Aberdeen Asian Income Fund Limited

Annual Report and Accounts

31 December 2013

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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, banker, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser.

If you have sold or otherwise transferred all your Ordinary Shares in Aberdeen Asian Income Fund Limited, please forward this document, together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Strategic Report – Company Summary and Financial Highlights

The Company

Aberdeen Asian Income Fund Limited (the "Company") is a Jersey-incorporated, closed-end investment company and its Ordinary shares of No Par Value ("Ordinary Shares") are listed on the London Stock Exchange. The Company is a member of the Association of Investment Companies.

Investment Objective

The investment objective of the Company is to provide investors with a total return primarily through investing in Asian Pacific securities, including those with an above average yield. Within its overall investment objective, the Company aims to grow its dividends over time.

Manager

The investment management of the Company has been delegated by Aberdeen Private Wealth Management Limited (the "Manager") to Aberdeen Asset Management Asia Limited ("AAM Asia" or the "Investment Manager"). AAM Asia is based in Singapore and is a wholly-owned subsidiary, and the Asia Pacific headquarters, of Aberdeen Asset Management PLC (the "Aberdeen Group"), a publicly-quoted company on the London Stock Exchange.

Website

Up-to-date information can be found on the Company's website www.asian-income.co.uk.

Financial Highlights

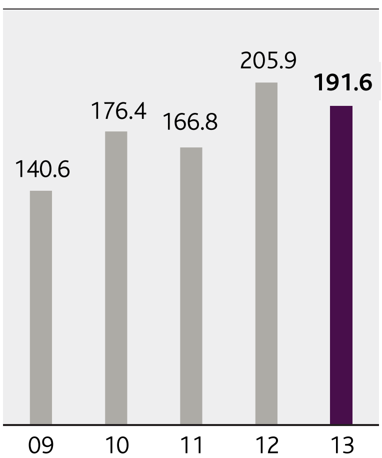
	2013	2012
Ordinary share price total return[A]	–9.2%	+37.3%
Net asset value total return[AB]	–2.6%	+28.5%
MSCI AC Asia Pacific ex Japan Index (currency adjusted)[A]	+1.7%	+17.2%
Earnings per Ordinary share – basic (revenue)	8.23p	8.31p
Dividends per Ordinary share	7.90p	7.15p
Ongoing charges	1.24%	1.27%

[A] 1 year return

[B] Return for 2012 was based on the diluted net asset value.

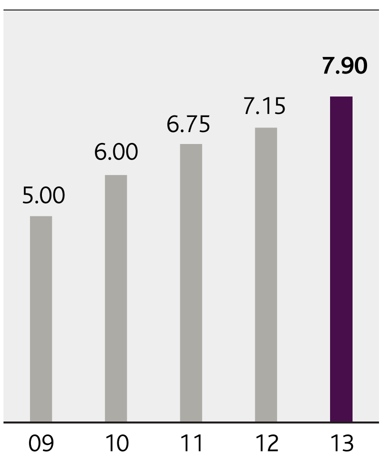
Diluted net asset value per share

At 31 December – pence



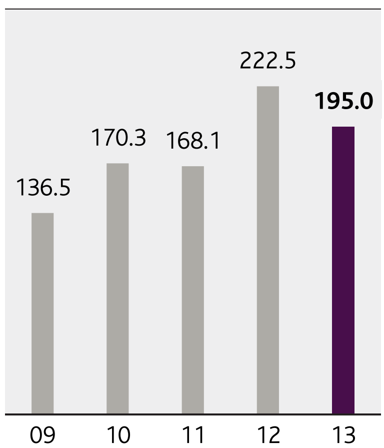
Dividends per share

pence



Mid-market price per share

At 31 December – pence



Strategic Report – Overview of Strategy

Introduction

The Company aims to attract long term private and institutional investors wanting to benefit from the growth prospects of Asian companies including those with above average yields.

The business of the Company is that of an investment company and the Directors do not envisage any change in this activity in the foreseeable future. The Company's overall objective and key results are shown on page 1. A review of the Company's activities is given in the Chairman's Statement on pages 8 and 9 and the Investment Manager's Review on pages 10 and 11. This includes a review of the business of the Company and its principal activities, likely future developments of the business and details of any changes in the issued Ordinary Share capital.

Duration

The Company does not have a fixed life.

MSCI AC Asia Pacific (ex Japan) Index

The Company compares its performance against the currency-adjusted MSCI AC Asia Pacific (ex Japan) Index. The Company's portfolio is constructed without reference to any stockmarket index. It is likely, therefore, that there will be periods when the Company's performance will be quite unlike that of any index and there can be no assurance that such divergence will be wholly or even primarily to the Company's advantage.

Key Performance Indicators (KPIs)

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. Below are the main KPIs which have been identified by the Board for determining the progress of the Company and a record of these measures is also disclosed on page 12:

- Net Asset Value
- Ordinary Share Price
- Discount/Premium
- Dividends
- Ongoing Charges

Business Model - Investment Policy

The Company primarily invests in the Asia Pacific region through investment in:

- companies listed on stock exchanges in the Asia Pacific region;
- Asian Pacific securities, such as global depositary receipts (GDRs), listed on other international stock exchanges;
- companies listed on other international exchanges that derive significant revenues or profits from the Asia Pacific region; and
- debt issued by governments or companies in the Asia Pacific region or denominated in Asian Pacific currencies.

The Company's investment policy is flexible, enabling it to invest in all types of securities, including equity shares, preference shares, debt, convertible securities, warrants and other equity-related securities.

The Company is free to invest in any particular market segments or any particular countries in the Asia Pacific region.

The Company invests in small, mid and large capitalisation companies. The Company's policy is not to acquire securities that are unquoted or unlisted at the time of investment (with the exception of securities which are about to be listed or traded on a stock exchange). However, the Company may continue to hold securities that cease to be quoted or listed if the Investment Manager considers this to be appropriate.

Typically, the portfolio will comprise 30 to 50 holdings (but without restricting the Company from holding a more or less concentrated portfolio in the future).

The Company will not invest more than 10 per cent., in aggregate, of the value of its Total Assets in other investment trusts or investment companies admitted to the Official List, provided that this restriction does not apply to investments in any such investment trusts or investment companies which themselves have stated investment policies to invest no more than 15 per cent. of their Total Assets in other investment trusts or investment companies admitted to the Official List. In any event, the Company will not invest more than 15 per cent. of its Total Assets in other investment trusts or investment companies admitted to the Official List.

In addition, the Company will not:

- invest, either directly or indirectly, or lend more than 20 per cent. of its Total Assets to any single underlying issuer (including the underlying issuer's subsidiaries or affiliates), provided that this restriction does not apply to cash deposits awaiting investment;
- invest more than 20 per cent. of its Total Assets in other collective investment undertakings (open-ended or closed-ended);
- expose more than 20 per cent. of its Total Assets to the creditworthiness or solvency of any one counterparty (including the counterparty's subsidiaries or affiliates);
- invest in physical commodities;
- enter into derivative transactions for speculative purposes;

- take legal or management control of any of its investee companies; or
- conduct any significant trading activity.

The Company may invest in derivatives, financial instruments, money market instruments and currencies solely for the purpose of efficient portfolio management (i.e. solely for the purpose of reducing, transferring or eliminating investment risk in the Company's investments, including any technique or instrument used to provide protection against exchange and credit risks).

The Investment Manager expects the Company's assets will normally be fully invested. However, during periods in which changes in economic conditions or other factors so warrant, the Company may reduce its exposure to securities and increase its position in cash and money market instruments.

The Board is responsible for determining the gearing strategy for the Company. The Board has restricted the maximum level of gearing to 25 per cent. of net assets although, in normal market conditions, the Company is unlikely to take out gearing in excess of 10 per cent. of net assets. Gearing is used selectively to leverage the Company's portfolio in order to enhance returns where and to the extent this is considered appropriate to do so. Borrowings are short term and particular care is taken to ensure that any bank covenants permit maximum flexibility of investment policy.

The percentage investment and gearing limits set out under this sub-heading "Investment Policy" are only applied at the time of the relevant investment is made or borrowing is incurred.

In the event of any breach of the Company's investment policy, shareholders will be informed of the actions to be taken by the Investment Manager by an announcement issued through a Regulatory Information Service or a notice sent to shareholders at their registered addresses in accordance with the Articles.

The Company may only make material changes to its investment policy (including the level of gearing set by the Board) with the approval of shareholders (in the form of an ordinary resolution). In addition, any changes to the Company's investment objective or policy will require the prior consent of the Jersey Financial Services Commission ("JFSC") to the extent that they materially affect the import of the information previously supplied in connection with its approval under Jersey Funds Law or are contrary to the terms of the Jersey Funds Codes.

Principal Risks and Uncertainties

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

The risks described below are those risks that the Directors considered at the date of this Annual Report to be material but are not the only risks relating to the Company or its Ordinary Shares. If any of the adverse events described below actually occur, the Company's financial condition, performance and prospects and the price of its Ordinary Shares could be materially adversely affected and shareholders may lose all or part of their investment. Additional risks which were not known to the Directors at the date of this Annual Report, or that the Directors considered at the date of this Annual Report to be immaterial, may also have an effect on the Company's financial condition, performance and prospects and the price of the Ordinary Shares.

If shareholders are in any doubt as to the consequences of their acquiring, holding or disposing of Ordinary Shares in the Company or whether an investment in the Company is suitable for them, they should consult their stockbroker, banker, solicitor, accountant or other independent financial adviser authorised under FSMA or, in the case of prospective investors outside the United Kingdom, another appropriately authorised independent financial adviser.

Investment Objective

There is no guarantee that the Company will achieve its investment objective as its ability to do so is largely dependent on:

- market conditions and responses to market conditions that are subject to uncertainties due to possible changes in economic or industry conditions, competition, political and diplomatic events, natural disasters, changes in laws (including taxation and regulation) and other factors beyond the control of either the Company or the Investment Manager; and
- the performance of the Investment Manager in acquiring, managing and disposing of investments for the Company in accordance with the Company's investment policy (and, whilst the Investment Manager applies investment techniques and risk analyses in making investment decisions for the Company, there can be no guarantee that these will produce the desired results).

Ordinary Shares

- The Directors intend to operate an active discount management policy through the use of Ordinary Share buy-backs to seek to maintain the price at which the Ordinary Shares trade relative to their prevailing NAV at a discount of no more than 5 per cent. The making and timing of Ordinary share buy-backs is subject to a number of legal and regulatory restrictions and other factors and remains at the absolute discretion of the Board. Accordingly, there is no guarantee that the Board's discount management policy will achieve its objective or always be, or be capable of being, implemented.

General

- The value of the Ordinary Shares, and the income derived from them (if any), can fluctuate and may go down as well as up. An investment in shares should be regarded, therefore, as medium to long-term in nature and may not be suitable as a short-term investment.
- An investment in Ordinary Shares represents an indirect investment in the securities owned by the Company and attributable to those shares. The value of those securities, like other market investments, may go down as well as up, sometimes rapidly and unpredictably. Changes in the value of the Company's investments will affect the NAV of the Ordinary Shares to which they are attributable. Accordingly, the NAV of an Ordinary Share may go down as well as up, sometimes rapidly and unpredictably, and at any point in time may be worth less than the original investment, even after taking into account dividends paid by the Company in respect of that. As a result, investors in the Ordinary Shares may not be able to realise the full amount of their original investment.
- The price of an Ordinary Share, as well as being affected by its NAV, also takes into account its dividend yield, prevailing interest rates, the interaction of supply and demand for them in the market, market conditions generally and general investor sentiment. As a result, and notwithstanding the existence of powers to buy back Ordinary Shares through the market and the Board's discount management policy, the price of an Ordinary Share may vary considerably from its NAV (representing either a discount or a premium to that NAV) and may fall when the NAV is rising, or vice versa.
- The published price of an Ordinary Share is typically its mid-market price. Due to the potential difference between the mid-market price of an Ordinary Share and the price at which it can be sold, there is no guarantee that the realisable value of an Ordinary Share will reflect its published price.
- The Company does not have a fixed life and shareholders have no right to have their Ordinary Shares repurchased or redeemed by the Company. Accordingly, shareholders wishing to realise their investment in the Company will be required to dispose of their Ordinary Shares through the stockmarket. Market liquidity in the shares of London-listed closed-end investment companies is frequently inferior to the market liquidity in shares issued by larger companies traded on the London Stock Exchange. There can be no guarantee that a liquid market in the Ordinary Shares will exist or be maintained. Accordingly, Ordinary Shareholders may be unable to realise their Ordinary Shares at their published or quoted price.

Dividends

- The Directors have absolute discretion in determining the level of dividends payable by the Company. The Company will only pay dividends on the Ordinary Shares to the extent that it has sufficient financial resources available for that purpose in accordance with Jersey Company Law. The ability of the Company, therefore, to pay dividends in respect of the Ordinary Shares and any future dividend growth will depend primarily on the level of income received from its investments (which may be affected by, amongst others, exchange controls or withholding taxes imposed by jurisdictions in which the Company invests) and the timing of receipt of such income by the Company. Accordingly, there is no guarantee that the Company's dividend objective will continue to be met and the amount of the dividends paid to Ordinary shareholders may fluctuate and may go down as well as up.

Investment Risks

General Market Risks

- Stockmarket movements and changes in economic conditions (including, for example, interest rates, foreign exchange rates and rates of inflation), changes in industry conditions, competition, political and diplomatic events, natural disasters, changes in laws (including taxation and regulation), investors' perceptions and other factors beyond the control of either the Company or the Investment Manager can substantially and either adversely or favourably affect the value of the securities in which the Company invests and, therefore, the Company's financial condition, performance and prospects.
- There can be no guarantee that any realisation of an investment will be on a basis which necessarily reflects the Company's valuation of that investment for the purposes of calculating the NAV of an Ordinary Share and the sale of any investment at a price below the Company's valuation of that investment will result in a diminution of the relevant NAV.

Emerging Market Risks

Investment in certain emerging securities markets of the Asia Pacific region may involve a greater degree of risk than that usually associated with investment in more developed securities markets. In particular, in certain countries in which the Company invests:

- liquidity and settlement risks may be greater;
- accounting standards may not provide the same degree of transparency or consistency of valuation;
- national policies may restrict the investment opportunities available to foreign investors, including restrictions on

investing in issuers or industries deemed sensitive to relevant national interests;
- the fiscal and monetary systems remain relatively undeveloped and this may affect the stability of the economic and financial markets of these countries;
- substantial limitations may exist with respect to the Company's ability to repatriate investment income, capital or the proceeds of sales of securities by foreign investors; and
- assets may be subject to increased political and/or regulatory risk.

Debt Securities

- Any debt securities that may be held by the Company will be affected by general changes in interest rates that will in turn result in increases and decreases in the market value of those instruments. When interest rates decline, the value of the Company's investments in fixed rate debt obligations can be expected to rise and, when interest rates rise, the value of those investments may decline.
- Adverse changes in the financial position of an issuer of debt securities or general economic conditions may impair the ability of the issuer to meet interest payments and repayments of principal. Accordingly, debt securities that may be held by the Company will also be subject to the inherent credit or default risks associated with the debt securities and there can be no assurance as to the levels of default and/or recovery that may be experienced by the Company with regard to such securities.
- To the extent that the Company invests in sub-investment grade debt and other securities the Company may realise a higher current yield than the yield offered by investment grade securities, but investment in such securities involves a greater volatility of price and a greater probability of default by the issuers of such securities with consequent loss of interest payments and repayments of principal. Sub-investment grade securities will have, in the judgement of a rating agency, uncertainties or risk exposures to adverse conditions, and are speculative with respect to an issuer's capacity to meet interest payments and repay principal in accordance with the terms of the obligation.

Cash and Cash-equivalent Investments

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

Illiquid Securities

The Company may invest in securities that are not readily tradable or may accumulate investment positions that represent a significant multiple of the normal trading volumes of an investment, which may make it difficult for the Company to sell its investments and may lead to volatility in the price of the Ordinary Shares. Investors should not expect that the Company will necessarily be able to realise, within a period which they would otherwise regard as reasonable, its investments and any such realisations that may be achieved may be at a considerably lower price than prevailing indicative share prices.

Derivatives

- The Company may invest in derivatives for efficient portfolio management purposes. There may not be a price correlation between price movements in the underlying securities, currency or index, on the one hand, and price movements in the investments which are the subject of the derivative, on the other hand, and accordingly, such instruments may not always achieve the intended effect under all or any market conditions. In addition, an active market may not exist for a particular derivative instrument at any particular time.
- The Company will be exposed to credit risk on the counterparties with which it trades in respect of derivative instruments. The Company will seek to transact only with major established counterparties but there can be no guarantee that counterparty defaults will not occur.

General

As the Company's portfolio is constructed without reference to the composition of any stockmarket index or benchmark, there is a risk that the portfolio will underperform by a significant amount certain regional benchmarks, such as the MSCI AC Asia Pacific (ex-Japan) Index, as no attempt is made to track their performance.

Stock Lending

Although it has not done so since its launch, the Company may enter into stock lending contracts which expose the Company to the risk that a counterparty may default in its obligations under such a contract, whether because of a dispute over the terms of the contract or because of a counterparty's liquidation. Such counterparty risk is accentuated for contracts with longer maturities where events may intervene to prevent settlement.

Borrowings

- Pursuant to the level of gearing set by the Board, the Company may borrow up to an amount equal to 25 per cent. of its NAV. Whilst the use of borrowings should generally enhance the total return on the Ordinary Shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the underlying return is falling, further reducing the total return on the Ordinary Shares. Accordingly, the use of borrowings by the Company may increase the volatility of the NAV of the Ordinary Shares, and the price of the Ordinary Shares.

- Interest rate movements may affect the interest payable on any variable rate cash borrowings drawn down by the Company. A significant increase in interest rates could result in a substantial reduction in the Company's revenue profits available to fund dividend payments on the Ordinary Shares.

Foreign Exchange

- The Company accounts for its activities, reports its results and the NAV per Ordinary Share and declares and pays dividends in sterling while its investments are made and realised in other currencies. Where the Company does not hedge its currency exposure, the movement of exchange rates between sterling and the other currencies in which the Company's investments are denominated or its borrowings are drawn down may have a material effect, unfavourable or favourable, on the returns otherwise experienced on the investments made by the Company and may affect the Company's ability to pay dividends. Accordingly, this foreign exchange risk may increase the volatility of the NAV and price of the Ordinary Shares.
- Although the Investment Manager may seek to manage all or part of the Company's foreign exchange exposure, there is no assurance that this can be performed effectively. Where the Company does hedge all or part of its currency exposure, there is no guarantee that such arrangements will be successful in reducing exchange risks and such arrangements may result in the Company incurring additional costs.
- Movements in the foreign exchange rate between sterling and the currency applicable to a particular shareholder may have an impact upon that shareholder's returns in their own currency of account.

Taxation and Exchange Controls

- Any change in the Company's tax status, in tax treaty rates, in taxation legislation, the interpretation of taxation legislation or the tax treatment of dividends, interest or other investment income received by the Company could affect the value of the investments held by the Company, affect the Company's ability to provide returns to shareholders or alter the post-tax returns to shareholders.
- To maintain its non-UK tax resident status, the Company is required to be managed and controlled from outside the United Kingdom. The composition of the Company's Board of Directors, the place of residence of the individual members of the Board and the location in which the Board makes and executes its decisions will be important in determining and maintaining the non-UK tax residence status of the Company. In the event that the Board is regarded by HM Revenue & Customs as having made strategic decisions, or executed important documents, in the United Kingdom, the Company may lose its non-UK tax resident status, which could negatively affect the Company's financial condition, performance and prospects, affect the Company's ability to provide returns to shareholders or alter the post-tax returns to shareholders.
- The Company may purchase investments that may be subject to exchange controls or withholding taxes in various jurisdictions. In the event that exchange controls or withholding taxes are imposed with respect to any of the Company's investments, the effect will generally be to reduce the capital value of the affected investments and the income received by the Company on affected investments.

Accounting Practices and Policies

- Any change in financial reporting standards or accounting practices could affect the reported value of the investments held by the Company, affect the Company's ability to provide returns to shareholders or alter the post-tax returns to shareholders.
- A proportion of the expenses of managing the Company, including the investment management fee and any financing costs, are charged to the Company's capital account. In the absence of capital growth in the Company's assets in excess of the aggregate value of such expenses charged to the capital account, this practice will result in a diminution in the Company's capital account and a corresponding reduction in the NAV per Ordinary Share. However, this practice will also, all other things being equal, result in the short term in an increased amount of net revenue being available for distribution to shareholders.

Reliance on Third-party Service Providers

- The Company has no employees and relies on the performance of third-party service providers to perform its executive functions. In particular, the Company is reliant on the Investment Manager, which has significant discretion as to the implementation of the Company's investment policy. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment without exercising due care and skill could have a material adverse effect on the Company's financial condition, performance and prospects and, accordingly, on returns to shareholders.
- The Company's third party service providers are themselves subject to operational risks, which can arise from inadequate or failed processes, systems or resources or from external factors affecting these. The information technology and other systems of such service providers, or their business processes and procedures on which the Company may depend, may not perform as expected, including recovery from unanticipated disruptions to their business. Any such inadequacies of failures could have a material adverse effect on the Company's financial condition, performance and prospects and, accordingly, on returns to shareholders.
- The termination of the Company's relationship with any third-party service provider (and, in particular, the Manager

or the Investment Manager), or any delay in appointing a replacement for any such service provider, could materially disrupt the Company's business and could have a material adverse effect on the Company's financial condition, performance and prospects and, accordingly, on returns to shareholders.

Potential Conflicts of Interest

The Aberdeen Group may be involved in other investment activities that may on occasion give rise to conflicts of interest with the Company. In particular, it currently does, and may continue to, provide investment management, investment advice or other services in relation to a number of other companies, funds or accounts that may have similar investment objectives and/or policies, to that of the Company and may receive *ad valorem* and/or performance-related fees for doing so. As a result, the Investment Manager may have conflicts of interest in allocating investments among the Company and other clients and in effecting transactions between the Company and other clients. The Aberdeen Group may give advice or take action with respect to such other clients that differs from the advice given or actions taken with respect to the Company. The Board is satisfied that the Investment Manager has adequate policies in place to ensure that it is able to manage and resolve potential or actual client conflicts.

Past Performance

The past performance of the Company is not, and should not be relied on as, a guide to the future performance of the Company.

Alternative Investment Fund Managers Directive ("AIFMD")

The AIFM Directive came into force on 21 July 2011 and was implemented through secondary legislation in the UK in July 2013. Under the Directive the Company constitutes a 'third country' or non-EU domiciled alternative investment fund as it is incorporated in Jersey which is not part of the EU. The AIFMD places restrictions on the marketing of shares, including shares issued by non-EU domiciled funds, to investors in the EU. In particular, under the UK's AIFMD legislation, the marketing of the Company's shares within the UK after 22 July 2014 will require registration on the UK's private placement register before any marketing may take place. It is expected that an EU wide marketing passport will be introduced in 2015, but there is no guarantee this will be available to non-EU domiciled funds. The costs for the Company of complying with the AIFMD are likely to increase, potentially by a material amount, the Company's governance and administration expenses, particularly should the Company wish to take advantage of the proposed marketing "passport" once it is introduced. The Board and the Company's advisers will continue to monitor the progress and likely implications of the AIFM Directive for the Company and, in particular, costs.

Foreign Account Tax Compliance Act ("FATCA")

The States of Jersey signed an Intergovernmental Agreement ("IGA") with the United States on 13 December 2013 in a bid to improve tax compliance and implement FATCA. Jersey also signed an IGA with the UK on 22 October 2013. Companies that are classified as Financial Institutions will have an obligation to report on any UK or US Specified persons identified during their due diligence. As a result of the IGAs, Jersey companies must report to the Comptroller of Taxes at the Jersey Taxes Office, and not directly to the IRS. Under US FATCA, Companies may suffer a withholding tax at an effective rate of 30% as a result of non-compliance.

Board Diversity

The Board recognises the importance of having a range of skilled, experienced individuals with the right knowledge in order to allow the Board to fulfill its obligations. At 31 December 2013, there were five male Directors and one female Director. The Company has no employees. The Board's statement on diversity is set out on page 30.

Environmental, Social and Human Rights Issues

The Company has no employees as it is managed by Aberdeen Private Wealth Management Limited. There are therefore no disclosures to be made in respect of employees. The Company's socially responsible investment policy is outlined on page 32.

Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from the operations of its business, nor does it have responsibility for any other emissions producing sources.

Peter Arthur
Chairman
27 March 2014

Strategic Report - Chairman's Statement

Peter Arthur
Chairman

Background and Overview

In what was a challenging time for Asian equities, your Company's net asset value total return fell by 2.55% for the year ended 31 December 2013, trailing the 1.73% increase in the MSCI AC Asia Pacific ex-Japan Index. The Ordinary Share price total return fell by 9.2% over the period. The premium over net asset value per Ordinary Share narrowed from 8.1% to 1.8%, and at the time of writing stands there is a discount of 3.0%. Total dividends for the year amounted to 7.9p representing an increase of 10.5%. Notwithstanding this disappointing result, the longer term performance record remains strong, with the NAV total return having increased by 134.4% as opposed to 92.0% for the Index for the five years to 31 December 2013.

2013 certainly kept investors on tenterhooks, with the first half seeing markets lifted by continued liquidity injections from major central banks. The big scare for Asia came in May, when the mere suggestion of the introduction of tapering (a reduction in the level of quantitative easing) in the US prompted a dramatic capital flight from ostensibly riskier asset classes. Emerging markets ended the year significantly lower than their developed counterparts. Structurally weaker nations, such as India and Indonesia, bore the brunt of the selling, buffeted by concerns that a reduction in foreign inflows would exacerbate their current account deficits. The prospect of higher interest rates also weighed on bond markets. As a result, your Company's substantial exposure to Southeast Asia, hampered returns in 2013. This exposure had previously driven outperformance in an environment where unusually low interest rates led investors on a hunt for yield. A detailed look at overall performance is contained within the Investment Manager's Review on page 10.

While the US looked to reduce stimulus, Japan was on the opposite track. Its bond-buying plan was unmatched in scope, as it sought to haul itself from decades of malaise. Premier Shinzo Abe's three-pronged strategy to combat economic stagnation and persistent deflation also appeared to bear fruit. Exporters were buoyed by the yen's continued decline, and inflation rose to a five-year high.

In China, investors greeted policy developments with cautious optimism, despite concerns about a growth slowdown and mounting credit risk: short-term money market rates spiked in December but eased following liquidity injections by the central bank. The new leadership headed up by Xi Jinping reiterated its commitment to rebalance the economy towards consumption-led growth, and unveiled ambitious reforms involving a more liberalised financial sector and less intervention in the currency markets.

Dividend

Four quarterly dividends were declared over 2013. The first three dividends were paid at the rate of 1.8p totaling 5.4p (2012 – 4.65p) which, when added to the fourth dividend of 2.50p (2012 – 2.5p), amounted to a total dividend of 7.9p, representing an increase of 10.5%. Following the payment of the fourth dividend, the Company's revenue reserves were £6.8m (which represents approximately 3.5p per Ordinary Share).

Looking ahead, while resilient balance sheets should be supportive for the dividend outlook, your Manager does not see substantial increases in absolute dividends as being likely in the year ahead. Volatility is set to continue during 2014. Your Investment Manager has factored a tougher operating environment into earnings forecasts, and expects only single digit earnings growth from the Company's portfolio over the course of the year.

Ordinary Share Issuance and Gearing

During the year, there was strong demand for the Company's Ordinary Shares and over 8.4 million new Ordinary Shares were issued at a premium to the prevailing NAV. Such issues enhance the NAV (albeit marginally) for existing shareholders. In May we saw the final exercise date for the Warrants resulting in the issue of 3,574,043 new Ordinary Shares.

The Company's £15 million senior secured multicurrency revolving bank facility with Scotia Bank is due to mature on 17 April 2014 and the Board is in the process of agreeing a new £30 million unsecured multicurrency revolving bank facility to replace it. During the year the level of drawings under the facility increased marginally to stand at £14.6 million (drawn in Hong Kong and US Dollars) at the time of writing at interest rates of 1.56% and 1.50% respectively, representing gearing of 4.0% of net assets.

Outlook

Asian financial markets started 2014 on an anxious note, owing to ongoing worries that include an additional cut in Fed stimulus, concerns about slowing growth in China, and a broad sell-off in emerging market currencies. In January, the Argentine peso's 15% tumble within a single day spread rapidly across the rest of the developing world. Indeed, we would not be surprised to see more instances of contagion, given the interconnectedness of global markets and widespread investor concern. Political developments will also be closely followed; although the deep-seated ideological divide in Thailand is nothing new, the equity market may be destabilised if the power stalemate drags on and violence escalates. Elsewhere, upcoming elections in India and Indonesia may delay the implementation of sorely-needed structural reforms.

In our view, however, the intense pessimism is not entirely warranted. The Fed continues to taper at a modest pace, and US interest rates are likely to remain near zero for some time owing to below-target inflation there and a lacklustre pace of job creation. And while unsustainable credit growth continues to pose a risk in China, its closed capital account and vast foreign reserves make a collapse in the banking system improbable. As an investor with a long-term time horizon, your Investment Manager is confident that Asia is still poised to be a main engine of global growth. The region's economic expansion will continue to be underpinned by a rising consumer class, as well as improving fiscal and corporate fundamentals.

With regards to the Company's holdings, expectations of rising interest rates may see dividend-paying stocks finding less favour with investors. Higher-yielding stocks are no longer as attractive as they were when it appeared that abnormally low interest rates would be part of the financial landscape indefinitely. However, your Investment Manager is of the view that there is significant value to be found in the asset class. Your Company's holdings boast solid balance sheets which should support good dividend growth over the longer-term, regardless of the interest rate environment. Indiscriminate selling will provide your Manager with opportunities to add to high-conviction holdings where they believe them to be trading at compelling valuations.

Annual General Meeting

The Company's Annual General Meeting ("AGM") will be held at 10.30 a.m. on Thursday 8 May 2014 at your Company's new registered office, 1st Floor, Sir Walter Raleigh House, 48 – 50 Esplanade, St Helier JE2 3QB.Your Board looks forward to meeting as many shareholders as possible. If you are unable to attend the AGM, I would encourage you to vote by returning your proxy (or letter of directions if you invest via the Aberdeen Plans) which is enclosed with the Annual Report and financial statements. If you intend to attend the AGM, I would also be grateful if you would tick the relevant box when voting.

I look forward to reporting to you again with the Half Yearly Report to 30 June 2014, which will be issued to shareholders around the end of August 2014. Those shareholders who wish to keep up to date with developments between formal reports may wish to view the monthly factsheet at http://www.asian-income.co.uk/doc.nsf/Lit/FactsheetUKClosedAAIF.

Peter Arthur
Chairman
27 March 2014

Strategic Report - Investment Manager's Review

Overview

Asia and emerging economies played second fiddle to their developed market peers in 2013. While Asia was hobbled by worries over when the Federal Reserve would turn off the stimulus tap and how this would hurt the region, developed markets were lifted by prospects of a US recovery, a stronger US dollar and rising yields. Asia's moderating growth also contrasted with improving economies in Europe and the US. China's slowdown was a major concern. It was not surprising then that capital flowed from Asia and emerging markets back to the West, reinforcing the outperformance of developed markets since 2011.

Performance Review

During the review period, the Company's diluted net asset value total return fell 2.55% and the Ordinary Share price weakened by 9.20%, compared to the MSCI AC Asia Pacific ex Japan Index's gain of 1.73% (on a total return basis). Corporate sentiment remained understandably cautious in 2013, given the uncertainty in global markets. Earnings growth, while steady, was not outstanding. On a positive note, our core holdings stayed in good shape, and cash flow generation held up well. At this point, it is worth reiterating that our exposure to individual markets results from where we find the best companies.

The portfolio underperformed because of a few key factors. First, we have heavy exposure to Southeast Asia but are underweight to North Asia. Markets in China, Korea and Taiwan performed better than their Southeast Asian counterparts because they appeared more geared towards a US recovery.

Second, we favour the consumer sector because we are positive about the outlook, which is one of low debt, credit expansion and rising wealth. We have found some quality companies there, many of which are well-managed, conservative in approach and have low borrowing levels. This often translates to a net cash position and solid returns on equity and assets. During the year, our overweight to this more defensive sector detracted from performance, as cyclical industries, such as information technology, outperformed.

Third, a Fed tapering and the prospect of rising interest rates hurt high-yielding stocks in the region. This affected our property holdings, particularly real estate investment trusts (REITs), and utilities stocks.

Thailand best exemplified the confluence of these negative factors. Our exposure, and the stocks we hold there, was the biggest detractor of performance. Aside from the broader weakness in Southeast Asia, the stockmarket languished amid a deepening political quagmire, with a resolution proving elusive. Among our holdings, media group BEC World, utilities companies Electricity Generating and Ratchaburi as well as Tesco Lotus Retail Growth Freehold and Leasehold Property Fund (TLGF) lagged. BEC World's share price fell despite the company posting record earnings. The two utilities companies were sluggish in line with the industry. Despite improved earnings, TLGF suffered a pullback along with the broader sectoral weakness.

In Singapore, we continue to find many well-run businesses, with high standards of corporate governance and scope to expand across Asia. Our overweight detracted, as the market's flat performance trailed the region. Again, our exposure to real estate investment trusts – through Ascendas Hospitality Trust, Far East Hospitality Trust, CDL Hospitality Trusts and Keppel REIT – proved costly. Sentiment in the property sector also suffered from a slew of tightening measures. But this was offset by other holdings, which did well. Singapore Post announced that it would maintain its dividend payment. SingTel raised its payout ratio; its underlying net profits met our expectations. The three banks, OCBC, UOB and DBS, continued to do well with double-digit loan and fee income growth coupled with sound cost discipline. Asset quality was also stable.

Turning to North Asia, we remain unconvinced of the quality of companies in China. We have only two holdings there, PetroChina and China Mobile. PetroChina's results met our expectations, as its refining division returned to profitability. Its share price was, however, affected by a corruption probe centred on some senior managers. The company itself remains unblemished, while its business operations and strategy have not been affected. We view PetroChina as a restructuring play. With Beijing's emphasis on reform, we believe it stands to benefit significantly from the deregulation of the energy sector. China Mobile posted disappointing third-quarter earnings, amid rising network costs and intensifying competition. Encouragingly, it has continued to consolidate its customer base and is focusing on developing its mobile data business. China Mobile was recently awarded both 4G and fixed-line licences. At the end of the period, it also announced a lucrative deal with Apple to sell iPhones through its stores.

While we have been doing an increasing amount of groundwork in Korea and Taiwan, we have yet to unearth new companies that meet our quality criteria. We have nothing in Korea because of either a low dividend paying culture or poor corporate governance. In Taiwan, we hold Taiwan Mobile and Taiwan Semiconductor Manufacturing Co (TSMC). Taiwan Mobile's earnings met our expectations, as it posted steady growth in mobile service revenues. Its share price, however, was weighed down by concerns over intensifying competition, owing to new rivals following the 4G spectrum auction in October, and rising capital expenditure on 4G. We think that the impact of these entrants is unlikely to be too disruptive and expect tiered 4G data pricing to be positive for the company. We believe that it should continue to provide a stable dividend payout. TSMC's results were supported by healthy demand for mobile-related applications. The company is the world's largest semiconductor foundry. Despite being in a commoditised industry, TSMC benefits from its scale and technological advantage. It also has a good track record of managing its balance sheet and capital efficiently.

Mitigating the portfolio's underperformance was the non-benchmark exposure to Japan, which was the largest positive contributor. The stockmarket was Asia's star performer, owing to new-found optimism over prime minister Shinzo Abe's aggressive stimulus efforts. In 2012, we had significantly raised our weighting there because the stockmarket was offering decent yields for the first time in years. We also discovered more companies there that we liked. Our decision benefited the portfolio in 2013. Resorttrust was the top performer. The group has held the lion's share of the members-only resorts market over the past two decades in Japan. Its share price more than doubled in 2013, as growth in core memberships and the medical business underpinned solid earnings. We sold Resorttrust in December, given that the rapid run-up in its stock had compressed the dividend yield substantially.

Elsewhere, the lack of exposure to India and Indonesia also aided the portfolio. The two countries were among the worst regional performers, as they were perceived as more susceptible to liquidity tightening and capital flight. We do not hold any Indian companies because their dividend yields are relatively unappealing. In Indonesia, companies with good dividend yields tend to be concentrated in the telecommunications sector, which is a highly competitive segment where pricing can be irrational. We remain comfortable avoiding such companies.

Portfolio Activity

Over the year, we introduced several good-quality companies, as their valuations reached attractive levels during bouts of market weakness. These new holdings included Malaysia-listed Star Publications, a cash-generative media group with a steady income yield, and Japan's Okinawa Cellular, the island's dominant mobile operator, which has a healthy balance sheet and is committed to a progressive dividend policy. We also initiated positions in Singapore companies, such as Keppel REIT, given its prospects and good portfolio of commercial properties, and DBS Group, Singapore's largest bank, which is well capitalised and has consistently delivered good results in recent quarters. Both offer decent dividend yields.

With the proceeds from the Resorttrust divestment, we introduced Singapore-listed Jardine Cycle & Carriage, whose earnings are driven by Astra International, a conglomerate with a leading presence in automotive distribution, palm oil plantation and coal mining contracting in Indonesia. The stock is attractively valued, given the price weakness in the past year, and offers a sustainable yield of at least 4%.

We also subscribed to Yingde Gases' Hong Kong dollar-denominated bond issue. Yingde Gases is China's largest independent industrial gas producer, which is well managed and poised to benefit from the industrial sector's expansion. In addition, we invested in DFCC Bank's US dollar-denominated 5-year bonds issued at an attractive yield of 9.625%. The Sri Lankan bank is conservatively run and management has an established track record of navigating through volatile periods.

Outlook

We expect single-digit earnings growth for Asian companies in 2014. Dividend payments are likely to reflect that outlook. Valuations, however, are looking more attractive. While the operating environment remains challenging, our holdings have what it takes to grow their businesses and deliver good dividends over the long term. Quality companies stand out, and even more when times are tough.

Aberdeen Asset Management Asia Limited
27 March 2014

Strategic Report - Results

Financial Highlights

	31 December 2013	31 December 2012	% change
Total assets[A] (see definition on page 65)	£384,136,000	£386,232,000	–0.5
Total equity shareholders' funds (net assets)[A]	£371,117,000	£372,964,000	–0.5
Market capitalisation[A]	£377,780,000	£402,231,000	
Share price Ordinary share (mid market)	195.00p	222.50p	–12.4
Net asset value per Ordinary share (basic)	191.56p	205.90p	–7.0
Net asset value per Ordinary share (diluted)	n/a	203.92p	
Premium to net asset value per Ordinary share	1.8%	8.1%	
MSCI AC Asia Pacific ex Japan Index (currency adjusted, capital gains basis)	528.87	536.42	–1.4
Net gearing[B]	2.6%	2.8%	
Dividend and earnings			
Total return per Ordinary share[C]	(6.69p)	46.87p	
Revenue return per Ordinary share[C]	8.23p	8.31p	–1.0
Dividends per Ordinary share[D]	7.90p	7.15p	+10.5
Dividend cover per Ordinary share	1.04	1.16	
Revenue reserves[E]	£6.81m	£6.58m	
Ongoing charges[F]			
Ongoing charges Ordinary share	1.24%	1.27%	

[A] The figure for the 2012 year end consolidates the value of both the Ordinary and C shares in issue at that time to provide a more accurate comparison with the current year.

[B] Calculated in accordance with AIC guidance "Gearing Disclosures post RDR" (see definition on page 65).

[C] Measures the relevant earnings for the year divided by the weighted average number of Ordinary shares in issue (see Statement of Comprehensive Income).

[D] The figure for dividends reflects the years in which they were earned (see note 8 on page 48).

[E] The revenue reserves figure takes account of the fourth interim dividend amounting to £4,843,000 (2012 – fourth interim amounting to £3,780,000).

[F] Ongoing charges has been calculated in accordance with guidance issued by the AIC as the total of investment management fees (excluding performance fees) and administrative expenses divided by the average cum income net asset value throughout the year.

Performance (total return)

	1 year % return	3 year % return	5 year % return	Since launch[A] % return
Share price (Ordinary)	–9.2	+28.0	+134.4	+158.5
Net asset value (diluted)	–2.6	+28.0	+118.1	+159.1
MSCI AC Asia Pacific ex Japan Index (currency adjusted)	+1.7	+1.7	+92.0	+107.8

All figures are for total return and assume re-investment of net dividends.
[A] Launch being 20 December 2005.

Dividends per Ordinary Share

	Rate	xd date	Record date	Payment date
First interim 2013	1.80p	24 April 2013	26 April 2013	17 May 2013
Second interim 2013	1.80p	17 July 2013	19 July 2013	23 August 2013
Third interim 2013	1.80p	23 October 2013	25 October 2013	15 November 2013
Fourth interim 2013	2.50p	15 January 2014	17 January 2014	18 February 2014
2013	**7.90p**			
First interim 2012	1.55p	25 April 2012	27 April 2012	18 May 2012
Second interim 2012	1.55p	18 July 2012	20 July 2012	24 August 2012
Third interim 2012	1.55p	24 October 2012	26 October 2012	16 November 2012
Fourth interim 2012	2.50p	16 January 2013	18 January 2013	18 February 2013
2012	**7.15p**			

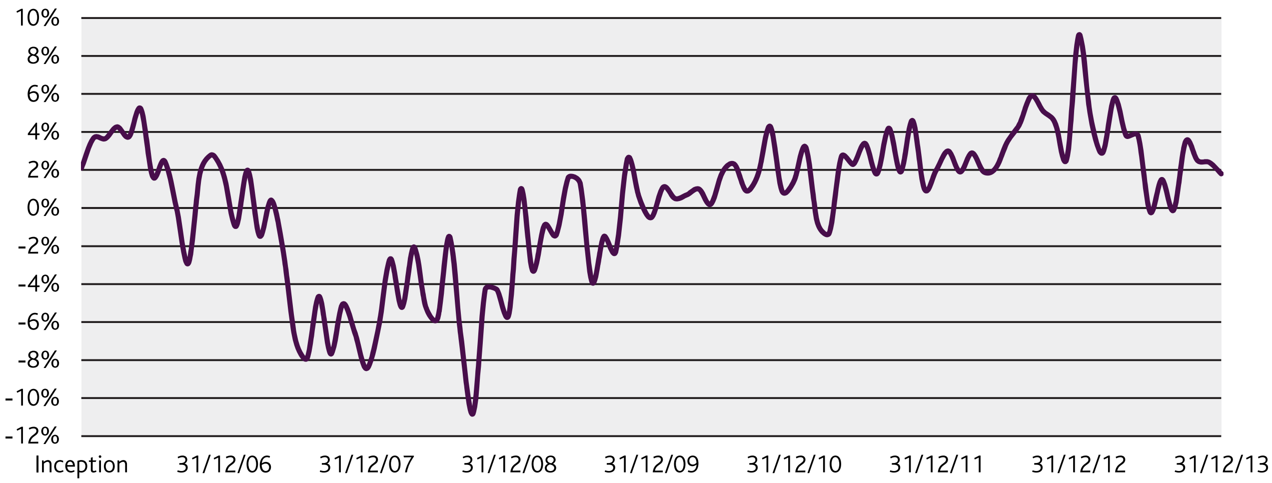
Financial Calendar

18 February 2014	Payment of fourth interim dividend for year ended 31 December 2013
27 March 2014	Announcement of results for year ended 31 December 2013
8 May 2014	Annual General Meeting at 1st Floor, Sir Walter Raleigh House, 48 – 50 Esplanade, St Helier, Jersey JE2 3QB at 10.30 a.m.
May 2014	Announcement of Interim Management Statement for quarter to 31 March 2014
16 May 2014	Payment of first interim dividend for year ending 31 December 2014
22 August 2014	Payment of second interim dividend for year ending 31 December 2014
August 2014	Announcement of half yearly results for the six months ending 30 June 2014
October 2014	Announcement of Interim Management Statement for quarter to 30 September 2014
17 November 2014	Payment of third interim dividend for year ending 31 December 2014
18 February 2015	Payment of fourth interim dividend for year ending 31 December 2014

Strategic Report - Performance

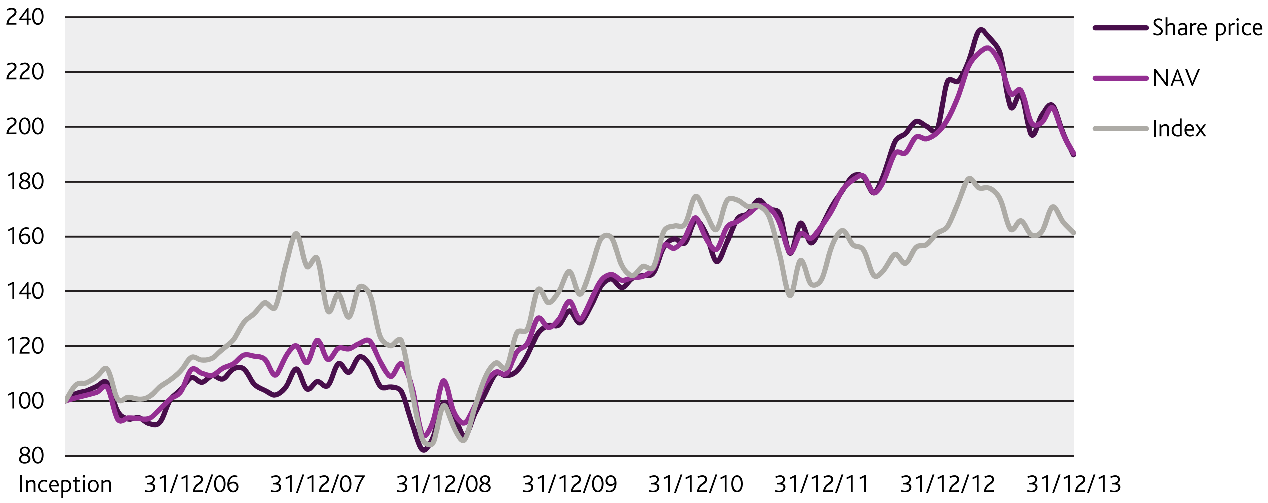
Ordinary Share Price Premium/(Discount) to Ordinary Share NAV

Launch (20 December 2005) to 31 December 2013



Capital Return of Ordinary Share NAV and Ordinary Share Price vs MSCI AC Asia Pac. Free ex Jap. Index

Launch (20 December 2005) to 31 December 2012 (rebased to 100 at 20/12/05)



Financial Record

Year to 31 December	2006[A]	2007	2008	2009	2010	2011	2012[B]	2013
Total revenue (£'000)	7,028	7,772	7,965	7,680	10,285	11,878	15,052	18,736
Per Ordinary share (p)								
Net revenue return	5.08	5.45	5.69	5.54	7.31	7.44	8.31	8.23
Total return	13.45	15.72	(10.80)	37.47	43.52	3.36	46.87	(6.69)
Net dividends payable	4.50	4.75	4.75	5.00	6.00	6.75	7.15	7.90
Net asset value per Ordinary share (p)								
Basic	112.15	123.48	108.01	140.63	176.35	166.77	205.90	191.56
Diluted	112.15	122.90	108.01	137.19	167.85	164.78	203.92	n/a
Equity shareholders' funds (£'000)	123,369	134,841	117,129	154,398	208,154	231,946	311,287	371,117

[A] For the period 20 December 2005 (launch date) to 31 December 2006.

[B] At the 2012 year end there were 60,000,000 C shares in issue, with a net asset value of 102.80p per share. In the year to 31 December 2012 the net revenue return per C share was 0.32p and the total return per C shares was 4.34p. The C shares were converted into Ordinary shares on 4 February 2013.

Investment Portfolio – Ten Largest Investments

As at 31 December 2013

Company	Sector	Country	Valuation 2013 £'000	Total assets[A] %	Valuation 2012[B] £'000
Taiwan Semiconductor Manufacturing Corporation The world's largest dedicated semiconductor foundry, it provides wafer manufacturing, wafer probing, assembly and testing, mask production and design services.	Semiconductors & Semiconductor Equipment	Taiwan	13,353	3.5	12,887
HSBC Holdings One of the world's largest banking and financial services institutions. Its international network comprises more than 5,000 offices in 80 countries and territories, operating in the Asia Pacific region, Europe, the Americas, the Middle East and Africa. The diversity of HSBC's business and exposure to faster growing regions of the world should enable it to deliver superior long-term growth.	Commercial Banks	Hong Kong	12,964	3.4	14,031
Singapore Telecommunications A regional telecommunications company, with a combined mobile subscriber base of more than 285 million customers from its own operations in Singapore and Australia, and regional associates in India, Philippines, Thailand, Indonesia, Pakistan and Bangladesh.	Diversified Telecommunication Services	Singapore	11,869	3.1	11,302
Oversea-Chinese Banking Corporation A well-managed Singapore bank with a strong capital base and impressive cost-to-income ratio. It has also embarked on a selective regional expansion.	Commercial Banks	Singapore	11,661	3.0	11,716
BHP Billiton The world's largest diversified resources group with a global portfolio of high quality assets. Core activities comprise production and distribution of minerals, mineral products and petroleum.	Metals & Mining	Australia[C]	11,046	2.9	10,988
Keppel Corporation A diversified conglomerate, with core business in offshore and marine rig building, property investment and development, and utilities infrastructure.	Industrial Conglomerates	Singapore	10,683	2.8	7,860
British American Tobacco Malaysia Manufacturer & marketer of tobacco products in Malaysia through BAT's international brands such as Dunhill and Lucky Strike.	Tobacco	Malaysia	10,399	2.7	10,919
Venture Corporation Provides contract manufacturing services to electronic companies. The company's major segments include Printing & Imaging and Networking & Communications and it has been increasing its revenue contribution from Original Design Manufacturing.	Electronic Equipment, Instruments & Components	Singapore	10,238	2.7	11,275
Guinness Anchor The market leader in Malaysia's beer and stout industry, with brand names including Tiger, Guinness and Heineken.	Beverages	Malaysia	10,103	2.6	11,474
Singapore Post The national postal service provider in Singapore. Also provides e-commerce logistics services.	Air Freight & Logistics	Singapore	10,062	2.6	9,158
Top ten investments			**112,378**	**29.3**	

Investment Portfolio – Other Investments

As at 31 December 2013

Company	Sector	Country	Valuation 2013 £'000	Total assets[A] %	Valuation 2012[B] £'000
China Mobile	Wireless Telecommunication Services	China	9,811	2.6	9,635
Taiwan Mobile	Wireless Telecommunication Services	Taiwan	9,695	2.5	11,159
Telstra	Diversified Telecommunication Services	Australia	9,623	2.5	9,468
Singapore Technologies Engineering	Aerospace & Defence	Singapore	9,603	2.5	9,805
United Overseas Bank	Commercial Banks	Singapore	9,547	2.5	9,378
Woolworths	Food & Staples Retailing	Australia	9,370	2.4	9,612
Swire Pacific (Class A and Class B shares)	Real Estate Management & Development	Hong Kong	9,353	2.4	9,833
Canon	Office Electronics	Japan	9,264	2.4	11,526
SP Ausnet	Electric Utilities	Australia	9,254	2.4	9,535
Pos Malaysia	Air Freight & Logistics	Malaysia	9,243	2.4	6,301
Top twenty investments			**207,141**	**53.9**	
DFCC Bank	Commercial Banks (Corporate Bond)	Sri Lanka	8,697	2.3	–
Yanlord Land Group	Real Estate Management & Development (Corporate Bond)	China	8,302	2.2	8,728
Australia & New Zealand Bank Group	Commercial Banks	Australia	8,227	2.1	7,553
Jardine Cycle & Carriage	Distributors	Singapore	8,149	2.1	–
Commonwealth Bank of Australia	Commercial Banks	Australia	8,064	2.1	7,624
Tesco Lotus Retail Growth	Real Estate Investment Trusts	Thailand	7,974	2.1	10,699
Giordano International	Speciality Retail	Hong Kong	7,373	1.9	8,114
DBS Group	Commercial Banks	Singapore	7,338	1.9	5,598
Takeda Pharmaceutical	Pharmaceuticals	Japan	7,199	1.9	7,131
Electricity Generating	Independent Power Producers & Energy Traders	Thailand	7,090	1.8	9,566
Top thirty investments			**285,554**	**74.3**	
QBE Insurance Group	Insurance	Australia	6,732	1.8	9,410
CDL Hospitality Trust	Real Estate Investment Trusts	Singapore	6,001	1.6	7,267
BEC World	Media	Thailand	5,860	1.5	9,018
Telecom Corp of New Zealand (Australia Listing)	Diversified Telecommunication Services	New Zealand	5,796	1.5	5,596
Advanced Information Services	Wireless Telecommunication Services	Thailand	5,498	1.4	6,305
Singapore Press Holdings	Media	Singapore	5,208	1.4	5,365
Li & Fung	Textiles, Apparel & Luxury Goods	Hong Kong	4,984	1.3	5,972
Westfield Group	Real Estate Investment Trusts	Australia	4,758	1.2	5,885
Ascendas Hospitality Trust	Real Estate Investment Trusts	Singapore	4,660	1.2	5,639
PetroChina	Oil, Gas & Consumable Fuels	China	4,628	1.2	6,078
Top forty investments			**339,679**	**88.4**	

Company	Sector	Country	Valuation 2013 £'000	Total assets[A] %	Valuation 2012[B] £'000
Siam Cement	Construction Materials	Thailand	4,485	1.2	8,425
Far East Hospitality Trust	Real Estate Investment Trusts	Singapore	4,374	1.1	5,485
Star Publications	Media	Malaysia	4,312	1.1	–
Hong Leong Finance	Consumer Finance	Singapore	4,022	1.1	3,896
Shopping Centres Australasia	Real Estate Investment Trusts	Australia	3,424	0.9	98
Westfield Retail Trust	Real Estate Investment Trusts	Australia	3,187	0.8	3,845
Ratchaburi Electricity	Independent Power Producers & Energy Traders	Thailand	3,046	0.8	4,086
Hana Microelectronics	Electronic Equipment, Instruments & Components	Thailand	2,923	0.8	2,889
Lafarge Malaysia	Construction Materials	Malaysia	2,743	0.7	3,284
Okinawa Cellular Telephone	Wireless Telecommunication Services	Japan	2,639	0.7	1,968
Top fifty investments			**374,834**	**97.6**	
Yingde Gases	Chemicals (Corporate Bond)	China	2,261	0.6	–
Keppel REIT	Real Estate Investment Trusts	Singapore	1,390	0.4	–
Kingmaker Footwear	Textiles, Apparel & Luxury Goods	Hong Kong	1,203	0.3	898
Texwinca Holdings	Textiles, Apparel & Luxury Goods	Hong Kong	866	0.2	788
Total value of investments			**380,554**	**99.1**	
Net current assets[D]			**3,582**	**0.9**	
Total assets[A]			**384,136**	**100.0**	

[A] See definition on page 65.

[B] Purchases and/or sales effected during the year will result in 2012 and 2013 values not being directly comparable.

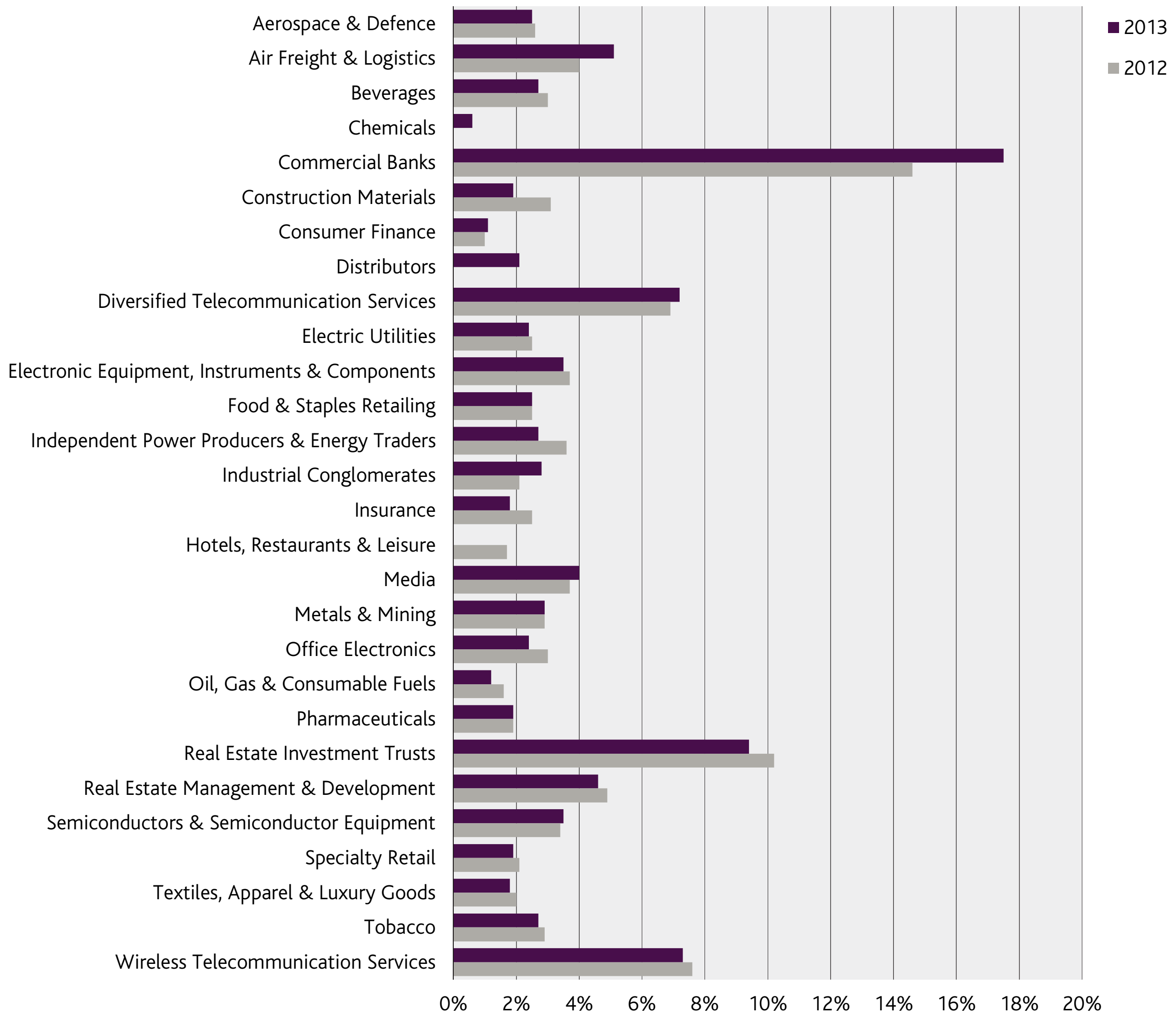
[C] Incorporated in and listing held in United Kingdom.

[D] Excluding bank loans of £13,019,000.

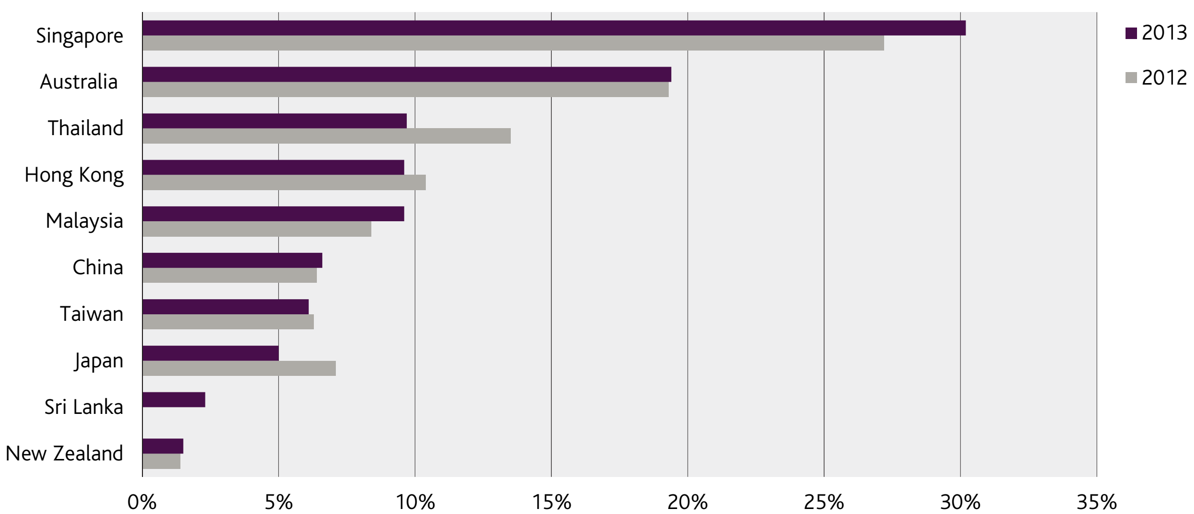
Sector/Geographical Analysis

As at 31 December 2013

Sector Breakdown by value



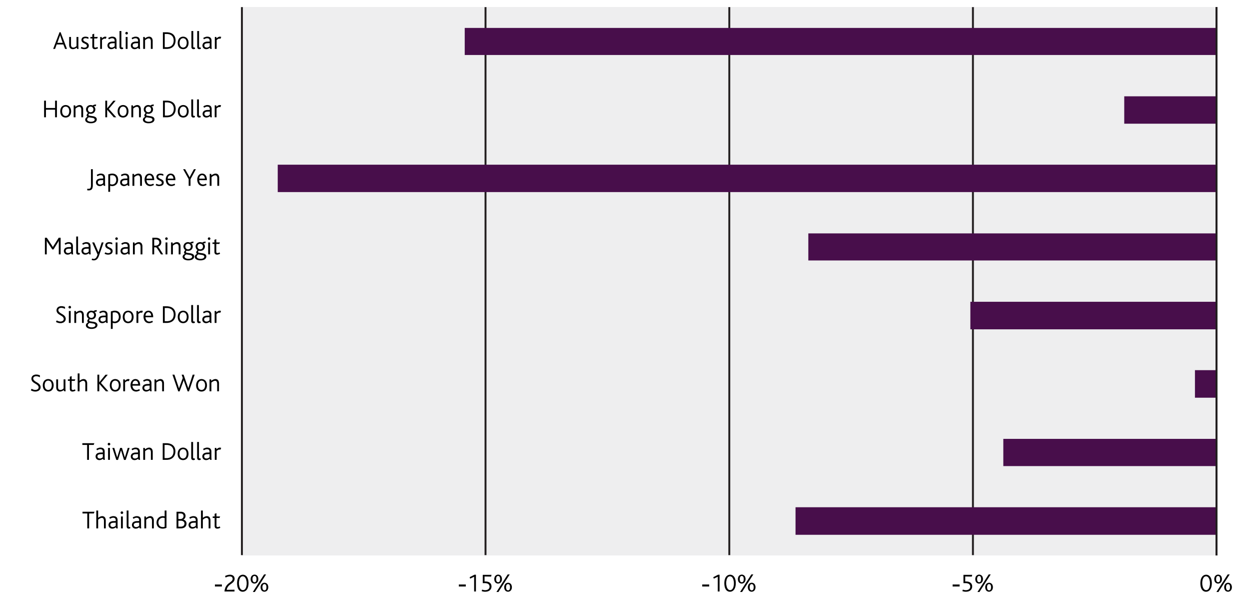
Geographic Breakdown by value



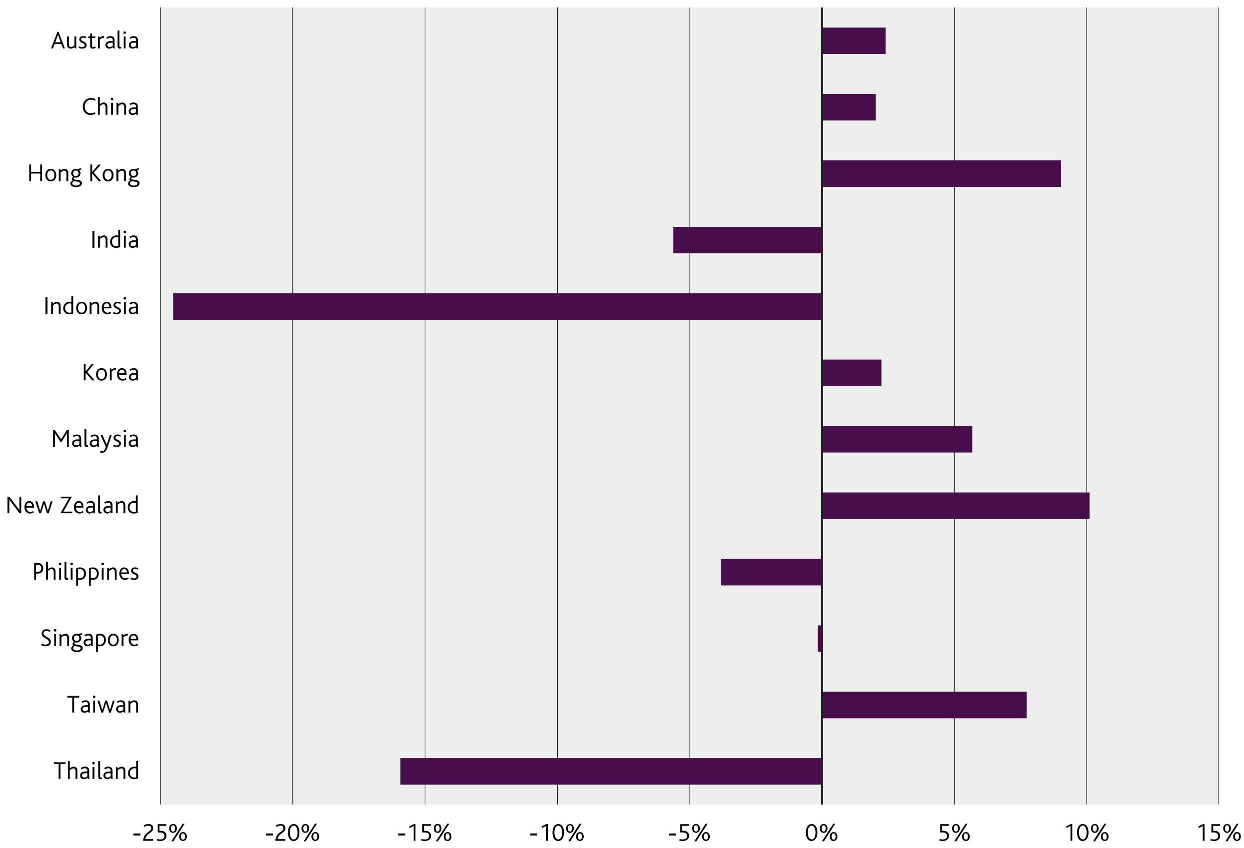
Currency/Market Performance

Year to 31 December 2013

Currency Returns (£)



MSCI Country Index Total Returns (£)



Information about the Investment Manager

The investment management of the Company has been delegated by Aberdeen Private Wealth Management Limited to Aberdeen Asset Management Asia Limited ("AAM Asia"). AAM Asia is based in Singapore and is a wholly-owned subsidiary and the Asia Pacific headquarters of Aberdeen Asset Management PLC (the "Aberdeen Group"), a publicly-quoted company on the London Exchange.

Worldwide, the Aberdeen Group manages a combined £193.6 billion (as at 31 December 2013) in assets for a range of clients, including individuals and institutions, through mutual and segregated funds.

AAM Asia have been the Aberdeen Group's principal managers of Asia-Pacific assets since 1992, and had over 440 staff in the region at 31 December 2013. Total funds in the region, which are also managed from Sydney, Kuala Lumpur, Hong Kong and Bangkok, are over £68 billion as at 31 December 2013.

The Aberdeen Group has its headquarters in Aberdeen with principal offices in Bangkok, Edinburgh, Hong Kong, Kuala Lumpur, Jersey, London, Philadelphia, Singapore, Stockholm, Sydney, Taipei and Tokyo.

The Aberdeen Group manages over 34 investment companies and other closed-ended funds representing £10.05 billion under management. They adhere closely to the Group's investment style which is that of fundamental investors, with an emphasis on company visits and original research.

The Investment Team Senior Managers

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

Chou Chong
Investment Director
Masters in accounting and finance from the London School of Economics. Joined AAM Asia in 1994 and was investment director in Australia followed by head of the pan-European desk in the UK before returning to Singapore in 2008

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

Chris Wong
Senior Investment Manager
BA in accounting and finance from Heriot Watt University. Joined AAM Asia in 2001 having previously been an associate director at Andersen Corporate Finance.

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

Pruksa Iamthongthong
Investment Manager
Chartered Financial Analyst, BA in Business Administration, Chulalongkorn University, Thailand. Joined AAM Asia in 2007.

The Investment Process

Investment Philosophy

The Investment Manager's investment process is robust and characterised by its discipline, consistency and independence. The Investment Manager is not benchmark-driven and, accordingly, its fund managers do not invest in stocks that fail to meet its investment criteria.

The Investment Manager believes that markets are inefficient and that companies may not be priced correctly. By doing all its own research and undertaking substantial due diligence before initiating any investment, the Investment Manager's fund management team aims to identify good quality companies that are trading too cheaply, defined in terms of company fundamentals that, in the Investment Manager's opinion, drive share prices over the long term. The Investment Manager therefore manages its portfolios actively and little attention is paid to benchmarks at the portfolio construction level. Companies are held, moreover, for the long term, resulting in the turnover in the Investment Manager's portfolios being relatively low.

At the heart of the Investment Manager's approach is a disciplined investment process, with stock selection being a major source of added value. It estimates a company's worth in two stages, quality then price. Quality is defined by reference to management, business focus, the balance sheet and corporate governance. Price is calculated by reference to key financial ratios, the market, the peer group and business prospects.

Top-down investment factors are secondary in the Investment Manager's portfolio construction, with diversification rather than formal controls guiding stock, sector and country weightings. Little regard is paid to market capitalisation, other than to ensure liquidity. The Investment Manager's portfolios are generally conservatively run, with an emphasis on traditional buy-and-hold. However, the Investment Manager takes opportunities offered by what it sees as anomalous price movements within stockmarkets to either top up or top slice positions, which typically accounts for the bulk of the activity in the portfolios. Accordingly, turnover of positions in the Investment Manager's portfolios is low.

The Investment Manager will not invest in a company without first having met its management team. Having invested in a company, the Investment Manager typically meets the management team twice a year. Over the years, the Investment Manager's fund managers have visited many thousands of companies, and more than 1,000 meetings are held annually with companies' management teams.

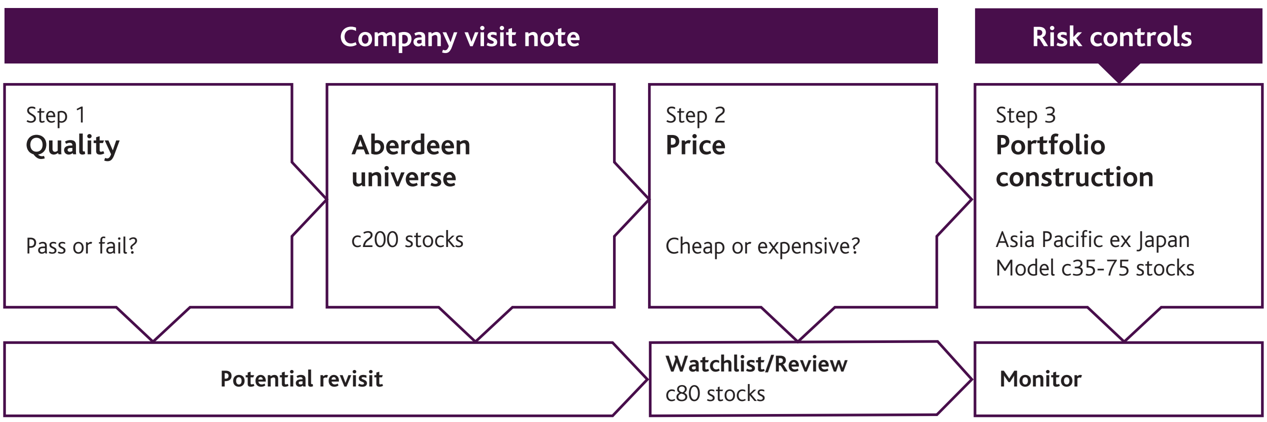
Portfolios are managed by the Investment Manager on a team basis, with individual fund managers doing their own research and analysis. Each asset class has a model portfolio that contains the team's best ideas for that asset class and forms the basis for constructing individual portfolios focused on that asset class.

Risk Controls

Aberdeen seeks to minimise risk by its in depth research. Divergence from an index is not seen as risk – the Manager views investment in poorly run expensive companies that are not fully understood as risk. In fact where risk parameters are expressed in index relative terms, asset – including sector – allocation constitutes a significant constraint on stock selection. Hence diversification of stocks provides the Investment Manager's main control.

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

Regional Teams



Your Board of Directors

The Directors, all of whom are non-executive, and the majority of whom are independent of the Manager, supervise the management of Aberdeen Asian Income Fund Limited and represent the interests of Shareholders.

Peter Arthur

Status: Independent Non-Executive Director and Chairman
Age: 57
Length of service: 8 years, appointed a Director on 10 November 2005
Last re-elected to the Board: 12 May 2011
Experience: Qualified as a solicitor and chartered company secretary and was for five years an executive director of ISIS Asset Management plc (until its acquisition of F&C Asset Management Limited in October 2004) where most recently he was managing director with responsibility for the group's investment trust and institutional businesses. Prior to this, he was chief legal counsel, Europe for Franklin Templeton Global Investors Ltd. He had previously served 14 years with Edinburgh Fund Managers plc, latterly as joint managing director. He is a deputy chairman of the Association of Investment Companies (AIC).
Committee membership: Management Engagement Committee (Chairman) and Nomination Committee (Chairman)
Remuneration: £35,000 per annum
All other public company directorships: None
Employment by the Manager or AAM Asia: None
Other connections with Company or manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: 40,542 Ordinary Shares

Andrey Berzins

Status: Independent Non-Executive Director and Audit Committee Chairman
Age: 54
Length of service: 8 years, appointed a Director on 10 November 2005
Last re-elected to the Board: 16 May 2012
Experience: Qualified as a chartered accountant in England, and worked for KPMG in Hong Kong. In 1989 he joined the Suez Group's Asian private equity division, becoming a Managing Director in 2002. He has been resident in Asia since 1984 and a Singapore resident since 1996. Over the past 20+ years he has been involved in numerous Asian private equity transactions covering a variety of industries and countries. He also holds several directorships of private equity-backed companies.
Committee membership: Audit Committee (Chairman), Management Engagement Committee and Nomination Committee
Remuneration: £28,000 per annum
All other public company directorships: None
Employment by the Manager or AAM Asia: None
Other connections with Company or manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: 55,000 Ordinary Shares

Duncan Baxter

Status: Senior Independent Non-Executive Director
Age: 62
Length of service: 8 years, appointed a Director on 10 November 2005
Last re-elected to the Board: 12 May 2011
Experience: A retired senior banker with 25 years' experience of international banking, latterly as managing director of Swiss Bank Corporation in Jersey. He is a Jersey resident and holds several non-executive directorships.
Committee membership: Audit Committee, Management Engagement Committee and Nomination Committee
Remuneration: £25,000 per annum
All other public company directorships: Highland Gold Mining Limited, Alternative Investment Strategies Ltd and Evraz Plc
Employment by the Manager or AAM Asia: None
Other connections with Company or manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: 30,714 Ordinary Shares

Charles Clarke

Status: Independent Non-Executive Director
Age: 59
Length of service: 2 years, appointed a Director on 29 March 2012
Last re-elected to the Board: 16 May 2012
Experience Is a Jersey residentially-qualified graduate chartered accountant and former senior partner of KPMG in the Channel Islands who has previously worked for KPMG in Kuala Lumpur. Charles now has a portfolio of independent NED appointments and runs an offshore corporate governance consultancy.
Committee membership: Audit Committee, Management Engagement Committee and Nomination Committee
Remuneration: £24,000 per annum
All other public company directorships: None
Employment by the Manager or AAM Asia: None
Other connections with Company or manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: 10,750 Ordinary Shares

Ana Armstrong

Status: Independent Non-Executive Director
Age: 41
Length of service: 8 years, appointed a Director on 11 November 2005
Last re-elected to the Board: 9 May 2013
Experience: Is joint managing partner and heads portfolio strategy and construction at Armstrong Investment Managers. Previously co-head of Insight Investment's Multi-Asset group from November 2003 to April 2009 having previously worked at UBS Wealth Management as Director and Head of Portfolio Construction and Fischer Francis as a fixed income and futures trader. Ana holds a PhD in Quantitative Economics and an MBA in Finance from Imperial College, London.
Committee membership: Audit Committee, Management Engagement Committee and Nomination Committee
Remuneration: £24,000 per annum
All other public company directorships: None
Employment by the Manager or AAM Asia: None
Other connections with Company or manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: 526 Ordinary Shares

Hugh Young

Status: Non-Executive Director
Age: 56
Length of service: 8 years, appointed a Director on 11 November 2005
Last re-elected to the Board: 9 May 2013
Experience: Is a resident of Singapore and 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 a director of Aberdeen Asset Management PLC and Managing Director of Aberdeen Asset Management Asia Limited and responsible for all the Aberdeen Group's investments in Asia.
Committee membership: Nomination Committee
Remuneration: £24,000 per annum
All other public company directorships: Aberdeen Asset Management PLC, Aberdeen New Dawn Investment Trust PLC, Aberdeen New Thai Investment Trust PLC, Aberdeen Australia Equity Fund Inc., Aberdeen Asia-Pacific Income Investment Company Limited, Aberdeen Asian Smaller Companies Investment Trust PLC (Alternate) and The India Fund Inc.
Employment by the Manager or AAM Asia: None, other than as stated above
Other connections with Company or manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: 27,500 Ordinary Shares

Directors' Report

Introduction

The current Directors, Messrs P Arthur, D Baxter, A Berzins, C Clarke, H Young and Dr A Armstrong held office throughout the year and were the only Directors in office during the year.

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

The Company and its Objective

The business of the Company is that of an investment company investing in the Asia Pacific region. The objective of the Company is set out on page 1 of this Report. The primary aim of the Company is to provide investors with a total return primarily through investing in Asian Pacific securities, including those with an above average yield. Within its overall investment objective, the Company aims to grow its dividends over time.

A review of the Company's activities is given in the Strategic Report on pages 1 to 14. This includes the overall strategy of the business of the Company and its principal activities, main risks faced by the Company, likely future developments of the business and any details of acquisition of its own Ordinary Shares by the Company.

Status

The Company is registered with limited liability in Jersey as a closed-end investment company under the Companies (Jersey) Law 1991 with registered number 91671. In addition, the Company constitutes and is regulated as a collective investment fund under the Collective Investment Funds (Jersey) Law 1988. The Company has no employees and the Company makes no political donations. The Ordinary Shares are admitted to the Official List in the premium segment and are traded on the London Stock Exchange's Main Market.

The Company is a member of the Association of Investment Companies ("AIC").

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

Results and Dividends

Details of the Company's results and dividends are shown on page 12 and in note 8 to the Financial Statements. Interim dividends were paid on a quarterly basis in May, August, November and February 2014. The Board believes that it is preferable for shareholders to receive regular interim dividend payments on a quarterly basis and accordingly no final dividend is declared and shareholders are not required to wait until approval is given at the AGM for any payments. Dividends are paid to the extent that they are covered by the income received from the Company's underlying investments. As at 31 December 2013 the Company's revenue reserves (adjusted for the payment of the fourth interim dividend) amounted to £6.8m (approximately 3.5p per Ordinary Share).

Management Arrangements

The Company has an agreement with Aberdeen Private Wealth Management Limited, subject to six months' notice, for the provision of management services, details of which are shown in note 5 to the financial statements. The Directors review the terms of the Management Agreement on a regular basis and have confirmed that, due to the investment skills, experience and commitment of the Investment Manager, in their opinion the continuing appointment of Aberdeen Private Wealth Management Limited, on the terms agreed, is in the interests of shareholders as a whole.

Issue of C Shares

The Company published a Prospectus on 22 October 2012 setting out the terms of a placing and offer for subscription of up to 50,000,000 C shares at an issue price of 100p per C share (the "Prospectus"). On 12 November 2012 the Company announced that commitments to apply for 43,809,271 C shares pursuant to the Placing and applications to subscribe for 16,190,729 C shares pursuant to the Public Offer had been received. Accordingly, the Issue was over-subscribed. As stated in the Prospectus, the Directors reserved the right to increase the number of C shares available pursuant to the Issue and in light of the substantial demand through the Public Offer, including a large number of new private investors in the Company, and following consultation with a number of existing and new institutional investors, the Board decided to increase the maximum number of C shares available for issue to 60,000,000. Dealings in the C shares on the Main Market commenced on Friday, 16 November 2012.

On 23 January 2013 the Company announced that the net asset values attributable to the Ordinary Shares and the C shares as at the Calculation Date of 11 January 2013 were 206.2051361p per share and 105.0082143p per share respectively. The NAVs were calculated including income and after providing for, in the case of the Ordinary Shares, the fourth interim dividend that was declared on 10 January 2013 and payable to holders of Ordinary Shares on the register at the close of business on 18 January 2013. Accordingly, the Conversion Ratio, as calculated in accordance with the Company's prospectus dated 22 October 2012 was 0.5092 Ordinary Shares for every one C share held as at close on the conversion record date of 1 February 2013. On the basis of the Conversion Ratio, a holder of 1,000 C shares received 509 Ordinary Shares ("new shares") upon Conversion. Entitlements to new Shares were rounded down to the nearest whole share and all fractional entitlements were aggregated and sold in the market for the benefit of the Company. The new shares arising on Conversion ranked *pari passu* with, and have the same rights as, the Ordinary Shares already in issue, including all dividends declared in respect of the Ordinary Shares after the Calculation Date. On the basis of the Conversion Ratio, 30,552,000 new shares were created and admitted to the premium segment of the Official List and admitted to trading on the Main Market London Stock Exchange on 4 February 2013. On that date the C shares were permanently removed from trading on the London Stock Exchange.

Ordinary Share Capital

As at 31 December 2013 there were 193,733,389 Ordinary Shares in issue. During the year the Company issued a total of 8,425,000 new Ordinary Shares for cash at a premium to the prevailing NAV at the time of issue. On 4 February 2013, 30,552,000 new Ordinary Shares were issued to converting C shareholders. The final exercise date for the Company's Warrants was 8 May 2013 and Warrantholders elected to exercise a total of 2,648,070 Warrants resulting in the issue of 2,648,070 new Ordinary Shares of no par value on 17 May 2013. The remaining 925,973 Warrants were exercised on behalf of the Warrantholders by a specially appointed trustee resulting in the issue of 925,973 new Ordinary Shares also on 17 May 2013.

Directors

The Directors' beneficial holdings are disclosed in the Directors' Remuneration Report. No Director has a service contract with the Company. The Directors' interests in contractual arrangements with the Company are as shown in note 18 to the financial statements. No other Directors were interested in contracts with the Company. Details of the Directors retiring by rotation at the Annual General Meeting are disclosed in the Statement of Corporate Governance.

New Registered Office

Subsequent to the year end the Company's Manager and Secretary moved its office in Jersey and the Company's registered office is now located at 1st Floor, Sir Walter Raleigh House, 48 – 50 Esplanade, St Helier JE2 3QB.

Directors' Authority to Allot Relevant Securities

There are no provisions under Jersey law which confer rights of pre-emption upon the issue or sale of any class of shares in the Company. However, the Company is listed on the London Stock Exchange with a premium listing, and is required to offer pre-emption rights to its shareholders and the Articles of Association were amended in 2010 to reflect this. Ordinary Shares will only be issued at a premium to the prevailing net asset value per Ordinary Share and, therefore, will not be disadvantageous to existing shareholders. Any future issues of Ordinary Shares will be carried out in accordance with the Listing Rules.

Unless previously disapplied by special resolution, in accordance with the Listing Rules, the Company is now required to first offer any new Ordinary Shares or securities (or rights to subscribe for, or to convert or exchange into, Ordinary Shares) proposed to be issued for cash to shareholders in proportion to their holdings in the Company. In order to continue with such Ordinary Share issues, your Board is therefore also proposing that an annual disapplication of the pre-emption rights is given to the Directors so that they may continue to issue Ordinary Shares as and when appropriate. Accordingly, Resolution 10, a Special Resolution, proposes a disapplication of the pre-emption rights in respect of 10% of the Ordinary Shares in issue, set to expire on the earlier of eighteen months from the date of the resolution or at the conclusion of the Annual General Meeting to be held in 2015.

Purchase of the Company's Securities

The Directors operate an active discount management policy through the use of Ordinary Share buy backs, the objective being to maintain the price at which the Ordinary Shares trade relative to their underlying net asset value at a discount of no more than 5 per cent. Purchases of Ordinary Shares will only be made through the market for cash at prices below the prevailing net asset value per Ordinary Share (which, subject to shareholder approval at the AGM will be the latest estimated net asset value per Ordinary Share) where the Directors believe such purchases will enhance shareholder value and are likely to assist in narrowing any discount to net asset value at which the Ordinary Shares may trade.

Resolution 8, a Special Resolution, will be proposed to renew the Directors' authority to make market purchases of the Company's Ordinary Shares in accordance with the provisions of the Listing Rules of the Financial Conduct Authority. Accordingly, the Company will seek authority to purchase up to a maximum of 29,040,635 Ordinary Shares (representing 14.99 per cent. of the current issued Ordinary Share capital). The authority being sought shall expire at the conclusion of the Annual General Meeting in 2015 unless such authority is renewed prior to such time. Any Ordinary Shares purchased in this way will be cancelled and the number of Ordinary Shares will be reduced accordingly, or the Ordinary Shares will be held in treasury, in accordance with Resolution 9. During the year and subsequent to the period end no Ordinary Shares have been purchased in the market for cancellation or treasury.

Following changes made to Jersey company law in 2008, Jersey companies can now either cancel shares or hold them in treasury following a buy-back of shares. These powers will give Directors additional flexibility going forward and the Board considers that it will be in the interest of the Company that such powers be available, including the powers to hold treasury shares. Such powers will only be implemented when, in the view the Directors, to do so will be for the benefit of all shareholders. Any future sales of Ordinary Shares from treasury will only be undertaken at a premium to the prevailing net asset value per Ordinary Shares.

Recommendation

Your Board considers Resolutions 8, 9 and 10 to be in the best interests of the Company and its members as a whole. Accordingly, your Board recommends that shareholders should vote in favour of Resolutions 8, 9 and 10 to be proposed at the Annual General Meeting, as they intend to do in respect of their own beneficial shareholdings which amount to 96,990 Ordinary Shares.

Directors' & Officers' Liability Insurance

The Company maintains insurance in respect of Directors' & Officers' liabilities in relation to their acts on behalf of the Company. Furthermore, each Director of the Company shall be entitled to be indemnified out of the assets of the Company to the extent permitted by law against all costs, charges, losses, expenses and liabilities incurred by him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office. These rights are included in the Articles of Association of the Company and the Company has granted indemnities to the Directors on this basis.

Additional Information

There are no restrictions on the transfer of Ordinary Shares in the Company other than certain restrictions which may from time to time be imposed by law (for example, insider trading law).

The Company is not aware of any agreements between shareholders that may result in restriction on the transfer of securities and/or voting rights.

The rules governing the appointment of Directors are set out in the Statement of Corporate Governance. The Company's Articles of Association may only be amended by a special resolution at a general meeting of shareholders.

The Company is not aware of any significant agreements to which it is a party that take effect, alter or terminate upon a change of control of the Company following a takeover.

Other than the management and administration contracts with the Investment Manager, set out earlier in the report, the Company is not aware of any contractual or other agreements which are essential to its business which ought to be disclosed in the Directors' Report.

Corporate Governance

The Statement of Corporate Governance forms part of this Directors' Report and covers the Company's compliance with the UK Corporate Governance Code and is shown on pages 28 to 32.

Going Concern

In accordance with the Financial Reporting Council's guidance on Going Concern and Liquidity Risk issued in October 2009 the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Company's assets consist primarily of a diverse portfolio of listed equity shares which in most circumstances are realisable within a very short timescale.

The Directors are mindful of the principal risks and uncertainties disclosed on pages 3 to 7 and have reviewed forecasts detailing revenue and liabilities and the Directors believe that the Company has adequate financial resources to continue its operational existence for the foreseeable future and at least 12 months from the date of this Annual Report. Accordingly, the Directors continue to adopt the going concern basis in preparing these accounts.

Accountability and Audit

The respective responsibilities of the Directors and the Auditor in connection with the financial statements are set out on pages 36 and 37.

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

Independent Auditor

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

Declaration

The Directors listed on pages 22 and 23, being the persons responsible, hereby confirm to the best of their knowledge:

- that the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- that in the opinion of the Directors, the Annual Report and Accounts taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's performance, business model and strategy; and
- the Strategic Report, Investment Manager's Review, Performance statement, Currency/Market Performance and Investment Process includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that the Company faces.

Peter Arthur
Chairman
27 March 2014

1st Floor, Sir Walter Raleigh House
48 – 50 Esplanade
Jersey JE2 3QB

Statement of Corporate Governance

This statement of Corporate Governance forms part of the Directors' Report which is shown on pages 24 to 27.

Introduction

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and this statement describes how the Company applies the principles identified in the UK Corporate Governance Code ("UK Code") which is available on the Financial Reporting Council's website: www.frc.org.uk. The Board confirms that the Company has complied throughout the accounting period with the relevant provisions contained within the UK Code.

The Board has also considered the principles and recommendations of the AIC Code of Corporate Governance (AIC Code) by reference to the AIC Corporate Governance Guide for investment Companies (AIC Guide). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders. The company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

The Board

The Board currently consists of a non-executive Chairman and five other non-executive Directors. All Directors, with the exception of Mr H Young are considered by the Board to be independent of the Investment Manager and free of any material relationship with the Investment Manager. Mr H Young is a Director of the Investment Manager and as such is not independent and therefore he submits himself for annual re-election as a Director. Each Director has the requisite high level and range of business and financial experience which enables the Board to provide clear and effective leadership and proper stewardship of the Company. The Board considers that the post of chief executive officer is not relevant for an investment trust company as this role has effectively been delegated to the Investment Manager, under the terms of the Management Agreement. Mr Baxter is the Senior Independent Director.

The Board takes the view that independence is not compromised by length of tenure on the Board and that experience can add significantly to the Board's strength. The Board will continue to assess the independence of each Board member annually and it is possible that, in the future, Directors who have served more than nine years may still be viewed as independent albeit subject to annual re-election by shareholders. The Board is entirely satisfied that, with the exception of Mr H Young, each Director is independent of the Company.

During the year ended 31 December 2013 the Board met four times. In addition, the Audit Committee met three times, the Management Engagement and Nomination Committees each met once, there were two Board Committee meetings and five other ad hoc Board meetings. Between meetings the Board maintains regular contact with the Manager and Investment Manager.

Directors have attended Board and Audit Committee meetings during the year ended 31 December 2013 as follows (with their eligibility to attend the relevant meeting in brackets – in order to be eligible for a meeting a Director must be situated outside of the United Kingdom accordingly a Director is not deemed to have missed a meeting if they were in the UK at the time):

	Quarterly Board	Dividend & Board Com'tee	Audit	MEC & Nom. Com'tee
Total Meetings	4	7	3	2
P Arthur*	3 (3)	1 (1)	n/a	2 (2)
D Baxter	4 (4)	6 (6)	3 (3)	2 (2)
A Berzins	4 (4)	7 (7)	3 (3)	2 (2)
C Clarke	4 (4)	5 (5)	3 (3)	2 (2)
A Armstrong	3 (3)	1 (1)	2 (2)	2 (2)
H Young**	4 (4)	5 (5)	n/a	2 (2)

* Mr Arthur is not a member of the Audit Committee

** Mr Young is not a member of the Audit or Management Engagement Committees

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

The Board has put in place necessary procedures to conduct, on an annual basis, an appraisal of the Chairman of the Board, Directors' individual self evaluation and a performance evaluation of the Board as a whole. For the year to 31 December 2013 this was undertaken using detailed questionnaires followed by one-on-one discussions. The last externally facilitated evaluation was conducted by Trust Associates in 2011. Trust Associates is an independent company that does not have any other connections with the Company. The Board has also reviewed the Chairman's and Directors' other commitments and is satisfied that the Chairman and other Directors are capable of devoting sufficient time to the Company.

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

Board Committees

Audit Committee

The Audit Committee operates within clearly defined terms of reference and comprises four independent Directors, Mr A Berzins (Chairman with recent and relevant experience), Mr D Baxter, Mr C Clarke and Dr A Armstrong. The Governance Code and the AIC Code acknowledge that some of the standard Governance Code provisions may not be specifically appropriate to investment companies and in this regard the Board believes that it is appropriate for all the independent Directors (excluding the Chairman, in line with best practice) to constitute the Audit Committee. In summary the Audit Committee's main functions are:

- to review and monitor the internal control systems and risk management systems on which the Company is reliant;
- to consider annually whether there is a need for the Company to have its own internal audit function;
- to monitor the integrity of the interim and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Investment Manager and Aberdeen Private Wealth Management Limited which act as Administrator and Company Secretary;
- to review, and report to the Board on, the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, half yearly reports, announcements and related formal statements;
- to review the content of the Annual Report and financial statements and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- to meet with the external Auditor to review their proposed audit programme of work and the findings of the Auditor. The Committee uses this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement policy on the engagement of the external Auditor to supply non-audit services. (During the period under review, fees amounting to £6,000 were paid to the Auditor in respect of non audit services – the Board will review any future fees in the light of the requirement to maintain the Auditor's independence);
- to review an annual statement from the Manager detailing the arrangements in place within AAM whereby AAM staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters;
- to make recommendations in relation to the appointment of the external Auditor and to approve the remuneration and terms of engagement of the external Auditor; and,
- to monitor and review annually the external Auditor's independence, objectivity, effectiveness, resources and qualification.

Significant Issues

During its review of the Company's financial statements for the year ended 31 December 2013, the Audit Committee considered the following significant issues, in particular those communicated by the auditor during their reporting:

Valuation, Existence and Ownership of Investments

The valuation of investments is undertaken in accordance with the accounting policies, disclosed in notes 2(a) and 2(c) to the financial statements on pages 43 and 44. The audit includes independent confirmation of the existence of all investments. All investments are considered liquid and quoted in active markets and have been categorised as Level 1 within the IFRS 13 fair value hierarchy and can be verified against daily market prices. The portfolio is reviewed and verified by the Manager on a regular basis and management accounts including a full portfolio listing are prepared each month and circulated to the Board. The portfolio is also reviewed annually by the Auditor. The Company uses the services of an independent Custodian (BNP Paribas) to hold the assets of the Company. The investment portfolio is reconciled regularly by the Manager and a reconciliation is also reviewed by the Auditor.

Recognition of Investment Income

The recognition of investment income is undertaken in accordance with accounting policy note 2(b) to the financial statements on page 44. Special dividends are allocated to the capital or revenue accounts according to the nature of the payment and the intention of the underlying company. The Manager provides monthly internal control reports to the Board. The allocation of material special dividends is also reviewed by the auditor.

Review of Auditor

The Audit Committee has reviewed the effectiveness of the auditor including:

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

Ernst & Young LLP has held office as auditor since the launch of the company in 2005; in accordance with professional guidelines the audit partner is rotated after at most five years, and the current audit partner has served for three years. The Committee considers Ernst & Young LLP, the Company's auditor, to be independent of the Company. The Audit Committee is aware of developments in best practice in regard to audit tendering and will keep under review the benefits of conducting an audit tender in the future.

The Audit Committee is satisfied that Ernst & Young LLP is independent and that it would not be appropriate to put the audit appointment out to tender at the present time. The Audit Committee therefore supports the recommendation to the Board that the re-appointment of Ernst & Young LLP be put to shareholders for approval at the AGM. Shareholders have the opportunity at each AGM to vote on the reappointment of the auditor for the forthcoming year.

Management Engagement Committee

The Board has appointed a Management Engagement Committee which comprises five independent Directors, Mr P Arthur (Chairman), Mr A Berzins, Mr D Baxter, Mr C Clarke and Dr A Armstrong. The Committee reviews the performance of the Investment Manager and the investment management and secretarial agreement and compliance with its terms. The terms and conditions of the Investment Manager's appointment, including an evaluation of performance and fees, are reviewed by the Committee at least once a year. The Board remains satisfied that the continuing appointment of the Investment Manager on the terms agreed is in the interests of shareholders as a whole. The key factors taken into account in reaching this decision are the investment skills, experience and commitment and performance record of the Investment Manager. The Investment Management Agreement is terminable on not less than six months' notice.

Nomination Committee

Appointments to the Board of Directors are considered by the Nominations Committee which comprises the entire Board and whose Chairman is Mr Arthur. Possible new Directors are identified against the requirements of the Company's business and the need to have a balanced Board. Every Director is entitled to receive appropriate training as deemed necessary. A Director appointed during the year is required, under the provisions of the Company's Articles of Association, to retire and seek election by shareholders at the next Annual General Meeting. The Articles of Association require that one third of the Directors retire by rotation at each Annual General Meeting. The Board's overriding priority in appointing new Directors to the Board is to identify the candidate with the best range of skills and experience to complement existing Directors. The Board recognises the benefits of diversity in the composition of the Board. When Board positions become available as a result of retirement or resignation, the Company ensures that a diverse group of candidates is considered.

In accordance with the Articles of Association Mr Arthur and Mr Baxter will retire by rotation at the Annual General Meeting and offer themselves for re-election and Mr Young will retire voluntarily and offer himself for re-election. The Board and Nomination Committee considers that there is a balance of skills and experience within the Board relevant to the leadership and direction of the Company and that all Directors contribute effectively. Mr H Young is managing director of AAM Asia and, therefore, is not an independent Director for the purposes of the Listing Rules. Accordingly, he is subject to annual re-election by shareholders as required by the Listing Rules. The Board and Nomination Committee has no hesitation in recommending the reappointment of Mr Arthur, Mr Baxter and Mr Young at the AGM.

Remuneration Committee

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

The Remuneration Committee has reviewed the level of Directors' fees by reference to an analysis of peer group directors' fees and industry surveys and decided to keep the level of fees unchanged for 2014. The remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company. The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is also detailed in the Directors' Remuneration Report on page 34.

Internal Controls and Risk Management

The design, implementation and maintenance of controls and procedures to safeguard the assets of the Company and to manage its affairs properly extends to operational and compliance controls and risk management. The Board has prepared its own risk register which identifies potential risks relating to strategy; investment management; shareholders; marketing; gearing; regulatory & financial obligations; third party service providers and the Board. The Board considers the potential cause and possible impact of these risks as well as reviewing the controls in place to mitigate these potential risks. A risk is rated by having a likelihood and an impact rating and the residual risk is plotted on a "heat map" and is reviewed regularly.

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

- financial;
- operational; and
- compliance.

The key components designed to provide effective internal control are outlined below:

- the Investment Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its 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 and there are meetings with the Investment Manager as appropriate;
- as a matter of course the Investment Manager's compliance department 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 compliance and internal control systems in place at the Investment Manager, has decided to place reliance on the Investment Manager's systems and internal audit procedures; and
- at its March 2014 meeting, the Audit Committee carried out an annual assessment of internal controls for the year ended 31 December 2013 by considering documentation from the Investment Manager, including its internal audit and compliance functions and taking account of events since 31 December 2013. The results of the assessment were then reported to the Board at the next Board meeting.

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

Substantial Interests

The Board has been advised that the following shareholders owned 3% or more of the issued Ordinary Share capital of the Company at 31 December 2013:

Shareholder	Number of shares held	% held
Speirs & Jeffrey	13,936,657	7.2
Quilter Cheviot	11,618,535	6.0
Charles Stanley	10,839,192	5.6
Brewin Dolphin Stockbrokers	9,657,193	5.0
Rathbones	8,319,322	4.3
Investec Wealth & Management	7,937,336	4.1
Adam & Co. Investment Management	6,931,910	3.6
Hargreaves Lansdowne	6,053,434	3.1
Henderson Global Investors	6,039,950	3.1
Aberdeen Retail Plans	6,009,153	3.1

Statement of Corporate Governance continued

The Company has not been advised of any significant changes to these substantial shareholder interests at the date of this report.

Relations with Shareholders

The Directors place a great deal of importance on communication with shareholders. The Chairman welcomes feedback form all shareholders and meets periodically with the largest shareholders to discuss the Company. The Annual Report and Accounts are widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up to date information on the Company through the Investment Manager's freephone information service and the Company's website (www.asian-income.co.uk).

The Notice of the Annual General Meeting included within the Annual Report and Accounts is ordinarily sent out at least 20 working days in advance of the meeting. All shareholders have the opportunity to put questions to the Board or Investment Manager, either formally at the Company's Annual General Meeting or informally following the meeting. The Company Secretary is available to answer general shareholder queries at any time throughout the year. The Directors are keen to encourage dialogue with shareholders and the Chairman welcomes direct contact from shareholders.

Proxy Voting as an Institutional Shareholder

Responsibility for actively monitoring the activities of investee companies has been delegated by the Board to the Investment Manager. The Investment Manager's Corporate Governance Principles can be found on the Manager's website, at http://www.aberdeen-asset.com/aam.nsf/AboutUs /governancestewardship. This document sets out the Investment Manager's framework on corporate governance, proxy voting and shareholder engagement in relation to the companies in which the Investment Manager has invested or is considering investing. The Investment Manager's Statement of Compliance with the UK Stewardship Code also appears on the Investment Manager's website, at the web address given above.

The Board has delegated responsibility for actively monitoring the activities of investee companies to the Investment Manager. The Investment Manager is responsible for reviewing, on a regular basis, the annual reports, circulars and other publications produced by the investee company, and for attending company meetings. The Investment Manager, in the absence of explicit instruction from the Board, is empowered to use discretion in the exercise of the Company's voting rights. The Investment Manager's policy is to vote all shares held by the Company.

The Board receives from the Investment Manager regular reports on the exercise by the Investment Manager of the Company's voting rights.

Environmental, Social and Corporate Governance Policy

The Directors recognise that their first duty is to act in the best financial interests of the Company's shareholders and to achieve good financial returns against acceptable levels of risk, in accordance with the objectives of the Company. In asking the Investment Manager to deliver against these objectives, they believe that companies failing to take into account broader social, ethical and environmental issues are unlikely to have long term sustainable businesses. Therefore they ask the Investment Manager to take into account these factors when assessing investment opportunities. Aberdeen aims to take a full part in dialogue on corporate governance reforms and is a member of various international and regional bodies, including the International Corporate Governance Network as well as being a signatory to the United Nations Principles for Responsible Investing (UNPRI). Through these groups and independently, the Manager communicates its views on corporate governance best practice to regulators and policy-makers across the world.

Andrey Berzins
Audit Committee Chairman
27 March 2014

1st Floor, Sir Walter Raleigh House
48 – 50 Esplanade
Jersey JE2 3QB

Directors' Remuneration Report

The Board has prepared this report on a voluntary basis in accordance with the new UK regulations governing the disclosure and approval of Directors' remuneration.

The Company's auditor has not audited any of the disclosures provided in this Directors' Remuneration Report.

This Remuneration Report comprises two parts:

(i) Remuneration Policy, which will be subject to a binding shareholder vote to be put to the members at the forthcoming AGM in the first instance and then every three years thereafter. Should the Remuneration Policy be varied during this interval, then Shareholder approval for the new Remuneration Policy will be sought; and
(ii) An annual report on the implementation of remuneration policy, which provides information on how the policy has been applied during the year and which will be subject to an advisory vote on the level of remuneration paid during the year as set out in the Implementation Report.

The fact that the Remuneration Policy will now be subject to a binding vote does not imply any change on the part of the Company. The principles remain the same as for previous years. There have been no changes to the Directors' Remuneration Policy during the period of this Report nor are there any proposals for the year ending 31 December 2014.

Remuneration Policy

This part of the Remuneration Report provides details of the Company's Remuneration Policy for Directors of the Company. This policy takes into consideration the principles of UK Corporate Governance and the AIC's recommendations regarding the application of those principles to investment companies. As the Company has no employees and the Board is comprised wholly of non-executive Directors and given the size and nature of the Company, the Board has not established a separate Remuneration Committee. Directors' remuneration is determined by the Board as a whole.

The Directors are non-executive and their fees are set within the limits of the Company's Articles of Association which limit the aggregate fees payable to the Board of Directors per annum to £200,000 (Article 84). The level of cap may be increased by shareholder resolution from time to time. Subject to this overall limit, the Board's policy is that the remuneration of non-executive Directors should reflect the nature of their duties, responsibilities and the value of their time spent and be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure and have a similar investment objective. Fees are reviewed annually against the Company's peer group and if considered appropriate, increased accordingly.

	1 Jan 2013 £	1 Jan 2012 £
Chairman	35,000	30,000
Chairman of Audit Committee	28,000	24,000
Director	24,000	21,000
Senior Independent Director	Extra 1,000	Extra 1,000

Appointment
- The Company only intends to appoint non-executive Directors.
- All the Directors are non-executive appointed under the terms of Letters of Appointment.
- Directors must retire and be subject to re-election at the first AGM after their appointment, and at least every three years thereafter.
- New appointments to the Board will be placed on the fee applicable to all Directors at the time of appointment (currently £24,000).
- No incentive or introductory fees will be paid to encourage a Directorship.
- The Directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.
- The Company indemnifies its Directors for all costs, charges, losses, expenses and liabilities which may be incurred in the discharge of duties, as a Director of the Company.

Performance, Service Contracts, Compensation and Loss of Office
- The Directors' remuneration is not subject to any performance related fee.
- No Director has a service contract.
- Mr Young is a director of the Investment Manager. No other Director was interested in contracts with the Company during the period or subsequently.
- The terms of appointment provide that a Director may be removed without notice.
- Compensation will not be due upon leaving office.
- No Director is entitled to any other monetary payment or any assets of the Company.

Directors' & Officers' liability insurance cover is maintained by the Company on behalf of the Directors. The Company's Articles indemnify each Secretary, agent and servant of the Company out of the assets of the Company in relation to charges, losses, liabilities, damages and expenses incurred in the course of the discharge of their duties provided that such indemnity is not available in circumstances where there is fraud, wilful misconduct or negligence. Directors (and every present or former officer of the Company) shall be indemnified out of the assets of the Company in so far as the law allows.

Directors' Remuneration Report continued

It is intended that, if approved, the Remuneration Policy will take effect at the conclusion of the AGM on 8 May 2014.

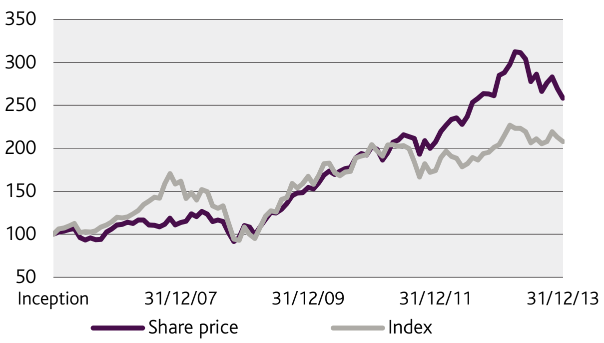
Implementation Report

Directors' Fees Increase

The Board carried out a review of the level of Directors' fees during the year and concluded that the amounts should be maintained at the current level for the year ending 31 December 2014. There are no further fees to disclose as the Company has no employees, Chief Executive or Executive Directors.

Company Performance

Also during the year the Board carried out a review of investment performance. The following graph illustrates the total shareholder return for a holding in the Company's Ordinary Shares as compared to the MSCI AC Asia Pacific ex Japan Index (currency adjusted) for the period since the inception of the Company (figures rebased to 100 at inception). Given the Company's investment objective this is the most appropriate index against which to measure the Company's performance. Shareholders should note that the Company's portfolio is constructed without reference to any stockmarket index. It is likely, therefore, that there will be periods when the Company's performance will be quite unlike that of any index or benchmark and there can be no assurance that such divergence will be to the Company's advantage.



Statement of Voting at General Meeting

At the Company's last AGM, held on 9 May 2013, shareholders approved the Directors' Remuneration Report in respect of the year ended 31 December 2012. 99.54% of votes were in favour of the resolution, 0.11% were discretionary, and 0.35% were against.

Spend on Pay

As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to employees with distributions to shareholders. The total fees paid to Directors are shown below.

Fees Payable

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

Director	2013 £	2012 £	Taxable Benefits 2013	Taxable Benefits 2012
P Arthur (Chairman and highest paid Director)	35,000	30,000	-	-
A Berzins	28,000	24,000	-	-
D Baxter	25,000	22,000	-	-
M Chambers*	-	7,903	-	-
C Clarke**	24,000	15,919	-	-
A Armstrong	24,000	21,000	-	-
H Young	24,000	21,000	-	-
Total	**160,000**	**141,822**	**-**	**-**

* Mr Chambers retired on 16 May 2012

** Mr Clarke was appointed on 29 March 2012

Fees are pro-rated where a change takes place during a financial year. Of the fees disclosed above £49,000 (2012 - £43,000) was payable to third parties in respect of making available the services of Directors. These fees were in respect of Mr H Young (assigned to Aberdeen Asset Management Asia Limited) and Mr Baxter (assigned to Swiss Fiduciary Limited).

Directors' Interests in the Company

The Directors are not required to have a shareholding in the Company.

The Directors (including connected persons) at 31 December 2013 and 1 January 2013 had no interest in the Ordinary Share capital of the Company other than those interests, all of which are beneficial interests, shown in the table below.

	31 December 2013 Ordinary Shares	31 December 2013 Warrants	1 January 2013 Ordinary Shares	1 January 2013 Warrants
P Arthur	39,567	-	36,464	-
D Baxter	25,000	-	25,000	-
A Berzins	55,000	-	55,000	-
C Clarke	10,750	-	10,750	-
A Armstrong	526	-	4,034	-
H Young	27,500	-	27,500	-

Subsequent to the year end, Mr P Arthur's beneficial holding increased to 40,542 Ordinary Shares following purchases of 277 Ordinary Shares, 160 Ordinary Shares, 265 Ordinary Shares and 273 Ordinary Shares on 22 January 2014, 19 and 24 February 2014 and 24 March 2014 respectively. On 4 February 2014 Mr D Baxter's beneficial holding increased to

30,714 Ordinary Shares following the purchase of 5,714 Ordinary Shares. The other Directors' Ordinary Share interests were unchanged at 27 March 2014, being the nearest practicable date prior to the signing of this Report.

The Directors' Remuneration Report was approved by the Board of Directors on 27 March 2014 and signed on its behalf by:

Peter Arthur
Chairman
27 March 2014

1st Floor, Sir Walter Raleigh House
48 – 50 Esplanade
Jersey JE2 3QB

Statement of Directors' Responsibilities

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

Jersey Company law requires the Directors to prepare financial statements for each financial period in accordance with any generally accepted accounting principles. The financial statements of the Company are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors should:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- specify which generally accepted accounting principles have been adopted in their preparation;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. and,
- assess whether the Annual Report and financial statements, taken as a whole, is 'fair, balanced and understandable'.

The Directors are responsible for keeping accounting records which are sufficient to show and explain its transactions and are such as to disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements prepared by the Company comply with the requirements of the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Peter Arthur
Chairman
27 March 2014

1st Floor, Sir Walter Raleigh House
48 – 50 Esplanade
Jersey JE2 3QB

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent Auditor's Report to the Members of Aberdeen Asian Income Fund Limited

We have audited the financial statements of Aberdeen Asian Income Fund Limited (the "Company") for the year ended 31 December 2013 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs).

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 36, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

- In our opinion the financial statements:
- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Our assessment of risks of material misstatement

We identified the following risks of material misstatement that we believed would have the greatest impact on our overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team:

- valuation of the Company's investments; and
- completeness and accuracy of income recognition.

Our application of materiality

We apply the concept of materiality to the individual account or balance level through our determination of performance materiality, which is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

We determined materiality for the Company to be £1.3 million, which is approximately 8% of revenue profit before tax. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Company should be 75% of materiality, namely £1.0 million. Our objective in adopting this approach was to ensure that total uncorrected and undetected audit differences in all accounts did not exceed our materiality level.

We agreed with the Audit Committee that we would report to them all audit differences in excess of £65,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our response to the risks identified above is summarised below.

Independent Auditor's Report to the Members of Aberdeen Asian Income Fund Limited continued

- With respect to investment valuation we agreed year end prices for quoted investments to an independent source.
- With respect to revenue recognition our approach was partly controls based and partly substantive. We tested the systems and controls over revenue recognition. We performed analytical procedures. We agreed a sample of dividend and interest receipts to independent sources. We checked the calculation of amounts receivable by reference to the holdings at the relevant entitlement dates.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:
Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- is otherwise misleading.

In particular we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- proper accounting records have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Christopher James Matthews, FCA
for and on behalf of Ernst & Young LLP
Jersey, Channel Islands
27 March 2014

1. *The maintenance and integrity of the Aberdeen Asian Income Fund Limited web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.*
2. *Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.*

Statement of Comprehensive Income

	Notes	Year ended 31 December 2013 Revenue £'000	Year ended 31 December 2013 Capital £'000	Year ended 31 December 2013 Total £'000	Year ended 31 December 2012 Revenue £'000	Year ended 31 December 2012 Capital £'000	Year ended 31 December 2012 Total £'000
Investment income	4						
Dividend income		17,544	–	17,544	14,231	55	14,286
Interest income		1,192	–	1,192	821	–	821
Total revenue		18,736	–	18,736	15,052	55	15,107
(Losses)/gains on investments designated at fair value through profit or loss	10	–	(23,927)	(23,927)	–	60,351	60,351
Net currency gains		–	98	98	–	599	599
		18,736	(23,829)	(5,093)	15,052	61,005	76,057
Expenses							
Investment management fee	5	(1,578)	(2,368)	(3,946)	(1,127)	(1,691)	(2,818)
Other operating expenses	6	(995)	–	(995)	(827)	(3)	(830)
Profit/(loss) before finance costs and tax		16,163	(26,197)	(10,034)	13,098	59,311	72,409
Finance costs	7	(88)	(133)	(221)	(88)	(133)	(221)
Profit/(loss) before tax		16,075	(26,330)	(10,255)	13,010	59,178	72,188
Tax expense	2(d)	(805)	(2)	(807)	(580)	–	(580)
Profit/(loss) for the year		**15,270**	**(26,332)**	**(11,062)**	**12,430**	**59,178**	**71,608**
Profit/(loss) for the year analysed as follows:							
Attributable to equity shareholders		15,270	(27,696)	(12,426)	12,240	56,764	69,004
Attributable to C shares		–	1,364	1,364	190	2,414	2,604
Total		**15,270**	**(26,332)**	**(11,062)**	**12,430**	**59,178**	**71,608**
Earnings per Ordinary share (pence):	9						
Basic		**8.23**	**(14.92)**	**(6.69)**	**8.31**	**38.56**	**46.87**
Diluted		**n/a**	**n/a**	**n/a**	**8.21**	**38.07**	**46.28**
Earnings per C share (pence):	9						
Basic and diluted		**n/a**	**2.27**	**2.27**	**0.32**	**4.02**	**4.34**

The Company does not have any income or expense that is not included in profit/(loss) for the year, and therefore the "Profit/(loss) for the year" is also the "Total comprehensive income for the year", as defined in IAS 1 (revised).

All of the profit/(loss) and total comprehensive income is attributable to the equity holders of Aberdeen Asian Income Fund Limited (2012 – equity holders and C share holders of Aberdeen Asian Income Fund). There are no non-controlling interests.

The total column of this statement represents the Statement of Comprehensive Income of the Company, prepared in accordance with IFRS. The revenue and capital columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations.

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

Balance Sheet

	Notes	As at 31 December 2013 £'000	As at 31 December 2012 £'000
Non-current assets			
Investments designated at fair value through profit or loss	10	380,554	381,705
Current assets			
Cash and cash equivalents		3,463	4,532
Other receivables	11	983	884
		4,446	5,416
Current liabilities			
Bank loans	12	(13,019)	(13,268)
Other payables	12	(864)	(889)
C shares	13	–	(61,677)
		(13,883)	(75,834)
Net current liabilities		(9,437)	(70,418)
Net assets		**371,117**	**311,287**
Stated capital and reserves			
Stated capital	13	193,733	151,182
Warrant reserve		–	357
Capital redemption reserve		1,560	1,560
Capital reserve	14	164,176	147,830
Revenue reserve	14	11,648	10,358
Equity shareholders' funds		**371,117**	**311,287**
Net asset value per Ordinary share (pence):	15		
Basic		**191.56**	**205.90**
Diluted		**n/a**	**203.92**
Net asset value per C share (pence):	15		
Basic		**n/a**	**102.80**

The financial statements were approved by the Board of Directors and authorised for issue on 27 March 2014 and were signed on its behalf by :

Peter Arthur
Chairman

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

Statement of Changes in Equity

For the year ended 31 December 2013

	Stated capital £'000	Warrant reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Retained earnings £'000	Total £'000
Opening balance	151,182	357	1,560	147,830	10,358	–	311,287
Issue of Ordinary shares via conversion of C shares	30,552	–	–	32,453	–	–	63,005
Issue of Ordinary shares	8,425	–	–	10,517	–	–	18,942
Exercise of warrants	3,574	(357)	–	1,072	–	–	4,289
Loss for the year	–	–	–	–	–	(12,426)	(12,426)
Transferred from retained earnings to capital reserve[A]	–	–	–	(27,696)	–	27,696	–
Transferred from retained earnings to revenue reserve	–	–	–	–	15,270	(15,270)	–
Dividends paid	–	–	–	–	(13,980)	–	(13,980)
Balance at 31 December 2013	**193,733**	**–**	**1,560**	**164,176**	**11,648**	**–**	**371,117**

For the year ended 31 December 2012

	Stated capital £'000	Warrant reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Retained earnings £'000	Total £'000
Opening balance	139,084	615	1,560	82,523	8,164	–	231,946
Issue of Ordinary shares	9,517	–	–	7,769	–	–	17,286
Exercise of warrants	2,581	(258)	–	774	–	–	3,097
Profit for the year	–	–	–	–	–	69,004	69,004
Transferred from retained earnings to capital reserve[A]	–	–	–	56,764	–	(56,764)	–
Transferred from retained earnings to revenue reserve	–	–	–	–	12,240	(12,240)	–
Dividends paid	–	–	–	–	(10,046)	–	(10,046)
Balance at 31 December 2012	**151,182**	**357**	**1,560**	**147,830**	**10,358**	**–**	**311,287**

[A] Represents the capital profit attributable to equity shareholders per the Statement of Comprehensive Income.

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

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

Cash Flow Statement

	Notes	Year ended 31 December 2013 £'000	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000	Year ended 31 December 2012 £'000
(Loss)/profit for the year			(11,062)		71,608
Add back finance costs	7		221		221
Add back taxation paid			807		580
Losses/(gains) on investments held at fair value through profit or loss	10		23,927		(60,351)
Net currency gains	14		(98)		(599)
Increase in other receivables			(84)		(146)
Increase in other payables			303		176
Net cash inflow from operating activities before finance costs and tax[A]			14,014		11,489
Bank and loan interest paid			(220)		(201)
Overseas taxation paid			(822)		(580)
Net cash inflow from operating activities			12,972		10,708
Investing activities					
Purchases of investments		(41,544)		(134,470)	
Sales of investments		18,404		50,089	
Net cash outflow from investing activities			(23,140)		(84,381)
Financing activities					
Proceeds from issue of Ordinary shares	13	18,942		17,286	
C share issue proceeds net of expenses	13	–		59,073	
Proceeds from exercise of warrants	13	4,289		3,097	
Dividends paid	8	(13,980)		(10,046)	
Loans drawn down		–		2,767	
Net cash inflow from financing activities			9,251		72,177
Net decrease in cash and cash equivalent			(917)		(1,496)
Cash and cash equivalents of the start of the year			4,532		5,930
Effect of foreign exchange rate changes			(152)		98
Cash and cash equivalents at the end of the year	2,16		**3,463**		**4,532**

[A] Includes income from dividends of £17,444,000 gross (2012 – £13,821,000 gross) and interest income of £944,000 (2012 – £965,000).

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

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

1. Principal activity

The Company is a closed-end investment company incorporated in Jersey, with its Ordinary shares being listed on the London Stock Exchange.

2. Accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the International Accounting Standards Board (IASB), and interpretations issued by the International Reporting Interpretations Committee of the IASB (IFRIC). All of the IFRS which took effect during the year were adopted by the Company and did not have a material impact on the financial results. Included within the IFRS taking effect during the year is IFRS 13 'Fair Value Measurement' which aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. If an asset or a liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread. On adoption of the standard, the Company elected to use bid price for valuing quoted investments.

The Company's assets consist substantially of equity shares in companies listed on recognised stock exchanges and in most circumstances are realisable within a short timescale. The Board has set limits for borrowing and regularly reviews actual exposures, cash flow projections and compliance with banking covenants. The Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future and, for the above reasons, they continue to adopt the going concern basis in preparing the financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates which requires management to exercise its judgement in the process of applying the accounting policies. Actual results may differ from these estimates.

The financial statements are prepared on a historical cost basis, except for investments that have been measured at fair value through profit or loss and financial liabilities that have been measured at amortised cost.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2013.

The financial statements are presented in sterling and all values are rounded to the nearest thousand (£'000) except when otherwise indicated.

Where guidance set out in the Statement of Recommended Practice ("SORP") for investment trusts issued by the Association of Investment Companies ("AIC") is consistent with the requirement of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

Changes in accounting policy and disclosures

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

- IFRS 9 – Financial Instruments: Classification and Measurement (current proposed effective date for implementation 1 January 2018).
- Amendments to IFRS 10, IFRS 12 and IAS 27 – Definition of Investment Entity (early adoption permitted) (effective for annual periods beginning on or after 1 January 2014).
- Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014).

The Directors do not anticipate that the adoption of these Standards and Interpretations in future periods will materially impact the Company's financial results in the period of initial application although there will be revised presentations to the Primary Financial Statements and additional disclosures. The Company intends to adopt the Standards in the reporting period when they become effective.

(b) 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 into account when the Company's right to receive payment is established. Where the Company has elected to receive dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised as income. Special dividends are credited to capital or revenue according to their circumstances. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the Statement of Comprehensive Income.

The fixed returns on debt securities and non-equity shares are recognised using the effective interest rate method.

Interest receivable from cash and short-term deposits is accrued to the end of the financial period.

(c) Expenses

All expenses, with the exception of interest expenses, which are recognised using the effective interest method, are accounted for on an accruals basis. Expenses are charged through the revenue column of the Statement of Comprehensive Income except as follows:

- expenses which are incidental to the acquisition or disposal of an investment are treated as capital and separately identified and disclosed in note 10;
- expenses (including share issue costs) are treated as capital where a connection with the maintenance or enhancement of the value of the investments can be demonstrated; and
- the Company charges 60% of investment management fees and finance costs to capital, in accordance with the Board's expected long term return in the form of capital gains and income respectively from the investment portfolio of the Company.

(d) Taxation

Profits arising in the Company for the year ended 31 December 2013 will be subject to Jersey income tax at the rate of 0% (2012 – 0%).

However, in some jurisdictions, investment income and capital gains are subject to withholding tax deducted at the source of the income. The Company presents the withholding tax separately from the gross investment income in the Statement of Comprehensive Income. For the purpose of the Cash Flow Statement, cash inflows from investments are presented net of withholding taxes, when applicable.

(e) Investments

All investments have been designated upon initial recognition at fair value through profit or loss. This is done because all investments are considered to form part of a group of financial assets which is evaluated on a fair value basis, in accordance with the Company's documented investment strategy, and information about the grouping is provided internally on that basis.

Purchases of investments are recognised on a trade date basis and designated upon initial recognition at fair value through profit or loss. Sales of assets are also recognised on a trade date basis. Proceeds are measured at fair value, which are regarded as the proceeds of sale less any transaction costs.

The fair value of the financial assets is based on their quoted bid price at the reporting date, without deduction for any estimated future selling costs.

Changes in the value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Statement of Comprehensive Income as "(Losses)/gains on investments designated at fair value through profit or loss". Also included within this caption are transaction costs in relation to the purchase or sale of investments, including the difference between the purchase price of an investment and its bid price at the date of purchase.

(f) Cash and cash equivalents

Cash comprises cash held at banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in values.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash at bank net of any outstanding bank overdrafts.

(g) Other receivables and payables

Other receivables do not carry any interest and are short-term in nature and are accordingly stated at their recoverable amount. Other payables are non interest bearing and are stated at their payable amount.

(h) Dividends payable

Dividends are recognised in the financial statements in the period in which they are declared.

(i) Nature and purpose of reserves

Warrant reserve

The Warrant reserve was created on the issue of 22,000,000 Warrants at the launch of the Company. Each Warrant issued entitled the holder to subscribe in cash for one Ordinary share on the terms contained in note 13. At 31 December 2013 all Warrants had been exercised. The reserve as at 31 December 2012 reflects the issue price of unexercised Warrants as at the previous year end.

Capital redemption reserve

The capital redemption reserve arose when Ordinary shares were redeemed, at which point an amount equal to the par value of the Ordinary share capital was transferred from the Statement of Comprehensive Income to the capital redemption reserve. Following a law amendment in 2008, the Company is no longer required to transfer the par value of the Ordinary share capital. Although the transfer from the Statement of Comprehensive Income is no longer required, the amount remaining in the capital redemption reserve is not distributable in accordance with the undertaking provided by the Board in the launch Prospectus.

Capital reserve

This reserve reflects any gains or losses on investments realised in the period along with any increases and decreases in the fair value of investments held that have been recognised in the Statement of Comprehensive Income.

Revenue reserve

This reserve reflects all income and costs which are recognised in the revenue column of the Statement of Comprehensive Income. The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

(j) Foreign currency

Monetary assets and liabilities denominated in foreign currencies are converted into sterling at the rate of exchange ruling at the reporting date. The financial statements are presented in sterling, which is the Company's functional and presentation currency. The Company's performance is evaluated and its liquidity is managed in sterling. Therefore sterling is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. Transactions during the year involving foreign currencies are converted at the rate of exchange ruling at the transaction date. Gains or losses arising from a change in exchange rates subsequent to the date of a transaction are included as an exchange gain or loss in revenue or capital in the Statement of Comprehensive Income, depending on whether the gain or loss is of a revenue or capital nature.

(k) Borrowings

Borrowings are stated at the amount of the net proceeds immediately after draw down plus cumulative finance costs less cumulative payments. The finance cost of borrowings is allocated to years over the term of the debt at a constant rate on the carrying amount and charged 40% to revenue and 60% to capital to reflect the Company's investment policy and prospective revenue and capital growth.

Borrowings are measured at amortised cost using the effective interest rate method.

(l) Share capital

The Company's Ordinary shares are classified as equity as the Company has full discretion on repurchasing the Ordinary shares and on dividend distributions.

Issuance, acquisition and resale of Ordinary shares are accounted for as equity transactions. Upon issuance of Ordinary shares, the consideration received is included in equity.

Transaction costs incurred by the Company in acquiring or selling its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Own equity instruments which are acquired (treasury shares) are deducted from equity and accounted for at amounts equal to the consideration paid, including any directly attributable incremental costs.

No gain or loss is recognised in the Statement of Comprehensive Income on the purchase, sale issuance or cancellation of the Company's own instruments.

In accordance with paragraph 11 of IAS 32 (Financial Instruments: Presentation), the C shares were classified as a liability prior to conversion due to the inherent variability of the number of Ordinary shares attributable to C shareholders on conversion.

3. Segment information

For management purposes, the Company is organised into one main operating segment, which invests in equity securities and debt instruments. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

The following table analyses the Company's operating income per geographical location. The basis for attributing the operating income is the place of incorporation of the instrument's counterparty.

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Asia Pacific region	17,650	14,321
United Kingdom	1,086	731
	18,736	**15,052**

4. Income	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Income from investments		
Overseas dividends	16,466	13,522
Franked income	1,078	709
	17,544	14,231
Interest income		
Bond interest	1,184	799
Deposit interest	8	22
	1,192	821
Total income	**18,736**	**15,052**

5. Investment management fee	Year ended 31 December 2013 Revenue £'000	Capital £'000	Total £'000	Year ended 31 December 2012 Revenue £'000	Capital £'000	Total £'000
Investment management fee	**1,578**	**2,368**	**3,946**	**1,127**	**1,691**	**2,818**

The Company has an agreement with Aberdeen Private Wealth Management Limited ("APWM") for the provision of management services. This agreement has been sub-delegated to Aberdeen Asset Management Asia Limited ("AAM Asia").

During the year the management fee was payable monthly in arrears and was based on an annual amount of 1% of the net asset value of the Company valued monthly. The balance due to APWM at the year end was £636,000 (2012 – £309,000). The investment management fees are charged 40% to revenue and 60% to capital.

6. Other operating expenses	Year ended 31 December 2013 Revenue £'000	Capital £'000	Total £'000	Year ended 31 December 2012 Revenue £'000	Capital £'000	Total £'000
Directors' fees	160	–	160	142	–	142
Marketing contribution	239	–	239	192	–	192
Auditor's remuneration:						
• statutory audit	25	–	25	23	–	23
• interim accounts review	6	–	6	5	–	5
Custodian charges	134	–	134	109	–	109
Secretarial and administration fee	127	–	127	123	–	123
Other	304	–	304	233	3	236
	995	–	**995**	**827**	**3**	**830**

The Company has an agreement with Aberdeen Asset Managers Limited ("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 are based on an annual rate of £250,000 (2012 – £207,000). A balance of £63,000 (2012 – £52,000) was payable to AAM at the year end.

In addition, APWM is entitled to an annual company secretarial and administration fee of £127,000 (2012 – £123,000), which increases annually in line with any increases in the Retail Price Index. A balance of £32,000 (2012 – £31,000) was payable to APWM at the year end.

No fees have been paid to Ernst & Young LLP during the period other than those reflected in the table above.

7. Finance costs	Year ended 31 December 2013 Revenue £'000	Capital £'000	Total £'000	Year ended 31 December 2012 Revenue £'000	Capital £'000	Total £'000
On bank loans	**88**	**133**	**221**	**88**	**133**	**221**

Finance costs are charged 40% to revenue and 60% to capital as disclosed in the accounting policies.

8. Dividends on Ordinary equity shares	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Amounts recognised as distributions to equity holders in the year:		
Fourth interim dividend for 2012 – 2.5p per Ordinary share (2011 – 2.25p)	3,780	3,138
First interim dividend for 2013 – 1.80p per Ordinary share (2012 – 1.55p)	3,319	2,241
Second interim dividend for 2013 – 1.80p per Ordinary share (2012 – 1.55p)	3,434	2,324
Third interim dividend for 2013 – 1.80p per Ordinary share (2012 – 1.55p)	3,447	2,343
	13,980	**10,046**

The fourth interim dividend for 2013, amounting to £4,843,000 (2012 – fourth interim dividend of £3,780,000), has not been included as a liability in these financial statements as it was announced and paid after 31 December 2013.

The table below sets out the total dividends paid in respect of the financial year. The revenue available for distribution by way of dividend for the year is £15,270,000 (2012 – £12,430,000).

	2013 £'000	2012 £'000
First interim dividend for 2013 – 1.80p per Ordinary share (2012 – 1.55p)	3,319	2,241
Second interim dividend for 2013 – 1.80p per Ordinary share (2012 – 1.55p)	3,434	2,324
Third interim dividend for 2013 – 1.80p per Ordinary share (2012 – 1.55p)	3,447	2,343
Fourth interim dividend for 2013 – 2.50p per Ordinary share (2012 – 2.50p)	4,843	3,780
	15,043	**10,688**

9. **Earnings per share**

Ordinary shares

The earnings per Ordinary share is based on the net loss after taxation of £12,426,000 (2012 – profit of £69,004,000) and on 185,624,584 (2012 – 147,219,055) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

The earnings per Ordinary share detailed above can be further analysed between revenue and capital as follows:

Basic	Year ended 31 December 2013 Revenue	Capital	Total	Year ended 31 December 2012 Revenue	Capital	Total
Net profit/(loss) (£'000)	15,270	(27,696)	(12,426)	12,240	56,764	69,004
Weighted average number of Ordinary shares in issue			185,624,584			147,219,055
Return per Ordinary share (pence)	8.23	(14.92)	(6.69)	8.31	38.56	46.87

Diluted	Year ended 31 December 2013 Revenue	Capital	Total	Year ended 31 December 2012 Revenue	Capital	Total
Net profit/(loss) (£'000)	15,270	(27,696)	(12,426)	12,240	56,764	69,004
Weighted average number of Ordinary shares in issue if Warrants converted			n/a			149,100,417
Return per Ordinary share (pence)	n/a	n/a	n/a	8.21	38.07	46.28

The calculation of the diluted earnings per Ordinary share is based on the average traded share price over the period and the weighted average number of Warrants up to the final exercise date of 17 May 2013. There were no potentially dilutive Ordinary shares in issue at 31 December 2013.

C shares	Year ended 31 December 2013 Revenue	Capital	Total	Year ended 31 December 2012 Revenue	Capital	Total
Net profit (£'000)	n/a	1,364	1,364	190	2,414	2,604
Weighted average number of C shares in issue			60,000,000			60,000,000
Return per C share (pence)	n/a	2.27	2.27	0.32	4.02	4.34

All of the 60,000,000 C shares were converted into Ordinary shares on 4 February 2013.

10. Investments designated at fair value through profit or loss	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Opening valuation	381,705	236,609
Movements in the year:		
Purchases at cost	41,180	134,834
Sales – proceeds	(18,404)	(50,089)
Sales – realised gains	7,124	21,865
(Decrease)/increase in investment holdings fair value	(31,051)	38,486
Closing valuation at 31 December 2013	**380,554**	**381,705**

	£'000	£'000
Closing book cost	316,660	286,760
Closing investment holdings fair value gains	63,894	94,945
	380,554	**381,705**

The portfolio valuation	£'000	£'000
Listed on recognised stock exchanges at market valuation:		
Equities – UK	11,046	10,988
Equities – overseas	350,248	361,989
Bonds – overseas	19,260	8,728
Total	**380,554**	**381,705**

(Losses)/gains on held-at-fair-value investments	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Realised gains on sales of investments	7,124	21,865
(Decrease)/increase in investment holdings fair value	(31,051)	38,486
	(23,927)	**60,351**

(Decrease)/increase in investment holdings fair value	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Ordinary shareholders	(32,415)	36,101
C shareholders	1,364	2,385
	(31,051)	**38,486**

All investments are categorised as held at fair value through profit or loss.

Transaction costs

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

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Purchases	71	329
Sales	21	93
	92	**422**

11. Debtors: amounts falling due within one year	2013 £'000	2012 £'000
Prepayments and accrued income	968	884
Overseas withholding tax recoverable	15	–
	983	**884**

None of the above assets are past their due date or impaired.

12. Creditors: amounts falling due within one year	2013 £'000	2012 £'000
(a) Bank loans	**13,019**	**13,268**

At the year end, the Company's secured bank loans of HK$81,842,000 (2012 – HK$81,842,000) and US$11,008,000 (2012 – US$11,008,000) equivalent to £6,373,000 (2012 – £6,496,000) and £6,646,000 (2012 – £6,772,000) respectively were drawn down from the £15 million facility with Scotiabank Europe PLC at fixed interest rates of 1.670% (2012 – 1.720%) and 1.559% (2012 – 1.609%) respectively. Subsequent to the year end, loans of HK$102,842,000 and US$11,008,000 were rolled forward to 17 April 2014 at fixed interest rates of 1.55966% and 1.50173% respectively.

The bank loans outstanding at 31 December 2013 are valued at the closing exchange rate at the year end, resulting in a cumulative foreign exchange gain of £336,000 (2012 – gain of £259,000) against the original book cost of these loans.

(b) Other payables	2013 £'000	2012 £'000
Amounts due to brokers	–	364
Other amounts due	864	525
	864	**889**

13. Stated capital and C shares	2013 Number	2013 £'000	2012 Number	2012 £'000
Ordinary shares of no par value				
Authorised	Unlimited	Unlimited	Unlimited	Unlimited
Issued and fully paid				
Balance brought forward	151,182,346	151,182	139,083,871	139,084
Ordinary shares issue via conversion of C shares	30,552,000	30,552	–	–
Ordinary shares issued in the year	8,425,000	8,425	9,517,388	9,517
Warrants exercised	3,574,043	3,574	2,581,087	2,581
At 31 December	**193,733,389**	**193,733**	**151,182,346**	**151,182**

During the year 8,425,000 (2012 – 9,517,388) Ordinary shares were issued by the Company at a total consideration received, including transaction costs, of £18,942,000 (2012 – receipt of £17,286,000). The conversion of C shares in the period resulted in the issue of 30,552,000 Ordinary shares.

For each Ordinary share issued £1 is allocated to stated capital, with the balance taken to the capital reserve.

The Ordinary shares give shareholders the entitlement to all of the capital growth in the Company's assets and to all the income from the Company that is resolved to be distributed.

During the year 3,574,043 (2012 – 2,581,087) Warrants were exercised into Ordinary shares at a total consideration received of £4,289,000 (2012 – £3,097,000). At 31 December 2013 there were no Warrants in issue (2012 – 3,574,043).

Following the Ordinary share issues and warrant exercise 193,733,389 (2012 – 151,182,346) Ordinary shares remain in issue. Further details of the Ordinary share issues are contained in the Directors' Report on page 25.

C shares	2013 Number	2013 £'000	2012 Number	2012 £'000
Issued and fully paid				
Balance brought forward	60,000,000	59,073	–	–
C shares issued in the year	–	–	60,000,000	60,000
Converted into Ordinary shares	(60,000,000)	(59,073)	–	–
Issue expenses	–	–	–	(927)
At 31 December	–	–	**60,000,000**	**59,073**

Following a Placing and Offer for Subscription of C shares, the Company issued 60,000,000 C shares which were admitted to the Official List, and commenced trading on the main market of the London Stock Exchange on 16 November 2012.

Under the terms of the C share prospectus, issued on 22 October 2012, the C shares would be converted to Ordinary shares once 80% of the issue proceeds had been invested. The Directors determined that the conversion ratio would be calculated on 11 January 2013 with the conversion date of 4 February 2013.

On 4 February 2013, the Company converted 60,000,000 C shares into 30,552,000 Ordinary shares at a conversion ratio of 0.5092 Ordinary shares to every 1.0000 C share held. The calculation ratio was based on the respective net asset values of the C shares and the Ordinary shares at close of business on the calculation date, 11 January 2013, and on this date the financial liability in respect of the C shares was deemed to have been extinguished. The premium of £32,453,000 arising on the issue of Ordinary shares has been allocated to the capital reserve. The C shares were permanently removed from trading on 4 February 2013.

Voting and other rights

In accordance with the Articles of Association of the Company, on a show of hands, every member (or duly appointed proxy) present at a general meeting of the Company has one vote; and, on a poll, every member present in person or by proxy shall have one vote for each Ordinary share held. In ordinary circumstances warrantholders do not have the right to attend or vote at General Meetings of the Company. Holders of C shares were entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each C share held.

The Ordinary shares carry the right to receive all dividends declared by the Company or the Directors, subject to the rights of any C shares in issue. C shares carried the right to receive all dividends resolved by the Directors to be paid out of the pool of assets attributable to those C shares.

On a winding-up, provided the Company has satisfied all of its liabilities and subject to the rights conferred by any Warrants and C shares in issue at that time to participate in the winding-up, holders of Ordinary shares are entitled to all of the surplus assets of the Company. Holders of C shares were entitled to any surplus assets of the Company attributable to those C shares.

Each of the Company's Warrants conferred the right to subscribe in cash for one Ordinary share at a price of 120p on the twentieth business day after despatch of the Company's Annual or Half-Yearly Reports each year ending on the twentieth business day after despatch of the Annual Report for the year ending 31 December 2013.

14. Retained earnings	2013 £'000	2012 £'000
Capital reserve		
At 1 January 2013	147,830	82,523
Loans – movement in unrealised currency gain	77	358
Currency gain	21	165
Movement in unrealised fair value	(32,415)	36,101
Gain on realisation of investments	7,124	21,865
Conversion of C shares	32,453	–
Capital dividends	–	55
Costs charged to capital	(2,503)	(1,780)
Issue of Ordinary shares	10,517	7,769
Warrant exercise	1,072	774
At 31 December 2013	**164,176**	**147,830**
Revenue reserve		
At 1 January 2013	10,358	8,164
Revenue	15,270	12,240
Dividends paid	(13,980)	(10,046)
At 31 December 2013	**11,648**	**10,358**

15. Net asset value per share

Ordinary shares

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

Basic	Net asset value per share 2013 p	Net asset values attributable 2013 £'000	Net asset value per share 2012 p	Net asset values attributable 2012 £'000
Ordinary shares	191.56	371,117	205.90	311,287

The basic net asset value per Ordinary share is based on 193,733,389 (2012 – 151,182,346) Ordinary shares, being the number of Ordinary shares in issue at the year end.

Diluted	Net asset value per share 2013 p	Net asset values attributable 2013 £'000	Net asset value per share 2012 p	Net asset values attributable 2012 £'000
Ordinary shares	n/a	n/a	203.92	315,576

All of the remaining warrants were exercised on 17 May 2013 at 120p per share, giving rise to an additional 3,574,043 Ordinary shares in issue. The calculation of the diluted net asset value per Ordinary share for previous periods is based on the total number of Ordinary shares in issue at the period end and on the assumption that those Warrants which were not exercised at the period end (31 December 2012 – 3,574,043 Warrants) were exercised on the first day of the financial year at 120p per share. There were no potentially dilutive shares in issue at the year end.

C shares

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

	Net asset value per share 2013 p	Net asset values attributable 2013 £'000	Net asset value per share 2012 p	Net asset values attributable 2012 £'000
C shares	n/a	n/a	102.80	61,677

All of the 60,000,000 C shares were converted into Ordinary shares on 4 February 2013.

16. Financial instruments

The Company's financial instruments comprise securities, other investments, cash balances and bank loans.

The main risks arising from the Company's financial instruments are (i) market risk (comprising interest rate risk, currency risk and equity price risk), (ii) liquidity risk, (iii) credit risk and (iv) gearing risk.

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

(i) Market risk

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

Interest rate risk

Interest rate movements may affect:

- the fair value of the investments in fixed interest rate securities;
- the level of income receivable on cash deposits;
- interest payable on the Company's variable rate borrowings.

Financial assets

Although the majority of the Company's financial assets comprise equity shares which neither pay interest nor have a stated maturity date, at the year end the Company had three holdings in fixed rate overseas corporate bonds, Yanlord Land Group, of £8,302,000, Yingde Gases, of £2,261,000 and DFCC Bank, of £8,697,000 (2012 – Yanlord Land Group Overseas Corporate Bond, valued at £8,728,000). Bond prices are determined by market perception as to the appropriate level of yields given the economic background. Key determinants include economic growth prospects, inflation, the Government's fiscal position, short-term interest rates and international market comparisons. The Investment Manager takes all these factors into account when making any investment decisions as well as considering the financial standing of the potential investee entity.

Returns from bonds are fixed at the time of purchase, as the fixed coupon payments are known, as are the final redemption proceeds. This means that if a bond is held until its redemption date, the total return achieved is unaltered from its purchase date. However, over the life of a bond the market price at any given time will depend on the market environment at that time. Therefore, a bond sold before its redemption date is likely to have a different price to its purchase level and a profit or loss may be incurred.

Financial liabilities

The Company primarily finances its operations through use of equity, retained profits and bank borrowings. On 20 March 2012 the credit facility for £15 million was extended until 20 March 2014 and details of the terms and conditions of the loan are disclosed in note 12. At the year end the Company drawdowns from the facility amounted to HK$81,842,000 (2012 – HK$81,842,000), (equivalent to £6,373,000 at 31 December 2013; 2012 – £6,496,000) at an all–in rate of 1.670% (2012 – 1.720%) per annum and US$11,008,000 (2012 – US$11,008,000), (equivalent to £6,646,000 at 31 December 2013; 2012 – £6,772,000) at an all–in rate of 1.559% (2012 – 1.609%) per annum. Both tranches are secured by the investments of the Company. Interest is due on both tranches at the maturity date, being 24 January 2014. The loans are included in creditors falling due within one year.

The Board actively monitors its bank borrowings. A decision on whether to roll over its existing borrowings will be made prior to their maturity dates, taking into account the Company's policy of not having any fixed, long-term borrowings.

The interest rate profile of the Company (excluding short term debtors and creditors as stated previously) was as follows:

At 31 December 2013	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Floating rate £'000	Fixed rate £'000
Assets				
Chinese Overseas Corporate Bonds	4.26	10.09	–	10,563
Sri Lankan Overseas Corporate Bond	4.83	9.63	–	8,697
Cash at bank – Sterling	–	–	3,369	–
Cash at bank – Singapore Dollar	–	–	84	–
Cash at bank – Taiwan Dollar	–	–	10	–
			3,463	**19,260**

	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Floating rate £'000	Fixed rate £'000
Liabilities				
Bank loan – Hong Kong Dollar	0.07	1.67	–	(6,373)
Bank loan – US Dollar	0.07	1.56	–	(6,646)
			–	**(13,019)**

At 31 December 2012	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Floating rate £'000	Fixed rate £'000
Assets				
Chinese Overseas Corporate Bond	5.24	10.63	–	8,728
Cash at bank – Sterling	–	–	4,241	–
Cash at bank – Australian Dollar	–	–	3	–
Cash at bank – Malaysian Ringitt	–	–	93	–
Cash at bank – Japanese Yen	–	–	113	–
Cash at bank – Singapore Dollar	–	–	40	–
Cash at bank – Taiwan Dollar	–	–	34	–
Cash at bank – US Dollar	–	–	8	–
			4,532	**8,728**

	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Floating rate £'000	Fixed rate £'000
Liabilities				
Bank loan – Hong Kong Dollar	0.07	1.72	–	(6,496)
Bank loan – US Dollar	0.07	1.61	–	(6,772)
			–	**(13,268)**

The weighted average interest rate is based on the current yield of each asset, weighted by its market value. The weighted average interest rate on bank loans is based on the interest rate payable, weighted by the total value of the loans.

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

All financial liabilities are measured at amortised cost using the effective interest rate method.

Interest rate sensitivity

The sensitivity analyses demonstrate the sensitivity of the Company's profit/(loss) for the year to a reasonably possible change in interest rates, with all other variables held constant.

The sensitivity of the profit/(loss) for the year is the effect of the assumed change in interest rates on:

- the net interest income for one year, based on the floating rate financial assets held at the Balance Sheet date; and
- changes in fair value of investments for the year, based on revaluing fixed rate financial assets at the Balance Sheet date.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Company profit for the year ended 31 December 2013 would decrease / increase by £97,000 (2012 – decrease / increase by £nil). This is attributable to the Company's exposure to interest rates on its floating rate cash balances, fixed interest securities and bank loans.

The Company holds no financial instruments that will have an equity reserve impact.

In the opinion of the Directors, the above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently as part of the interest rate risk management process used to meet the Company's objectives.

Foreign currency risk

A significant proportion of the Company's investment portfolio is invested in overseas securities and the Balance Sheet can be significantly affected by movements in foreign exchange rates. It is not the Company's policy to hedge this risk on a continuing basis. All of the Company's borrowings, as detailed in note 12, are in foreign currency as at 31 December 2013.

The revenue account is subject to currency fluctuation arising on overseas income. The Company does not hedge this currency risk.

The fair values of the Company's monetary items that have foreign currency exposure at 31 December are shown below. Where the Company's equity investments (which are non monetary items) are priced in a foreign currency, they have been included within the equity price risk sensitivity analysis so as to show the overall level of exposure.

	31 December 2013			31 December 2012		
	Equity investments £'000	Net monetary assets /(liabilities) £'000	Total currency exposure £'000	Equity investments £'000	Net monetary assets /(liabilities) £'000	Total currency exposure £'000
Australian Dollar	68,435	–	68,435	68,626	3	68,629
Hong Kong Dollar	51,182	(6,373)	44,809	55,349	(6,496)	48,853
Japanese Yen	19,102	–	19,102	27,258	113	27,371
Malaysian Ringgit	36,800	–	36,800	31,978	93	32,071
Singapore Dollar	114,805	84	114,889	103,744	40	103,784
Taiwanese Dollar	23,048	10	23,058	24,046	34	24,080
Thailand Baht	36,876	–	36,876	50,988	–	50,988
US Dollar	–	12,614	12,614	–	1,964	1,964
Total	**350,248**	**6,335**	**356,583**	**361,989**	**(4,249)**	**357,740**

The above year end amounts are not representative of the exposure to risk during the year, because the levels of monetary foreign currency exposure change significantly throughout the year.

Foreign currency sensitivity

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

	2013 £'000	2012 £'000
Australian Dollar	6,844	6,863
Hong Kong Dollar	4,481	4,885
Japanese Yen	1,910	2,737
Malaysian Ringgit	3,680	3,207
Singapore Dollar	11,489	10,379
Taiwanese Dollar	2,306	2,408
Thailand Baht	3,688	5,099
US Dollar	1,261	196
Total	**35,659**	**35,774**

Equity price risk

Equity price risk (ie changes in market prices other than those arising from interest rate or currency risk) may affect the value of the Company's quoted equity investments.

Management of the equity risk

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular country or sector. The allocation of assets to international markets and the stock selection process, as detailed on pages 18 and 21 respectively, both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on various stock exchanges worldwide.

Concentration of exposure to equity price risks

A geographic analysis of the Company's investment portfolio is shown on page 18, which shows that all of the investments' value is in the Asia Pacific region. It should be recognised that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country.

Equity price risk sensitivity

The following table illustrates the sensitivity of the profit after taxation for the year and the equity to an increase or decrease of 10% in the fair values of the Company's equities. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Company's equities at each Balance Sheet date, with all other variables held constant.

The equity price risk sensitivity incorporates the equity foreign exchange sensitivity analysis.

	2013		2012	
	Increase in fair value £'000	Decrease in fair value £'000	Increase in fair value £'000	Decrease in fair value £'000
Statement of Comprehensive Income – profit after taxation				
Revenue return – increase /(decrease)	–	–	–	–
Capital return – increase /(decrease)	35,025	(35,025)	36,199	(36,199)
Total profit after taxation – increase /(decrease)	**35,025**	**(35,025)**	**36,199**	**(36,199)**
Equity	**35,025**	**(35,025)**	**36,199**	**(36,199)**

(ii) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities, which stood at £13,883,000 (2012 – £75,834,000 of which £61,677,000 was in respect of the C shares, classified as a financial liability under IAS 32 and which was subsequently converted into Ordinary shares).

Liquidity risk is not considered to be significant as the Company's assets comprise mainly cash and readily realisable securities, which can be sold to meet funding commitments if necessary and these amounted to £3,463,000 and £380,554,000 (2012 – £4,532,000 and £381,705,000) at the year end respectively. Short-term flexibility is achieved through the use of loan and overdraft facilities.

Maturity profile

The following table sets out the carrying amount, by maturity, of the Company's financial instruments that are exposed to interest rate risk at the Balance Sheet date:

At 31 December 2013	Within 1 year £'000	Within 2-3 years £'000	Within 4-5 years £'000	More than 5 years £'000	Total £'000
Fixed rate					
Bonds	–	–	19,260	–	19,260
Bank loans	(13,019)	–	–	–	(13,019)
	(13,019)	–	**19,260**	–	**6,241**
Floating rate					
Cash	**3,463**	–	–	–	**3,463**

At 31 December 2012	Within 1 year £'000	Within 2-3 years £'000	Within 4-5 years £'000	More than 5 years £'000	Total £'000
Fixed rate					
Bonds	–	–	–	8,728	8,728
Bank loans	(13,268)	–	–	–	(13,268)
	(13,268)	–	–	**8,728**	**(4,540)**
Floating rate					
Cash	**4,532**	–	–	–	**4,532**

(iii) Credit risk

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

The risk is not significant, and is managed as follows:

- where the investment manager makes an investment in a bond, corporate or otherwise, the credit rating of the issuer is taken into account so as to minimise the risk to the Company of default. The Company has the following holdings:
  - a Chinese overseas corporate bond issued by Yanlord Land Group. The issuers current credit rating at Moody's is Ba3;
  - a Chinese overseas corporate bond issued by Yingde Gases. The issuers current credit rating at S&P is B; and
  - a Sri Lankan overseas corporate bond issued by DFCC Bank. The issuers current credit rating at Moody's is Ba3.
- investment transactions are carried out with a large number of brokers, whose credit rating of which is taken into account so as to minimise the risk to the Company of default;
- the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports on a daily basis. In addition, both stock and cash reconciliations to the custodian's records are performed on a daily basis to ensure discrepancies are investigated on a timely basis. The Manager's Compliance department carries out periodic reviews of the custodian's operations and reports its finding to the Manager's Risk Management Committee. It is the Manager's policy to trade only with A- and above (Long Term rated) and A-1/P-1 (Short Term rated) counterparties;
- cash is held only with reputable banks with high quality external credit ratings.

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

Credit risk exposure

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

	2013		2012	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Non-current assets				
Investments designated at fair value through profit or loss	380,554	19,260	381,705	8,728
Current assets				
Cash at bank	3,463	3,463	4,532	4,532
Other receivables	983	983	884	884
	385,000	**23,706**	**387,121**	**14,144**

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

(iv) Gearing risk

The Company's policy is to increase its exposure to equity markets through the judicious use of borrowings. When borrowings are invested in such markets, the effect is to magnify the impact on shareholders' funds of changes, both positive and negative, in the value of the portfolio.

During the year the Company's borrowings were short-term loans, details of which can be found in note 12.

The loans are carried at amortised cost, using the effective interest rate method in the financial statements. The Board regulates the overall level of gearing by raising or lowering cash balances.

Fair value of financial assets

Investments held at fair value through profit or loss are valued at their quoted bid prices which equate to their fair values. The Directors are of the opinion that the financial assets are stated at fair value in the Balance Sheet and considers that this is equal to the carrying amounts disclosed in note 20.

Fair values of financial liabilities

The fair value of borrowings as at the 31 December 2013 has been estimated at £13,019,000 which is the same as the carrying value due to their short term nature. At 31 December 2012 the fair value was £13,268,000 which was the same as the carrying value. Under the fair value hierarchy in accordance with IFRS 13, these borrowings would be classified as Level 2 inputs.

17. Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that the Company will be able to continue as a going concern; and
- to maximise the income and capital return to its equity shareholders through an appropriate balance of equity capital and debt. The policy is that debt should not exceed 25% of net assets.

The Company's capital at 31 December comprises:

	2013 £'000	2012 £'000
Debt		
Borrowings under the multi-currency loan facility	**13,019**	**13,268**

	2013 £'000	2012 £'000
Equity		
Equity share capital	193,733	151,182
Retained earnings and other reserves	177,384	160,105
	371,117	**311,287**
Debt as a % of net assets[A]	**3.51**	**4.26**

[A] The calculation above differs from the AIC recommended methodology, where debt levels are shown net of cash and cash equivalents held.

The Board, with the assistance of the Investment Manager monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes account of the Manager's views on the market;
- the need to buy back equity shares for cancellation, which takes account of the difference between the net asset value per Ordinary share and the Ordinary share price (ie the level of share price discount or premium);
- the need for new issues of equity shares; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

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

18. Transactions with the Manager

Mr H Young is a director of Aberdeen Asset Management Asia Limited ("AAM Asia") and Aberdeen Asset Management PLC ("AAM"). AAM Asia is a subsidiary of AAM. Aberdeen Private Wealth Management Limited has an agreement to provide management services to the Company, which it has sub-delegated to AAM Asia. AAM has an agreement to provide administration and company secretarial services to the Company. The terms of these agreements are outlined in notes 5 and 6.

19. Controlling party

In the opinion of the Directors on the basis of shareholdings advised to them, the Company has no immediate or ultimate controlling party.

20. Fair value hierarchy

IFRS 13 'Fair Value Measurement' requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (ie as prices) or indirectly (ie derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

At 31 December 2013	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	361,294	–	–	361,294
Quoted bonds	b)	19,260	–	–	19,260
Net fair value		**380,554**	–	–	**380,554**

At 31 December 2012	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	372,977	–	–	372,977
Quoted bonds	b)	8,728	–	–	8,728
Net fair value		**381,705**	–	–	**381,705**

a) Quoted equities

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

b) Quoted bonds

The fair value of the Company's investments in corporate quoted bonds have been determined by reference to their quoted bid prices at the reporting date.

21. Events after the reporting period

On 24 January 2014 both bank loans were rolled over. At the signing of this report HK$102,842,000 and US$11,008,000 remained drawn down from the £15,000,000 facility with Scotiabank Europe PLC at fixed interest rates of 1.55966% and 1.50173% respectively. Both are repayable on 17 April 2014.

Marketing Strategy

Aberdeen Asian Income Fund Limited contributes to the marketing programme run by the Aberdeen Group ("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, amounted to £239,000 for the year ended 31 December 2013.

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 Ordinary Shares.

These aims can be met in several ways:

Investor Relations Programme

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

The Chairman welcomes feedback form all shareholders and meets periodically with the largest shareholders to discuss the Company.

Newsletter

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

Public Relations

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

Shareholder Services

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

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

Internet

Aberdeen Asian Income Fund Limited has its own dedicated website: www.asian-income.co.uk. This allows web users to access information on the Company's Ordinary Share price performance, capital structure, stock exchange announcements and monthly reports. The site is continuously being evaluated for improvement.

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

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

If you have any questions about your Company, the Manager or performance, please telephone the AAM Customer Services Department (direct private investors) on 0500 00 00 40 or our Broker Desk on 0800 592 487 (Institutions and IFAs).

Aberdeen Investment Trust Administration
PO Box 11020
Chelmsford
Essex, CM99 2DB
Telephone: 0500 00 00 40

Alternatively, internet users may email AAM at inv.trusts@aberdeen-asset.com or write to 10 Queen's Terrace, Aberdeen AB10 1YG.

How to Invest in Aberdeen Asian Income Fund Limited

Direct

Investors can buy and sell Ordinary Shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively Ordinary Shares can be bought directly through Aberdeen's Investment Plan for Children, Investment Trust Share Plan and Investment Trust ISA.

Suitable for Retail/NMPI Status

The Company's securities are intended for investors primarily in the UK (including retail investors), professional-advised private clients and institutional investors who are wanting to benefit from the growth prospects of Asian companies by investment in an investment company and who understand and are willing to accept the risks of exposure to equities. Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

The Company currently conducts its affairs so that its securities can be recommended by IFAs to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

The Company's securities are excluded from the FCA's restrictions which apply to non-mainstream pooled investment products (NMPIs) because the Company would qualify as an investment trust if the Company were based in the UK.

Aberdeen's Investment Plan for Children

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

Aberdeen Investment Trust Share Plan

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

Stocks and Shares ISA

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

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £15 + VAT. The annual ISA administration charge is £24 + VAT calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the Plan prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the Plan, from the sale of investments held in the Plan. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

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

Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

How to Invest in Aberdeen Asian Income Fund Limited continued

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs may be changed by future legislation.

Company Information

If investors would like details of the Company or information on the Children's Plan, Share Plan, ISA or ISA transfers please telephone 0500 00 00 40, e-mail to inv.trusts@aberdeen-asset.com or write to:

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

Terms and Conditions for Aberdeen-managed savings products can be found under the Literature section at invtrusts.co.uk.

Keeping You Informed

The Company's Ordinary Share price appears under the heading 'Investment Companies' in the Financial Times, and other national newspapers.

For internet users, detailed data on the Company including Ordinary Share price, performance information and a monthly fact sheet is available from the Company's website (www.asian-income.co.uk) and the TrustNet website (www.trustnet.co.uk). Alternatively please call 0500 00 00 40 for trust information.

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

Capita Asset Services
PO Box 532
St Helier
Jersey JE4 5UW

Tel: 01534 847 000
e-mail shareholderenquiries@capitaassetservices.com

Tel: 0871 664 0300
(calls cost 10p a minute plus network extras, lines are open 8.30am-5.30pm Mon-Fri)
Tel International: (+44 208 639 3399)

Literature Request Service

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

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

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

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

Investor Warning

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

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

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

The above information on pages 62 to 64 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority.

Glossary of Terms and Definitions

Asset Cover	The value of a company's net assets available to repay a certain security. Asset cover is usually expressed as a multiple and calculated by dividing the net assets available by the amount required to repay the specific security.
Discount	The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.
Dividend Cover	Earnings per share divided by dividends per share expressed as a ratio.
Dividend Yield	The annual dividend expressed as a percentage of the share price.
Net Asset Value	The value of total assets less liabilities. Liabilities for this purpose included current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.
Net Gearing	Net gearing is calculated by dividing total assets (as defined below) less cash or cash equivalents by shareholders' funds expressed as a percentage.
Ongoing Charges	Ratio of expenses as percentage of average daily shareholders' funds calculated as per the industry standard method.
Ordinary Shares	The Company's Ordinary Shares give shareholders the entitlement to all of the capital growth in the Company's assets and to all the income from the Company that is resolved to be distributed. The Ordinary Shares are in registered form and traded on the London Stock Exchange's Main Market. Subject to the Articles of Association, on a show of hands every registered holder of Ordinary Shares (a shareholder) who is present in person (or, being a corporation, by representative) shall have one vote. On a poll every shareholder present in person (or, being a corporation, by representative) or by proxy shall be entitled to one vote in respect of each Ordinary Share held by him. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the Ordinary Shares.
Premium	The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.
Price/Earnings Ratio	The ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stock market's view of a company's prospects and profit growth potential.
Prior Charges	The name given to all borrowings including debentures, loan and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.
Total Assets	Total Assets less current liabilities (before deducting prior charges as defined above).
Total Return	Total Return involves reinvesting the net dividend in the month that the share price goes xd. The NAV Total Return involves investing the same net dividend in the NAV of the trust on the date to which that dividend was earned, eg quarter end, half year or year end date.

Notice of Annual General Meeting

Notice is hereby given that the eighth Annual General Meeting of Aberdeen Asian Income Fund Limited will be held at 1st Floor, Sir Walter Raleigh House, 48 – 50 Esplanade, Jersey JE2 3QB at 10.30 a.m. on 8 May 2014 for the following purposes:

To consider and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions:

1. To receive the Directors' report and financial statements for the year ended 31 December 2013, together with the Auditor's report thereon.
2. To receive and adopt the Directors' Remuneration Report (other than the Directors' Remuneration Policy).
3. To receive and adopt the Directors' Remuneration Policy.
4. To re-elect Mr P Arthur as a Director.
5. To re-elect Mr D Baxter as a Director.
6. To re-elect Mr H Young as a Director.
7. To re-appoint Ernst & Young LLP as independent Auditor and to authorise the Directors to agree their remuneration.

Special Business

As special business, to consider the following resolutions, of which resolutions 8 and 10 will be proposed as special resolutions and resolution 9 as an ordinary resolution:

8. THAT, the Company be and is hereby generally and unconditionally authorised in accordance with the Articles of Association to make market purchases on a stock exchange of and to cancel or hold in treasury Ordinary Shares of no par value in the capital of the Company ("Ordinary Shares"), provided that:
   a) the maximum number of Ordinary Shares hereby authorised to be purchased is 14.99 per cent. of the issued share capital of the Company as at the date of the passing of this Resolution;
   b) the maximum price which may be paid for an Ordinary Share shall not be more than the higher of (i) an amount equal to 105 per cent. of the average of the middle market quotations for an Ordinary Share taken from the Official List for the 5 business days immediately preceding the day on which the Ordinary Share is purchased; and (ii) the higher of the last independent trade and the current highest independent bid on the trading venue where the purchase is carried out;
   c) the minimum price which may be paid for an Ordinary Share is 1 pence;
   d) the Company be authorised to purchase Ordinary Shares out of its unrealised capital or revenue profits less its capital or revenue losses, whether realised or unrealised; and,
   e) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2015 or, if earlier, on the expiry of 18 months from the passing of this resolution, unless such authority is renewed prior to such time.
9. THAT, the Company be and is hereby generally and unconditionally authorised to hold Ordinary Shares, redeemed or purchased, as treasury shares as permitted pursuant to and in accordance with Article 58A and 58B of the Companies (Jersey) Law 1991 as amended or to be cancelled.

10. THAT, for the purposes of paragraph 1 of Article 10 of the Company's Articles of Association, the Company may issue Ordinary Shares up to a maximum amount of 19,373,338 Ordinary Shares (or 10% of the total number of Ordinary Shares in issue as at the date of this resolution), provided that such disapplication shall expire (unless and to the extent previously revoked, varied or renewed by the Company in general meeting by Special Resolution) at the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2015 or eighteen months from the date of this resolution but so that this power shall enable the Company to make offers or agreements before such expiry which would or might require Ordinary Shares to be issued after such expiry and the Directors of the Company may issue Ordinary Shares in pursuance of any such offer or agreement as if such expiry had not occurred.

1st Floor, Sir Walter Raleigh House
48 – 50 Esplanade, St Helier
Jersey JE2 3QB
4 April 2014

By order of the Board
Aberdeen Private Wealth Management Limited
Secretaries

Notes:

a) 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.

b) 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 Income Fund Limited, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham Kent BR3 4TU so as to arrive not less than forty eight hours before the time fixed for the meeting.

c) In accordance with Article 40 of the Companies (Uncertificated Securities) (Jersey) Order 1999, 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.

d) Notes on CREST Voting.
CREST Members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual, which is available to download from the Euroclear website (www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.
In order for a proxy appointment or instruction made using the CREST system to be valid, the appropriate CREST message (a "CREST proxy instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent RA10 by 10.30am on 6 May 2014. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications Host) from which the issuer's agent is able to retrieve the message.
CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal systems timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or CREST sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s)) takes(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by a particular time. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual.
The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. In any case, a proxy form must be received by the Company's registrars no later than 10.30am on 6 May 2014.

e) Shareholders are advised that unless otherwise provided, the telephone numbers and website addresses which may be set out in this Notice or the Form of Proxy/Letter of Direction are not to be used for the purpose of serving information or documents on the Company including the service of information or documents relating to proceedings at the Company's Annual General Meeting. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's Ordinary Shares already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result any person holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Services Authority.

f) No Director has a service contract with the Company.

g) The Register of Directors' interests is kept by the Company and available for inspection.

h) As at 27 March 2014 (being the last business day prior to the publication of this notice) the Company's issued Ordinary Share capital comprised 193,733,389 Ordinary Shares of no par value. Each Ordinary Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 27 March 2014 was 193,733,389.

i) There are special arrangements for holders of Ordinary Shares through the Aberdeen Share Plan and ISA. These are explained in the 'Letter of Direction' which such holders will have received with this report.

Corporate Information

Directors

Peter Arthur, Chairman
Andrey Berzins, Audit Committee Chairman
Duncan Baxter, Senior Independent Director
Charles Clarke
Ana Armstrong
Hugh Young

Manager, Secretary & Registered Office

Aberdeen Private Wealth Management Limited
Tel: 01534 758 847

Registered office from 21 February 2014:

1st Floor, Sir Walter Raleigh House
48 – 50 Esplanade
St Helier
Jersey JE2 3QB

Registered office up to 21 February 2014:

No.1 Seaton Place
St Helier
Jersey JE4 8YJ

Registration Number: 91671

Investment Manager

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

Registrars

Capita Asset Services
PO Box 532
St Helier
Jersey JE4 5UW

Tel: 01534 847 000

Transfer Agents

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Tel: 0871 664 0300
(calls cost 10p a minute plus network extras, lines are open 8.30am-5.30pm Mon-Fri)
Tel International: (+44 208 639 3399)

e-mail ssd@capitaregistrars.com
website www.capitaregistrars.com

Bankers

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201 Bishopsgate,
6th Floor,
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Solicitors

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

Jersey Lawyers

Appleby
PO Box 207
13-14 Esplanade
St Helier
Jersey JE1 1BD

Stockbrokers

Cantor Fitzgerald Europe Limited
One America Square
17 Crosswall
London EC3N 2LS

Independent Auditor

Ernst & Young LLP
Liberation House
Castle Street
St Helier
Jersey JE1 1EY

Website

www.asian-income.co.uk

Your Company's Capital History

Issued Ordinary Share Capital at 31 December 2013

193,733,389	Ordinary Shares of no par value

Capital History

20 December 2005	110,000,000 Ordinary Shares placed at 100p per share and 22,000,000 Warrants issued at 10p per Warrant. Ordinary Share issue applicants were entitled to purchase Warrants on the basis of one Warrant for every 10 Ordinary Shares applied for.
Year to 31 December 2007	800,000 Ordinary Shares of no par value purchased in the market for cancellation
Year to 31 December 2008	760,000 Ordinary Shares of no par value purchased in the market for cancellation
Year to 31 December 2009	1,350,000 Ordinary Shares of no par value issued for cash at a premium to the prevailing net asset value
Year to 31 December 2010	7,199,001 Ordinary Shares of no par value issued for cash at a premium to the prevailing net asset value
11 May 2010	160,999 Warrants exercised resulting in the issue of 160,999 new Ordinary shares
13 October 2010	885,062 Warrants exercised resulting in the issue of 885,062 new Ordinary shares
16 May 2011	14,793,009 Warrants exercised resulting in the issue of 14,793,009 new Ordinary shares
5 October 2011	5,800 Warrants exercised resulting in the issue of 5,800 new Ordinary shares
Year to 31 December 2011	6.25 million Ordinary Shares of no par value issued for cash at a premium to the prevailing net asset value per share
24 May 2012	1,766,974 Warrants exercised resulting in the issue of 1,766,974 new Ordinary shares
15 October 2012	814,113 Warrants exercised resulting in the issue of 814,113 new Ordinary shares
16 November 2012	60,000,000 C shares issued by way of a Placing and Offer for Subscription
Year to 31 December 2012	9,517,388 Ordinary Shares of no par value issued for cash at a premium to the prevailing net asset value per Ordinary Shares
4 February 2013	60,000,000 C shares converted into 30,552,000 new Ordinary Shares
17 May 2013	3,574,043 Warrants exercised resulting in the issue of 3,574,043 new Ordinary Shares. Following the exercise no Warrants remain
Year to 31 December 2013	8.425 million Ordinary Shares of no par value issued for cash at a premium to the prevailing net asset value per Ordinary Share

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