internal Controls

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. Following publication of 'Internal Control: Guidance for Directors' on the Combined Code (the Turnbull 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, and is regularly reviewed by the Board. 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 the 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 for the year under review and up to the date of this Report are outlined below:

- The Investment Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its investment performance;
- The Board and Investment 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. The Investment Manager's evaluation procedure and financial analysis of the companies concerned include detailed appraisal and due diligence;
- As a matter of course the compliance department of AAM continually reviews the Investment Manager's operations;
 - Written agreements are in place which specifically define the roles and responsibilities of the Investment Manager and other third party service providers;
 - The Board has considered the need for an internal audit function, but because of the internal control system in place at the Investment Manager, has decided to place reliance on the Investment Manager's systems and internal audit procedures; and
 - At its September 2003 Board meeting, the Board carried out an annual assessment of internal controls for the year ended 31 July 2003 by considering documentation from the Investment Manager, including its internal audit and compliance functions and taking account of events since 31 July 2003.

The 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 misstatement and loss.

Financial Statements

The Directors' responsibilities regarding the financial statements are set out on page 26. The Directors acknowledge that their responsibility to present a balanced and understandable assessment extends to interim and other price sensitive public reports and reports to regulators as well as to information required to be presented by statutory requirements.

Relations with Shareholders

The Investment Manager maintains a regular dialogue with institutional Shareholders, the feedback from which is reported to the Board. In addition, Board members and representatives of the Investment Manager are available to answer Shareholders' questions at the Annual General Meeting of the Company.

The Secretaries are available to answer general Shareholder queries at any time.

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.

Special Business at the Annual General Meeting

Under resolution 7 it is proposed that, in line with common practice, the Directors be authorised to allot up to £334,426 of relevant securities in the Company (equivalent to 1,337,704 Ordinary shares of 25p, representing approximately 5% of the Company's issued share capital) without further reference to the Company in general meeting for a period ending at the conclusion of the Annual General Meeting in 2004.

Under section 89(1) of the Companies Act 1985, where it is proposed to issue equity securities (which includes Ordinary shares, Warrants and convertible debt securities) for cash they must first be offered to existing Shareholders in proportion to their holdings. In some circumstances it is beneficial to allot such securities for cash without first offering them in this way. The Directors will therefore propose a special resolution (resolution 8) at the Annual General Meeting which, if passed, will allow them to allot equity securities for cash up to an aggregate nominal value of £334,426 as if section 89(1) did not apply. This authority will lapse (unless renewed) at the conclusion of the Annual General Meeting in 2004. Ordinary shares would not be issued at a price less than net asset value.

Under resolution 9, which is a special resolution, it is proposed that the general authority for the Company to buy back up to 14.99% of its Ordinary shares, approved by Shareholders and Warranholders on 19 November 2002 be renewed at the Annual General Meeting for an amount up to 4,010,439 of its Ordinary shares for a further 12 months unless renewed before that time. The share buy back proposal requires the approval of Warranholders. A notice convening the Warranholders' meeting to be held on 27 November 2003 immediately following the conclusion of the Annual General Meeting has been despatched to Warranholders together with a copy of these Accounts.

Under resolution 10, which is also a special resolution, an amendment to the Articles of Association is proposed, following the appointment of an additional Director, to raise the maximum limit of £60,000 per annum in aggregate in respect of fees payable to Directors be increased to £120,000 per annum.

Auditors

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

Going Concern

After making enquiries and given the nature of the Company and its investments, the Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the accounts.

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 27 October 2003, being the nearest practicable date prior to the signing of this Report.

Shareholder	Number of Ordinary shares held	% Held
Funds managed by Aberdeen Asset Managers Limited	4,939,733	18.46
Funds managed by M&G Investment Management Limited	3,162,000	11.82
Funds managed by Laing & Cruickshank Investment Management Limited	1,510,590	5.65
Rio Tinto Pensions	1,500,000	5.61
Bank of England Pensions	1,200,000	4.49
Aberdeen Asset Managers Savings Scheme (non-beneficial)	1,279,664	4.78
Devon County Council	1,050,000	3.92
Reliance Mutual	1,000,000	3.74

One Bow Churchyard
London EC4M 9HH
29 October 2003

By order of the Board

Aberdeen Asset Management PLC
Secretaries

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the total return for that period. In preparing those financial statements, the Directors are required to:

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

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

Directors' Remuneration Report

This Report is prepared in accordance with Schedule 7A of the Companies Act 1985, which applies to the Company for the first time this year. As the Board of Directors is comprised solely of non-executive Directors, it is exempt under the Listing Rules from appointing a Remuneration Committee. The determination of the Directors' fees is a matter dealt with by the whole Board.

The Company's Articles of Association currently limit the aggregate fees payable to the Board of Directors to a total of £60,000 per annum. A resolution to increase this limit to £120,000 will be proposed at the forthcoming Annual General Meeting. 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.

No element of the Directors' remuneration is performance related.

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

None of the Directors have a service contract with the Company.

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 19 to the financial statements. Subject to these exceptions, no other Directors were interested in 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.

Total Shareholder return

The chart shown below illustrates the total Shareholder return for a holding in the Company's shares as compared to the MSCI AC Asia Pacific ex Japan Index for the five year to period 31 July 2003. The Company considers this to be the most appropriate index against which to measure the Company's performance.

Source: Aberdeen Asset Managers Limited/Fundamental Data

Directors' Remuneration Report - continued

Directors' Emoluments (audited information)

The Directors who served in the year received the following emoluments in the form of fees:

Director	2003	2002
	£	£
N K Cayzer*	15,000	15,000
E C Elstob	11,250	11,250
H Fukuda	5,625	—
M J Gilbert	5,263	11,250
A S Kemp	11,250	11,250
H Young	11,250	11,250
	59,938	60,000

*Appointed Chairman 28 September 1995.

Sums Paid to Third Parties (audited information)

Of the fees disclosed above, £37,438 (2002 – £37,500) was payable to third parties in respect of making available the services of Directors, these fees were assigned to Nigel Cayzer Consultancy Services (NK Cayzer), Aberdeen Asset Management PLC (M J Gilbert, H Young) and H Fukuda.

29 October 2003

By order of the Board

Aberdeen Asset Management PLC
Secretaries

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

We have audited the Company's financial statements for the year ended 31 July 2003 which comprise the Statement of Total Return, Balance Sheet, Cash Flow Statement and the related notes 1 to 20. These financial statements have been prepared on the basis of the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report, including the financial statements which are required to be prepared in accordance with applicable United Kingdom law and Accounting Standards as set out in the Statement of Directors' Responsibilities in relation to the financial statements.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding Directors' remuneration and transactions with the Company is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited

financial statements. This other information comprises the Corporate Summary, Your Board, Information about the Manager, Highlights, Historic Financial Record, Chairman's Statement, Summary of Investment Changes during the Year, The Investment Process, The Investment Manager's Report, Performance and Portfolio Analysis, Sector/Geographic Analysis, Currency/Market Performance, Your Company's History, Directors' Report, unaudited part of the Directors' Remuneration Report, Statement of Directors' Responsibilities, Shareholder Information, Marketing Strategy, Information about the Manager's Investment Services, Notice of Meeting and Capital Structure. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

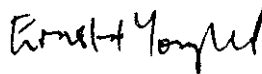
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Company as at 31 July 2003 and of its revenue for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.



29 October 2003

Ernst & Young LLP
Registered Auditor
London

Statement of Total Return

	Notes	Year ended 31 July 2003			Year ended 31 July 2002		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	9	–	8,340	8,340	–	6,037	6,037
Income	2	2,338	–	2,338	1,946	–	1,946
Investment management fee	3	(454)	–	(454)	(447)	–	(447)
Other expenses	4	(331)	–	(331)	(321)	–	(321)
Exchange gains		–	62	62	–	105	105
Net return before finance costs and taxation		1,553	8,402	9,955	1,178	6,142	7,320
Interest payable and similar charges	5	(248)	–	(248)	(122)	–	(122)
Return on ordinary activities before taxation		1,305	8,402	9,707	1,056	6,142	7,198
Taxation on ordinary activities	6	(471)	–	(471)	(342)	–	(342)
Return on ordinary activities after taxation		834	8,402	9,236	714	6,142	6,856
Dividends in respect of equity shares	7	(829)	–	(829)	(709)	–	(709)
Transfer to reserves	15	5	8,402	8,407	5	6,142	6,147
Return per Ordinary share (pence):	8						
Basic		3.12	31.40	34.52	2.67	22.96	25.63
Fully-diluted		3.02	30.40	33.42	2.65	22.78	25.43

The revenue column of this statement represents the revenue account of the Company.
The accompanying notes are an integral part of the financial statements.
All revenue and capital items in the above statement derive from continuing operations.

Balance Sheet

	Notes	As at 31 July 2003 £'000	As at 31 July 2002 £'000
Fixed assets			
Investments	9	51,979	43,537
Current assets			
Debtors	10	232	223
Cash at bank and in hand		795	175
		1,027	398
Creditors: amounts falling due within one year	11	(3,812)	(3,085)
Net current liabilities		(2,785)	(2,687)
Total assets less current liabilities		49,194	40,850
Creditors: amounts falling due after more than one year			
Bank loan	12	(2,798)	(2,877)
		46,396	37,973
Provisions for liabilities and charges	13	(51)	(35)
Net assets		46,345	37,938
Share capital and reserves			
Called-up share capital	14	6,689	6,689
Capital redemption reserve	15	2,062	2,062
Special reserve	15	14,990	14,990
Other capital reserves:			
Warrant reserve	15	2,275	2,275
Capital reserve - realised	15	11,453	10,586
Capital reserve - unrealised	15	8,616	1,081
Revenue reserve	15	260	255
Equity Shareholders' funds		46,345	37,938
Net asset value per Ordinary share (pence):			
Basic	16	173.22	141.80
Fully-diluted		158.04	133.13

The financial statements were approved by the Board of Directors on 29 October 2003 and were signed on its behalf by:

Nigel Cayzer
Chairman



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

Cash Flow Statement

	Notes	Year ended 31 July 2003		Year ended 31 July 2002	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	17		1,218		887
Servicing of finance					
Bank and loan interest paid		(248)		(82)	
Net cash outflow from servicing of finance			(248)		(82)
Taxation					
Net taxation paid			(106)		(71)
Financial investment					
Purchases of investments		(7,388)		(15,980)	
Sales of investments		7,274		10,177	
Net cash outflow from financial investment			(114)		(5,803)
Equity dividends paid			(709)		(535)
Net cash inflow/(outflow) before financing			41		(5,604)
Financing					
Drawdown of loans		602		5,062	
Net cash inflow from financing			602		5,062
Increase in cash	18		643		(542)
Reconciliation of net cash flow to movements in net debt					
Increase/(decrease) in cash as above			643		(542)
Cash inflow from drawdown of loans			(602)		(5,062)
Exchange movements			62		105
Movement in net funds/(debt) in the year			103		(5,499)
Opening net (debt)/funds			(4,702)		797
Closing net debt	18		(4,599)		(4,702)

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

Notes to the Financial Statements

For the year ended 31 July 2003

1. Accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention as modified to include the revaluation of investments, and in accordance with applicable Accounting Standards and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies".

(b) Valuation of investments

Quoted investments are valued at middle market prices. Where trading in the securities of an investee company is suspended the investment is valued at the Board's estimate of its net realisable value. Realised surpluses or deficits on the disposal of investments and permanent impairments in the value of investments are taken to capital reserve-realised, and unrealised surpluses and deficits on the revaluation of investments are taken to reserve-unrealised as explained in note 1(f) below.

(c) Income

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

(d) Expenses

All expenses are accounted for on an accruals basis. Expenses including management fees and finance charges are charged 100% through the revenue account except as follows:

- expenses which are incidental to the acquisition of an investment are included within the cost of the investment;
- expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.

(e) Taxation

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

Deferred tax

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

(f) Capital reserves

Capital reserve – realised

The following are accounted for in this reserve:

- gains and losses on the realisation of investments;
- realised exchange differences of a capital nature;
- realised gains and losses on transactions undertaken to hedge an exposure of a capital nature.

Capital reserve – unrealised

The following are accounted for in this reserve:

- increases and decreases in the valuation of investments held at the year-end;
- unrealised exchange differences of a capital nature;
- unrealised gains and losses on transactions undertaken to hedge an exposure of a capital nature.

(g) Foreign currency

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

Notes to the Financial Statements - continued

	2003	2002
	£'000	£'000
2. Income		
<i>Income from investments</i>		
UK dividend income	80	71
Overseas dividends	2,246	1,860
	<u>2,326</u>	<u>1,931</u>
<i>Other income</i>		
Deposit interest	12	15
Total income	<u>2,338</u>	<u>1,946</u>

	2003			2002		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
3. Investment management fee						
<i>Investment management fee</i>	454	–	454	447	–	447

The Company has an agreement with 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 £79,000 (2002 – £74,000).

	2003	2002
	£'000	£'000
4. Other expenses		
Administration fees	60	59
Directors' fees	60	60
Share Plan marketing contribution	29	18
Auditors' remuneration		
~ audit	20	15
~ for other services	19	3
Custodian charges	73	82
Other expenses	70	84
	<u>331</u>	<u>321</u>

The Company has an agreement with AAM for the provision of administration services. The administration fee is payable quarterly in advance and was based on an annual amount of £60,000 (2002 – £59,000) and there was £15,000 prepaid (2002 – £14,000 payable) to AAM 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 fees paid and payable under the agreement was £29,000 (2002 – £18,000) and the net amount prepaid to AAM at the year end was £4,000 (2002 – £6,000 payable).

The emoluments of the highest paid Director, being the Chairman, amounted to £15,000 (2002 – £15,000).

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

The Company does not have any employees other than the Directors.

	2003			2002		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
5. Interest payable and similar charges						
On bank loans and overdrafts	248	-	248	122	-	122

	2003			2002		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
6. (a) Tax on ordinary activities						
Corporation tax	351	-	351	224	-	224
Deferred taxation	16	-	16	9	-	9
Overseas taxation	263	-	263	263	-	263
Relief for overseas taxation	(179)	-	(179)	(137)	-	(137)
Prior year under/(over) provision	20	-	20	(17)	-	(17)
	471	-	471	342	-	342

(b) Factors affecting tax charge for year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 30% (2002 - 30%). The differences are explained below:

	2003 £'000	2002 £'000
Net revenue on ordinary activities before taxation	1,305	1,056
Net revenue on ordinary activities multiplied by the standard rate of corporation tax	392	317
Effects of:		
Non-taxable UK investment income	(24)	(21)
Deferred tax movement	2	(2)
Withholding tax on dividend income accrued	26	(29)
Tax relief on Malaysian and Singapore withholding tax	(33)	(27)
Withholding tax	84	125
Disallowable expenses	10	10
Marginal relief	(6)	(14)
Prior year under/(over) provision	20	(17)
Current tax charge	471	342

(c) Factors that may affect future tax charges

The Company has no surplus unused expenses which it is able to carry forward against future profits.

	2003			2002		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
7. Dividends and other appropriations						
Dividends on equity shares:						
- final 3.10p per share (2002 - 2.65p)	829	-	829	709	-	709

Notes to the Financial Statements - continued

8. Return per Ordinary share	2003			2002		
	Revenue	Capital	Total	Revenue	Capital	Total
<i>Basic</i>						
Net revenue on Ordinary activities after taxation (£'000)	834	8,402	9,236	714	6,142	6,856
Weighted average shares in issue	26,754,100	26,754,100	26,754,100	26,754,100	26,754,100	26,754,100
Basic return per Ordinary share (p)	3.12	31.40	34.52	2.67	22.96	25.63
<i>Diluted</i>						
Number of dilutive shares	888,522	888,522	888,522	207,822	207,822	207,822
Diluted shares in issue	27,642,622	27,642,622	27,642,622	26,961,922	26,961,922	26,961,922
Diluted return per Ordinary share (p)	3.02	30.40	33.42	2.65	22.78	25.43

The basic revenue return per Ordinary share is based on net revenue on ordinary activities after taxation of £834,000 (2002 – £714,000) and on 26,754,100 (2002 – 26,754,100) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

The basic capital return per Ordinary share is based on net capital gains for the year of £8,402,000 (2002 – £6,142,000) and on 26,754,100 (2002 – 26,754,100) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

The calculation of the fully diluted revenue and capital returns per Ordinary share are carried out in accordance with Financial Reporting Standard No. 14, "Earnings per Share". For the purposes of calculating diluted revenue and capital returns per Ordinary share, the number of Ordinary shares is the weighted average used in the basic calculation plus the number of Ordinary shares deemed to be issued for no consideration on exercise of all Warrants by reference to the average share price of the Ordinary shares during the year. The calculations indicate that the exercise of Warrants would result in an increase in the weighted average number of Ordinary shares of 888,522 (2002 – 207,822) to 27,642,622 (2002 – 26,961,922) Ordinary shares.

	2003		2002
	£'000		£'000
9. Investments			
Investments listed on a recognised investment exchange	51,979		43,537
	Listed	Listed	Total
	UK	Overseas	
	£'000	£'000	£'000
Book cost at 1 August 2002	1,184	41,272	42,456
Opening unrealised appreciation	588	493	1,081
Valuation at 1 August 2002	1,772	41,765	43,537
Movements in the year:			
Purchases at cost	–	7,376	7,376
Sales – proceeds	–	(7,274)	(7,274)
– realised gains	–	805	805
Amounts recognised as unrealised in previous years	–	(995)	(995)
Increase in unrealised appreciation	487	8,043	8,530
Valuation at 31 July 2003	2,259	49,720	51,979
Book cost at 31 July 2003	1,184	42,179	43,363
Unrealised appreciation at 31 July 2003	1,075	7,541	8,616
	2,259	49,720	51,979
Realised gains on sales	–	805	805
Amounts recognised as unrealised in previous years	–	(995)	(995)
Increase in unrealised appreciation	487	8,043	8,530
	487	7,853	8,340
	2003		2002
	£'000		£'000
10. Debtors: amounts falling due within one year			
Other debtors	5		5
Prepayments and accrued income	227		218
	232		223
	2003		2002
	£'000		£'000
11. Creditors: amounts falling due within one year			
Amounts due to brokers	41		53
Other creditors	173		236
Bank loans	2,596		2,000
Corporation tax payable	173		87
Proposed dividend	829		709
	3,812		3,085

At the year end the Company had drawn down £2,000,000 and US\$957,600 from Allied Irish Bank at a rate of 4.83238%, repayable 28 August 2003, and 2.3017%, repayable 18 August 2003, respectively. Subsequently these sums were rolled over for a further period, and are currently repayable on 20 November 2003, and at a rate of 4.84925% and 2.3217%. On 8 August 2003 the Company drew down a further US\$807,250 currently repayable on 20 November 2003 at a rate of 2.3217%.

Notes to the Financial Statements - continued

	2003	2002
12. Creditors: amounts falling due after more than one year	£'000	£'000
Bank loan	2,798	2,877

The Company has a HK\$35 million term loan facility with Standard Jardine Fleming Bank, repayable in June 2005. To date drawdown has been made in two tranches, comprising HK\$20 million at a fixed rate of 6.00% for two years and Singapore \$3.4 million at a fixed rate of 4.15% for two years.

	Deferred taxation on accrued income	
	2003	2002
13. Provision for liabilities and charges	£'000	£'000
At 1 August	35	26
Movement in year	16	9
At 31 July	51	35

	2003		2002	
	Authorised	Issued and fully paid	Authorised	Issued and fully paid
	£'000	£'000	£'000	£'000
14. Called up share capital				
Ordinary shares of 25p each	10,500	6,689	10,500	6,689

At 31 July 2003 there were 26,754,100 (2002 – 26,754,100) Ordinary shares in issue.

At 31 July 2003 there were 6,999,400 (2002 – 6,999,400) Warrants in issue. Each Warrant entitles a holder to subscribe for one Ordinary share of 25p at a price of 100p. Further details of exercise rights are included on page 20.

	Redemption reserve	Special reserve	Warrant reserve	Capital reserve – realised	Capital reserve – unrealised	Revenue reserve
	£'000	£'000	£'000	£'000	£'000	£'000
15. Reserves						
At 1 August 2002	2,062	14,990	2,275	10,586	1,081	255
Exchange gains	–	–	–	62	–	–
Transfer on disposal of assets	–	–	–	995	(995)	–
Net loss on realisation of investments	–	–	–	(190)	–	–
Increase in unrealised appreciation	–	–	–	–	8,530	–
Retained revenue for the year	–	–	–	–	–	5
At 31 July 2003	2,062	14,990	2,275	11,453	8,616	260

16. Net asset value per share

The net asset value per share and the net asset values attributable to equity Shareholders at the year end calculated in accordance with the Articles of Association were as follows:

	Net asset value per share attributable		Net asset values attributable	
	2003	2002	2003	2002
	p	p	£'000	£'000
Basic	173.22	141.80	46,345	37,938
Fully-diluted	158.04	133.13		

The movements during the year of the assets attributable to Ordinary shares were as follows:-

	2003	2002
	£'000	£'000
Total net assets attributable at 1 August	37,938	31,791
Total recognised gains for the year	9,236	6,856
Dividends appropriated in the year	(829)	(709)
Total net assets attributable at 31 July	46,345	37,938

The basic net asset value per Ordinary share is based on net assets, and on 26,754,100 (2002 – 26,754,100) Ordinary shares, being the number of Ordinary shares in issue at the year end.

The fully-diluted net asset value per Ordinary share has been calculated on the assumption that 6,999,400 (2002 – 6,999,400) Warrants in issue were exercised on the first day of the financial year at 100p per share, giving an average of 33,753,500 (2002 – 33,753,500) Ordinary shares.

17. Reconciliation of net revenue on ordinary activities	2003	2002
before tax to net cash inflow from operating activities	£'000	£'000
Net revenue before finance costs and taxation	1,553	1,178
Increase in accrued income	(9)	(92)
Increase in debtors	—	(4)
(Decrease)/increase in creditors	(63)	67
Overseas withholding tax suffered	(263)	(262)
Net cash inflow from operating activities	1,218	887

	1 August	Cash flow	Exchange	31 July
	2002	£'000	movements	2003
18. Analysis of changes in net debt	£'000	£'000	£'000	£'000
Net cash:				
Cash at bank and (overdrafts)	175	643	(23)	795
Debt:				
Debt falling due within one year	(2,000)	(602)	6	(2,596)
Debt falling due after more than one year	(2,877)	—	79	(2,798)
	(4,702)	41	62	(4,599)

19. Related party transactions

Mr M J Gilbert is a director of Aberdeen Asset Management PLC ("Aberdeen") and its subsidiary Aberdeen Asset Managers Limited ("AAM"). During the year, Mr H Young resigned as a director of Aberdeen, but remains a director of its subsidiary 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.

20. Fund risk profile

Financial Instruments

The Group's financial instruments comprise equity investments and warrants, cash balances and borrowings. As an investment trust the Company holds a portfolio of financial assets in pursuit of its investment objective. The Company makes use of borrowings to achieve improved performance in rising markets. The risk of borrowings may be reduced by raising the level of cash balances or fixed interest investments held.

Fair value

Investments held (see note 9) are valued at middle market prices which equate to their fair values. The Directors are of the opinion that the financial assets and liabilities of the Company are stated at fair value in the balance sheet with the exception of the long term bank loans. The fair value of these loans is stated in the table below. Short term debtors and creditors are excluded from disclosure as allowed by FRS 13, other than for currency disclosures.

	2003		2002	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Fair value - financial liabilities				
Bank loan - SG\$ 3,400,000, repayable 5 June 2005	1,203	1,191	1,235	1,183
Bank loan - HK\$ 20,000,000, repayable 5 June 2005	1,595	1,587	1,642	1,594
	2,798	2,778	2,877	2,777

Market price risk

The management of market price risk is part of the fund management process and is typical of equity investment. The portfolio is managed with an awareness of the effects of adverse price movements through detailed and continuing analysis with the objective of maximising overall returns to Shareholders. Further information on the investment portfolio is set out on pages 11 to 13. The Company has not used derivatives to date as part of its investment strategy but reserves the right to do so in the future.

Interest rate risk

Financial assets

The Company has financial assets in the form of bank balances held. These balances are mainly held at floating rates of interest, the average at the year-end being 0.47% (2002 - 3.45%).

Financial liabilities

The Company finances its operations through its term loans. The Company has borrowed in Sterling, Hong Kong Dollars and Singapore Dollars at fixed rates of interest. The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis.

The interest rate profile of the Company's financial assets and liabilities (including loans but excluding short term debtors and creditors) at 31 July 2003 and 31 July 2002 was as follows:

Type	Total (as per Balance sheet)		Floating Rate		Financial assets on which no interest is paid		Weighted average interest rate*		
	£'000		£'000		£'000		%		
	2003	2002	2003	2002	2003	2002	2003	2002	
Assets									
Equities	51,979	43,537	-	-	51,979	43,537	-	-	
Cash at bank – Sterling	197	175	197	175	-	-	0.43	3.45	
Cash at bank – US Dollar	598	-	598	-	-	-	0.04	-	
Total Assets	52,774	43,712	795	175	51,979	43,537	-	-	

Type	Total (as per Balance sheet)		Fixed Rate		Floating Rate		Weighted average interest rate*		Period for which interest rate is fixed	
	£'000		£'000		£'000		%		Years	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Liabilities										
Bank loan – Sterling	(2,000)	(2,000)	-	-	(2,000)	(2,000)	1.79	1.89	-	-
Bank loan – Hong Kong Dollars	(1,595)	(1,642)	(1,595)	(1,642)	-	-	1.77	2.02	1.85	2.85
Bank loan – Singapore Dollars	(1,203)	(1,235)	(1,203)	(1,235)	-	-	0.93	1.05	1.85	2.85
Bank loan – US Dollars	(596)	-	-	-	(596)	-	0.25	-	-	-
Total liabilities	(5,394)	(4,877)	(2,877)	(2,877)	(2,596)	(2,000)	-	-	-	-

Maturity analysis: **

Payable on demand within one year	(2,596)	(2,000)	-	-	(2,596)	(2,000)				
Payable in one to two years	(2,798)	-	(2,798)	-	-	-				
Payable in two to five years	-	(2,877)	-	(2,877)	-	-				

*The 'Weighted average interest rate' is based on the current yield of each asset, weighted by its market value. This excludes all equities and stocks where payments have been suspended.

** The maturity dates of the Company's loans are shown in notes 11 and 12 to the financial statements.

Notes to the Financial Statements - continued

Foreign currency risk

The Company's total return and net assets can be significantly affected by currency translation movements as the majority of the Company's assets and revenue are denominated in currencies other than Sterling, which is the Company's functional currency. It is not the Company's policy to hedge this risk but it reserves the right to do so in the future.

Foreign currency exposure by currency of denomination:

Country	Current		Total	Current		Total
	Investments £'000	assets/ (liabilities)* £'000	currency exposure £'000	Investments £'000	assets/ (liabilities) £'000	currency exposure £'000
	2003	2003	2003	2002	2002	2002
Australia	-	-	-	713	-	713
Hong Kong	8,380	(1,603)	6,777	6,850	-	6,850
India	5,543	114	5,657	3,705	-	3,705
Indonesia	5,648	57	5,705	5,825	-	5,825
Malaysia	2,492	-	2,492	3,212	-	3,212
Pakistan	1,267	-	1,267	420	-	420
Philippines	2,144	-	2,144	2,199	-	2,199
Singapore	7,399	(1,212)	6,187	8,546	-	8,546
South Korea	5,621	9	5,630	2,288	-	2,288
Sri Lanka	4,493	-	4,493	2,564	-	2,564
Taiwan	-	-	-	243	-	243
Thailand	6,733	-	6,733	4,965	-	4,965
USA	-	2	2	235	-	235
	49,720	(2,633)	47,087	41,765	-	41,765

* Including bank loans.

Liquidity risk

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 use of overdraft facilities. At the year end, with the exception of the bank loans the Company had no net bank borrowings.

Marketing Strategy

Aberdeen Asian Smaller Companies Investment Trust PLC contributes to the marketing programme run by AAM 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 on a calendar year basis, amounted to £29,000 (plus VAT) for the year ended 31 July 2003.

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. AAM's experience has also shown that well-targeted marketing of the Company's investment merits through packaged products, whether singly, or in conjunction with other trusts run by AAM, can be a cost-effective way of gaining new investors.

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.

Group schemes

AAM runs a group Share Plan, PEP and ISA. These schemes allow investment free of dealing costs and with only nominal exit charges, and have proved popular with private investors.

Direct response advertising

AAM advertises the packaged product availability of the Trust over the past few years in selected surveys in national broadsheets as well as the specialist financial press.

Direct mail

Periodic mail shots of information packs inviting named addressees to respond is a low-cost method of building awareness and investor databases. Target groups include existing holders of other AAM investment trusts as well as known buyers of investment trusts.

Newsletter

The 'Bulletin' newsletter, an informed commentary on markets and investment trusts managed by AAM is distributed free of charge twice a year, and shortly, quarterly.

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 Head of Investor Relations for Investment Trusts, 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 a link to TrustNet, which allows web users to access real time information on the Company's share price performance, yield, as well as historical data. The site is continuously being evaluated for improvement. The site is <http://www.aberdeen-asset.com>. Aberdeen Asian Smaller Companies Investment Trust PLC also has its own dedicated website. The site is www.asian-smaller.co.uk

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 Marketing Programme. The Head of Investor Relations for Investment Trusts 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's Customer Services Department (direct private investors) on 0500 00 00 40 or our Broker Desk on 0800 592 487 (Institutions and IFAs). Alternatively, internet users may e-mail AAM at inv.trusts@aberdeen-asset.com or write to 10 Queen's Terrace, Aberdeen AB10 1YG.

How to Invest in Aberdeen Asian Smaller Companies Investment Trust PLC

Aberdeen Investment Trust Share Plan

AAM runs a Share Plan (the "Plan") which covers a number of investment companies under its management including Aberdeen Asian Smaller Companies Investment Trust PLC. 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 £250 per trust, while regular savers may invest from just £50 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.

Aberdeen Investment Trust Individual Savings Account
The Aberdeen Investment Trust ISA (the "ISA") has been available from 6 April 1999. It aims to generate income and/or capital growth within a tax efficient environment. Investors can hold up to three components within an ISA: stocks and shares (including Investment Trusts), cash and life insurance. AAM offers both a Mini and Maxi stocks and shares ISA, but does not offer the cash or life insurance components.

Maxi ISA

The Maxi ISA offers a wide range of AAM managed or

advised Investment Companies. The Maxi ISA does not have a cash or life insurance component. An investment of up to £7,000 can be made in the tax year 2003/2004.

Mini ISA

AAM offers a Mini ISA which will enable investors to invest up to £3,000 in the Aberdeen Investment Trusts in the tax year 2003/2004.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £15 + VAT. The annual ISA management charge is 0.5% + VAT, calculated monthly and deducted from income half yearly. Under current legislation, trusts can grow free of income or capital gains tax. In the case of dividends from equity assets held within an ISA or a PEP, a 10% tax credit will be reclaimed until April 2004, when the tax credit will be abolished.

Trust Information

If investors would like details of any trust managed by AAM, or information on the Share Plan or ISA please telephone 0500 00 00 40 or write to Aberdeen Asset Managers Limited, 10 Queen's Terrace, Aberdeen AB10 1YG or e-mail at inv.trusts@aberdeen-asset.com. Details are also available by accessing the internet on the following page: <http://www.aberdeen-asset.com>

Glossary of Terms and Definitions

Actual Gearing	Total Assets (as above) less all cash and fixed interest assets (excluding convertibles) divided by shareholders' funds.
Asset Cover	The value of a company's net assets available to repay a certain security. Asset cover is usually expressed as a multiple and calculated by dividing the net assets available by the amount required to repay the specific security.
Discount	The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.
Dividend Yield	The annual dividend expressed as a percentage of the share price.
Dividend Cover	Earnings per share divided by Dividends per share expressed as a ratio.
Net Asset Value	The value of total assets less liabilities. Liabilities for this purpose included current and long-term liabilities. To calculate the net asset value per ordinary or capital share, the current repayment values of all the other classes of share are treated as liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.
Potential Gearing	Total Assets including all debt being used for investment purposes divided by shareholders' funds.
Premium	The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.
Price/Earnings Ratio	The ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stock market's view of a company's prospects and profit growth potential.
Prior Charges	The name given all borrowings including debentures, loan and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.
Redemption Yield	The measure of the annualised total return on the current price of a security up to the date of its repayment. The calculation is based on aggregated income and capital returns, no account being taken of taxation.
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 up. The NAV Total Return involves investing the same net dividend in the NAV of the trust on the date to which that dividend was earned, eg quarter end, half year or year end date.
Winding-up Date	The date specified in the Articles of Association for winding-up a company.

Notice of Meeting

Notice is hereby given that the eighth Annual General Meeting of Aberdeen Asian Smaller Companies Investment Trust PLC will be held at One Bow Churchyard, Cheapside, London EC4M 9HH, at 12.30pm on 27 November 2003 for the following purposes:

To consider and if thought fit, pass the following Resolutions of which Resolutions 1 – 7 will be proposed as Ordinary Resolutions and Resolutions 8, 9 and 10 as Special Resolutions:

Ordinary Business

1. To receive the Directors' report and financial statements for the year ended 31 July 2003, together with the auditors' report thereon.
2. To approve the payment of a final dividend.
3. To re-elect Mr Cayzer as a Director.
4. To re-appoint Miss Fukuda as a Director.
5. To re-appoint Ernst & Young LLP as auditors and to authorise the Directors to determine their remuneration.
6. To receive the Directors' Remuneration Report.

Special Business

7. THAT with effect from the time of the passing of this resolution the Directors be generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985) up to an aggregate amount of £334,426 representing approximately 5 per cent. of the present issued share capital during the period expiring at the conclusion of the next Annual General Meeting of the Company in 2004, but so that this authority shall allow the Company and its Directors to make offers or agreements before such expiry and the Directors may do so as if such expiry had not occurred.
8. THAT subject to the passing of resolution number 7 set out above, the Directors be and are hereby empowered, pursuant to Section 95(1) of the Companies Act 1985, to allot equity securities (within the meaning of Section 94(2) of the said Act) for cash pursuant to the authority conferred by resolution number 7 as if Section 89(1) of the said Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities:
 - (a) (otherwise than pursuant to sub-paragraph (b) below) which are, or are to be wholly paid up in cash, at the price of not less than the net asset value per share at allotment, as determined by the Directors, up to an aggregate nominal value of £334,426; and
 - (b) in connection with issues by way of rights in favour of all holders of Ordinary shares where the equity securities respectively attributable to the interests of all such holders are either proportionate (as nearly as may be) to the respective number of Ordinary shares held by them on the record date of such allotment or otherwise allotted in accordance with the right conferred on such equity securities (but subject in either case to such exclusions or other arrangements or legal problems under the laws of or requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever) at a price of not less than the net asset value per share at allotment, as determined by the Directors;and shall expire at the conclusion of the Annual General Meeting of the Company in 2004, 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.
9. THAT the Company is, pursuant to Section 166 of the Companies Act 1985, hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163 of the Companies Act 1985) of Ordinary shares of 25p each in the capital of the Company ("Ordinary shares") provided that:
 - 1) the maximum number of Ordinary shares hereby authorised to be purchased is 4,010,439 Ordinary shares being 14.99 per cent. of the issued share capital at the date of the passing of the resolution;
 - 2) the minimum price which may be paid for Ordinary shares is 25p per Ordinary share;

- 3) the maximum price which may be paid for an Ordinary share is an amount equal to 105 per cent of the average of the middle market quotations for an Ordinary share derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary share is contracted to be purchased;
 - 4) the Company may make a contract to purchase Ordinary shares under the authority hereby conferred prior to the expiry of such authority which contract to purchase would or might require to be executed wholly or partly after the expiry of such authority, and may make the purchase of Ordinary shares in pursuance of any such contract; and
 - 5) the authority hereby conferred shall expire on the day of the Annual General Meeting to be held in 2004.
10. THAT, the Articles of Association of the Company be amended ("Article 84 Directors' Remuneration") to raise the current aggregate maximum limit in respect of fees payable to Directors from £60,000 per annum to £120,000 per annum.

One Bow Churchyard, Cheapside,
London EC4M 9HH
29 October 2003

By order of the Board

Aberdeen Asset Management PLC
Secretaries

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. A form of proxy is enclosed.
2. Instruments of proxy and the 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 Registrars, Aberdeen Asian Smaller Companies Investment Trust PLC, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZR, so as to arrive not less than forty eight hours before the time fixed for the meeting.
3. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, to have the right to attend and vote at the meeting referred to above a member must first have his or her name entered in the Company's register of members by not later than forty eight hours before the time fixed for the meeting (or in the event that the meeting be adjourned on the register of members forty eight hours before the time of the adjourned meeting). Changes to entries on that register after that time (or, in the event that the meeting is adjourned, on the register of members less than forty eight hours before the time of any adjourned meeting) shall be disregarded in determining the rights of any member to attend and vote at the meeting referred to above.
4. No Director has a service contract with the Company.
5. The Register of Directors' interests is kept by the Company in accordance with Section 325 of the Companies Act 1985 and will be open for inspection at the meeting.

Corporate Information

Directors

Nigel Cayzer, Chairman
Eric Elstob
Haruko Fukuda (appointed 30 January 2003)
Martin Gilbert
Alan Kemp
Hugh Young

Alternate Directors

Radhika Ajmera (alternate for Martin Gilbert)
Peter Hames (alternate for Hugh Young)

Manager

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

Secretaries & Registered Office

Aberdeen Asset Management PLC
One Bow Churchyard, Cheapside,
London EC4M 9HH
Registration Number: 2377879

Registrars

Lloyds TSB Registrars Scotland
PO Box 28448
Finance House
Orchard Brae
Edinburgh EH4 1WQ
Shareholder Helpline: 0870 601 5366
(Calls charged at National Call Rate)

Bankers

Bank of Scotland
Corporate Banking (Scotland)
38 Albyn Place
Aberdeen AB10 1ZS

Standard Jardine Fleming Bank
Cannon Bridge House
25 Dowgate Hill
London EC4R 2SB

Allied Irish Bank
12 Old Jewry
London EC2R 8DP

Solicitors

The City Law Partnership
99 Charterhouse Street
London EC1M 6NQ

Stockbrokers

Teather & Greenwood Limited
Beaufort House
15 St Botolphs Street
London EC3A 7QR

Auditors

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

Website

www.asian-smaller.co.uk

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Regulated by The Monetary Authority of Singapore

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Authorised and regulated by the Financial Services Authority
Members of the Aberdeen Asset Management Group of Companies