

Aberdeen Asian Income Fund Limited

Annual Report
31 December 2014



Contents

Strategic Report

- 1 Company Summary and Financial Highlights
- 2 Overview of Strategy
- 6 Chairman's Statement
- 8 Investment Manager's Review
- 10 Results
- 11 Financial Calendar
- 12 Performance

Portfolio

- 13 Investment Portfolio – Ten Largest Investments
- 16 Sector/Geographical Analysis
- 17 Currency/Market Performance
- 18 Information about the Investment Manager

Governance

- 20 Your Board of Directors
- 22 Directors' Report
- 25 Statement of Corporate Governance
- 31 Directors' Remuneration Report
- 34 Statement of Directors' Responsibilities

Audit Opinion

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

Financial Statements

- 37 Statement of Comprehensive Income
- 38 Balance Sheet
- 39 Statement of Changes in Equity
- 40 Cash Flow Statement
- 41 Notes to the Financial Statements For the year ended 31 December 2014

General Information

- 60 Promotional Strategy
- 61 How to Invest in Aberdeen Asian Income Fund Limited
- 64 Glossary of Terms and Definitions
- 65 Notice of Annual General Meeting
- 67 Corporate Information
- 68 Your Company's Share Capital History
- 69 Alternative Investment Fund Managers Directive Disclosures (Unaudited)

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (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.

Portfolio Management

The investment management of the Company has been delegated by Aberdeen Private Wealth Management Limited (the “Manager”, the “Alternative Investment Fund Manager” or “AIFM”) 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.

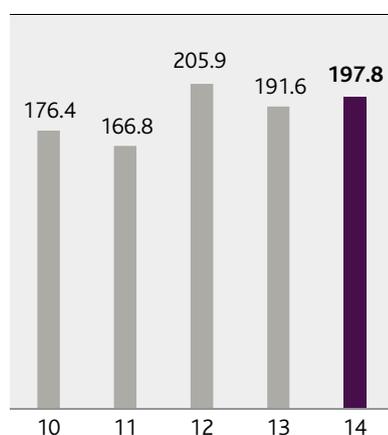
Results

	2014	2013
Ordinary share price total return ^A	+6.7%	-9.2%
Net asset value total return ^A	+7.6%	-2.6%
MSCI AC Asia Pacific ex Japan Index (currency adjusted) ^A	+9.5%	+1.7%
Earnings per Ordinary share – basic (revenue)	8.24p	8.23p
Dividends per Ordinary share	8.00p	7.90p
Premium to net asset value per Ordinary share	1.0%	1.8%
Ongoing charges	1.25%	1.24%

^A 1 year return

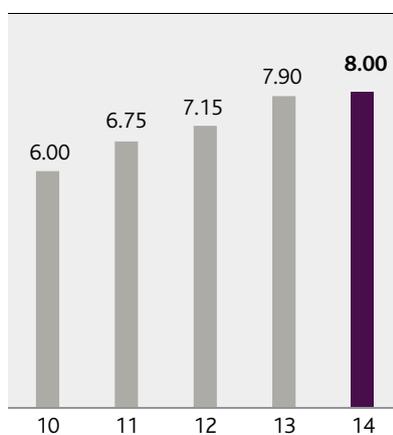
Net asset value per share

At 31 December – pence



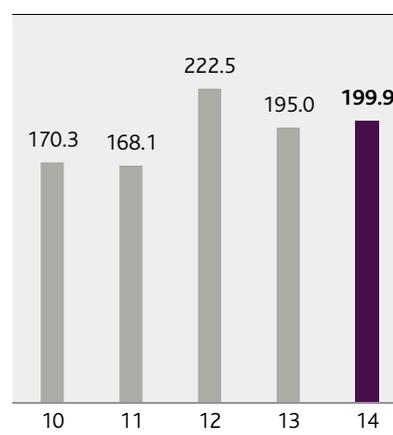
Dividends per share

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 investment 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 6 and 7 and the Investment Manager's Review on pages 8 and 9. 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 10:

- Net Asset Value per Ordinary Share
- Share Price Ordinary Share (mid market)
- Discount/Premium to NAV per Ordinary Share
- Dividend Payments per Ordinary Share
- Ongoing Charges Ratio

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;
- Asia 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). At 31 December 2014 there were 58 holdings in the portfolio.

The Company will not invest more than 10%, 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% 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% 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% 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% of its Total Assets in other collective investment undertakings (open-ended or closed-ended);
- expose more than 20% 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% of net assets although, in normal market conditions, the Company is unlikely to take out gearing in excess of 15% 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 generally short term, but the Board may from time to time determine to incur longer term borrowings where it is believed to be in the Company's best interests to do so. 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 Collective Investment Funds laws.

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.

(i) Investment risk

The Company's investment strategy requires investment in Asia Pacific equity and bond markets, which involves a greater degree of risk than that associated with investment in more developed markets which may lead to a loss of capital. Separately, inappropriate asset allocation or level of gearing, as part of the investment strategy adopted by the Company, may result in underperformance against either the Company's comparative index and/or its peer group, which may in turn lead to a widening of the discount at which the Company's shares trade.

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 (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.

The Board seeks to manage these risks by diversifying its investments, as set out in the investment restrictions and guidelines agreed with the Manager, and on which the Company receives regular monitoring reports from the Manager. At each Board meeting, the Directors

review the effectiveness of the investment process with the Manager by assessing relevant management information including revenue forecasts, absolute/relative performance data, attribution analysis and liquidity/risk reports.

(ii) **Income and dividend risk**

There is a risk that the Company fails to generate sufficient income from its investment portfolio, particularly in periods of weak equity and bond markets, to meet its operational expenses which results in it drawing upon, rather than replenishing, its revenue reserves. This might hamper the Board's capacity to maintain dividends to shareholders. The Board monitors this risk through the review of income forecasts, provided by the Manager, at each Board meeting.

(iii) **Discount volatility**

Investment company shares can trade at discounts to their underlying net asset values, although they can also trade at premia. Discounts and premia can fluctuate considerably. In order to seek to minimise the impact of such fluctuations, where the shares are trading at a significant discount, the Company has operated a share buy-back programme for a number of years. If the shares trade at a premium, the Company has the authority to issue new shares or re-issue shares from treasury. Whilst these measures seek to minimise volatility, it cannot be guaranteed that they will do so.

(iv) **Foreign exchange risk**

The Company accounts for its activities, reports its NAV and declares dividends in sterling whilst its investments may be made and realised in other currencies. The value of the Company's investments and the income derived from them can, therefore, be affected by movements in foreign exchange rates. In addition, the earnings of the Company's investments may also be affected by currency movements which, indirectly, could have an impact on the Company's performance. The Company does not currently hedge its foreign currency exposure.

(v) **Operational risk**

In common with most other investment companies, the Company has no employees. The Company therefore relies on services provided by third parties, particularly the Manager, to whom responsibility for the management of the Company has been delegated under a management agreement (the "Agreement") (further details of which are set out on page 22). The terms of the Agreement cover the necessary duties and responsibilities expected of the Manager. The Board reviews the overall performance of the Manager on a regular basis and their compliance with the Agreement is reviewed formally on an annual basis.

Contracts with other third party providers, including share registrar and custodial services, are entered into after appropriate due diligence. Thereafter, each contract, and the performance of the provider, is subject to regular formal review. The security of the Company's assets is the responsibility of the custodian, BNP Paribas. The effectiveness of the internal controls at the custodian is subject to review and regular reporting to the Audit Committee.

(vi) **Regulatory risk**

The Company operates in a complex regulatory environment and faces a number of related risks. A breach of applicable laws and regulations, such as the UKLA Listing Rules, Jersey Company law or Accounting Standards, could lead to suspension from the London Stock Exchange and reputational damage. The Board receives frequent compliance reports from the Manager to monitor compliance with regulations.

An explanation of other risks relating to the Company's investment activities, specifically market price, liquidity and credit risk, and a note of how these risks are managed, are contained in note 16 to the Financial Statements on pages 51 to 57.

Alternative Investment Fund Managers Directive ("AIFMD")

In accordance with the Alternative Investment Funds (Jersey) Regulations 2012, the Jersey Financial Services Commission ("JFSC") has granted its permission for the Company to be marketed within any EU Member State or other EU State to which the Directive applies. The Company's registration certificate with the JFSC is now conditioned such that the Company "must comply with the applicable sections of the Codes of Practice for Alternative Investment Funds and AIF Services Business".

Aberdeen Private Wealth Management Limited ("APWM"), as the Company's non-EEA alternative investment fund manager, has notified the UK Financial Conduct Authority in accordance with the requirements of the UK National Private Placement Regime of its intention to market the Company (as a non-EEA AIF under the Directive) in the UK.

In addition, in accordance with Article 23 of the AIFMD and Rule 3.2.2 of the Financial Conduct Authority ("FCA") Fund Sourcebook, APWM is required to make available certain disclosures for potential investors in the Company. These disclosures, in the form of a Pre-Investment Disclosure Document ("PIDD"), are available on the Company's website: www.asian-income.co.uk.

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. Jersey companies have to report relevant information for the previous calendar year to the Comptroller by 30 June. The Comptroller has until September 2015 to forward information relating to the 2014 calendar year to the competent authority in the US. 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 2014, in respect of gender diversity specifically there were five male Directors and one female Director. The Company has no employees. The Board's statement on diversity more generally is set out on page 28.

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 30.

Global Greenhouse Gas Emissions

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

Peter Arthur
Chairman
24 March 2015

Strategic Report - Chairman's Statement



Peter Arthur
Chairman

Background and Overview

Your Company's net asset value total return was 7.6% for the year ended 31 December 2014, trailing the 9.5% gain in the MSCI All Country Asia Pacific ex-Japan Index. On a total return basis the share price rose by 6.7% to 199.9p. Despite this relatively disappointing recent performance, the longer term track record remains highly creditable, with the NAV total return being 76.6% compared to 36.0% for the Index for the five years to 31 December 2014. The premium over net asset value contracted marginally from 1.8% to 1.0% at the year end, whereas at the time of writing the shares are trading at a discount of 3.1%. Total dividends for the year amounted to 8.0p (2013: 7.9p) representing a slight increase of 1.3% over 2013.

Last year was eventful for higher-yielding stocks, which returned to favour after their poor performance in 2013. Continued low interest rates, together with uncertainty surrounding an increasingly divergent policy landscape among key central banks, drove demand for dividend-paying stocks. While the US Federal Reserve terminated its asset purchase programme, pressure mounted on Europe, China and Japan to turn on their stimulus taps. At the time of writing, the European Central Bank has now started to implement the purchase of €60 billion in bonds every month until September 2016. Japan, too, has expanded its monetary base in an attempt to ward off the spectre of deflation.

Although falling shy of the double-digit returns of the US, Asian equities outperformed most of their emerging and developed market counterparts. Headlines were dominated by landmark political developments, notably in India, Indonesia and Thailand. In India and Indonesia, the prospect of sweeping policy change after the elections led both indices to gain over 30% in sterling terms, although your Company has little direct exposure to their equity markets due to the generally low yields on offer. Conversely, the exposure to Thailand added to performance: the stockmarket rallied after the military seized power following months of political unrest. Investors were cheered by the prospect of relative stability and the resumption of stalled infrastructure investments.

In the second half of the year, plummeting oil prices threw markets into disarray. Amid lacklustre demand and OPEC's decision to maintain production levels, crude prices ended the year at half their summer levels. While oil exporters such as Malaysia have been pressured by the prospect of lower government revenues, the rest of Asia, which is a net importer, seems likely to benefit. Cheaper oil has also given greater policy flexibility to lawmakers, some of whom have taken the opportunity to dismantle expensive fuel subsidies, freeing up resources for more productive uses, such as investment in infrastructure and healthcare.

Your Company's small exposure to China hampered returns in the fourth quarter. The market far outstripped its regional peers towards the end of the year, despite recurring concerns over a potential property bubble and disappointing growth figures. Stocks were buoyed by the central bank's move to reduce interest rates and inject liquidity into the banking system. Hong Kong posted comparatively subdued returns, as pro-democracy protests towards the year-end weighed on sentiment.

Dividends

Four quarterly dividends were declared over 2014. The first three were paid at the rate of 1.8p totalling 5.4p which, when added to the fourth dividend of 2.6p, represented an overall increase of 1.3% for the year to stand at 8.0p. In the year to 31 December 2014, after deducting the payment of the fourth interim dividend, approximately £0.45 million has been transferred to the Company's revenue reserves which now amount to £7.25 million (approximately 3.7p per share).

Looking ahead, your Investment Manager does not anticipate a substantial increase in absolute dividends in the current year. While the balance sheets of your Company's holdings remain resilient, your Investment Manager expects market volatility to persist well into 2015. Given the challenging operating environment, earnings growth is likely to remain muted.

Ordinary Share Issuance and Gearing

During the year, there was further demand for your Company's Ordinary shares and 800,000 new Ordinary Shares were issued at a premium to the prevailing NAV. Such issues enhance the NAV (albeit marginally) for existing shareholders.

Your Company entered into a new unsecured three year £30 million multi currency facility with Scotiabank (Ireland) Limited which replaced a £15 million secured facility that matured in April 2014. At the period end approximately £29.7 million was drawn down under the facility (USD11.0 million, HKD252.8 million and GBP1.7 million) representing a gearing level of 6.8% of net assets which overall has been

beneficial to the net asset value performance over the period under review. Subsequent to the period end the Company has agreed an extra facility with Scotiabank Europe PLC in the form of a £10.0 million term loan facility. On 4 March 2015 £10 million was drawn down under the new facility for a fixed three year period at an all-in interest rate of 2.2175%. At the time of writing the equivalent of £39.4 million has been drawn down in sterling, Hong Kong and US dollars under the facilities, representing a gearing level of 9.7% of net assets.

Directorate

As part of the Board's succession planning, Dr Armstrong has indicated her intention to retire at the forthcoming Annual General Meeting and not to seek re-election to the Board. I would like to take this opportunity to thank Ana for her considerable contribution to the Company since its launch in 2005 and to wish her well for the future.

The Directors, through the Nomination Committee, have initiated a search for a new Director by preparing a specification of the skills and experience required and a detailed search has been undertaken using the services of an independent external recruitment company. The process is well advanced and the Board expects to be able to update shareholders in due course.

Outlook

Asian stock markets will be steered by some of the same issues that drove sentiment last year. The evolving expectations surrounding the timing of a US interest rate hike will continue to foment volatility. At the time of writing, most signs point to an environment of looser monetary policy in the near term, given falling oil prices and still-anaemic levels of growth in most developed markets apart from the US. Even with the relatively upbeat backdrop, economic data from the US has been patchy, while still-low inflation could ease pressure on the Fed to raise its benchmark rate within the first half of the year. A looser policy environment might prove positive for most asset classes, including equities, but one feels that this only delays the crucial realignment between company fundamentals and share price performance. Meanwhile, risk appetite continues to be vulnerable to further shocks in both the oil and currency markets.

We expect Asia to be the fastest growing region of the world in 2015 albeit muted by its own high historic standards. Notably, while Chinese authorities will undoubtedly cushion the impact of a slowdown with targeted easing measures, its growth forecasts this year are still hovering at the decade-low level of 7%. The rest of the region, previously buoyed by China's insatiable appetite for their exports, will similarly have to adjust to lower levels of expansion.

That said, the investment case for Asia remains attractive for an investor with a long-term horizon. Young populations with rising wealth, coupled with relatively stable political environments and proactive central banks, will continue to underpin growth in the decades ahead. On the corporate front, investment flows into high-yielding stocks are likely to be dictated in the near term by the vacillating expectations regarding US interest rates. But your Company's holdings continue to warrant confidence. Selected for their defensiveness and solid fundamentals, they are well-positioned to produce healthy dividend growth in the longer-term despite the challenging macroeconomic environment.

Annual General Meeting

Your Company's Annual General Meeting ("AGM") will be held at 10.30 a.m. on Thursday 7 May 2015 at the Company's 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 Savings 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 2015, which will be issued to shareholders around the end of August 2015. Those shareholders who wish to keep up to date with developments between formal reports may wish to view the monthly factsheet and other useful information relating to the Company at www.asian-income.co.uk.

Peter Arthur
Chairman
24 March 2015

Strategic Report - Investment Manager's Review

Overview

Asian equities rose in 2014, a year marked by political change and the start of monetary policy divergence. Asia outperformed most peers in emerging markets and advanced counterparts in Europe but lagged the double-digit gains in the US. Sentiment was influenced by major central banks' policy decisions, including the Bank of Japan's plan to expand its monetary base to stave off deflation and the state pension fund's reallocation towards equities. In China, the government continued to announce targeted easing measures and the central bank cut interest rates to boost growth. Juxtaposed against this was the US Federal Reserve's decision to end quantitative easing. Expectations of a rate hike some time in 2015 strengthened the US dollar and pared market gains in Asia. This was exacerbated by the plunge in global oil prices, which heightened risk aversion. On a positive note, inflation eased because of cheaper oil, allowing various authorities to cut fuel subsidies that were a significant strain on budgets.

Performance Review

During the review period, the Company's net asset value rose by 7.6% and the share price rose by 6.7%, compared to the MSCI AC Asia Pacific ex Japan Index's gain of 9.5% (on a total return basis). Volatility was heightened in 2014, with a refocus on the search for yield, as expectations of a US rate hike were pushed out, and long-term interest rates continued to decline on weakening inflation. Overall, your Company's underlying portfolio provided steady dividends, backed by decent earnings growth and cash generation. Furthermore, balance sheets remained robust.

The Company's outperformance, which lasted until the end of September, was eroded in the fourth quarter, primarily by the small exposure to China and the Company's holdings in Hong Kong. Its portfolio does not hold Chinese banks, a large part of the comparative index, and they rebounded on the back of looser monetary policy to help boost economic growth. Among these policy moves were a cut in interest rates, lower bank loan-to-deposit ratios and a liquidity injection, all of which helped to mask concerns over local banks' asset quality and potential losses. However, unless there are substantial market reforms that inspire greater confidence in the banks' ability to operate commercially, it is unlikely that we would change our stance on introducing them to the portfolio. Similarly, this goes for Chinese insurance firms, even though they benefited from the stimulus measures.

Over the full year, your Company's banking sector holdings were a considerable drag on performance. In particular, HSBC in Hong Kong detracted. Weak economic sentiment in the bank's core markets continued to weigh on earnings. Its profits were also hampered by higher compliance costs and provisions for various fines. The bank has a big global retail

presence, with over US\$1 trillion in deposits. As it restructures, earnings could face more near-term pressure, but looking ahead, it should benefit from the normalisation of interest rates and an economic recovery in its core markets. Meanwhile, Standard Chartered, also a holding, continued to face headwinds. The lender warned that profits would be hurt by unexpected commodities-related provisions, and there is the possibility of fresh probes by US regulators into alleged sanction violations. Some of its problems are cyclical and should be resolved in the medium term. More structural ones will require management to reprioritise investments, divest non-core businesses and streamline riskier portfolios. We think Standard Chartered's advantage lies in its peerless focus on emerging markets, replete with banking licences and long-term customer relationships, something that cannot be easily replicated, and it is still an exciting franchise. In recent top management changes Bill Winters will replace Peter Sands as CEO in June. Meanwhile, group executive director Jaspal Bindra will step down this year and chairman John Peace will follow suit in 2016. New independent directors will also be appointed. These changes are no surprise and we believe they are important steps in strengthening the bank and positioning it for an emerging markets recovery.

Elsewhere in Hong Kong, Giordano suffered from a difficult operating environment, particularly in China. However, the clothing retailer is revamping its cost base and closing unprofitable shops. Notably, it still has a very strong balance sheet. The dividend was cut but the yield still remains attractive. Retail sales in the US were also subdued, and this weighed on Li & Fung. However, we are positive about the firm's renewed focus on global supply-chain management, after it spun off its brands management business in the form of Global Brands Group.

India and Indonesia were among the top performing markets as they rode on a wave of elections euphoria. Pro-reform candidates in both countries were elected into power and made some headway in keeping their promises to cut corruption and bureaucracy, while boosting infrastructure spending. However, the portfolio does not have exposure to India, as companies there generally do not pay out much of their earnings in dividends, preferring to reinvest cash. The Indonesian holding in coal producer, Indo Tambangraya Mega, was weighed down by falling coal prices owing to slower demand from China. However, the firm is still cash generative and profitable due to its low cost base.

The Malaysian stockmarket fell mainly owing to the sharp fall in oil prices, as the country is a net oil exporter. The stock price of our holding in brewer Guinness Anchor was affected by fears of a weaker outlook for consumer spending and by speculation of a hike in excise duties on alcohol to help the government compensate for the growing budget deficit. We

think that the firm's robust cash generation and strong balance sheet will continue to support its attractive dividend payments over the longer term. Management has also embarked on cost cutting and improving productivity.

On a positive note, the portfolio's significant exposure to Thailand benefited performance as investors reacted positively to the military coup, which, outwardly at least, restored the semblance of stability and allowed the resumption of government spending on infrastructure. Our holdings of local utility, Electricity Generating, and Hana Microelectronics posted solid results and the share price of our investment in Advanced Info Service rose on hopes that the new government would restart the auction process for 3G spectrum licenses. The firm's results were underpinned by robust non-voice revenues and stable margins. It also maintained its 100% dividend payout policy.

Conversely, the lack of exposure to Korea aided performance as growth slowed and export demand weakened. Consumer sentiment was also subdued. The portfolio does not hold Korean stocks as dividend yields tend to be low.

Singapore rose in line with the benchmark and Singapore Post was a key contributor. The firm continues to invest in regional e-commerce capabilities and Chinese industry giant Alibaba bought a strategic stake. We welcome this development and think that Singapore Post should be well-positioned to benefit from the fast-growing e-commerce opportunities in the region.

We also invest in bonds when we know the underlying issuer well, and see attractive yields. The exposure to fixed income benefited performance, in particular the bond issued by Sri Lankan DFCC Bank. The bond was priced with a good yield, and rallied in line with the local stockmarket on improved growth sentiment.

Portfolio Activity

Over the year, we sold Singapore Press Holdings, Takeda Pharmaceutical and Global Brands Group. Singapore Press Holdings' core newspaper business has been in gradual decline. In addition, the hidden value in the property business was largely realised after it was spun off and cash was returned to shareholders in the form of a special dividend. For Takeda Pharmaceutical, we were concerned over its ongoing lawsuits involving its diabetes drug Actos and threats to its current portfolio from generic drug manufacturers. With Global Brands Group, we had received our shares through the holding in Li & Fung, but found its dividend yield not sufficiently attractive.

Against this, we introduced Indonesia-based coal miner Indo Tambangraya Megah, mining giant Rio Tinto and emerging markets-focused lender Standard Chartered. Indo

Tambangraya Megah has a robust balance sheet to support its dividend policy, and its largest shareholder Thai-listed Banpu would welcome the dividend income. With Rio Tinto, we remain confident that management will improve capital management, while Standard Chartered was also trading at attractive valuations at the time. Furthermore, we subscribed to OCBC's rights issue, as the core holding has a solid track record of being conservatively managed, plus the Wing Hang acquisition in Hong Kong will enable the bank to extend its business in North Asia effectively.

In fixed income, we subscribed to Green Dragon Gas' bond issue in view of its attractive yield. We have followed the Chinese gas producer for some time and hence understand the business and underlying risks.

Outlook

We expect the overall business environment in Asia to remain challenging as global growth remains sluggish. Earnings growth for 2015 will likely be in the single-digits, amid continued volatility spurred by central bank action. At the time of writing a series of interest rate cuts and stimulus measures by central banks, including, Australia, Canada, China and Europe, are likely to intensify the search for yield. This should favour companies that continue to pay out attractive dividends. In terms of the portfolio, valuations look reasonable versus regional benchmarks and developed markets, with a price-to-earnings ratio of 14.4 times for 2014, and a forecast of 14 times for 2015. Overall, the Company's holdings are relatively defensive with robust cash generation and solid balance sheets to support dividend payments.

Aberdeen Asset Management Asia Limited

24 March 2015

Strategic Report - Results

Financial Highlights

	31 December 2014	31 December 2013	% change
Total assets (see definition on page 64)	£414,538,000	£384,136,000	+7.9
Total equity shareholders' funds (net assets)	£384,868,000	£371,117,000	+3.7
Market capitalisation	£388,824,000	£377,780,000	
Share price Ordinary share (mid market)	199.88p	195.00p	+2.5
Net asset value per Ordinary share	197.84p	191.56p	+3.3
<i>Premium to net asset value per Ordinary share</i>	1.0%	1.8%	
MSCI AC Asia Pacific ex Japan Index (currency adjusted, capital gains basis)	560.65	528.87	+6.0
Net gearing ^A	6.8%	2.6%	
Dividend and earnings			
Total return per Ordinary share ^B	14.17p	(6.69p)	
Revenue return per Ordinary share ^B	8.24p	8.23p	+0.1
<i>Dividends per Ordinary share^C</i>	8.00p	7.90p	+7.3
Dividend cover per Ordinary share	1.03	1.04	
Revenue reserves ^D	£7.25m	£6.81m	
Ongoing charges			
<i>Ongoing charges ratio</i>	1.25%	1.24%	

^A Calculated in accordance with AIC guidance "Gearing Disclosures post RDR" (see definition on page 64).

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

^C The figure for dividends reflects the years in which they were earned (see note 8 on page 46).

^D The revenue reserves figure takes account of the fourth interim dividend amounting to £5,058,000 (2013 – fourth interim amounting to £4,843,000).

^E Ongoing charges have 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
<i>Share price (Ordinary)</i>	+6.7	+33.0	+78.6	+175.8
<i>Net asset value (diluted)</i>	+7.6	+34.7	+76.6	+178.7
MSCI AC Asia Pacific ex Japan Index (currency adjusted)	+9.5	+30.6	+36.0	+127.5

All figures are for total return and assume re-investment of net dividends.

^A Launch being 20 December 2005.

The KPIs detailed on page 2 are displayed in italics above.

Dividends per Ordinary Share

	Rate	xd date	Record date	Payment date
First interim 2014	1.80p	30 April 2014	2 May 2014	16 May 2014
Second interim 2014	1.80p	16 July 2014	18 July 2014	22 August 2014
Third interim 2014	1.80p	23 October 2014	24 October 2014	17 November 2014
Fourth interim 2014	2.60p	22 January 2015	23 January 2015	18 February 2015
2014	8.00p			
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			

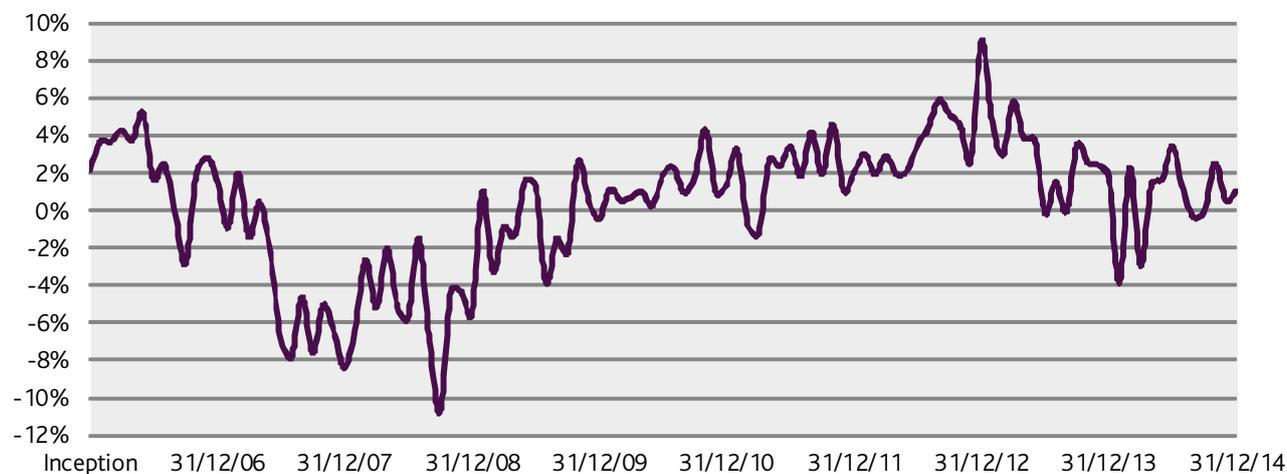
Financial Calendar

18 February 2015	Payment of fourth interim dividend for year ended 31 December 2014
24 March 2015	Announcement of results for year ended 31 December 2014
7 May 2015	Annual General Meeting at 1 st Floor, Sir Walter Raleigh House, 48 – 50 Esplanade, St Helier, Jersey JE2 3QB at 10.30 a.m.
22 May 2015	Payment of first interim dividend for year ending 31 December 2015
21 August 2015	Payment of second interim dividend for year ending 31 December 2015
August 2015	Announcement of half yearly results for the six months ending 30 June 2015
17 November 2015	Payment of third interim dividend for year ending 31 December 2015
18 February 2016	Payment of fourth interim dividend for year ending 31 December 2015

Strategic Report - Performance

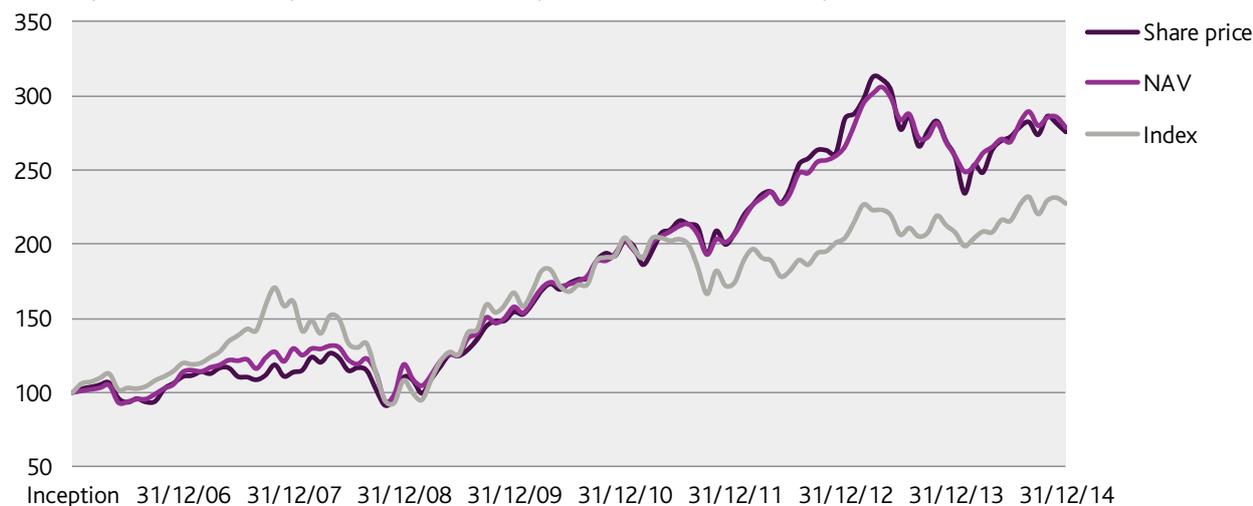
Ordinary Share Price Premium/(Discount) to Ordinary Share NAV

Launch (20 December 2005) to 31 December 2014



Total 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 2014 (rebased to 100 at 20/12/05)



Financial Record

Year to 31 December	2006 ^A	2007	2008	2009	2010	2011	2012 ^B	2013	2014
Total revenue (£'000)	7,028	7,772	7,965	7,680	10,285	11,878	15,052	18,736	19,333
Per Ordinary share (p)									
Net revenue return	5.08	5.45	5.69	5.54	7.31	7.44	8.31	8.23	8.24
Total return	13.45	15.72	(10.80)	37.47	43.52	3.36	46.87	(6.69)	14.17
Net dividends payable	4.50	4.75	4.75	5.00	6.00	6.75	7.15	7.90	8.00
Net asset value per Ordinary share (p)									
Basic	112.15	123.48	108.01	140.63	176.35	166.77	205.90	191.56	197.84
Diluted	112.15	122.90	108.01	137.19	167.85	164.78	203.92	n/a	n/a
Equity shareholders' funds (£'000)	123,369	134,841	117,129	154,398	208,154	231,946	311,287	371,117	384,868

^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 2014

Company	Industry	Country	Valuation 2014 £'000	Total assets ^A %	Valuation 2013 ^B £'000
Oversea-Chinese Banking Corporation					
A well-managed Singapore bank with a strong capital base and impressive cost-to-income ratio, which has recently acquired a mid-sized bank in Hong Kong. In addition to its core banking activities it has sizeable wealth management and life assurance divisions.	Banks	Singapore	15,159	3.7	11,661
HSBC Holdings					
One of the world's largest banking and financial services institutions with global operations. Its roots and the majority of its earnings derive from Asia and, after several poor acquisitions in Europe and the USA, it has been refocusing back to its origins.	Banks	Hong Kong	13,545	3.3	12,964
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	12,835	3.1	11,869
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	12,268	2.9	10,238
Swire Pacific (Class A and Class B shares)					
A long-established Hong Kong based conglomerate with operations spanning real estate, aviation (Cathay Pacific), beverages (Coca-Cola bottling) and marine services.	Real Estate Management & Development	Hong Kong	11,523	2.8	9,353
United Overseas Bank					
Singapore's second largest bank, primarily focused on SMEs and consumers, with its core market in Singapore and a regional network including Indonesia, Malaysia and Thailand.	Banks	Singapore	11,431	2.7	9,547
China Mobile					
The number one operator in China providing cellular telecommunication services, boasting both a strong balance sheet and healthy cash flows.	Wireless Telecommunication Services	China	11,101	2.7	9,811
Telstra					
Australia's domestic and international telecommunications provider including telephone exchange lines to homes and businesses, supply of local, long distance and international telephone calls and supplying mobile telecommunication services.	Diversified Telecommunication Services	Australia	10,653	2.6	9,623
British American Tobacco Malaysia					
Manufacturer & marketer of tobacco products in Malaysia through BAT's international brands such as Dunhill and Lucky Strike.	Tobacco	Malaysia	10,501	2.5	10,399
Taiwan Mobile					
The leading provider of cellular telecommunications services in Taiwan. Although predominantly a wireless network operator, the company also sells and leases cellular telephony equipment.	Wireless Telecommunication Services	Taiwan	10,488	2.5	9,695
Top ten investments			119,504	28.8	

Investment Portfolio - Other Investments

Company	Industry	Country	Valuation 2014 £'000	Total assets %	Valuation 2013 £'000
Ausnet Services	Electric Utilities	Australia	10,148	2.4	9,254
Canon	Technology Hardware Storage & Peripherals	Japan	9,962	2.4	9,264
Jardine Cycle & Carriage	Distributors	Singapore	9,764	2.3	8,149
Singapore Technologies Engineering	Aerospace & Defence	Singapore	9,352	2.3	9,603
Taiwan Semiconductor Manufacturing Corporation	Semiconductors & Semiconductor Equipment	Taiwan	9,346	2.3	13,353
DBS Group	Banks	Singapore	9,129	2.2	7,338
Electricity Generating	Independent Power and Renewable Electricity Producers	Thailand	8,974	2.2	7,090
Commonwealth Bank of Australia	Commercial Banks	Australia	8,616	2.1	8,064
Keppel Corporation	Industrial Conglomerates	Singapore	8,557	2.1	10,683
Yanlord Land Group	Real Estate Management & Development (Corporate Bond)	China	8,478	2.0	8,302
Top twenty investments			211,830	51.1	
BEC World	Media	Thailand	8,466	2.0	5,860
Tesco Lotus Retail Growth	Real Estate Investment Trusts	Thailand	8,392	2.0	7,974
Woolworths	Food & Staples Retailing	Australia	8,274	2.0	9,370
BHP Billiton	Metals & Mining	Australia ^C	8,206	2.0	11,046
Australia & New Zealand Bank Group	Banks	Australia	7,961	1.9	8,227
Guinness Anchor	Beverages	Malaysia	7,846	1.9	10,103
Spark New Zealand	Diversified Telecommunication Services	New Zealand	7,621	1.8	5,796
Advanced Information Services	Wireless Telecommunication Services	Thailand	7,339	1.8	5,498
Far East Hospitality Trust	Real Estate Investment Trusts	Singapore	7,311	1.8	4,374
CDL Hospitality Trust	Real Estate Investment Trusts	Singapore	6,426	1.6	6,001
Top thirty investments			289,672	69.9	
QBE Insurance Group	Insurance	Australia	6,325	1.5	6,732
DFCC Bank	Banks (Corporate Bond)	Sri Lanka	6,271	1.5	8,697
Li & Fung	Textiles, Apparel & Luxury Goods	Hong Kong	5,852	1.4	4,984
Standard Chartered	Banks	United Kingdom	5,711	1.4	–
Rio Tinto	Metals & Mining	Australia ^C	5,700	1.4	–
Scentre Group	Real Estate Investment Trusts	Australia	5,371	1.3	3,187
Siam Cement ^D	Construction Materials	Thailand	5,309	1.3	4,485
Giordano International	Speciality Retail	Hong Kong	5,255	1.3	7,373
Pos Malaysia	Air Freight & Logistics	Malaysia	5,223	1.3	9,243
Singapore Post	Air Freight & Logistics	Singapore	5,173	1.2	10,062
Top forty investments			345,862	83.5	

PetroChina	Oil, Gas & Consumable Fuels	China	4,967	1.2	4,628
Hana Microelectronics	Electronic Equipment, Instruments & Components	Thailand	4,955	1.2	2,923
Green Dragon Gas	Oil, Gas & Consumable Fuels (Corporate Bond)	China	4,690	1.1	–
Star Publications	Media	Malaysia	4,625	1.1	4,312
Ascendas Hospitality Trust	Real Estate Investment Trusts	Singapore	4,455	1.1	4,660
Shopping Centres Australasia	Real Estate Investment Trusts	Australia	4,167	1.0	3,424
Westfield Corporation	Real Estate Investment Trusts	Australia	4,161	1.0	4,758
Keppel REIT	Real Estate Investment Trusts	Singapore	3,981	1.0	1,390
Ratchaburi Electricity	Independent Power and Renewable Electricity Producers	Thailand	3,894	0.9	3,046
Hong Leong Finance	Consumer Finance	Singapore	3,863	0.9	4,022
Top fifty investments			389,620	94.0	
ICICI Bank	Banks (Corporate Bond)	India	3,729	0.9	–
China National Offshore Oil Corporation	Oil, Gas & Consumable Fuels	China	3,540	0.8	–
Indo Tambangraya Megah	Oil, Gas & Consumable Fuels	Indonesia	3,304	0.8	–
Lafarge Malaysia	Construction Materials	Malaysia	3,115	0.8	2,743
Okinawa Cellular Telephone	Wireless Telecommunication Services	Japan	2,894	0.7	2,639
Yingde Gases	Chemicals (Corporate Bond)	China	2,119	0.5	2,261
Kingmaker Footwear	Textiles, Apparel & Luxury Goods	Hong Kong	1,182	0.3	1,203
Texwinca Holdings	Textiles, Apparel & Luxury Goods	Hong Kong	756	0.2	866
Total value of investments			410,259	99.0	
Net current assets ^E			4,279	1.0	
Total assets^A			414,538	100.0	

^A See definition on page 64.

^B Purchases and/or sales effected during the year will result in 2013 and 2014 values not being directly comparable.

^C Incorporated in and listing held in United Kingdom.

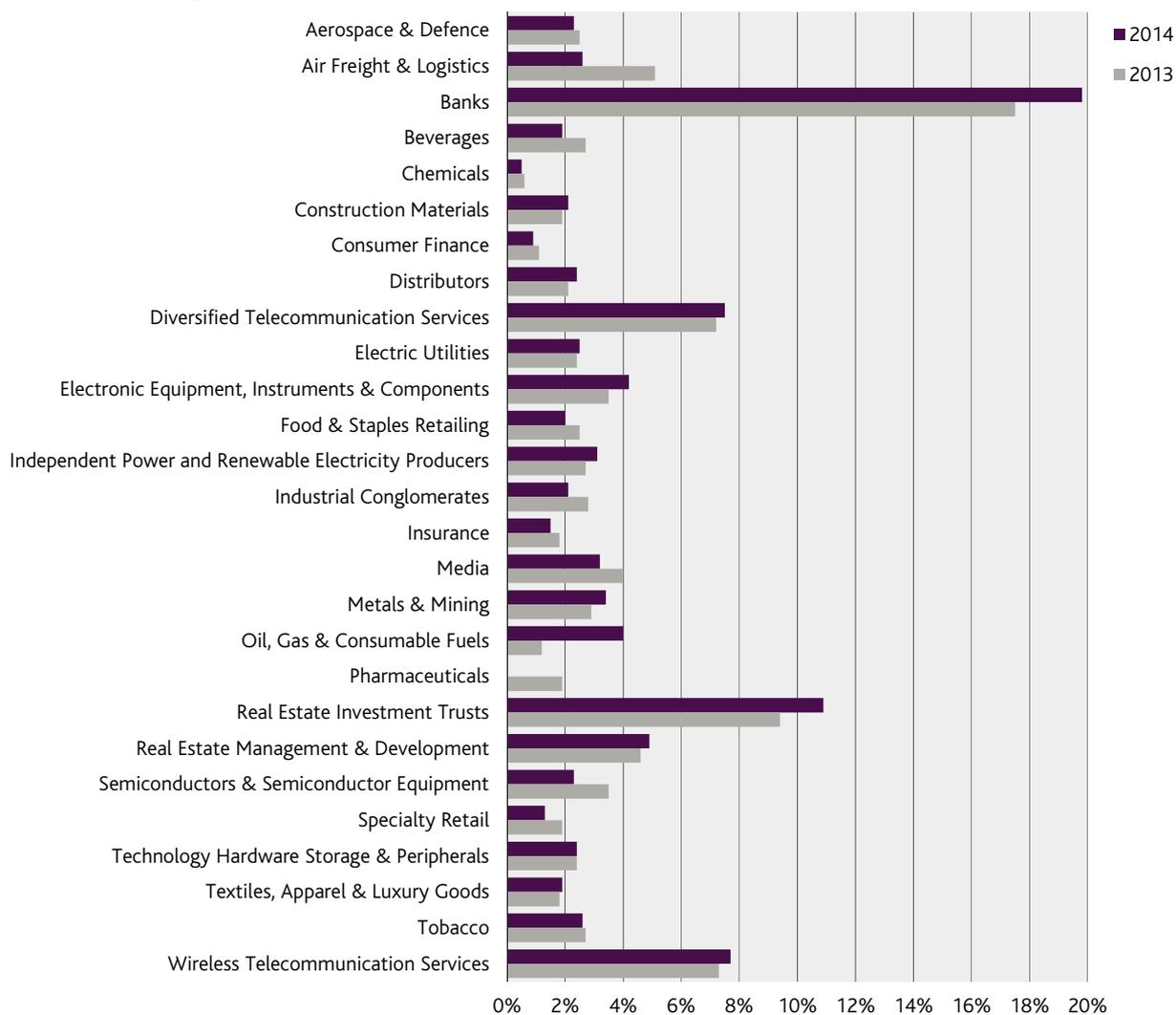
^D Holding includes investment in common and non-voting depositary receipt lines.

^E Excluding bank loans of £29,670,000.

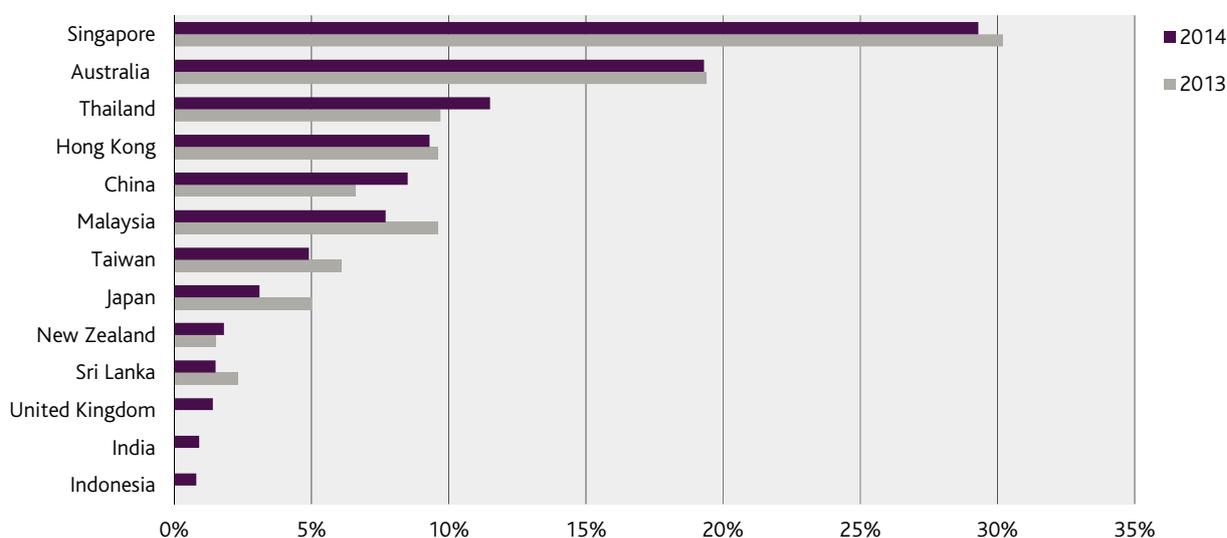
Sector/Geographical Analysis

As at 31 December 2014

Sector Breakdown by value

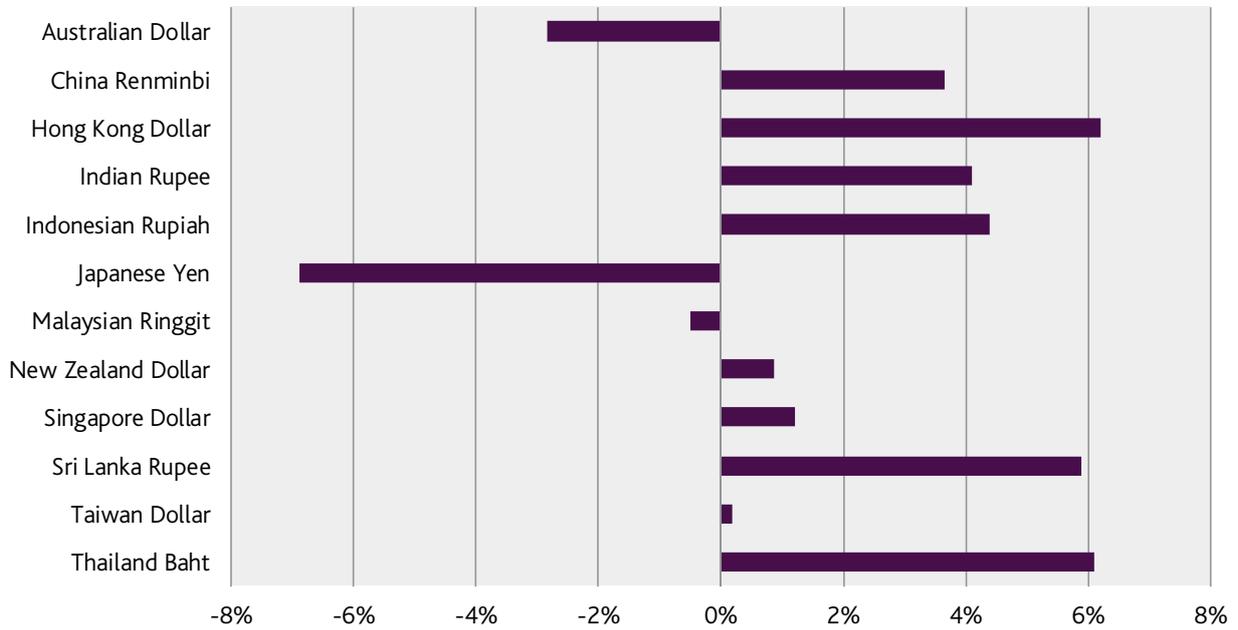


Geographic Breakdown by value

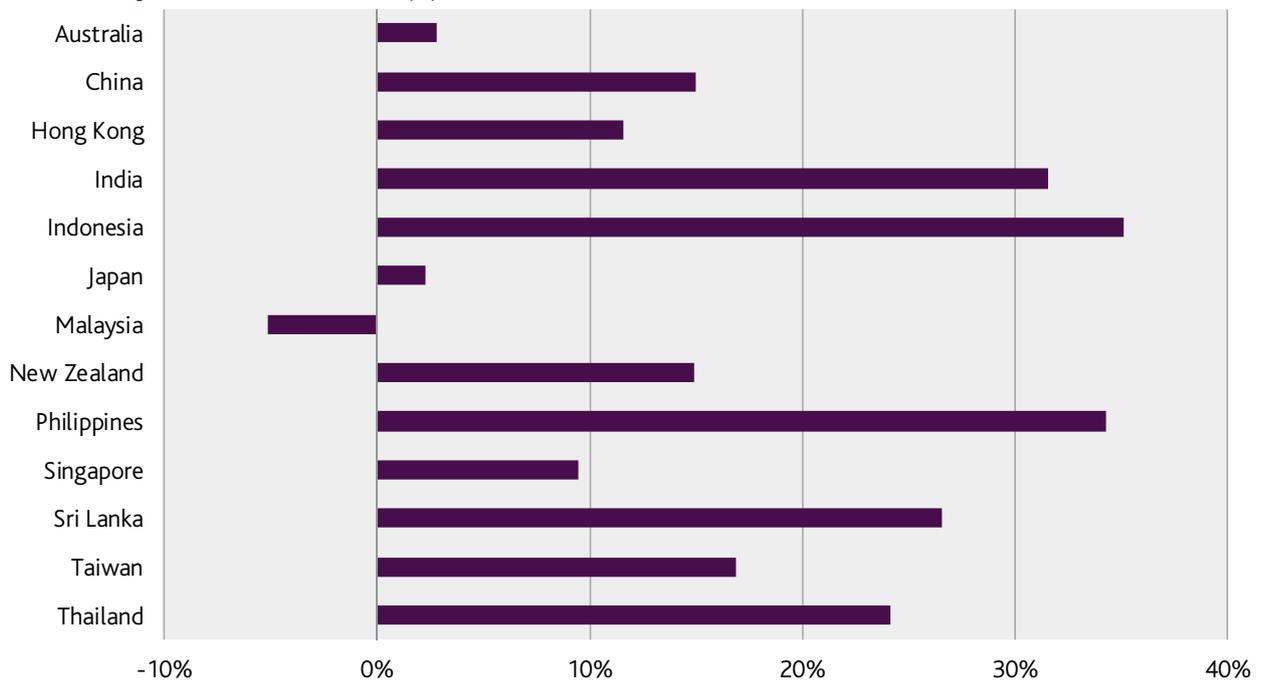


Currency/Market Performance

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 £323.3 billion (as at 31 December 2014) in assets for a range of clients, including individuals and institutions, through mutual and segregated funds.

AAM Asia has been the Aberdeen Group's principal managers of Asia-Pacific assets since 1992, and had over 485 staff in the region at 31 December 2014. Total funds in the region, which are also managed from Sydney, Kuala Lumpur, Hong

Kong and Bangkok, are over £66.7 billion as at 31 December 2014.

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 75 investment companies and other closed-ended funds representing £15 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.



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.



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.



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.

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. These companies form the Aberdeen Universe which contains all buy and hold recommendations for the region. 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.

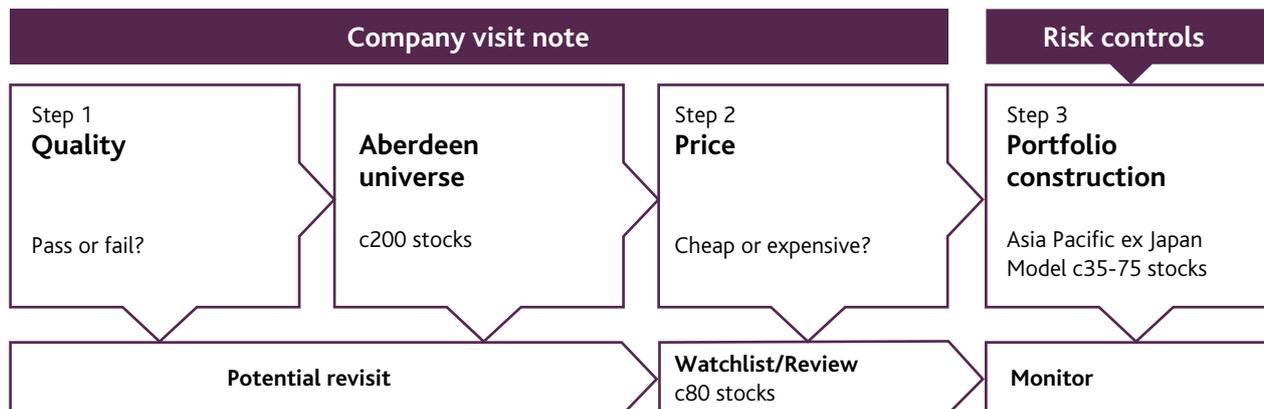
Portfolios are managed by the Investment Manager on a team basis, with individual fund managers doing their own research and analysis. Each asset class has a model portfolio that contains the team's best ideas for that asset class and forms the basis for constructing individual portfolios focused on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

Length of service: 9 years 5 months, appointed a Director on 10 November 2005

Last re-elected to the Board: 8 May 2014

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 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: 44,095 Ordinary Shares



Andrey Berzins

Status: Independent Non-Executive Director and Audit Committee Chairman

Length of service: 9 years 5 months, 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: Ocean Wilsons Holdings Limited

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

Length of service: 9 years 5 Months, appointed a Director on 10 November 2005

Last re-elected to the Board: 8 May 2014

Experience: A retired senior banker with over 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 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

Length of service: 3 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 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: 60,000 Ordinary Shares



Ana Armstrong

Status: Independent Non-Executive Director

Length of service: 9 years 5 months, appointed a Director on 11 November 2005

Last re-elected to the Board: 9 May 2013 (retiring at AGM in 2015)

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 2003 to 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

Length of service: 9 years 5 months, appointed a Director on 11 November 2005

Last re-elected to the Board: 8 May 2014

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 Directors present their Report and the audited financial statements for the year ended 31 December 2014.

The current Directors, Messrs Peter Arthur, Duncan Baxter, Andrey Berzins, Charles Clarke, Hugh Young and Dr Ana Armstrong held office throughout the year and were the only Directors in office during the year.

The Company and its Investment Policy

The business of the Company is that of an investment company investing in the Asia Pacific region. The investment policy and objective of the Company is set out on pages 1 to 3 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 12. This includes the overall strategy of the Company and its principal activities, main risks faced by the Company, likely future developments of the business and the details of any issues of Ordinary Shares for cash 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 and is an Alternative Investment Fund (within the meaning of Regulation 3 of the Alternative Investment Fund Regulations). 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 equivalent to a qualifying trust.

Results and Dividends

Details of the Company's results and dividends are shown on page 10 and in note 8 to the Financial Statements. Interim dividends were paid on a quarterly basis in May, August, November 2014 and February 2015. 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 Company's revenue reserves. As at 31 December 2014 the Company's revenue reserves (adjusted for the payment of the fourth interim dividend) amounted to £7.25 million (approximately 3.7p 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.

Ordinary Share Capital

As at 31 December 2014 there were 194,533,389 Ordinary Shares in issue. During the year the Company issued a total of 800,000 new Ordinary Shares for cash at a premium to the prevailing NAV at the time of issue.

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 disclosed 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.

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 has a premium listing on the London Stock Exchange and is required to offer pre-emption rights to its shareholders. Accordingly, the Articles of Association contain pre-emption provisions similar to those found under UK law in satisfaction of the Listing Rules requirements. 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 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, as in previous years, your Board is also proposing that its annual disapplication of the pre-emption rights is renewed so that the Company 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 2016.

Purchase of the Company's Securities

The Directors aim to operate an active discount management policy through the use of Ordinary Share buy backs, should the Company's shares trade at a significant discount. 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%. 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 9, 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 29,160,555 Ordinary Shares (representing 14.99% of the current issued Ordinary Share capital). The authority being sought will expire at the conclusion of the Annual General Meeting in 2016 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. During the year and subsequent to the period end no Ordinary Shares have been purchased in the market for cancellation or treasury.

Under Jersey company law, Jersey companies can either cancel shares or hold them in treasury following a buy-back of shares. Repurchased shares will only be held in treasury if the Board considers that it will be in the interest of the Company and 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.

Amendment to Articles Re: Offshore Board Meetings

Following a recent relaxation in approach by the UK government to the holding of board meetings in the UK by non-UK incorporated alternative investment funds for the purpose of determining tax residency, your Board is seeking to remove current restrictions on the location of its Board meetings contained in the Company's articles of association. Previously, holding a Board meeting in the UK gave rise to the risk that the Company would be regarded as tax resident in the UK. However, changes introduced in the UK during 2014 mean that this is no longer the case. Whilst the Directors have no current plans to change their practice of holding their Board meetings offshore, the Board believes it is in shareholders' best interests for the Board to have maximum flexibility regarding the location of its Board meetings. As a consequence, the Directors are proposing that all restrictions on the location of Board meetings, and the non-validity of Board resolutions passed at meetings held in the UK or Ireland, are removed from the articles of association. Accordingly, Resolution 11, a Special Resolution to adopt new articles of association containing such amendments, is being proposed at the AGM. No other changes are being proposed to the articles of association at this time and therefore the new articles of association proposed to be adopted are the same as the existing articles of association in all other respects.

A copy of the new articles of association, together with a blacklined version showing the proposed changes, will be available for inspection at the offices of Aberdeen Asset Management PLC, Bow Bells House, 1 Bread Street, London EC4M 9HH from the date of the Annual Report until the close of the AGM.

Recommendation

Your Board considers Resolutions 9 to 11 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 9 to 11 to be proposed at the Annual General Meeting, as they intend to do in respect of their own beneficial shareholdings which amount to 217,837 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 or her

in the actual or purported execution and/or discharge of his or her duties and/or the exercise or purported exercise of his or her powers and/or otherwise in relation to or in connection with his or her 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 and market abuse restrictions).

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 25 to 30.

Going Concern

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 5 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 financial statements.

Accountability and Audit

The respective responsibilities of the Directors and the Auditor in connection with the financial statements are set out on pages 34 and 35.

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 reasonable 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 propose 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.

Peter Arthur

Chairman

24 March 2015

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 22 to 24.

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 applicable provisions contained within the UK Code taking into consideration the provisions of the AIC Corporate Governance Guide for Investment Companies.

The Board has also considered the principles and recommendations of the AIC Code of Corporate Governance for Jersey-domiciled member companies ("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:

- o the role of the chief executive;
- o executive directors' remuneration; and
- o 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 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 Manager and Investment Manager and free of any material relationship with either the Manager or 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 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 necessarily 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 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 2014 there were four scheduled Board meetings and there were five other ad hoc Board meetings. In addition, the Audit Committee and Nomination Committee each met twice, the Management Engagement met once and there were two Board Committee 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 2014 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):

Statement of Corporate Governance *continued*

	Board	Ad Hoc Board and Committee	Audit	MEC & Nom.
Total Meetings	4	7	2	3
P Arthur ^A	3 (3)	5 (7)	n/a	3 (3)
D Baxter	4 (4)	5 (7)	2 (2)	3 (3)
A Berzins	4 (4)	4 (7)	2 (2)	3 (3)
C Clarke	4 (4)	5 (7)	2 (2)	3 (3)
A Armstrong	2 (2)	3 (7)	1 (2)	3 (3)
H Young ^B	4 (4)	4 (7)	n/a	2 (2)

^A Mr Arthur is not a member of the Audit Committee

^B 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 the 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 2014 this was undertaken by Stephenson & Co an independent external board evaluation service provider. Stephenson & Co is an independent company that does not have any other connections with the Company. The review concluded that the Board has a good balance of experience and considerable knowledge of Asian markets and works in a collegiate, efficient and effective manner under the leadership of an experienced and well regarded Chairman.

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. With effect from the conclusion of the AGM in 2015 Mr Berzins will stand down as Audit Committee Chairman but remain on the Committee and Mr Clarke, who has recent and relevant experience, has agreed to become Audit Committee Chairman.

The UK 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 £5,000 were paid to the Auditor in respect of non audit services – the Audit Committee will review any future fees in the light of the requirement to maintain the Auditor's independence);
- to review an annual statement from the Manager detailing the arrangements in place within Aberdeen whereby

Aberdeen staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters;

- to make recommendations in relation to the appointment of the external Auditor and to approve the remuneration and terms of engagement of the external Auditor; and
- to monitor and review annually the external Auditor's independence, objectivity, effectiveness, resources and qualification.

Significant Issues

During its review of the Company's financial statements for the year ended 31 December 2014, 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(e) to the financial statements on pages 41 and 42. 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 Investment 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 Investment 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 42. 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 Investment 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 Board and the Manager); and
- 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 four 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.

Statement of Corporate Governance continued

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 policy is for all Directors who have served for more than nine years to submit themselves for annual re-election at the AGM. In accordance with the Articles of Association Mr Berzins and Mr Clarke will retire by rotation at the AGM and offer themselves for re-election. Mr Arthur and Mr Baxter, having both served more than nine years on the Board will retire voluntarily at the AGM and offer themselves for re-election and Dr Armstrong has indicated that she intends to retire from the Board with effect from the conclusion of the AGM and not seek re-election. Mr Young will retire voluntarily and offer himself for re-election. The Board and Nomination Committee consider 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 have no hesitation in recommending the reappointment of Mr Arthur, Mr Baxter, Mr Clarke, Mr Berzins and Mr Young at the AGM.

As part of the plans for succession and in order to fill the vacancy arising from Dr Armstrong's planned retirement, the Nomination Committee initiated a search for an additional independent non executive Director during the year using the services of Fletcher Jones, an independent external recruitment consultant. Fletcher Jones is an independent company that does not have any connections with the Company. The Committee identified a specification for the new Director, including the requisite skills and experience that would complement the existing Directors and having due regard for the benefits of diversity on the Board. The Company will update shareholders in due course on the outcome of the search process.

Board Diversity

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 broadest sense 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.

Remuneration Committee

Under the UK Listing Authority's Listing Rules, where an investment company 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 2015. The remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development and success 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 31.

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 including strategy; investment management; shareholders; marketing; gearing; regulatory and 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"), 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 financial statements, 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 meets periodically with third party service providers in order to review the level of service provided;
- 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 2015 meeting, the Audit Committee carried out an annual assessment of internal controls for the year ended 31 December 2014 by considering documentation from the Investment Manager, including its internal audit and compliance functions and taking account of events since 31 December 2014. 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 2014:

Shareholder	Number of shares held	% held
Speirs & Jeffrey	14,528,996	7.5
Charles Stanley	12,123,048	6.2
Quilter Cheviot	11,030,615	5.7
Brewin Dolphin Stockbrokers	10,912,841	5.6
Investec Wealth & Management	9,990,770	5.1
Rathbones	8,934,787	4.6
Adam & Co. Investment Management	6,796,388	3.5
Aberdeen Retail Plans	6,346,164	3.3
Hargreaves Lansdowne	6,006,582	3.1
Alliance Trust Savings	5,928,976	3.1

Subsequent to the period end, the Company has been advised of the following change to these substantial shareholder interests:

- Quilter Cheviot 9,796,501 Ordinary shares (4.9%).

Relations with Shareholders

The Directors place a great deal of importance on communication with shareholders. The Chairman welcomes feedback from all shareholders and meets periodically with the largest shareholders to discuss the Company. The Annual Report and financial statements 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 financial statements 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.

The Board's policy is to communicate directly with shareholders and their representative bodies without the involvement of the management group (either the Company Secretary, the Manager or the Investment Manager) in situations where direct communication is required and usually a representative from the Board meets with major shareholders on an annual basis in order to gauge their views.

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 Aberdeen'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 Aberdeen'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. The Aberdeen Group 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 Investment Manager communicates its views on corporate governance best practice to regulators and policy-makers across the world.

Andrey Berzins
Audit Committee Chairman
24 March 2015

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, this was approved by a binding shareholder vote at the AGM held on 8 May 2014 and will be submitted every three years thereafter for shareholder approval. Should the Remuneration Policy be varied during the initial three year 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 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 2015.

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 companies 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 2014	1 Jan 2013
	£	£
Chairman	35,000	35,000
Chairman of Audit Committee	28,000	28,000
Director	24,000	24,000
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 upon the giving of three months' 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

Directors' Remuneration Report continued

indemnified out of the assets of the Company in so far as the law allows.

The above Remuneration Policy, effective for three years, was approved by shareholders at the AGM held on 8 May 2014.

Implementation Report

Directors' Fees

The Directors' fees were increased to the present levels with effect from 1 January 2013. 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 2015. 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 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 8 May 2014, shareholders approved (i) the Directors' Remuneration Report (other than the Directors' Remuneration Policy) and (ii) the Directors' Remuneration Policy, in respect of the year ended 31 December 2013 and the following proxy votes were received on the resolutions:

Resolution	For	Discret.	Against	Withheld
2 Receive and Adopt Directors' Remuneration Report	49.9m (95.7%)	2.1m (4.1%)	79,243 (0.2%)	6,441
3 Approve Directors' Remuneration Policy	49.3m (94.8%)	2.1m (4.1%)	587,048 (1.1%)	213,147

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	2014	2013	Taxable Benefits	Taxable Benefits
	£	£	2014	2013
P Arthur (Chairman and highest paid Director)	35,000	35,000	-	-
A Berzins	28,000	28,000	-	-
D Baxter	25,000	25,000	-	-
C Clarke	24,000	24,000	-	-
A Armstrong	24,000	24,000	-	-
H Young	24,000	24,000	-	-
Total	160,000	160,000	-	-

Fees are pro-rated where a change takes place during a financial year. Of the fees disclosed above £49,000 (2013 - £49,000) 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 2014 and 1 January 2014 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 2014	1 January 2014
	Ordinary Shares	Ordinary Shares
P Arthur	43,136	39,567
D Baxter	30,714	25,000
A Berzins	55,000	55,000
C Clarke	60,000	10,750
A Armstrong	528	526
H Young	27,500	27,500

Subsequent to the year end, Mr P Arthur's beneficial holding increased to 44,095 Ordinary Shares following purchases of 250 Ordinary Shares, 207 Ordinary Shares, 254 Ordinary Shares and 248 Ordinary Shares on 22 January 2015, 19 and 23 February 2015 and 23 March 2015 respectively. The other Directors' Ordinary Share interests were unchanged at 24 March 2015, being the nearest practicable date prior to the signing of this Report.

The Directors' Remuneration Report was approved by the Board of Directors on 24 March 2015 and signed on its behalf by:

Peter Arthur
Chairman
24 March 2015

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.

The Directors listed on pages 20 and 21, being the persons responsible, hereby confirm to the best of their knowledge:

- that the financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), 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 financial statements 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, including the Chairman's Statement and the Investment Manager's Review, include a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that the Company faces.

For and on behalf of the Board

Peter Arthur
Chairman
24 March 2015

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

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 2014 and of its profit 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.

What we have audited

We have audited the financial statements of Aberdeen Asian Income Fund Limited (the "Company") for the year ended 31 December 2014 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 (IFRS).

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 in the Statement of Directors' Responsibilities set out on page 34, 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.

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:

- Incomplete or inaccurate income recognition, because investment income is the most significant component of the Company's revenue profit for the year which drives many of the Company's key performance indicators including dividend yield and revenue return per ordinary share, and;
- Valuation of the Company's investments, because that is a significant driver of the net asset value of the Company and the most significant component of the balance sheet.

Our application of materiality

We determined planning materiality for the Company to be £1.3m (2013: £1.3m) 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. We used revenue profit before tax as a basis for determining planning materiality because the Company's primary performance measures for internal and external reporting are based on that measure.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgment 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 £1m (2013: £1m). Our objective in adopting this approach was to ensure that total uncorrected and undetected audit differences in the financial statements did not exceed our materiality level.

Based on the materiality levels determined above we agreed with the Audit Committee to report to them all audit differences in excess of £66k (2013: £65k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

We evaluated any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.

An overview of the scope of our audit

We adopted a risk based approach in determining our audit strategy. This approach focuses audit effort towards higher risk areas. We performed audit procedures and responded to the risks identified as directed below.

Incomplete or inaccurate income recognition

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 receipts to independent sources. We recalculated a sample of fixed interest income and agreed receipts to independent sources. We checked the calculation of amounts receivable by reference to the holdings at the relevant entitlement dates.

Valuation of the Company's investments

With respect to investment valuation we agreed year end prices for quoted investments to an independent source.

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
24 March 2015

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 Auditor does not involve consideration of these matters and, accordingly, the Auditor accepts 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 2014			Year ended 31 December 2013		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment income	4						
Dividend income		17,254	–	17,254	17,544	–	17,544
Interest income		2,079	–	2,079	1,192	–	1,192
Total revenue		19,333	–	19,333	18,736	–	18,736
Gains/(losses) on investments designated at fair value through profit or loss	10	–	15,582	15,582	–	(23,927)	(23,927)
Net currency (losses)/gains		–	(1,631)	(1,631)	–	98	98
		19,333	13,951	33,284	18,736	(23,829)	(5,093)
Expenses							
Investment management fee	5	(1,506)	(2,259)	(3,765)	(1,578)	(2,368)	(3,946)
Other operating expenses	6	(994)	–	(994)	(995)	–	(995)
Profit/(loss) before finance costs and tax		16,833	11,692	28,525	16,163	(26,197)	(10,034)
Finance costs	7	(112)	(169)	(281)	(88)	(133)	(221)
Profit/(loss) before tax		16,721	11,523	28,244	16,075	(26,330)	(10,255)
Tax expense	2(d)	(737)	(17)	(754)	(805)	(2)	(807)
Profit/(loss) for the year		15,984	11,506	27,490	15,270	(26,332)	(11,062)
Profit/(loss) for the year analysed as follows:							
Attributable to equity shareholders		15,984	11,506	27,490	15,270	(27,696)	(12,426)
Attributable to C shares		–	–	–	–	1,364	1,364
Total		15,984	11,506	27,490	15,270	(26,332)	(11,062)
Earnings per Ordinary share (pence):	9						
Basic		8.24	5.93	14.17	8.23	(14.92)	(6.69)
Earnings per C share (pence):	9						
Basic and diluted		n/a	n/a	n/a	n/a	2.27	2.27

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. 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 2014 £'000	As at 31 December 2013 £'000
Non-current assets			
Investments designated at fair value through profit or loss	10	410,259	380,554
Current assets			
Cash and cash equivalents		3,671	3,463
Other receivables	11	1,196	983
		4,867	4,446
Current liabilities			
Bank loans	12	(29,670)	(13,019)
Other payables	12	(588)	(864)
		(30,258)	(13,883)
Net current liabilities		(25,391)	(9,437)
Net assets		384,868	371,117
Stated capital and reserves			
Stated capital	13	194,533	193,733
Capital redemption reserve		1,560	1,560
Capital reserve	14	176,463	164,176
Revenue reserve	14	12,312	11,648
Equity shareholders' funds		384,868	371,117
Net asset value per Ordinary share (pence):	15	197.84	191.56

The financial statements on pages 37 to 59 were approved by the Board of Directors and authorised for issue on 24 March 2015 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 2014

	Stated capital £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Retained earnings £'000	Total £'000
Opening balance	193,733	1,560	164,176	11,648	–	371,117
Issue of Ordinary shares	800	–	781	–	–	1,581
Profit for the year	–	–	–	–	27,490	27,490
Transferred from retained earnings to capital reserve ^A	–	–	11,506	–	(11,506)	–
Transferred from retained earnings to revenue reserve	–	–	–	15,984	(15,984)	–
Dividends paid	–	–	–	(15,320)	–	(15,320)
Balance at 31 December 2014	194,533	1,560	176,463	12,312	–	384,868

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

^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.

The stated capital in accordance with Companies (Jersey) Law 1991 Article 39A is £259,877,000 (2013 – £258,296,000).

Cash Flow Statement

	Notes	Year ended 31 December 2014		Year ended 31 December 2013	
		£'000	£'000	£'000	£'000
Profit/(loss) for the year			27,490		(11,062)
Add back finance costs	7		281		221
Add back taxation suffered			754		807
Non cash stock dividends			(1,643)		–
(Gains)/losses on investments held at fair value through profit or loss	10		(15,582)		23,927
Net currency losses/(gains)	14		1,631		(98)
Increase in other receivables			(228)		(84)
(Decrease)/increase in other payables			(263)		303
Net cash inflow from operating activities before finance costs and tax			12,440		14,014
Bank and loan interest paid			(294)		(220)
Overseas taxation suffered			(739)		(822)
Net cash inflow from operating activities			11,407		12,972
Investing activities					
Purchases of investments		(56,266)		(41,544)	
Sales of investments		43,786		18,404	
Net cash outflow from investing activities			(12,480)		(23,140)
Financing activities					
Proceeds from issue of Ordinary shares	13	1,581		18,942	
Proceeds from exercise of warrants	13	–		4,289	
Dividends paid	8	(15,320)		(13,980)	
Loans drawn down		14,927		–	
Net cash inflow from financing activities			1,188		9,251
Net increase/(decrease) in cash and cash equivalents			115		(917)
Cash and cash equivalents of the start of the year			3,463		4,532
Effect of foreign exchange rate changes			93		(152)
Cash and cash equivalents at the end of the year	2,16		3,671		3,463

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

Notes to the Financial Statements For the year ended 31 December 2014

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.

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. These judgements and estimates include but are not limited to the assessment of the Company's ability to continue as a going concern, the measurement of fair value of financial instruments and the corresponding classification in the fair value hierarchy as well as the impairment of assets and the recognition and measurement of provisions and contingent liabilities under IAS 37. 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 2014.

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 (revised, early adoption permitted) (effective for annual periods beginning on or after 1 January 2018).

The following amendments to Standards are all effective for annual periods beginning on or after 1 January 2016.

- IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- IFRS 15 – Revenue from Contracts with Customers
- IAS 1 – Disclosure Initiative
- IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation
- IAS 27 – Investment Entities: Applying the Consolidation Exception

Notes to the Financial Statements *continued*

In addition, under the Annual Improvements to IFRSs 2010 –2012 and 2011 – 2013 Cycles, a number of Standards are included for annual periods beginning on or after 1 July 2014.

Under the Annual Improvements to IFRSs 2012 – 2014 Cycle, a number of Standards are included for annual periods beginning on or after 1 January 2016.

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 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 recognised on an accruals basis.

(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 2014 will be subject to Jersey income tax at the rate of 0% (2013 – 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.

Purchases and sales of investments are 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 "Gains/(losses) 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 paid.

(i) Nature and purpose of reserves

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.

Notes to the Financial Statements *continued*

(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.

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 2014 £'000	Year ended 31 December 2013 £'000
Asia Pacific region	18,261	17,650
United Kingdom	1,072	1,086
	19,333	18,736

	Year ended 31 December 2014		Year ended 31 December 2013	
	£'000		£'000	
4. Income				
Income from investments				
Overseas dividends	14,772		16,466	
Franked income	839		1,078	
Stock dividends	1,643		–	
	17,254		17,544	
Interest income				
Bond interest	2,072		1,184	
Deposit interest	7		8	
	2,079		1,192	
Total income	19,333		18,736	

	Year ended 31 December 2014			Year ended 31 December 2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
5. Investment management fee						
Investment management fee	1,506	2,259	3,765	1,578	2,368	3,946

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 investment 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 £322,000 (2013 – £636,000). The investment management fees are charged 40% to revenue and 60% to capital in line with the Board's expected long term returns.

	Year ended 31 December 2014			Year ended 31 December 2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
6. Other operating expenses						
Directors' fees	160	–	160	160	–	160
Promotional activities	224	–	224	239	–	239
Auditor's remuneration:						
– statutory audit	29	–	29	25	–	25
– interim accounts review	5	–	5	6	–	6
Custodian charges	125	–	125	134	–	134
Secretarial and administration fee	131	–	131	127	–	127
Other	320	–	320	304	–	304
	994	–	994	995	–	995

The Company has an agreement with Aberdeen Asset Managers Limited ("AAM") for the provision of promotional activities 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 £215,000 (2013 – £250,000). A balance of £108,000 (2013 – £63,000) was payable

Notes to the Financial Statements *continued*

to AAM at the year end.

In addition, APWM is entitled to an annual company secretarial and administration fee of £131,000 (2013 – £127,000), which increases annually in line with any increases in the Retail Price Index. A balance of £33,000 (2013 – £32,000) 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 2014			Year ended 31 December 2013		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
On bank loans	112	169	281	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 2014	Year ended 31 December 2013
	£'000	£'000
Amounts recognised as distributions to equity holders in the year:		
Fourth interim dividend for 2013 – 2.50p per Ordinary share (2012 – 2.50p)	4,843	3,780
First interim dividend for 2014 – 1.80p per Ordinary share (2013 – 1.80p)	3,487	3,319
Second interim dividend for 2014 – 1.80p per Ordinary share (2013 – 1.80p)	3,495	3,434
Third interim dividend for 2014 – 1.80p per Ordinary share (2013 – 1.80p)	3,495	3,447
	15,320	13,980

The table below sets out the total dividends declared in respect of the financial year. The revenue available for distribution by way of dividend for the year is £15,984,000 (2013 – £15,270,000).

	2014 £'000	2013 £'000
First interim dividend for 2014 – 1.80p per Ordinary share (2013 – 1.80p)	3,487	3,319
Second interim dividend for 2014 – 1.80p per Ordinary share (2013 – 1.80p)	3,495	3,434
Third interim dividend for 2014 – 1.80p per Ordinary share (2013 – 1.80p)	3,495	3,447
Fourth interim dividend for 2014 – 2.60p per Ordinary share (2013 – 2.50p)	5,058	4,843
	15,535	15,043

The fourth interim dividend for 2014, amounting to £5,058,000 (2013 – fourth interim dividend of £4,843,000), has not been included as a liability in these financial statements as it was announced and paid after 31 December 2014.

9. Earnings per share

Ordinary shares

The earnings per Ordinary share is based on the net profit after taxation of £27,490,000 (2013 – loss of £12,426,000) and on 194,024,759 (2013 – 185,624,584) 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 2014			Year ended 31 December 2013		
	Revenue	Capital	Total	Revenue	Capital	Total
Net profit/(loss) (£'000)	15,984	11,506	27,490	15,270	(27,696)	(12,426)
Weighted average number of Ordinary shares in issue			194,024,759			185,624,584
Return per Ordinary share (pence)	8.24	5.93	14.17	8.23	(14.92)	(6.69)

C shares	Year ended 31 December 2014			Year ended 31 December 2013		
	Revenue	Capital	Total	Revenue	Capital	Total
Net profit (£'000)	n/a	n/a	n/a	n/a	1,364	1,364
Weighted average number of C shares in issue			–			60,000,000
Return per C share (pence)	n/a	n/a	n/a	n/a	2.27	2.27

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

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
10. Investments designated at fair value through profit or loss		
Opening valuation	380,554	381,705
Movements in the year:		
Purchases at cost	57,909	41,180
Sales – proceeds	(43,786)	(18,404)
Sales – realised gains	10,567	7,124
Increase/(decrease) in investment holdings fair value	5,015	(31,051)
Closing valuation at 31 December 2014	410,259	380,554
	£'000	£'000
Closing book cost	341,350	316,660
Closing investment holdings fair value gains	68,909	63,894
	410,259	380,554
The portfolio valuation	£'000	£'000
Listed on recognised stock exchanges at market valuation:		
Equities – UK	19,617	11,046
Equities – overseas	365,355	350,248
Bonds – overseas	25,287	19,260
Total	410,259	380,554

Notes to the Financial Statements *continued*

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Gains/(losses) on investments designated at fair value through profit or loss		
Realised gains on sales of investments	10,567	7,124
Increase/(decrease) in investment holdings fair value	5,015	(31,051)
	15,582	(23,927)

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 gains/(losses) 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 2014 £'000	Year ended 31 December 2013 £'000
Purchases	122	71
Sales	66	21
	188	92

	2014 £'000	2013 £'000
11. Debtors: amounts falling due within one year		
Prepayments and accrued income	1,196	968
Overseas withholding tax recoverable	–	15
	1,196	983

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

12. Creditors: amounts falling due within one year

(a) Bank loans

At the year end, the Company had the following unsecured bank loans:

	2014			2013		
	Interest rate	Local currency principal amount	Carrying amount £'000	Interest rate	Local currency principal amount	Carrying amount £'000
Hong Kong Dollar	1.189	252,842,000	20,910	1.670	81,842,000	6,373
United States Dollar	1.115	11,008,000	7,060	1.559	11,008,000	6,646
Sterling	1.454	1,700,000	1,700	–	–	–
			29,670			13,019

The fair value of borrowings is deemed to be the same as the carrying value due to their short term nature.

At the date of signing this report, loans of HK\$252,842,000, US\$11,008,000 were rolled forward to 23 April 2015 at fixed interest rates of 1.18643% and 1.12325% respectively. Subsequent to the year end the £1,700,000 loan was reduced to £250,000 and rolled forward to 23 April 2015 at a fixed interest rate of 1.45319%.

	2014	2013
	£'000	£'000
(b) Other payables		
Other amounts due	588	864

13. Stated capital and C shares	2014		2013	
	Number	£'000	Number	£'000
Ordinary shares of no par value				
Authorised	Unlimited	Unlimited	Unlimited	Unlimited
Issued and fully paid				
Balance brought forward	193,733,389	193,733	151,182,346	151,182
Ordinary shares issue via conversion of C shares	–	–	30,552,000	30,552
Ordinary shares issued in the year	800,000	800	8,425,000	8,425
Warrants exercised	–	–	3,574,043	3,574
At 31 December	194,533,389	194,533	193,733,389	193,733

During the year 800,000 (2013 – 8,425,000) Ordinary shares were issued by the Company at a total consideration received, including transaction costs, of £1,581,000 (2013 – receipt of £18,942,000).

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 ended 31 December 2013 all remaining warrants were exercised into Ordinary shares at a total consideration of £4,289,000.

Following the issue of Ordinary shares during the year 194,533,389 (2013 – 193,733,389) Ordinary shares remain in issue. Further details of the Ordinary share issues are contained in the Directors' Report on pages 23 and 23.

C shares	2014		2013	
	Number	£'000	Number	£'000
Issued and fully paid				
Balance brought forward	–	–	60,000,000	59,073
Converted into Ordinary shares	–	–	(60,000,000)	(59,073)
At 31 December	–	–	–	–

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.

Notes to the Financial Statements *continued*

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.

The Ordinary shares carry the right to receive all dividends declared by the Company or the Directors.

On a winding-up, provided the Company has satisfied all of its liabilities, holders of Ordinary shares are entitled to all of the surplus assets of the Company.

	2014 £'000	2013 £'000
14. Retained earnings		
Capital reserve		
At 1 January 2014	164,176	147,830
Unrealised currency movement on loans	(417)	77
Currency (loss)/gain	(1,214)	21
Movement in unrealised fair value	5,015	(32,415)
Gain on realisation of investments	10,567	7,124
Conversion of C shares	–	32,453
Costs charged to capital	(2,445)	(2,503)
Issue of Ordinary shares	781	10,517
Warrant exercise	–	1,072
At 31 December 2014	176,463	164,176
Revenue reserve		
At 1 January 2014	11,648	10,358
Revenue profit for the year	15,984	15,270
Dividends paid	(15,320)	(13,980)
At 31 December 2014	12,312	11,648

15. Net asset value per share

Ordinary shares

The 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:

	Net asset value per share 2014 p	Net asset values attributable 2014 £'000	Net asset value per share 2013 p	Net asset values attributable 2013 £'000
Ordinary shares	197.84	384,868	191.56	371,117

The net asset value per Ordinary share is based on 194,533,389 (2013 – 193,733,389) Ordinary shares, being the number of Ordinary shares in issue at the year end.

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 risk is the risk that 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.

Management of the risk

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 five holdings in fixed rate overseas corporate bonds, Yanlord Land Group, of £8,478,000, Yingde Gases, of £2,119,000, DFCC Bank, of £6,271,000, Green Dragon Gas of £4,690,000 and ICICI Bank of £3,729,000 (2013 – Yanlord Land Group of £8,302,000; Yingde Gases of £2,261,000 and DFCC Bank of £8,697,000). 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 17 April

Notes to the Financial Statements *continued*

2014 the Company entered into a new unsecured three year £30 million multi currency revolving facility with Scotiabank (Ireland) Limited and details of the terms and conditions of the loan are disclosed in note 12. Interest is due on all tranches at the maturity date, being 22 January 2015. 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 ability to draw down 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 2014	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Floating rate £'000	Fixed rate £'000
Assets				
Chinese Overseas Corporate Bond	3.14	10.09	–	15,287
Indian Overseas Corporate Bond	9.61	9.15	–	3,729
Sri Lankan Overseas Corporate Bond	3.84	9.63	–	6,271
Cash at bank – Sterling	–	–	2,471	–
Cash at bank – US Dollar	–	–	701	–
Cash at bank – Malaysian Ringitt	–	–	284	–
Cash at bank – Taiwan Dollar	–	–	166	–
Cash at bank – Singapore Dollar	–	–	48	–
Cash at bank – Australian Dollar	–	–	1	–
			3,671	25,287

At 31 December 2014	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	0.06	1.19	–	(20,910)
Bank loan – US Dollar	0.06	1.12	–	(7,060)
Bank loan – Sterling	0.06	1.45	–	(1,700)
			–	(29,670)

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 Bond	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)

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.

The Directors have considered the potential impact of a 100 basis point movement in interest rates and concluded that it would not be material in the current year (2013 – increase/decrease by £97,000). This consideration is based on 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. A significant proportion of the Company's borrowings, as detailed in note 12, is in foreign currency as at 31 December 2014.

Management of the risk

The revenue account is subject to currency fluctuation arising on overseas income. The Company does not hedge this currency risk on a continuing basis but the Company may, from time to time, match specific overseas investment with foreign currency borrowings.

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.

Notes to the Financial Statements *continued*

	31 December 2014			31 December 2013		
	Equity investments £'000	Net	Total	Equity investments £'000	Net	Total
		monetary	currency		monetary	currency
		assets /(liabilities) £'000	exposure £'000		assets /(liabilities) £'000	exposure £'000
Australian Dollar	73,297	1	73,298	68,435	–	68,435
Hong Kong Dollar	57,721	(20,910)	36,811	51,182	(6,373)	44,809
Indian Rupee	–	3,729	3,729	–	–	–
Indonesian Rupiah	3,304	–	3,304	–	–	–
Japanese Yen	12,856	–	12,856	19,102	–	19,102
Malaysian Ringgit	31,310	284	31,594	36,800	–	36,800
Singapore Dollar	119,704	48	119,752	114,805	84	114,889
Taiwanese Dollar	19,834	166	20,000	23,048	10	23,058
Thailand Baht	47,329	–	47,329	36,876	–	36,876
US Dollar	–	15,199	15,199	–	12,614	12,614
Total	365,355	(1,483)	363,872	350,248	6,335	356,583

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% decrease (in the context of a 10% increase the figures below should all be read as negative) 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.

	2014 £'000	2013 £'000
Australian Dollar	7,330	6,844
Hong Kong Dollar	3,681	4,481
Indian Rupee	373	–
Indonesian Rupiah	330	–
Japanese Yen	1,286	1,910
Malaysian Ringgit	3,159	3,680
Singapore Dollar	11,975	11,489
Taiwanese Dollar	2,000	2,306
Thailand Baht	4,733	3,688
US Dollar	1,520	1,261
Total	36,387	35,659

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 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 19 and 22 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 16, which shows that the majority 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 overseas equities at each Balance Sheet date, with all other variables held constant.

	2014		2013	
	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)	36,536	(36,536)	35,025	(35,025)
Total profit after taxation – increase /(decrease)	36,536	(36,536)	35,025	(35,025)
Equity	36,536	(36,536)	35,025	(35,025)

(ii) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities, which stood at £30,258,000 (2013 – £13,883,000).

Management of the risk

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 £3,671,000 and £410,259,000 (2013 – £3,463,000 and £380,554,000) at the year end respectively. Short-term flexibility is achieved through the use of loan facilities.

Maturity profile

The following table sets out the carrying amount, by maturity, of the Company's financial instruments at the Balance Sheet date:

	Within 1 year £'000	Within 2-3 years £'000	Within 4-5 years £'000	More than 5 years £'000	Total £'000
At 31 December 2014					
Fixed rate					
Bonds	–	4,690	16,868	3,729	25,287
Bank loans	(29,679)	–	–	–	(29,679)
	(29,679)	4,690	16,868	3,729	(4,392)

Notes to the Financial Statements *continued*

Floating rate					
Cash	3,671	–	–	–	3,671
	Within 1 year £'000	Within 2-3 years £'000	Within 4-5 years £'000	More than 5 years £'000	Total £'000
At 31 December 2013					
Fixed rate					
Bonds	–	–	19,260	–	19,260
Bank loans	(13,041)	–	–	–	(13,041)
	(13,041)	–	19,260	–	6,219
Floating rate					
Cash	3,463	–	–	–	3,463

(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.

Management of the risk

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 Chinese overseas corporate bond issued by Green Dragon Gas. The issuers current credit rating at S&P is B; and
- an Indian overseas corporate bond issued by ICICI Bank. 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:

	2014		2013	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Non-current assets				
Investments designated at fair value through profit or loss	410,259	25,287	380,554	19,260
Current assets				
Cash at bank	3,671	3,671	3,463	3,463
Other receivables	1,196	1,196	983	983
	415,126	30,154	385,000	23,706

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.

Management of the risk

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Borrowings comprise fixed rate, revolving, and uncommitted facilities. The fixed rate facilities are used to finance opportunities at low rates and, the revolving and uncommitted facilities to provide flexibility in the short-term.

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:

	2014 £'000	2013 £'000
Debt		
Borrowings under the multi-currency loan facility	29,670	13,019
	2014 £'000	2013 £'000
Equity		
Equity share capital	194,533	193,733
Retained earnings and other reserves	190,335	177,384
	384,868	371,117
Debt as a % of net assets^A	7.71	3.51

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

Notes to the Financial Statements *continued*

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);
- 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. Related party transactions and transactions with the Manager

Fees payable during the year to the Directors are disclosed within the Directors' Remuneration Report on page 32.

Mr H Young is a director of Aberdeen Asset Management PLC, of which Aberdeen Private Wealth Management Limited ("APWM") is a subsidiary. Management, promotional activities and secretarial and administration services are provided by APWM with details of transactions during the year and balances outstanding at the year end disclosed 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 2014	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	384,972	–	–	384,972
Quoted bonds	b)	25,287	–	–	25,287
Net fair value		410,259	–	–	410,259

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

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.

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 above.

Fair values of financial liabilities

The fair value of borrowings as at the 31 December 2014 has been estimated at £29,670,000 which is the same as the carrying value due to their short term nature. At 31 December 2013 the fair value was £13,019,000 which was the same as the carrying value. Under the fair value hierarchy in accordance with IFRS 13, these borrowings can be classified as Level 2 inputs.

21. Events after the reporting period

On 3 March 2015 the Company agreed an extra facility with Scotiabank Europe in the form of a £10 million loan. On 3 March 2015 £10 million was drawn down under the new facility for a fixed three year period at an all-in interest rate of 2.2175%.

Promotional Strategy

Aberdeen Asian Income Fund Limited contributes to the Promotional Programme run by the Aberdeen Asset Management Group ("AAM") on behalf of a number of investment companies under its management. Under this agreement the Company's contribution is matched by AAM. This contribution, which is reviewed annually, amounted to £224,000 for the year ended 31 December 2014.

The purpose of the programme is to communicate effectively with existing shareholders and gain more new shareholders, thus improving liquidity and thereby enhancing the value and rating of the Company's 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 from 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 Promotional 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 Promotional Programme. AAM'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

Pre-investment Disclosure Document (PIDD)

The Alternative Investment Fund Manager Directive ("AIFMD") requires Aberdeen Private Wealth Management Limited and the Company to make available to investors certain information prior to such investors' investment in the Company. These disclosures are included in a PIDD which is available on the Company's website www.asian-income.co.uk.

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. Many have online facilities. Alternatively, for retail investors, Ordinary Shares may 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 Financial Conduct Authorities' ("FCA") rules in relation to non-mainstream pooled investments (NMPIs) 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 investments 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. 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. Investors have full voting and other rights of share ownership.

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. 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 £15,240 can be made in the tax year 2015/16.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can be a significant amount. 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.

How to Invest in Aberdeen Asian Income Fund Limited continued

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

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

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 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)

Online dealing providers

Investor information

There are a number of other ways in which you can buy and hold shares in this investment trust.

Online dealing

There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the company. Real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give advice. Some comparison websites also look at dealing rates and terms. Some well-known online providers, which can be found through internet search engines, include:

AJ Bell You Invest
Alliance Trust Savings
Barclays Stockbrokers
Charles Stanley Direct
Halifax Share Dealing
Hargreave Hale
Idealing
Selftrade
The Share Centre
Stocktrade
Hargreaves Lansdown
TD Direct
Interactive Investor

Discretionary private client stockbrokers

If you have a large sum to invest, you may wish to contact a discretionary private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments. To find a private client stockbroker visit the Wealth Management Association at www.thewma.co.uk

Independent financial advisers

To find an adviser who recommends on investment trusts, visit www.unbiased.co.uk

Regulation of stockbrokers

Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority: Tel: 0800 111 6768 or at www.fca.org.uk/firms/systems-reporting/register/search
Email: register@fca.org.uk

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 61 to 63 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	<p>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.</p> <p>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.</p>
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 ninth 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 7 May 2015 for the following purposes:

Ordinary Business

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 2014, together with the Auditor's report thereon.
2. To receive and adopt the Directors' Remuneration Report (other than the Directors' Remuneration Policy).
3. To re-elect Mr D Baxter as a Director.
4. To Re-elect Mr A Berzins as a Director.
5. To re-elect Mr C Clarke as a Director.
6. To re-elect Mr H Young as a Director.
7. To re-elect Mr P Arthur as a Director.
8. To re-appoint Ernst & Young LLP as independent Auditor and to authorise the Audit Committee to agree their remuneration.

Special Business

As special business, to consider the following resolutions which will each be proposed as a special resolution:

9. 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% 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% 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 2016 or, if earlier, on the expiry of 18 months from the passing of this resolution, unless such authority is renewed prior to such time.
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 19,453,339 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 2016 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.
11. THAT the articles of association tabled to the meeting and initialled by the Chairman for identification purposes be adopted as the Company's articles of association in substitution for, and to entire exclusion of, the existing articles of association.

Notice of Annual General Meeting continued

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

By order of the Board
**Aberdeen Private Wealth
Management Limited**
Secretaries
Secretaries

7 April 2015

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 5 May 2015. 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 5 May 2015.
- 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 24 March 2015 (being the last business day prior to the publication of this notice) the Company's issued Ordinary Share capital comprised 194,533,389 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 24 March 2015 was 194,533,389.
- 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

Registered in Jersey with Number 91671

Investment Manager

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

Registrars

Capita Registrars
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 shareholderenquiries@capitaassetservices.com
website www.capitaassetservices.com

Bankers

Scotiabank (Ireland) Limited
4th Floor, I.F.S.C. House
Custom House Quay
Dublin 1, Ireland

Scotiabank Europe plc
6th Floor, 201 Bishopsgate
London EC2M 3NS

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

United States Internal Revenue Service FATCA

Registration Number (GIIN)
MIXWGC.99999.SL.832

Your Company's Share Capital History

Issued Ordinary Share Capital at 31 December 2014

194,533,389 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	6,250,000 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	8,425,000 Ordinary Shares of no par value issued for cash at a premium to the prevailing net asset value per Ordinary Share
Year to 31 December 2014	800,000 Ordinary Shares of no par value issued for cash at a premium to the prevailing net asset value per Ordinary Share

Alternative Investment Fund Managers Directive Disclosures (Unaudited)

Aberdeen and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive ('AIFMD'). Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document ('PIDD') which can be found on the Company's website www.asian-income.co.uk. There have been no material changes to the disclosures contained within the PIDD since first publication in July 2014.

The periodic disclosures as required under the AIFMD to investors are made below:

- Information on the investment strategy, geographic and sector investment focus and principal stock exposures are included in the Strategic Report.
- None of the Company's assets are subject to special arrangements arising from their illiquid nature.
- The Strategic Report, note 16 to the Financial Statements and the PIDD together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected.
- There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by APWML

The above information 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 Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority.



