Aberdeen Standard Investments

Aberdeen Asia-Pacific Income Investment Company Limited (FAP)

Interim Management Report of Fund Performance and Interim Financial Statements

April 30, 2018

Togian Islands Indonesia

Aberdeen Asia-Pacific Income Investment Company Limited

AberdeenStandard Investments

Interim Management Report of Fund Performance as at April 30, 2018 (unaudited)

This interim management report of fund performance contains financial highlights of Aberdeen Asia-Pacific Income Investment Company Limited (the "Company"). This report should be read in conjunction with the complete interim financial statements that are included on pages 14-37. You may request copies of the interim or annual financial statements at no cost, by calling 1-800-992-6341, by writing to us at Aberdeen Asset Management Inc., 1735 Market Street, 32nd Floor, Philadelphia, PA 19103, USA or by visiting the website at http://www.aberdeenfap.com or SEDAR at www.sedar.com.

Security holders may also contact us using one of these methods to request a copy of the Company's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Management Discussion of Fund Performance (unaudited)

Investment Objective and Strategies

The investment objective of the Company is to obtain current income and achieve incidental capital appreciation from investment in long-term debt securities. The Company may invest up to 80% of its total assets in Asia-Pacific debt securities.

Risks

The Company has multiple risks associated with investing in long-term debt securities and Asia-Pacific, Australasian and emerging market entities, including market, credit, currency, political and interest rate risks. Some or all of these factors may contribute to the day-to-day changes in the value of the securities held by the Company and in the net asset value ("NAV") of the Company. However, Aberdeen Asset Management Asia Limited, investment manager to the Company ("AAMAL"), does seek to mitigate some of these risks by diversifying the Company's holdings across different countries, currencies and industry sectors.

Interest Rate Risk Exposure

By virtue of its fixed-income investment strategy, substantially all of the Company's net assets are exposed to interest rate risk. Interest rate risk is the risk that either the fair value of the Company's financial instruments or cash flows relating to its financial instruments will be impacted by changes in market interest rates. Generally speaking, a rise in interest rates will have the effect of lowering the fair value of existing fixed-income securities, while a reduction in market interest rates will have the opposite effect. As at April 30, 2018, if the prevailing interest rates had been raised or lowered by 1%, net assets could possibly have decreased or increased, respectively, by approximately C$17.05 million.

The following table shows the maturity composition of the Company's investments as at April 30, 2018, compared with the fiscal year ended October 31, 2017 and the six months ended April 30, 2017:

Date	Under 3 Years %	3 to 5 Years %	5 to 10 Years %	10 Years & Over %
April 30, 2018*	23.5%	21.3%	24.2%	31.0%
October 31, 2017	33.7	19.4	21.2	25.7
April 30, 2017*	27.3	22.8	22.3	27.6

* Unaudited

Exchange Value of the Canadian Dollar (unaudited)

Given that a substantial proportion of the Company's assets are invested in securities denominated in foreign currencies, changes in the value of the Canadian Dollar against these foreign currencies can have a significant impact on performance over time. As at April 30, 2018, investments in assets denominated in Australian and U.S. Dollars represented the largest currency holdings in the Company's assets. Generally speaking, a 1% rise/fall in the C$ exchange rate as of April 30, 2018 would result in a decrease or increase of approximately C$3.4 million respectively. For further information on the composition of the various currencies at the end of the period under review, please refer to the table on page 12 under "Currency Composition" (unaudited).

Being a closed-end investment fund, the Company's ordinary shares may trade at a premium or discount to the NAV. As a result, the return experienced by a holder of ordinary shares (market return) may often differ from the underlying performance of the Company (portfolio performance). The ordinary share price is established by competitive markets, which reflect the buying demand and the selling supply of ordinary shares. Factors which are thought to influence the fund's share price, and, therefore, discounts and premiums, include a fund's relative performance, the liquidity of a fund's shares, dividend yield, the use of a managed distribution policy, confidence in a fund's manager, investors' perceptions and expectations regarding the outlook of the countries/sectors/markets where a fund invests. Throughout the six months ended April 30, 2018 (the "review period"), the Company's ordinary shares traded within a range of a discount of 8.7% to 13.7%, ending the period at a discount of 9.8%.

In addition, the Company faces the risk of illiquidity in its investments in lower-rated debt securities and local currency Asia-Pacific debt securities. The ability to hedge risk and transact at low costs in these markets is lower than the more developed markets and is subject to sudden shifts in market liquidity.

The Company also faces counterparty risk with regard to interest rate and foreign exchange derivative transactions in all markets.

Additional risk factors relating to the Company are included in the Company's Annual Information Form, which is filed on SEDAR at www.sedar.com.

Results of Operations

Net Asset Value Performance
With regard to the financial performance for the review period, the NAV return for the six months ended April 30, 2018 was -1.27%, assuming reinvestment of dividends, and 7.25% per annum, assuming reinvestment of dividends, since the Company's inception. On April 30, 2018, the Company's ordinary share price was C$4.42, which represented a discount of 9.8% to the NAV per ordinary share of C$4.90. Please see the Market Review for further information.

Distributions
During the twelve months ended April 30, 2018, the Company paid a total of 0.39 cents per ordinary share in distributions. Based on the ordinary share price of C$4.42 on April 30, 2018, the Company's cash distribution rate for the twelve months ended April 30, 2018 was 8.8%.

On May 9, 2018 and June 11, 2018, the Company announced that it will pay on May 31, 2018 and June 29, 2018, respectively, a distribution of C$0.0325 per share to all holders of ordinary shares of record as of May 23, 2018 and June 21, 2018, respectively.

The Dividend Policy of the Board is to maintain a stable monthly distribution. To achieve a stable monthly distribution at an appropriate level, distributions are made out of net investment income and realised capital gains, supplemented with paid-in capital or par value capital as required. The full amount of the distribution, including the return of paid-in capital (other than a return of capital out of par value), is treated as foreign income for Canadian tax purposes. As reported in the Company's financial statements, for the years ended October 31, 2013, 2014, 2015, 2016 and 2017, the annual distributions included a return of paid-in capital of $0.00, $0.14 (par value capital), $0.09 (par value capital), $0.01 (par value capital) and $0.00, respectively. The Board does not believe that distributions that have included a return of paid-in capital have had a material negative impact on the ability of the Company to fufill its investment objectives.

While a return of paid-in capital is treated as foreign income for Canadian tax purposes, a return of capital out of par value ("return of par") is not treated as foreign income, but rather reduces an ordinary shareholder's adjusted cost base in his ordinary share (shareholders should consult their own tax advisers). At an extraordinary general meeting on August 26, 2013, holders of ordinary shares approved an amendment to the Company's Memorandum and Articles of Association to permit the directors of the Company from time to time to include as part of the regular monthly distributions a return of par up to the full amount of the par value per share. During the year ended October 31, 2017, the Company's distributions did not include a return of paid-in capital. The par value per ordinary share as at October 31, 2017 was US$0.5430. The final determination of the source of all distributions in 2018 will be made after the Company's fiscal year-end.

The Board intends to review the Dividend Policy and current monthly distribution rate on a quarterly basis, unless market conditions require an earlier evaluation. AAMAL will provide the Board with an analysis and recommendation to consider as part of the Board's review of the Dividend Policy.

Leverage Facility
The Company is party to a revolving credit loan facility ("facility") with The Bank of Nova Scotia with a termination date of November 17, 2021. As at April 30, 2018 the total amount of permitted borrowing on the facility was US$100,000,000. The outstanding balance on the facility at April 30, 2018 was US$81,000,000, which represented 41% of the NAV of the Company on April 30, 2018. The leverage is currently used with the intent of enhancing returns by borrowing at interest rates that are lower than the current higher yields of the Asia-Pacific fixed income securities in which the Company invests. The Company is accruing the interest daily on this facility. The total accrued expense is included in the expense section of the Statement of Comprehensive Income under "Interest expense."

The credit agreement governing the facility includes usual and customary covenants for this type of facility. These covenants impose on the Company asset coverage requirements, fund composition requirements and limits on certain investments. The covenants or guidelines could impede AAMAL or Aberdeen Asset Management Limited, investment adviser to the Company ("AAML"), from fully managing the Company's portfolio in accordance with the Company's investment objective and By-laws. As of April 30, 2018, the Company was in compliance with all covenants under the facility.

These covenants also include limits on the Company's ability to (i) issue preferred ordinary shares or forms of indebtedness, (ii) incur liens, (iii) change its investment objective or fundamental investment restrictions without the approval of the lender, (iv) amend the Company's organisational documents in a manner which could adversely affect the rights and remedies of the lender, or (v) create, incur, assume or permit to exist certain debt except for certain specified types of debt. In addition, the credit agreement does not permit the Company's asset coverage ratio (as defined in the agreement) to fall below 300% at any time. Furthermore, non-compliance with such covenants or the occurrence of other events could lead to the cancellation of the facility. These other events include, but are not limited to:

- non-payment by the Company of certain obligations to the lender and other parties;
- involuntary or voluntary liquidation, reorganisation or other debt relief proceedings commenced against or by the Company;
- AAMAL or an affiliate ceases to be the investment manager to the Company; AAML or an affiliate ceases to be the investment adviser to the Company; State Street Bank and Trust Company Canada ceases to be the Company's custodian; or Aberdeen Asset Management Inc. or an affiliate ceases to be the Company's administrator; and
- AAMAL ceases to be owned or controlled by Aberdeen Asset Management PLC or Standard Life Aberdeen plc.

The credit agreement permits, in certain circumstances, the Company to cure non-compliance or seek waivers or approvals from the lender. However, in the event that the facility were cancelled or were not available for renewal, the Company may not be able to find other financing on acceptable terms, if at all. Should the Company be unable to find other sources for financing it would be forced to "de-leverage" by making significant sales of its portfolio investments. De-leveraging could involve the sales of some securities under unfavorable market conditions in order to repay the lender. This could result in the portfolio's securities being sold for less than their expected value. Furthermore, these sales may realise capital gains.

Interest Rate Swaps

The Company enters into interest rate swaps to efficiently manage or hedge interest rate or currency risk. On April 12, 2018, a swap with a notional amount of US$37.5 million was terminated and a new swap with the same notional amount was entered into. As at April 30, 2018, the Company held interest rate swap agreements with an aggregate notional amount of US$81,000,000 which represented 100% of the US$81,000,000 outstanding under the facility at such time. Under the terms of the interest rate swap agreements currently in effect, the Company receives a floating rate of interest (three month USD-LIBOR BBA rate) and pays fixed rates of interest for the terms and based upon the notional amounts set forth below:

Remaining Term as at April 30, 2018	Amount (in US$ million)	Fixed Rate Payable (%)
120 months	37.5	2.84
100 months	14.5	1.42
99 months	1.5	2.23
97 months	8.5	1.70
96 months	19.0	1.75

Recent Developments

Market Review

There was a distinct transition in risk sentiment in the Asian fixed-income markets during the six-month period ended April 30, 2018. Over the first half of the period to the end of January 2018, Asian bonds were relatively stable, while currencies appreciated significantly against the Canadian dollar. Emerging-market sovereign spreads in January hit their tightest levels since 2014, while Asian investment grade[1] corporate bond spreads reached their tightest levels since before the global financial crisis, as markets were supported by robust flows. Given the heavier positioning across markets, investor sentiment became vulnerable to several risks. The U.S. Federal Reserve ("Fed") continued to raise its policy rate as

[1] Companies whose bonds are rated as "investment grade" have a lower chance of defaulting on their debt than those rated as "non-investment grade." Generally, these bonds are issued by long-established companies with strong balance sheets. Bonds rated BBB- or above are known as investment grade bonds. Standard & Poor's credit ratings communicate the agency's opinion of relative level of credit risk. Ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. The investment grade category is a rating from AAA to BBB-.

expected, resulting in the two-year U.S. Treasury yield rising by about 90 basis points (bps) over the reporting period and the 10-year yield breaching 3% towards the end of April 2018. Concerns over the potential for a full-blown trade war between the U.S. and China weighed on investor sentiment, while worries over the U.S.'s withdrawal from the Iran nuclear deal raised geopolitical tensions in the Middle East and helped drive another surge in the Brent crude oil price, which neared US$75 per barrel at the end of the reporting period.

Asian and emerging-market government bond yields generally rose over the reporting period, with the increase sharper in the second half and in April 2018, in particular. Several Asian central banks also raised their policy rates during the period, including Malaysia and South Korea, with Philippines and Indonesia following suit soon after the end of the reporting period in May 2018, given firm economic growth and growing external inflation risks. While regional currencies generally exhibited better stability than their G-10[2] and broader emerging-market counterparts, they depreciated in the final three months, surrendering some earlier gains.

However, most Asian bond markets delivered positive total returns over the reporting period, and the majority of regional currencies ended firmer against the Canadian dollar. Notably, Chinese bonds posted solid performance as yields continued to move lower, benefiting from the market's inclusion in the Bloomberg Barclays global bond indices. China, Malaysia, Thailand and South Korea, also have current account surpluses, and these markets outperformed their regional peers. All four markets saw robust currency appreciation over the reporting period, with the Malaysia ringgit, Thai baht, Korean won and Chinese yuan ending the reporting period up 7.5%, 5,0%, 4.5% and 4.4%, respectively, against the Canadian dollar. Indonesian bonds were buoyed by their induction into the Bloomberg Barclays bond indices, but the Indonesian rupiah's weakness pared the gains. Sri Lankan bonds benefited from the country's improving fiscal management, but the Sri Lankan rupee's decline trimmed the total returns. The Singapore dollar's strength aided Singapore bond market returns, even though yields tracked U.S. Treasuries higher. Conversely, the Philippine and Indian markets lagged their peers. The former market was hampered by relatively weak bond performance and the latter by underperformance in the Indian rupee, which depreciated by 3.2% against the Canadian dollar over the period.

Regional credit markets moved lower on a total-return basis over the reporting period, mainly because of relative weakness in U.S. Treasuries. Investment grade credits underperformed high-yield issues. Spreads in the investment-grade segment widened by 20 bps in the final three months and nearly 10 bps over the full reporting period, while high-yield spreads ended the period only marginally wider. At the sector level, technology credits were among the biggest market laggards as several Chinese companies were targeted in the China-U.S. trade spat. Consumer-sector credits were also not spared amid fears that global trade would be hurt. Despite higher energy prices, oil-and-gas credits weakened. The highly leveraged utility sector was hampered by the prospect of rising borrowing costs. Scandals at several Chinese and Indian banks hurt investor sentiment in the financial sector, while ongoing deleveraging and property curbs in mainland China weighed on infrastructure-related credits.

In emerging markets outside of Asia, Mexican and Turkish government bond yields rose during the reporting period on the back of policy rate hikes by both central banks. The Turkish market's decline was exacerbated by the Turkish lira's 7% downturn against the Canadian dollar, whereas losses in Mexican bonds were mitigated by the Mexican peso's strength. Brazilian bond yields moved lower as monetary policy remained accommodative amid benign inflation. However, bond returns were hurt by the Brazilian real's 7% depreciation against the Canadian dollar.

Company performance review

The Company returned -1.27% on a net asset value basis for the six-month period ended April 30, 2018, versus the -1.44% return of its blended benchmark.[3] The Company's relative performance over the reporting period benefited mainly from our strategy in Asian local-currency bonds. The strategies in Asian U.S.-dollar bonds and Australian bonds also enhanced relative performance. Conversely, the strategy in emerging-market debt was a detractor.

The Company's overall underweight to Asian local-currency bonds benefited relative performance, with a large portion of this attributable to the significant underweight allocation to Philippine bonds and the Philippine peso. The exposure to high-yielding bonds in India and Sri Lanka also enhanced relative performance. However, the overweight exposure to the Indian rupee and Sri Lankan rupee was a detractor as both currencies weakened against the Canadian dollar over the reporting period.

2 The G-10 nations include Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, Switzerland, the UK and the U.S.

3 The Company's blended benchmark is comprised of 25% UBS Composite Index; 20% Merrill Lynch Asia U.S. Dollar Bond Index; 15% Markit iBoxx Indonesia Index; 10% Market iBoxx Philippines Index; 10% Markit iBoxx India Index; 7% J.P. Morgan Government Bond-Brazil Index; 7% J.P. Morgan Government Bond-Turkey Index; and 6% J.P. Morgan Government Bond-Mexico Index.

Although Asian U.S.-dollar bond markets fell on a total-return basis during the reporting period, the Company's security selection in investment-grade sovereigns had a positive impact and contributed significantly to relative performance. The depreciation of the Australian dollar against the Canadian dollar contributed negatively to absolute performance over the period, given the Company's significant exposure to Australia. However, relative performance benefited from the underweight to both the market and currency.

The Company's exposure to emerging-market debt detracted the most from absolute and relative performance for the reporting period. This was due mainly to the overweight allocation to Brazil, where the bond market's decline was exacerbated by the Brazilian real's sharp decline against the Canadian dollar. The Company's exposure to Mexico bonds was positive in absolute-return terms, helped by the Mexican peso's strength, but relative performance was hampered by the underweight position in the securities. The reverse was true in Turkey, where the market's sharp downturn weighed on absolute performance but the Company's underweight allocation contributed to relative performance.

Regarding the impact of derivatives over the reporting period, the use of interest-rate futures to hedge U.S. interest-rate exposure in the Company's interest rate overlay[4] contributed to relative performance by adding approximately 1.18% from the Company's absolute return for the reporting period. The impact of leverage applied at the total portfolio level, however, was negative, factoring in negative bond and foreign exchange performance, particularly in the final three months of the reporting period, and the cost of leverage.

Outlook

Over the past several months, the global market environment has been hit by negative investor sentiment driven to a large degree by geopolitical risks and uncertainty over potential outcomes. Instability in the Middle East and doubts about the U.S. withdrawal from the Iran nuclear deal are being reflected in volatile oil prices. Stronger commodity prices typically have benefited most emerging markets and countries such as Australia, particularly in an environment where global economic growth is improving. However, for now, even commodity exporters are underperforming. Similarly, the threat of a global trade war has hurt market sentiment, although with rhetoric from key political leaders changing on a weekly basis, we believe that it is difficult to forecast the economic impact. In our view, investors ultimately will need clarity on policies, but in the meantime, the tendency has been towards pricing in the worst-case outcomes.

For the most part, economic and corporate performance has remained positive. Firm global and regional demand has supported exports and production as well as the technology cycle, which has benefited Asia. Domestic demand in the Asia-Pacific region has remained resilient, supporting improvement in earnings. We believe that fiscal consolidation generally remains on track. China is focused on reining in its excesses; while that could slow growth, it has also resulted in capacity reductions that have benefited other emerging-market producers. In Asia, several countries, including India, Indonesia, Philippines and Vietnam, have seen ratings upgrades in recent years, and we believe the outlook remains positive, with the Asia-Pacific region benefiting from positive political transitions and reform. Flows into emerging markets and Asia over the last two years have been strong, following the shocks that hit the region in the prior years. Therefore, we believe it is possible that global investors have been primed for negative news. Market concerns are varied, including the cost of financing external debt as the U.S. dollar appreciates; the ballooning fiscal deficit in the U.S.; weaker demand as exports suffer from escalating trade conflict; and the potential for a policy-induced economic slowdown in China. Additionally, we believe that Asia is more vulnerable to the rise in commodity prices, including oil, given its status as a net oil importer. For a country such as India, higher commodity prices comprise one of the bigger risks. Nonetheless, markets have a tendency to overreact, so whether these concerns materialize is anyone's guess, in our opinion.

We anticipate that major global central banks may continue normalizing interest rates, led by the Fed. In our view, this should drive short-dated yields higher. However, Fed rate hikes and rising U.S. Treasury yields have been so well-forecast, we do not believe that the increases should surprise investors. The Fed is normalizing monetary policy because U.S. and global economic growth is improving, which historically has been positive for emerging markets and Asia, as we have seen in the recovery in exports. Outside of the U.S., we believe that there will be gradual policy tightening, given the risks we cited previously. Some central banks in Asia, such as South Korea, the Philippines, Malaysia and Indonesia, have already commenced gradual rate hikes, with India likely to follow in the coming quarters, in our view, even though inflation remains relatively stable.

Our credit strategy remains defensive. We prefer companies that, in our view, have conservative capital structures, balance-sheet strength and cash-flow generation. We also like Chinese and Hong Kong property credits because we believe that they have good execution and sizeable, high-quality land banks,[5] although we prefer

[4] An interest rate overlay is use to modify both the interest-rate sensitivity (duration) and the term structure of the fixed income assets in a portfolio.

[5] A land bank is a large body of land held by a public or private company for future development or sale.

to position the Company in shorter-dated debt, given our anticipation of greater supply in this segment. Overall, while we intend to maintain the Company's underweight allocation to commodities, we could make exceptions for companies that we believe have robust business models and improving debt levels. We see the widening in spreads as a healthy correction, which may present opportunities for us to add to holdings in issues that were previously too pricey. Yields on 10-year U.S. Treasuries have already moved towards upside forecasts of 3.25%, which in our view suggests the underlying drag from rising U.S. yields has been priced in to a great degree. In the near term, we believe that further spread-widening is likely, although we are generally seeing opportunities to increase risk.

In Australia, unemployment has remained stubbornly high, with weakness in the housing market dampening inflation and credit growth. We believe that improving employment could begin to reverse these dynamics in the first half of 2019. However, in the medium term, we believe that this backdrop creates an outlook for yields to remain broadly stable, with domestic economic and inflation softness counterbalancing further rate hikes in the U.S. For the Australian dollar, net non-resident financial flows remain at the highest level since 2015. Global demand, firm commodity markets and a stable economy in China are all positive for the currency. However, the broad appreciation of the U.S. dollar and the Australian dollar's higher volatility has driven notable weakness in the currency. The relationship to typical benchmarks of risk or demand, such as equities (i.e., the Standard & Poor's 500 Index[6]) and commodities has, at least in the near term, foundered, with the currency overshooting on the downside to levels far below longer-term moving averages seen during some of the heavy sell-offs in 2016. Indeed, the Australian dollar has traded closer to levels in our estimated worst-case scenario,[7] prompting us to reduce the Company's hedges.

Director Updates

Share Ownership Policy

Under the Company's Director Share Ownership Policy independent Directors of the Company are required to own at least 4,000 shares of the Company no later than the end of the calendar year following the year in which he or she becomes a Director.

The below chart summarizes each Independent Director's share ownership as at April 30, 2018.

Independent Director	Shares Owned (by public flings)
Radhika Ajmera*	4,000
P. Gerald Malone*	4,500
Richard H. McCoy*	5,656
Warren C. Smith	12,500

* Member of the Company's Independent Review Committee.

Related Party Transactions

The Company has an agreement (the "Management Agreement") with AAMAL to provide professional investment services. AAML, a related company of AAMAL, has been engaged to provide advice to AAMAL. AAMAL pays fees to AAML for services rendered. In addition, the Company has a further agreement (the "Administration Agreement") with Aberdeen Asset Management Inc. ("AAMI") to provide general fund management and administrative services including record keeping, accounting and office services. Finally, the Company has an agreement with AAMI to provide investor relations services.

Forward-Looking Information

Information in this interim management report of fund performance that is not current or historically factual information may constitute forward-looking information within the meaning of securities laws. Such forward-looking information reflects AAMAL's beliefs, estimates and opinion regarding the Company's future financial performance, projects and opportunities and market conditions at the time of preparation. Implicit in this information, particularly in respect of future financial performance and condition of the Company, are factors and assumptions which, although considered reasonable by the Company at the time of preparation, may prove to be incorrect. Holders of ordinary shares are cautioned that actual results are subject to a number of risks and uncertainties, including general economic and market factors, including credit, currency, political and interest-rate risks and could differ materially from what is currently expected. The Company has no specific intention of updating any forward-looking information whether as a result of new information, future events or otherwise except as required by law.

All amounts in Canadian Dollars ("C$") unless otherwise stated

[6] The S&P 500 Index comprises roughly 500 U.S. large-cap stocks and is considered to be representative of the broader U.S. equity market.

[7] Forecasts and estimates are offered as opinion and are not reflective of potential performance, are not guaranteed and actual events or results may differ materially.

Financial Highlights

The following table shows selected key financial information about the Company, which is intended to help you understand the Company's financial performance for the past five years.

The Company's Net Assets per Ordinary Share:[(a)]	Six Months Ended April 30, 2018 (unaudited)[(b)]	For the Year Ended October 31,				
		2017[(b)]	2016[(b)]	2015[(b)]	2014[(b)]	2013[(b)]
Net assets, beginning of period	C$ 5.18	C$ 5.52	C$ 5.11	C$ 5.65	C$ 5.71	C$ 6.65
Increase/(decrease) from operations:[(c)]						
Total revenue	0.26	0.53	0.53	0.56	0.53	0.61
Total expenses	(0.08)	(0.15)	(0.14)	(0.14)	(0.12)	(0.13)
Realised gains/(losses) for the period	(0.05)	(0.02)	0.10	(0.19)	(0.09)	0.18
Unrealised gains/(losses) for the period	(0.21)	(0.31)	0.37	(0.29)	0.18	(1.00)
Total increase/(decrease) from operations	**(0.08)**	**0.05**	**0.86**	**(0.06)**	**0.50**	**(0.34)**
Distributions:						
From income to holders of ordinary shareholders	(0.20)[(d)]	(0.37)	(0.40)	(0.39)	(0.42)	(0.48)
Realized gains	–	(0.02)	(0.04)	–	–	(0.12)
Return of par	–	–	(0.01)	(0.09)	(0.14)	–
Total annual distributions[(e)]	(0.20)	(0.39)	(0.45)	(0.48)	(0.56)	(0.60)
Impact of normal course issuer bid	C$ –	C$ –	C$ –	C$ –	C$ –	C$ –
Net assets, end of period	C$ 4.90	C$ 5.18	C$ 5.52	C$ 5.11	C$ 5.65	C$ 5.71
Ratios/Supplemental Data:						
Total net asset value end of period (C$000)	252,133	267,410	287,617	267,714	298,429	300,535
Number of ordinary shares outstanding – end of period	51,472,616	51,647,616	52,060,616	52,369,716	52,820,516	52,627,967
Management expense ratio[(f)]	1.97%[(g)]	1.71%	1.59%	1.53%	1.49%	1.46%
Trading expense ratio[(h)]	–	–	–	–	–	–
Management expense ratio excluding interest expense[(i)]	1.12%[(g)]	1.09%	1.13%	1.11%	1.10%	1.06%
Portfolio turnover rate[(j)]	16%	30%	24%	22%	26%	43%
Net asset value per ordinary share	C$ 4.90	C$ 5.18	C$ 5.52	C$ 5.11	C$ 5.65	C$ 5.71
Closing market price	C$ 4.42	C$ 4.64	C$ 4.90	C$ 4.65	C$ 5.23	C$ 6.10

(a) This information is derived from the Company's financial statements. The net assets per ordinary shares of the Company presented in the financial statements may differ from the net asset value calculated for fund pricing purposes.

(b) For the period ended April 30, 2018 and for the years ended October 31, 2017, October 31, 2016, October 31, 2015 and October 31, 2014, the information is in accordance with International Financial Reporting Standards ("IFRS"). The information prior to 2014 is in accordance with Canadian Generally Accepted Accounting Principles.

(c) Net assets are based on the actual number of ordinary shares outstanding at the relevant time. The increase or decrease from operations is based on the weighted average number of ordinary shares outstanding over the applicable period.

(d) The final determination of the source of all distributions in 2018 will be made after the Company's fiscal year-end.

(e) Distributions per share are paid in cash and based on the number of ordinary shares outstanding on the dates of such distributions.

(f) Management expense ratio is the ratio of total expenses of the Company (excluding commissions, other portfolio transaction costs and withholding tax) divided by the daily average net assets of the Company during the period, which includes the revolving credit facility. Ratios of the total expenses of the Company divided by the average assets of the Company are 2.75%, 2.36%, 2.20%, 2.16%, 2.09% and 2.05% for the periods ended April 30, 2018, October 31, 2017, October 31, 2016, October 31, 2015, October 31, 2014 and October 31, 2013, respectively.

(g) Annualized.

(h) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value per ordinary shares during the applicable period. The Company is charged commission only on futures contract transactions. During the review period the trading expense ratio was less than 0.005%.

(i) Ratio represents expenses excluding the interest expense and withholding tax on the revolving credit facility divided by the average assets of the Company during the year, which includes the revolving credit facility. Ratios of the total expenses of the Company divided by the average assets of the Company are 1.56%, 1.51%, 1.56%, 1.58%, 1.54% and 1.48%, for the periods ended April 30, 2018, October 31, 2017, October 31, 2016, October 31, 2015, October 31, 2014 and October 31, 2013, respectively.

(j) Portfolio turnover rate is a measure of portfolio trading activity and is computed by dividing the lesser of the cost of investments purchased and the proceeds on sales of investments by the average market value of the investments portfolio for the applicable period. A portfolio turnover rate of 100% is equivalent to the Company buying and selling all of the securities in its portfolio once in the course of the year. The higher the Company's portfolio turnover rate in a period, the greater the trading costs payable by the Company in the period, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a company.

Amounts listed as "–" are $0 or round to $0.

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

Management Fees (unaudited)

The Management Agreement provides for a monthly fee at the annual rate of 0.65% of the Company's average weekly Managed Assets up to and including C$250 million, at the annual rate of 0.55% of the Company's average weekly Managed Assets in excess of C$250 million and including C$450 million, and at the annual rate of 0.50% of the Company's average weekly Managed Assets in excess of C$450 million, payable monthly. "Managed Assets" are defined in the Management Agreement as net assets plus the amount of any borrowings for investment purposes. For the six months ended April 30, 2018, AAMAL earned gross fees of C$1,120,597, which were used by AAMAL to pay its costs for managing the Company's investments and making investment decisions on behalf of the Company.

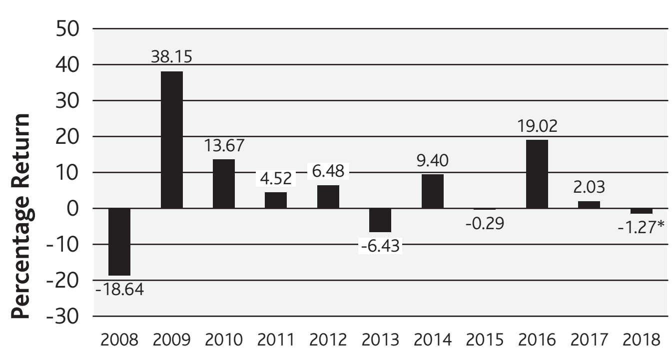
Past Performance (unaudited)

Historical performance is not indicative of future performance.

Year-by-Year Returns

The following bar chart shows the Company's NAV performance for each of the fiscal years shown and for the fiscal period ended April 30, 2018, and illustrates how the NAV performance has changed from year to year. In percentage terms, the bar chart shows how much an investment made on the first day of each period would have grown or decreased by the last day of each period, assuming reinvestment of dividends and distributions. In considering the Company's compound total returns, it should be noted that the payment of distributions has often included a return of paid-in capital, so that the Company's distributions have exceeded the performance of the Company. An investor can buy and sell shares at the market price on the Toronto Stock Exchange ("TSX") and not at NAV.

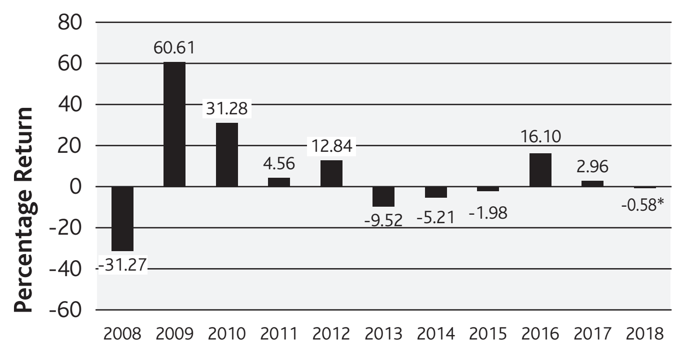
Total Return



* For fiscal period ended April 30, 2018.

The following chart shows the performance of the Company's ordinary shares on the TSX for each of the fiscal years shown and for the fiscal period ended April 30, 2018, and assumes reinvestment of dividends and distributions.

Total Return



* For fiscal period ended April 30, 2018.

Annual Compound Returns

The table below shows the Company's annual compound total returns, based on the Company's NAV and market value for the ten, five, three and one year periods ended on April 30, 2018, compared with the JP Morgan Asian Credit Index, (the "Index") and the Company's benchmark (described below). The Company's NAV performance is net of management fees and all other fund expenses and includes the impact of the leverage facility whereas the returns of the benchmark and the Index are calculated without deductions for fees, expenses or leverage. It is not expected that the Company's performance will mirror that of the benchmark or Index.

From April 1, 2003 to October 31, 2006, the benchmark was comprised of 45% CBBI and 55% CABI. From October 31, 2006 to August 1, 2009, the benchmark was comprised of 45% UBS Composite Index, 35.75% Asian Dollar Bonds and 19.25% IBoxx Asia excluding China. Since August 1, 2009, the benchmark has been comprised of 25% Bloomberg Ausbond Composite Index, 20% Merrill Lynch Asia USD Bond Index, 35% IBoxx indices and 20% JPMorgan Government Emerging Markets Indices. The IBoxx indices are made up of 15% IBoxx Indonesia, 10% IBoxx Philippines and 10% IBoxx India. The JPMorgan Government Emerging Market Indices are made up of 6% JPMorgan Government Bond-Mexico, 7% JPMorgan Government Bond-Brazil and 7% JPMorgan Government Bond-Turkey. Effective December 31, 2011, the percentage of the benchmark comprised of the Merrill Lynch Asia USD Bond Index was replaced by the JP Morgan Asian Credit Index. Effective October 1, 2017, the percentage of the benchmark comprised of JP Morgan Asian Credit Index was replaced by the JP Morgan Asian Credit Diversified Index. The new benchmark weighting of China is reduced which is more in line with the Investment Manager's view of a diversified portfolio.

	1 Year	3 Years	5 Years	10 Years
Aberdeen Asia-Pacific Income Investment Company Limited NAV	-3.3%	6.2%	2.7%	5.0%
Aberdeen Asia-Pacific Income Investment Company Limited-Market Value	3.2%	3.8%	-1.5%	5.2%
Benchmark	-5.2%	4.4%	4.0%	7.0%
JP Morgan Asian Credit Index (JACI)	-5.7%	5.1%	8.6%	8.8%

The JACI is a broad-based securities market index which consists of liquid US dollar-denominated debt securities issued out of the Asia ex-Japan region.

Summary of Investment Portfolio Information (unaudited)

As at April 30, 2018

The following summary of the investment portfolio may change due to ongoing transactions of the Company. You may obtain quarterly updates by calling 1-800-992-6341, by writing Aberdeen Asset Management Inc., 1735 Market St., 32nd Floor, Philadelphia, PA 19103, USA attn: Investor Services or visiting the Company's website at http://www.aberdeenfap.com

Country Allocation

The table below shows the Company's investment by country allocation as a percentage of net assets as at April 30, 2018 and October 31, 2017:

Country	Percentage of Net Asset Value As at April 30, 2018	Percentage of Net Asset Value As at October 31, 2017
India	26.6%	26.4%
Indonesia	25.5%	22.8%
Australia	21.1%	20.3%
Brazil	14.9%	15.3%
Sri Lanka	10.4%	10.0%
Turkey	6.2%	6.4%
China	6.7%	8.4%
Supranational	3.6%	4.4%
Mexico	3.3%	3.1%
Philippines	2.3%	1.5%
Republic of South Korea	2.0%	1.9%
Thailand	1.9%	2.4%
Hong Kong	1.7%	2.5%
Malaysia	1.6%	2.1%
Singapore	1.5%	1.3%
United Kingdom	1.2%	1.2%
Germany	1.1%	1.8%
United Arab Emirates	1.0%	0.9%
Cayman Island	0.8%	0.0%
Saudi Arabia	0.3%	0.4%
Netherlands	0.3%	0.3%
Israel	0.3%	0.0%
Norway	0.2%	0.2%
Oman	0.1%	0.0%
Mongolia	0.1%	0.2%
Bahrain	0.0%	0.2%
Kuwait	0.0%	0.2%
Macau	0.0%	0.1%
Bank Loan, Other Assets & Liabilities	(34.7)%	(34.3)%
	100.0%	100.0%

Top 25 Investments

The following table shows the top 25 investments held by the Company as at April 30, 2018:

Currency	Principal Amount (000)	Description	Net Asset Value %	Value (C$)
BRL	70,000	Brazil Notas do Tesouro Nacional Series F, 10.00%, 01/01/2025	10.5	26,452,353
IDR	114,000,000	Indonesia Government Bond, JP Morgan Credit Linked Note, 10.50%, 08/19/2030	5.3	13,256,178
USD	17,244	Indonesia Government Bond, Standard Chartered Credit Linked Note, 10.50%, 08/19/2030	5.2	13,174,248

Summary of Investment Portfolio Information (unaudited) (continued)

Currency	Principal Amount (000)	Description	Net Asset Value %	Value (C$)
AUD	13,000	Australia Government Bond, 3.25%, 06/21/2039	5.1	12,733,927
INR	620,000	India Government Bond, 8.28%, 09/21/2027	4.8	12,148,276
BRL	29,200	Brazil Notas do Tesouro Nacional Series F, 10.00%, 01/01/2023	4.4	11,143,746
AUD	8,700	Australia Government Bond, 3.75%, 04/21/2037	3.6	9,183,124
LKR	1,044,000	Sri Lanka Government Bond, 8.00%, 11/15/2018	3.4	8,460,232
IDR	69,700,000	Indonesia Treasury Bond, 10.50%, 08/15/2030	3.2	8,096,833
TRY	26,850	Turkey Government Bond, 10.50%, 01/15/2020	3.2	8,079,393
LKR	930,000	Sri Lanka Government Bond, 10.60%, 09/15/2019	3.0	7,664,445
TRY	26,000	Turkey Government Bond, 10.60%, 02/11/2026	3.0	7,519,552
MXN	98,500	Mexican Bonos, 8.50%, 05/31/2029	2.9	7,252,240
IDR	76,000,000	Indonesia Treasury Bond, 7.50%, 05/15/2038	2.8	7,013,851
INR	335,000	India Government Bond, 8.30%, 07/02/2040	2.7	6,748,952
LKR	810,000	Sri Lanka Government Bond, 9.45%, 10/15/2021	2.6	6,485,976
INR	328,000	India Government Bond, 8.12%, 12/10/2020	2.5	6,400,327
INR	250,000	Adani Transmission Ltd., 10.25%, 04/15/2021	2.0	4,999,200
INR	250,000	Indiabulls Housing Finance Ltd., 8.90%, 09/26/2021	1.9	4,853,452
IDR	55,500,000	Indonesia Treasury Bond, 6.13%, 05/15/2028	1.9	4,814,640
AUD	4,040	Queensland Treasury Corp., 6.00%, 06/14/2021	1.7	4,340,810
INR	220,000	Axis Bank Ltd., 8.85%, 12/05/2024	1.7	4,330,418
AUD	3,900	Queensland Treasury Corp., 6.25%, 06/14/2019	1.6	3,949,834
INR	200,000	Power Finance Corp. Ltd., 8.70%, 05/14/2020	1.5	3,899,245
INR	180,000	Rural Electrification Corp. Ltd., 9.35%, 06/15/2022	1.4	3,574,138

Top 25 Investments

The following table shows the top 25 investments held by the Company as at October 31, 2017:

Currency	Principal Amount (000)	Description	Net Asset Value %	Value (C$)
BRL	73,500	Brazil Notas do Tesouro Nacional Series F, 10.00%, 01/01/2018	10.9	29,095,906
AUD	15,000	Australia Government Bond, 3.75%, 04/21/2037	6.0	16,085,200
IDR	114,000,000	Indonesia Government Bond, JP Morgan Credit Linked Note, 10.50%, 08/19/2030	5.1	13,636,298
USD	17,244	Indonesia Government Bond, Standard Chartered Credit Linked Note, 10.50%, 08/19/2030	5.1	13,593,717
INR	620,000	India Government Bond, 8.28%, 09/21/2027	5.0	13,273,971
BRL	29,200	Brazil Notas do Tesouro Nacional Series F, 10.00%, 01/01/2023	4.4	11,705,992
INR	535,000	India Government Bond, 7.80%, 05/03/2020	4.1	10,965,179
TRY	26,850	Turkey Government Bond, 10.50%, 01/15/2020	3.3	8,800,072
LKR	1,044,000	Sri Lanka Government Bond, 8.00%, 11/15/2018	3.2	8,637,703
TRY	26,000	Turkey Government Bond, 10.60%, 02/11/2026	3.1	8,417,592
IDR	69,700,000	Indonesia Treasury Bond, 10.50%, 08/15/2030	3.1	8,346,748
LKR	930,000	Sri Lanka Government Bond, 10.60%, 09/15/2019	3.0	7,915,432
MXN	98,500	Mexican Bonos, 8.50%, 05/31/2029	2.7	7,231,404
INR	328,000	India Government Bond, 8.12%, 12/10/2020	2.5	6,815,262

Summary of Investment Portfolio Information (unaudited) (concluded)

Currency	Principal Amount (000)	Description	Net Asset Value %	Value (C$)
LKR	810,000	Sri Lanka Government Bond, 9.45%, 10/15/2021	2.5	6,671,220
INR	220,000	Axis Bank Ltd., 8.85%, 12/05/2024	1.8	4,700,430
AUD	4,040	Queensland Treasury Corp., 6.00%, 06/14/2021	1.7	4,527,203
AUD	4,300	Australia Government Bond, 3.25%, 06/21/2039	1.6	4,237,165
AUD	3,900	Queensland Treasury Corp., 6.25%, 06/14/2019	1.5	4,123,639
INR	200,000	Power Finance Corp. Ltd., 8.70%, 05/14/2020	1.5	4,111,557
INR	180,000	Rural Electrification Corp. Ltd., 9.35%, 06/15/2022	1.4	3,864,794
INR	180,000	Power Finance Corp. Ltd., 8.70%, 07/15/2020	1.4	3,706,127
IDR	32,000,000	Indonesia Treasury Bond, 12.80%, 06/15/2021	1.4	3,686,029
AUD	3,350	Treasury Corp. of Victoria, 6.00%, 06/15/2020	1.4	3,641,266
INR	150,000	Adani Transmission Ltd., 10.25%, 04/15/2021	1.2	3,180,693

Other Investment Portfolio Information (unaudited)

As at April 30, 2018

Geographic Composition

The table below shows the geographical composition of the Company's total investments as at April 30, 2018, compared with the previous six- and twelve-month periods:

Date	Asia (Including NZ) %	Australia %	United States %	Latin America %	Europe %	Canada %	Middle East %	Africa %
April 30, 2018*	59.1	19.7	1.1	13.2	6.6	0.1	0.2	0.0
October 31, 2017	59.2	19.6	0.2	13.5	7.3	0.0	0.0	0.2
April 30, 2017*	58.9	18.6	0.5	13.7	8.3	0.0	0.0	0.0

* Unaudited

Currency Composition

The table below shows the currency composition of the Company's total investments as at April 30, 2018, compared with the previous six- and twelve-month periods:

Date	Asian Currencies** %	Australian Dollar %	US Dollar*** %	Latin American Currencies %	Eastern European Currencies %	Canadian Dollar %
April 30, 2018*	39.7	20.4	22.1	13.2	4.5	0.1
October 31, 2017	37.4	20.4	24.0	13.5	4.7	0.0
April 30, 2017*	36.6	20.1	24.3	13.7	5.3	0.0

* Unaudited
** Includes New Zealand Dollar
*** Includes U.S. dollar denominated bonds of Asian Issuers: 22.1% on April 30, 2018, 24.0% on October 31, 2017, 24.3% on April 30, 2017.

Other Investment Portfolio Information (unaudited) (concluded)

Maturity Composition

The average maturity of the Company's investments was 8.9 years as at April 30, 2018, an increase from 7.9 years as at October 31, 2017, an increase from 7.3 years at April 30, 2017. The extension in duration over the reporting period has been in response to the volatility in markets and its impact on valuations and yield curves particularly over the first few months of 2018. The following table shows the maturity composition of the Company's investments as at April 30, 2018, compared with the previous six- and twelve-month periods:

Date	Under 3 Years %	3 to 5 Years %	5 to 10 Years %	10 Years & Over %
April 30, 2018*	23.5	21.3	24.2	31.0
October 31, 2017	33.7	19.4	21.2	25.7
April 30, 2017*	27.3	22.8	22.3	27.6

* Unaudited

Quality of Investments

As at April 30, 2018, 24.0% of the Company's investments were in securities where either the issue or the issuer was rated "A" or better by Standard & Poor's or Moody's Investors Service Inc. or, if unrated, was judged to be of equivalent quality by the Investment Manager. The following table shows the ratings of securities held by the Company as at April 30, 2018, compared with the previous six- and twelve-month periods:

Date	AAA/Aaa %	AA/Aa %	A %	BBB/Baa %	BB/Ba** %	B** %	CCC** %	NR*** %
April 30, 2018*	16.6	2.7	4.7	37.1	14.6	4.8	0.0	19.5
October 31, 2017	16.7	3.7	6.6	36.4	14.9	5.1	0.1	16.5
April 30, 2017*	15.8	4.4	6.0	40.2	15.6	5.4	0.0	12.6

* Unaudited
** Below investment grade
*** Not rated

NOTICE TO READER

Interim financial statements, including the accompanying interim financial statements, are not and have not been reviewed by the Company's auditors.

Statements of Financial Position (unaudited)

	Note	April 30, 2018 C$	October 31, 2017 C$
Current Assets			
Investments, at fair value, (Cost: C$366,291,270; 2017: C$371,524,840)	4	339,551,488	359,072,375
Short-term investments (Cost: C$–; 2017: C$712,872)		–	713,425
Foreign cash (Cost: C$10,971,171; 2017: C$7,092,183)		10,824,363	7,143,430
Cash		293,338	75,915
Cash at broker for futures contracts (Cost: C$38,694; 2016: C$105,923)		38,694	108,413
Interest receivable		7,065,438	6,700,847
Unrealised appreciation on interest rate swaps		5,782,392	2,945,391
Unsettled sales trades		–	1,497,879
Due from broker – Futures variation margin		111,439	154,008
Receivable for foreign forward currency exchange contracts closed		–	–
Sundry debtors and prepayments		17,741	62,691
Total current assets		**C$363,684,893**	**C$378,474,374**
Current Liabilities			
Bank loan	9	103,837,950	104,417,100
Unsettled purchases trades		1,142,309	1,734,289
Deferred foreign capital gains tax	6	552,396	933,982
Interest payable on bank loan	9	261,628	202,599
Investment management fees payable	7	195,710	204,410
Administration fees payable	7	39,498	41,320
Due to broker – Futures variation margin		24,283	130,769
Director fees payable		8,822	–
Investor relations fees payable	7	6,241	7,538
Unrealised depreciation on interest rate swaps		–	3,004
Cash from broker on interest rate swap agreements		5,320,043	3,080,772
Accrued expenses and other liabilities		163,105	308,712
Total current liabilities		**111,551,985**	**111,064,495**
Shareholder's Equity			
Share capital at par (par value US$0.5430, US$0.5430 per share respectively)	8	39,255,601	39,376,881
Paid-in surplus		479,974,976	480,656,054
Deficit	10	(224,077,543)	(220,388,517)
Unrealised appreciation/(depreciation) on investments, interest rate swaps, futures and foreign currency transactions		(43,020,126)	(32,234,539)
Total Equity		**C$252,132,908**	**C$267,409,879**
(51,472,616 ordinary shares outstanding as at April 30, 2018) (51,647,616 ordinary shares outstanding as at October 31, 2017)		**C$4.90**	**C$5.18**

Approved by the Board of Directors

/s/ Richard H. McCoy

Richard H. McCoy
Chairman

/s/ P. Gerald Malone

P. Gerald Malone
Chairman of Audit Committee

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

Statements of Comprehensive Income (unaudited)

	Note	Six Months Ended April 30, 2018 C$	Six Months Ended April 30, 2017 C$
Income			
Interest income		13,243,235	13,466,138
Realised gains/(losses) on investments and foreign currency transactions		(2,701,786)	(897,427)
Realised gains/(losses) on interest rate swap contracts		90,581	(172,854)
Realised gains/(losses) on futures contracts		111,977	(99,313)
Change in unrealised appreciation/(depreciation) on investments		(14,287,870)	(104,935)
Change in unrealised appreciation/(depreciation) on futures contracts		63,917	7,414
Change in unrealised appreciation/(depreciation) on interest rate swap contracts		2,838,049	2,741,961
Change in unrealised appreciation/(depreciation) on translation of foreign currency denominated assets and liabilities		600,317	(2,022,938)
		(41,580)	12,918,046
Expenses			
Investment management fees	7	1,120,597	1,159,894
Administration fees	7	226,506	235,437
Director fees and expenses		155,000	164,496
Legal and professional fees and expenses		82,992	91,166
Custodian fees and expenses		82,312	98,028
Insurance		58,088	57,001
Independent auditor fees and expenses		54,238	56,782
Transfer agent fees and expenses		53,653	51,923
Bank loan amendment fees		51,912	24,085
Investor relations fees and expenses	7	44,570	48,306
Reports to shareholders		43,443	47,721
Registration, listing and depositary fees		12,469	12,507
Independent review committee fees		10,392	11,164
Miscellaneous		33,608	31,675
Total operating expenses		2,029,780	2,090,185
Interest expense	9	1,546,864	1,062,937
Withholding taxes		801,256	726,515
Total expenses		4,377,900	3,879,637
Profit/ (Loss) for the Period		**C$(4,419,480)**	**C$9,038,409**
Earnings per ordinary share C$(4,419,480) / 51,567,947 weighted average number of ordinary shares outstanding (April 30, 2017-C$9,038,409 / 51,897,450)		**C$(0.0857)**	**C$0.1742**

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

Statements of Changes in Shareholders' Equity (unaudited)

	Six Months Ended April 30, 2018 C$	Six Months Ended April 30, 2017 C$
Profit/(Loss) for the Year	**(4,419,480)**	**9,038,409**
Dividends to holders of ordinary shares:		
Ordinary share dividends	(10,055,133)*	(10,118,833)*
Repurchase of ordinary share units due to normal course issuer bid (175,000 and 329,000 units, respectively)	(802,358)	(1,512,643)
	(10,857,491)	(11,631,476)
Decrease in shareholders equity	(15,276,971)	(2,593,067)
Shareholders Equity		
Beginning of period	267,409,879	287,617,218
End of period	**C$252,132,908**	**C$285,024,151**

* The final determination of the source of all distributions in 2018 and 2017 will be made or were made after the Company's fiscal year-end.

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

Statement of Cash Flows

	Six Months Ended April 30, 2018 C$	Six Months Ended April 30, 2017 C$
Increase / (Decrease) in Cash (Including Foreign Currency)		
Cash flows provided from (used for) operating activities:		
Interest received	12,096,545	13,071,368
Operating expenses paid	(3,621,323)	(2,713,886)
Net payments received from broker for collateral on interest rate swaps	2,239,271	97,818
Purchases and sales of short-term portfolio investments, net	712,872	1,111,615
Purchases of investments at fair value	(97,597,153)	(78,512,966)
Proceeds from sales of investments at fair value	100,603,021	79,830,506
Realised gains (losses) on forward foreign currency exchange contracts closed	65,753	44,412
Realised losses on interest rate swap transactions	90,581	(172,854)
Payments received from (paid to) broker for futures contracts	181,696	(88,555)
Net cash provided from operating activities	C$ 14,771,263	C$ 12,667,458
Cash flows provided from (used for) financing activities:		
Dividends paid to holders of ordinary shares, net of reinvested dividends	(10,055,079)	(10,118,833)
Repurchase of ordinary shares	(802,358)	(1,512,643)
Net cash used for financing activities	(10,857,437)	(11,631,476)
Effect of exchange rate on cash	(15,470)	(1,419,690)
Net increase (decrease) in cash	3,898,356	(383,708)
Cash at beginning of period*	7,219,345	12,883,277
Cash at end of period*	C$ 11,117,701	C$ 12,499,569

* For purposes of the Statement of Cash Flows, cash includes Cash and Foreign Cash, as shown within the Statement of Financial Position, but does not include cash at broker for financial futures contracts or cash at broker for interest swap agreements because it is designated as collateral.

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

Schedule of Investment Portfolio (unaudited)

April 30, 2018

Principal Amount (000)		Description	Cost (C$)	Carrying Value (C$)
BANK LOANS—0.8%				
AUSTRALIA—0.8%				
AUD	2,100	Brickworks Ltd. Term Loan C, 3-month LIBOR + 2.100%, 4.13%, 10/16/2025 (d)(j)	**2,082,122**	**2,029,905**
			2,082,122	**2,029,905**
CORPORATE BONDS—44.0%				
AUSTRALIA—1.2%				
AUD	500	APT Pipelines Ltd., 7.75%, 07/22/2020 (a)	448,737	530,003
AUD	341	Brisbane Square Finance Pty Ltd., Zero Coupon, 11/25/2025 (b)(c)(d)(e)	363,617	356,495
AUD	716	CF Asia Pacific Group Pty Ltd., 8.35%, 11/30/2018 (a)(d)	706,815	706,288
AUD	690	NEXTDC Ltd., 6.25%, 06/09/2019 (d)(f)	697,867	686,705
AUD	600	Qantas Airways Ltd., 7.50%, 06/11/2021	637,623	648,818
			2,854,659	**2,928,309**
CAYMAN ISLANDS—0.8%				
USD	400	Agile Group Holdings Ltd., 6.88%, 03/07/2023 (a)(g)	512,540	500,059
USD	400	CIFI Holdings Group Co. Ltd., 6.38%, 05/02/2020 (a)	513,437	510,755
USD	400	Geely Automobile Holdings Ltd., 3.63%, 01/25/2023 (a)	485,753	498,864
USD	400	Zahidi Ltd., 4.50%, 03/22/2028 (a)(b)	520,055	502,805
			2,031,785	**2,012,483**
CHINA—6.7%				
USD	269	Beijing Capital Polaris Investment Co. Ltd., 4.25%, 03/26/2021 (a)	351,296	346,049
USD	241	361 Degrees International Ltd., 7.25%, 06/03/2019 (a)(f)	348,150	313,837
USD	600	Central China Real Estate Ltd., 6.50%, 05/30/2018 (a)(f)	598,800	769,395
USD	200	Central China Real Estate Ltd., 8.00%, 05/30/2018 (a)(f)	261,119	260,155
USD	825	China Aoyuan Property Group Ltd., 6.35%, 01/11/2020 (a)	1,101,839	1,059,153
USD	250	China Resources Gas Group Ltd., 4.50%, 04/05/2022 (a)	244,655	327,122
USD	400	Chinalco Capital Holdings Ltd., 4.25%, 04/21/2022 (a)	530,202	498,628
USD	600	CNOOC Curtis Funding No 1 Pty Ltd., 4.50%, 10/03/2023 (a)	838,926	787,893
USD	500	CNOOC Nexen Finance 2014 ULC, 4.25%, 04/30/2024	674,012	645,668
USD	400	Country Garden Holdings Co. Ltd., 7.50%, 05/30/2018 (a)	535,077	532,576
USD	480	Franshion Brilliant Ltd., 3.60%, 03/03/2022 (a)	633,003	596,327
USD	400	Health and Happiness H&H International Holdings Ltd., 7.25%, 06/21/2018 (a)(f)	573,552	524,365
USD	400	Hilong Holding Ltd., 7.25%, 06/22/2020 (a)	528,444	509,117
USD	400	KWG Property Holding Ltd., 8.98%, 05/30/2018 (a)(f)	533,698	524,432
USD	600	New Metro Global Ltd., 4.75%, 02/11/2019 (a)	756,673	768,433
USD	700	New Metro Global Ltd., 5.00%, 08/08/2020 (a)	838,751	823,399
USD	200	Poly Real Estate Finance Ltd., 3.95%, 02/05/2023 (a)	245,224	250,369
USD	500	Postal Savings Bank of China Co. Ltd., 4.50%, 09/27/2022 (a)(f)(g)	617,150	606,666
USD	1,000	Proven Honour Capital Ltd., 4.13%, 05/19/2025 (a)	1,382,660	1,225,274
USD	393	Semiconductor Manufacturing International Corp., 4.13%, 10/07/2019 (a)	431,240	505,067
USD	580	Shimao Property Holdings Ltd., 8.38%, 02/10/2019 (a)(f)	843,232	792,704
USD	300	Shougang Group Co. Ltd., 3.95%, 04/04/2019 (a)	386,625	386,510
USD	300	Sunny Optical Technology Group Co. Ltd., 3.75%, 01/23/2023 (a)	370,777	372,827
USD	300	Tencent Holdings Ltd., 3.80%, 02/11/2025 (a)	414,980	381,948
USD	400	Tianqi Finco Co. Ltd., 3.75%, 11/28/2022 (a)	509,558	496,358
USD	300	Times China Holdings Ltd., 6.25%, 01/23/2019 (a)(f)	394,560	385,844
USD	600	Vanke Real Estate Hong Kong Co. Ltd., 3.98%, 11/09/2027 (a)	766,374	714,283
USD	570	Yankuang Group Cayman Ltd., 4.75%, 11/30/2020 (a)	720,384	698,795
USD	208	Yingde Gases Investment Ltd., 6.25%, 01/19/2021 (a)(f)	260,217	253,827
USD	400	Yunnan Energy Investment Overseas Finance Co. Ltd., 4.25%, 11/14/2022 (a)	510,051	490,323
			17,201,229	**16,847,344**

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

Schedule of Investment Portfolio (unaudited) (continued)

April 30, 2018

Principal Amount (000)		Description	Cost (C$)	Carrying Value (C$)
CORPORATE BONDS (continued)				
GERMANY—1.1%				
AUD	1,080	KfW, 6.25%, 12/04/2019 (h)	1,129,152	1,108,194
AUD	1,500	KfW, 6.25%, 05/19/2021 (h)	1,809,801	1,607,482
			2,938,953	**2,715,676**
HONG KONG—1.7%				
USD	206	CK Hutchison Capital Securities 17 Ltd., 4.00%, 05/12/2022 (a)(f)(g)	282,292	257,187
USD	360	CK Hutchison International 17 Ltd., 2.88%, 04/05/2022 (a)	478,072	449,439
USD	500	CNAC HK Finbridge Co. Ltd., 4.63%, 03/14/2023 (a)	647,653	642,324
USD	600	Far East Consortium International Ltd., 3.75%, 09/08/2021 (a)	772,410	742,129
USD	200	FPC Treasury Ltd., 4.50%, 04/16/2023 (a)	264,892	254,099
USD	600	Hutchison Whampoa Finance CI Ltd., 7.50%, 08/01/2027 (a)	1,075,472	965,591
USD	250	Hutchison Whampoa International 03/33 Ltd., 7.45%, 11/24/2033 (a)	288,535	431,142
USD	200	Hutchison Whampoa International 09 Ltd., 7.63%, 04/09/2019 (a)	248,272	267,487
USD	200	WTT Investment Ltd., 5.50%, 11/21/2020 (a)(f)	255,290	250,431
			4,312,888	**4,259,829**
INDIA—15.3%				
USD	510	Adani Ports & Special Economic Zone Ltd., 4.00%, 06/30/2027 (a)(f)	668,695	603,167
INR	250,000	Adani Transmission Ltd., 10.25%, 04/15/2021	5,472,142	4,999,200
INR	220,000	Axis Bank Ltd., 8.85%, 12/05/2024	4,300,600	4,330,418
INR	100,000	Axis Bank Ltd., 9.15%, 12/31/2022	1,991,433	1,993,666
USD	300	Bharti Airtel International Netherlands BV, 5.13%, 03/11/2023 (a)	400,599	387,716
INR	140,000	GAIL India Ltd., 8.30%, 02/23/2022	2,650,459	2,703,626
USD	327	Hindustan Petroleum Corp. Ltd., 4.00%, 07/12/2027 (a)	424,766	394,487
INR	100,000	ICICI Bank Ltd., 7.60%, 10/07/2023	2,054,246	1,866,289
INR	250,000	Indiabulls Housing Finance Ltd., 8.90%, 09/26/2021	5,023,519	4,853,452
INR	50,000	Indiabulls Housing Finance Ltd., 9.00%, 04/29/2026	971,374	986,489
USD	267	Neerg Energy Ltd., 6.00%, 02/13/2020 (a)(f)	350,331	335,826
INR	200,000	Power Finance Corp. Ltd., 8.70%, 05/14/2020	4,492,808	3,899,245
INR	180,000	Power Finance Corp. Ltd., 8.70%, 07/15/2020	4,069,256	3,508,441
USD	290	Reliance Industries Ltd., 4.13%, 01/28/2025 (a)	386,869	367,854
INR	100,000	Reliance Jio Infocomm Ltd., 8.95%, 10/04/2020	2,191,117	1,951,279
INR	180,000	Rural Electrification Corp. Ltd., 9.35%, 06/15/2022	3,630,281	3,574,138
USD	355	UPL Corp. Ltd., 3.25%, 10/13/2021 (a)	461,840	443,039
USD	339	Vedanta Resources PLC, 6.13%, 08/09/2021 (a)(f)	425,682	418,753
USD	800	Yes Bank Ifsc Banking Unit Branch, 3.75%, 02/06/2023 (a)	983,176	995,683
			40,949,193	**38,612,768**
INDONESIA—2.0%				
USD	480	Chandra Asri Petrochemical Tbk PT, 4.95%, 11/08/2021 (a)(f)	610,671	573,044
USD	200	Jababeka International BV, 6.50%, 10/05/2020 (a)(f)	260,290	239,362
USD	500	Lembaga Pembiayaan Ekspor Indonesia, 3.88%, 04/06/2024 (a)	663,590	626,947
IDR	30,000,000	Lembaga Pembiayaan Ekspor Indonesia, 9.50%, 03/13/2020	2,902,657	2,849,192
USD	250	Medco Platinum Road Pte Ltd., 6.75%, 01/30/2022 (a)(f)	306,990	306,761
USD	300	TBG Global Pte Ltd., 5.25%, 02/10/2019 (a)(f)	380,054	382,144
			5,124,252	**4,977,450**
ISRAEL—0.3%				
USD	500	Teva Pharmaceutical Finance Netherlands III BV, 6.00%, 04/15/2024 (a)	**627,949**	**622,948**

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

Schedule of Investment Portfolio (unaudited) (continued)

April 30, 2018

Principal Amount (000)		Description	Cost (C$)	Carrying Value (C$)
CORPORATE BONDS (continued)				
MALAYSIA—1.6%				
USD	600	CIMB Bank Bhd, 3.26%, 03/15/2022 (a)	807,780	756,180
USD	1,152	Gohl Capital Ltd., 4.25%, 01/24/2027 (a)	1,499,742	1,423,386
USD	800	Press Metal Labuan Ltd., 4.80%, 10/30/2020 (a)(f)	1,011,600	981,245
USD	264	RHB Bank Bhd, 2.50%, 10/06/2021 (a)	337,773	326,937
USD	450	TNB Global Ventures Capital Bhd, 3.24%, 10/19/2026 (a)	597,330	537,468
			4,254,225	**4,025,216**
NETHERLANDS—0.3%				
USD	600	Samvardhana Motherson Automotive Systems Group BV, 4.88%, 06/16/2019 (a)(f)	**761,220**	**777,126**
NORWAY—0.2%				
AUD	500	Kommunalbanken AS, 6.50%, 04/12/2021	**494,247**	**537,157**
OMAN—0.1%				
USD	200	Oztel Holdings SPC Ltd., 6.63%, 04/24/2028 (a)	**246,888**	**249,569**
PHILIPPINES—1.5%				
USD	432	AYC Finance Ltd., 5.13%, 09/13/2022 (a)(f)(g)	528,509	538,007
USD	459	International Container Terminal Services, Inc., 7.38%, 03/17/2020 (a)	689,659	628,682
USD	900	Megaworld Corp., 4.25%, 04/17/2023 (a)	1,178,884	1,170,900
USD	750	Royal Capital BV, 4.88%, 05/05/2024 (a)(f)(g)(i)	943,133	941,296
USD	390	Union Bank of the Philippines, 3.37%, 11/29/2022 (a)	497,757	480,661
			3,837,942	**3,759,546**
REPUBLIC OF SOUTH KOREA—2.0%				
USD	1,000	Busan Bank Co. Ltd., 3.63%, 07/25/2026 (a)	1,285,458	1,179,439
USD	390	Hankook Tire Co. Ltd., 3.50%, 01/30/2023 (a)	480,175	488,775
USD	410	Industrial Bank of Korea, 3.90%, 07/31/2022 (a)(f)(g)	512,726	501,355
USD	889	Korea Development Bank (The), 2.63%, 02/27/2022	1,161,867	1,102,142
USD	300	Korea East-West Power Co. Ltd., 2.50%, 06/02/2020 (a)	381,636	377,631
USD	580	Korea Hydro & Nuclear Power Co. Ltd., 3.00%, 09/19/2022 (a)	767,936	721,043
USD	310	Shinhan Bank Co. Ltd., 2.88%, 03/28/2022 (a)	411,134	385,375
USD	200	SK Telecom Co. Ltd., 3.75%, 04/16/2023 (a)	254,028	255,169
			5,254,960	**5,010,929**
SINGAPORE—1.5%				
USD	483	DBS Group Holdings Ltd., 3.60%, 09/07/2021 (a)(f)(g)(i)	619,174	602,449
USD	547	Marble II Pte Ltd., 5.30%, 06/20/2019 (a)(f)	723,325	693,252
USD	300	Parkway Pantai Ltd., 4.25%, 07/27/2022 (a)(f)(g)	376,530	371,704
USD	543	RH International Singapore Corp. Pte Ltd., 4.50%, 03/27/2028 (a)	710,399	701,428
USD	800	United Overseas Bank Ltd., 3.50%, 09/16/2021 (a)(f)	1,024,818	1,008,068
USD	420	United Overseas Bank Ltd., 3.88%, 10/19/2023 (a)(f)(g)	525,651	510,733
			3,979,897	**3,887,634**
SUPRANATIONAL—3.6%				
AUD	2,000	Asian Development Bank, 5.00%, 03/09/2022	2,259,091	2,098,130
AUD	600	Asian Development Bank, 6.25%, 03/05/2020	650,980	620,855
AUD	2,000	Inter-American Development Bank, 6.00%, 02/26/2021	2,193,296	2,118,023
AUD	800	Inter-American Development Bank, 6.50%, 08/20/2019	803,470	815,455
AUD	800	International Bank for Reconstruction & Development, 5.75%, 10/21/2019	842,755	812,318
AUD	2,600	International Finance Corp., 5.75%, 07/28/2020	2,727,745	2,699,395
			9,477,337	**9,164,176**

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

Schedule of Investment Portfolio (unaudited) (continued)

April 30, 2018

Principal Amount (000)		Description	Cost (C$)	Carrying Value (C$)
CORPORATE BONDS (continued)				
THAILAND—1.9%				
USD	200	Bangkok Bank PCL, 9.03%, 03/15/2029 (a)	365,382	350,837
USD	1,300	Bangkok Bank PCL, 9.03%, 03/15/2029 (a)	1,708,656	2,280,439
USD	1,300	Krung Thai Bank PCL, 5.20%, 12/26/2019 (a)(f)	1,455,371	1,694,472
USD	409	PTTEP Treasury Center Co. Ltd., 4.60%, 07/17/2022 (a)(f)(g)	524,461	513,521
			4,053,870	**4,839,269**
UNITED ARAB EMIRATES—1.0%				
USD	576	Abu Dhabi National Energy Co. PJSC, 4.88%, 04/23/2030 (a)	723,908	733,023
USD	500	DIB Sukuk Ltd., 3.66%, 02/14/2022 (a)	686,324	630,972
USD	400	First Abu Dhabi Bank PJSC, 3.00%, 03/30/2022 (a)	526,258	498,173
USD	500	MAF Global Securities Ltd., 5.50%, 09/07/2022 (a)(f)(g)(i)	689,651	632,204
			2,626,141	**2,494,372**
UNITED KINGDOM—1.2%				
USD	1,352	HSBC Holdings PLC, 6.38%, 03/30/2025 (f)(g)(i)	1,758,367	1,787,978
USD	500	Standard Chartered PLC, 3.95%, 01/11/2023 (a)	658,117	630,393
USD	300	Standard Chartered PLC, 4.05%, 04/12/2026 (a)	383,187	375,659
USD	200	Standard Chartered PLC, 7.75%, 04/02/2023 (a)(g)	272,462	273,481
			3,072,133	**3,067,511**
		Total Corporate Bonds	**114,099,768**	**110,789,312**
GOVERNMENT BONDS—89.9%				
AUSTRALIA—19.1%				
AUD	13,000	Australia Government Bond, 3.25%, 06/21/2039 (a)	12,824,946	12,733,927
AUD	8,700	Australia Government Bond, 3.75%, 04/21/2037 (a)	9,034,229	9,183,124
AUD	1,900	Australia Government Bond, 4.50%, 04/21/2033 (a)	2,102,036	2,179,838
AUD	1,000	Australia Government Bond, 5.50%, 04/21/2023 (a)	1,130,568	1,104,791
AUD	1,200	New South Wales Treasury Corp., 3.00%, 02/20/2030 (a)	1,157,654	1,118,275
AUD	1,000	New South Wales Treasury Corp., 6.00%, 05/01/2020	1,183,956	1,039,636
AUD	2,000	Queensland Treasury Corp., 5.75%, 07/22/2024 (a)	2,252,503	2,250,156
AUD	4,040	Queensland Treasury Corp., 6.00%, 06/14/2021 (a)(h)	4,160,426	4,340,810
AUD	3,900	Queensland Treasury Corp., 6.25%, 06/14/2019 (h)	4,547,238	3,949,834
AUD	2,485	Queensland Treasury Corp., 6.25%, 02/21/2020 (a)	2,681,477	2,575,171
AUD	3,350	Treasury Corp. of Victoria, 6.00%, 06/15/2020	3,678,498	3,495,132
AUD	2,400	Treasury Corp. of Victoria, 6.00%, 10/17/2022	2,658,865	2,661,125
AUD	1,480	Western Australian Treasury Corp., 7.00%, 07/15/2021	1,631,198	1,630,884
			49,043,594	**48,262,703**
BRAZIL—14.9%				
BRL	29,200	Brazil Notas do Tesouro Nacional Series F, 10.00%, 01/01/2023	10,665,859	11,143,746
BRL	70,000	Brazil Notas do Tesouro Nacional Series F, 10.00%, 01/01/2025	27,185,561	26,452,353
			37,851,420	**37,596,099**
INDIA—11.3%				
INR	27,840	India Government Bond, 8.08%, 08/02/2022	555,981	540,944
INR	328,000	India Government Bond, 8.12%, 12/10/2020	5,992,290	6,400,327
INR	1,830	India Government Bond, 8.27%, 06/09/2020	37,317	35,815
INR	620,000	India Government Bond, 8.28%, 09/21/2027	10,727,687	12,148,276
INR	335,000	India Government Bond, 8.30%, 07/02/2040	7,119,699	6,748,952
INR	84,600	India Government Bond, 8.33%, 06/07/2036	1,712,697	1,673,927
INR	43,660	India Government Bond, 8.40%, 07/28/2024	872,375	859,673
INR	6,210	India Government Bond, 9.20%, 09/30/2030	134,862	129,982
			27,152,908	**28,537,896**

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

Schedule of Investment Portfolio (unaudited) (continued)

April 30, 2018

Principal Amount (000)		Description	Cost (C$)	Carrying Value (C$)
GOVERNMENT BONDS (continued)				
INDONESIA—23.5%				
IDR	114,000,000	Indonesia Government Bond, JP Morgan Credit Linked Note, 10.50%, 08/19/2030 (a)	16,776,394	13,256,178
USD	17,244	Indonesia Government Bond, Standard Chartered Credit Linked Note, 10.50%, 08/19/2030	16,452,107	13,174,248
IDR	55,500,000	Indonesia Treasury Bond, 6.13%, 05/15/2028	4,953,988	4,814,640
IDR	76,000,000	Indonesia Treasury Bond, 7.50%, 05/15/2038	7,300,699	7,013,851
IDR	28,200,000	Indonesia Treasury Bond, 8.25%, 06/15/2032	3,558,166	2,798,138
IDR	10,000,000	Indonesia Treasury Bond, 8.38%, 09/15/2026	1,008,129	998,089
IDR	5,000,000	Indonesia Treasury Bond, 8.75%, 05/15/2031	533,050	517,964
IDR	23,208,000	Indonesia Treasury Bond, 9.00%, 03/15/2029	2,176,756	2,449,829
IDR	69,700,000	Indonesia Treasury Bond, 10.50%, 08/15/2030	9,426,628	8,096,833
IDR	32,000,000	Indonesia Treasury Bond, 12.80%, 06/15/2021	4,728,379	3,474,706
USD	400	Perusahaan Penerbit SBSN Indonesia III, 3.40%, 03/29/2022 (a)	533,880	504,695
USD	400	Perusahaan Penerbit SBSN Indonesia III, 4.15%, 03/29/2027 (a)	533,880	500,099
USD	1,123	Perusahaan Penerbit SBSN Indonesia III, 4.35%, 09/10/2024 (a)	1,428,525	1,452,257
USD	100	Perusahaan Penerbit SBSN Indonesia III, 4.55%, 03/29/2026 (a)	136,558	129,037
			69,547,139	**59,180,564**
MEXICO—3.3%				
MXN	98,500	Mexican Bonos, 8.50%, 05/31/2029	8,271,885	7,252,240
MXN	13,000	Mexican Bonos, 10.00%, 12/05/2024	1,447,096	1,015,410
			9,718,981	**8,267,650**
MONGOLIA—0.1%				
USD	200	Mongolia Government International Bond, 5.63%, 05/01/2023 (a)	**255,730**	**249,068**
PHILIPPINES—0.8%				
PHP	80,000	Philippine Government Bond, 6.25%, 03/22/2028	**1,941,187**	**1,984,226**
SAUDI ARABIA—0.3%				
USD	345	Saudi Government International Bond, 4.63%, 10/04/2047 (a)	424,093	405,311
USD	323	Saudi Government International Bond, 5.00%, 04/17/2049 (a)	398,938	397,708
			823,031	**803,019**
SRI LANKA—10.4%				
LKR	1,044,000	Sri Lanka Government Bond, 8.00%, 11/15/2018	7,420,535	8,460,232
LKR	810,000	Sri Lanka Government Bond, 9.45%, 10/15/2021	6,436,901	6,485,976
LKR	930,000	Sri Lanka Government Bond, 10.60%, 09/15/2019	7,871,411	7,664,445
LKR	220,000	Sri Lanka Government Bond, 10.75%, 01/15/2019	1,852,188	1,808,987
LKR	110,000	Sri Lanka Government Bond, 11.20%, 07/01/2022	1,174,710	928,588
LKR	68,000	Sri Lanka Government Bond, 11.40%, 01/01/2024	775,623	581,088
USD	253	Sri Lanka Government International Bond, 5.75%, 04/18/2023 (a)	318,059	322,785
			25,849,427	**26,252,101**
TURKEY—6.2%				
TRY	26,850	Turkey Government Bond, 10.50%, 01/15/2020	15,847,097	8,079,393
TRY	26,000	Turkey Government Bond, 10.60%, 02/11/2026	12,078,866	7,519,552
			27,925,963	**15,598,945**
		Total Government Bonds	**250,109,380**	**226,732,271**
		Total Investments—134.7%	366,291,270	339,551,488
		Liabilities in Excess of Other Assets—(34.7)%		(87,418,580)
		Net Assets—100.0%		**252,132,908**

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

AUD—Australian Dollar
BRL—Brazilian Real
IDR—Indonesian Rupiah
INR—Indian Rupee
LKR—Sri Lanka Rupee
MXN—Mexican Peso
PHP—Philippine Peso
TRY—Turkish Lira
USD—U.S. Dollar

(a) Indicates a security that may be restricted in certain markets.
(b) Sinkable security.
(c) Variable or Floating Rate Security. Rate disclosed is as of April 30, 2018.
(d) Illiquid security.
(e) The annuity payments increase by 3.25% every year, until the asset amortizes to zero.
(f) The maturity date presented for these instruments represents the next call/put date.
(g) Perpetual bond. This is a bond that has no maturity date, is redeemable and pays a steady stream of interest indefinitely. The maturity date presented for these instruments represents the next call/put date.
(h) This security is government guaranteed.
(i) The maturity date presented for these instruments is the later of the next date on which the security can be redeemed at par or the next date on which the rate of interest is adjusted.
(j) Level 3 security. See Note 2(a) of the accompanying Notes to Financial Statements.

At April 30, 2018, the Company held the following futures contracts:

Futures Contracts	Number of Contracts Long/(Short)	Expiration Date	Notional Amount (C$)	Market Value (C$)	Unrealized Appreciation/ (Depreciation) (C$)
LONG CONTRACT POSITIONS					
United States Treasury Note 6%—2 year	43	06/29/2018	11,731,352	11,707,069	C$(24,283)
United States Treasury Note 6%—Ultra Long	22	06/20/2018	4,345,910	4,438,291	92,381
					C$ 68,098
SHORT CONTRACT POSITIONS					
United States Treasury Note 6%—10 year	(40)	06/20/2018	(6,147,225)	(6,143,697)	C$ 3,528
United States Treasury Note 6%—5 year	(39)	06/29/2018	(5,699,322)	(5,683,792)	15,530
					C$ 19,058
					C$87,156

At April 30, 2018, the Company held the following over-the-counter interest rate swaps:

Currency	Notional Amount	Expiration Date	Counterparty	Receive (Pay) Floating Rate	Floating Rate Index	Fixed Rate	Premiums Paid (Received) (C$)	Unrealised Appreciation/ (Depreciation) (C$)	Value (C$)
Buy Protection:									
USD	19,000,000	04/27/2026	Deutsche	Receive	3-month LIBOR Index	1.75%	C$–	C$ 2,103,299	C$ 2,103,299
USD	8,500,000	05/06/2026	Citibank	Receive	3-month LIBOR Index	1.70%	–	938,555	938,555
USD	1,500,000	07/07/2026	Citibank	Receive	3-month LIBOR Index	2.23%	–	90,325	90,325
USD	14,500,000	08/23/2026	Deutsche	Receive	3-month LIBOR Index	1.42%	–	2,131,970	2,131,970
USD	37,500,000	04/16/2028	BNP Paribas	Receive	3-month LIBOR Index	2.84%	–	518,243	518,243
							C$–	**C$5,782,392**	**C$5,782,392**

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

Notes to Financial Statements (unaudited)

April 30, 2018

Note 1—Organisation

Aberdeen Asia-Pacific Income Investment Company Limited (the "Company") is a closed-end investment company established under the laws of the Cook Islands. The address of the Company's principal office is 1st Floor, BCI House, Avarua, Rarotonga, Cook Islands. The island country is in free association with New Zealand. The Company commenced operations on June 13, 1986 and the Company's ordinary shares are listed on the Toronto Stock Exchange.

The financial statements of the Company include the Statements of Financial Position as at April 30, 2018 and October 31, 2017 and the Statements of Comprehensive Income, Statements of Changes in Shareholders' Equity and Statements of Cash Flows for the six months ended April 30, 2018 and April 30, 2017.

The investment objective of the Company is to obtain current income and achieve incidental capital appreciation from investment in long-term debt securities.

Note 2—Basis of Presentation and Adoption of IFRS

a) Statement of Compliance:

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") applicable to the preparation of annual financial statements. The Company adopted this basis of accounting in 2015 as required by Canadian securities legislation and the Canadian Accounting Standards Board. Previously, the Company prepared its financial statements in accordance with Canadian generally accepted accounting principles as defined in Part V of the CPA of Canada Handbook ("Canadian GAAP"). The Company has one operating segment.

The financial statements were authorized for issue by the Board of Directors on June 12, 2018.

b) Basis of measurement:

The financial statements have been prepared on a historical cost basis except for investments and derivatives, which are measured at fair value.

c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

Note 3—Use of judgments and estimates

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

(1) Judgments

Determination of functional currency

The functional currency is the currency of the primary economic environment in which the Company operates. If indicators of the primary economic environment are mixed, then management uses its judgment to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The majority of the Company's transactions, including investor subscriptions and redemptions, are denominated in Canadian dollars. Accordingly, management has determined that the functional currency of the Company is Canadian dollars.

(2) Assumptions and estimates

Measurement of fair values

Information about assumptions and estimates that have a significant risk of resulting in a material adjustment in the six months ending April 30, 2018 is included in Note 4 and relates to the determination of fair value of financial instruments with significant unobservable inputs.

Note 4—Accounting Policies

The following is a summary of the significant accounting policies followed by the Company in the preparation of its financial statements:

(1) Financial instruments are required to be classified into one of the following categories: held-for-trading, fair value through profit or loss ("FVTPL"), available for sale, loans and receivables, assets held-to-maturity, and other financial liabilities. The Company measures financial instruments at fair value on initial recognition. Measurement in subsequent periods depend on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as held-for-trading or FVTPL, in which case transaction costs are expensed as incurred. The Company's accounting policies for measuring the fair value of its investments are identical to those used in measuring its net asset value ("NAV") for transactions with shareholders.

The Company's derivative financial assets and derivative financial liabilities are classified as held-for-trading. The Company's investments at fair value are designated as FVTPL at origination. Financial assets and financial liabilities held for trading or designated at FVTPL are recognized initially on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated. Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all of the risks and rewards of ownership. Upon disposal, the difference between the amount received and the average cost to acquire the financial asset is included in "realized gains (losses) on investments" in the Statements of Comprehensive Income. Subsequent to initial recognition, all financial assets and liabilities at FVTPL are measured at fair value. Gains and losses arising from change in fair value, futures contracts and interest rate swaps are presented separately in the Statements of Comprehensive Income in "change in unrealized appreciation / (depreciation)" in the period in which they arise.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position only when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Fair value is the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets, such as publicly traded derivatives, is based on quoted market prices at the close of trading on the reporting date. The fair value of fixed income securities are based on the last bid price on the reporting date. Pricing services generally price debt securities assuring orderly transactions of an institutional "round lot" size, and the strategies employed by the Company's investment adviser generally trade in round lot sizes. In certain circumstances, some trades may occur in smaller, "odd lot" sizes, which may be effected at lower or higher prices than institutional round lot trades.

The fair value of financial assets and liabilities that are not traded in an active market, including the Company's interest rate swaps, is determined using various valuation techniques and observable market inputs where possible. These techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same and broker quotes. Foreign currency forward contracts are recorded in the statement of financial position according to the gain or loss that would be realized if the contracts were closed out on the valuation date.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement of loans and receivables is at amortized cost using the effective interest method, less any impairment losses. The Company classifies cash, cash at broker, unsettled trades, and interest receivables as loans and receivables. At each reporting date, the Company assesses whether there is objective evidence that a financial asset at amortized cost is impaired. If such evidence exists, the Company recognizes an impairment loss as the difference between the amortized cost of the financial asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. Impairment losses on financial assets at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. The Company's other financial liabilities are comprised of due to broker, unsettled trades, bank loans, taxes payable, and accrued liabilities.

IFRS establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy are as follows:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Inputs that are unobservable. There is little, if any, market activity. Inputs into the determination of fair value require significant management judgment or estimation.

If inputs of different levels are used to measure the fair value of an asset or liability, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The following tables illustrate the classification of the Company's assets and liabilities measured at fair value within the fair value hierarchy as at April 30, 2018, October 31, 2017 and April 30, 2017.

	As at April 30, 2018			
	Quoted prices in active markets for identical assets (Level 1) C$	Significant other observable inputs (Level 2) C$	Significant unobservable inputs (Level 3) C$	Total C$
Government bonds	–	226,732,270	–	226,732,270
Corporate bonds	–	110,789,313	–	110,789,313
Senior Loans	–	–	2,029,905	2,029,905
Total Investments	–	337,521,583	2,029,905	339,551,488
Derivative assets				
Futures contracts	111,439	–	–	111,439
Interest rate swaps	–	5,782,392	–	5,782,392
Derivative liabilities				
Futures contracts	(24,283)	–	–	(24,283)
Interest rate swaps	–	–	–	–
Total Derivatives	**87,156**	**5,782,392**	**–**	**5,869,548**

* As at April 30, 2018, there had been no significant transfers between fair value measurement levels.

There were no Level 3 investments held at the beginning of the year. Level 3 investments held during and at the end of the six months ended April 30, 2018 in relation to net assets were not significant (less than 0.81% of net assets) and accordingly, a reconciliation of Level 3 assets for the six months ended April 30, 2018 is not presented. The valuation technique used at April 30, 2018 was a fair valuation by the Company's Pricing Committee.

	As at October 31, 2017			
	Quoted prices in active markets for identical assets (Level 1) C$	Significant other observable inputs (Level 2) C$	Significant unobservable inputs (Level 3) C$	Total C$
Government bonds	–	233,072,779	–	233,072,779
Corporate bonds	–	125,999,596	–	125,999,596
Short Term	–	713,425	–	713,425
Total Investments	–	359,785,800	–	359,785,800
Derivative assets				
Futures contracts	154,008	–	–	154,008
Interest rate swaps	–	2,945,391	–	2,945,391
Derivative liabilities				
Futures contracts	(130,769)	–	–	(130,769)
Interest rate swaps	–	(3,004)	–	(3,004)
Total Derivatives	**23,239**	**2,942,387**	**–**	**2,965,626**

* As at October 30, 2017, there had been no significant transfers between fair value measurement levels.

	As at April 30, 2017			
	Quoted prices in active markets for identical assets (Level 1) C$	**Significant other observable inputs (Level 2) C$**	**Significant unobservable inputs (Level 3) C$**	**Total C$**
Government bonds	–	250,028,623	–	250,028,623
Corporate bonds	–	124,551,494	–	124,551,494
Short Term	–	1,109,786	–	1,109,786
Total Investments	–	375,689,903	–	375,689,903
Derivative assets				
Futures contracts	100,804	–	–	100,804
Interest rate swaps	–	2,993,010	–	2,993,010
Derivative liabilities				
Futures contracts	(110,901)	–	–	(110,901)
Interest rate swaps	–	–	–	–
Total Derivatives	**(10,097)**	**2,993,010**	**–**	**2,982,913**

* As at April 30, 2017, there had been no significant transfers between fair value measurement levels.

A reconciliation of the gross amounts on the Statement of Financial Position as at April 30, 2018, October 31, 2017 and April 30, 2017 to the net amounts by broker and derivative type, including collateral received or pledged, is included in the following tables.

	As at April 30, 2018				
	Gross Amounts Not Offset in the Statement of Financial Position				
Counterparty/Derivative Type	**Gross Assets C$**	**Gross Liabilities C$**	**Collateral Received C$**	**Collateral Pledged C$**	**Net Amount C$**
BNP Paribas					
Interest Rate Swaps	518,243	–	–	–	518,243
Deutsche Bank					
Interest Rate Swaps	4,235,269	–	(3,864,690)	–	370,579
Citibank					
Interest Rate Swaps	1,028,880	–	(988,642)	–	40,238
Total	5,782,392	–	(4,853,332)	–	929,060

	As at October 31, 2017				
	Gross Amounts Not Offset in the Statement of Financial Position				
Counterparty/Derivative Type	**Gross Assets C$**	**Gross Liabilities C$**	**Collateral Received C$**	**Collateral Pledged C$**	**Net Amount C$**
Credit Suisse					
Interest Rate Swaps	147,273	–	(147,273)	–	–
Deutsche Bank					
Interest Rate Swaps	2,349,262	–	(2,268,816)	–	80,446
Citibank					
Interest Rate Swaps	448,856	(3,004)	(445,852)	–	–
Total	2,945,391	(3,004)	(2,861,941)	–	80,446

	As at April 30, 2017				
	Gross Amounts Not Offset in the Statement of Financial Position				
Counterparty/Derivative Type	**Gross Assets C$**	**Gross Liabilities C$**	**Collateral Received C$**	**Collateral Pledged C$**	**Net Amount C$**
Credit Suisse					
Interest Rate Swaps	250,831	–	(250,831)	–	–
Deutsche Bank					
Interest Rate Swaps	2,319,955	–	(2,174,007)	–	145,948
Citibank					
Interest Rate Swaps	422,224	–	(422,224)	–	–
Total	2,993,010	–	(2,847,062)	–	145,948

(2) Repurchase Agreements: In connection with transactions in repurchase agreements with financial institutions, it is the Company's policy that its custodian/counterparty segregates the underlying collateral securities, the value of which exceeds the principal amount of the repurchase transaction, including accrued interest. The repurchase price generally equals the price paid by the Company plus interest negotiated on the basis of current short-term rates. To the extent that any repurchase transaction exceeds one business day, the collateral is valued on a daily basis to determine its adequacy. If the counterparty defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the counterparty of the security, realisation of the collateral by the Company may be delayed or limited.

(3) Investment Income, Expenses and Dividends: Interest income is recorded on an accrual basis as earned. Expenses are recorded on an accrual basis. Bond premium and discount, as applicable, are recognised at disposition as realised gains or losses. Gains and losses on the disposal of investments are determined using the identified cost basis. It is the Company's current policy to pay dividends to holders of ordinary shares from net investment income supplemented by net realised foreign exchange gains, net realised capital gains and return of capital or return of par distributions, if necessary, on a monthly basis. Dividends to holders of ordinary shares are recorded on the ex-dividend date.

(4) Interest Rate Swaps: During the six months ended April 30, 2018, the Company used U.S. Dollar interest rate swaps to hedge the U.S. Dollar revolving credit facility, helping to manage the overall mixture of fixed rate and floating rate liabilities. A swap is an agreement that obligates two parties to exchange a series of cash flows at specified intervals based upon or calculated by reference to changes in specified prices or rates for a specified amount of an underlying asset or notional principal amount. The Company will enter into swaps only on a net basis, which means that the two payment streams are netted out, with the Company receiving or paying, as the case may be, only the net amount of the difference between the two payments. Risks may arise as a result of the failure of the counterparty to the swap contract to comply with the terms of the swap contract. The loss incurred by the failure of a counterparty is generally limited to the net interest payment to be received by the Company, and/or the termination value at the end of the contract. Therefore, the Company considers the creditworthiness of each counterparty to a swap contract in evaluating potential credit risk. Additionally, risks may arise from unanticipated movements in interest rates or in the value of the underlying reference asset or index. The Company records, on a daily basis, unrealised gains or losses which represent the value and the current net receivable or payable relating to open swap contracts. Net amounts received or paid on the swap contract are recorded as realised gains or losses. Fluctuations in the value of swap contracts are recorded for financial statement purposes as unrealised appreciation or depreciation of swap contracts. Realised gains and losses from terminated swaps are included in net realised gains/losses on swap contracts transactions.

The Company is a party to International Swap Dealers Association, Inc. Master Agreements ("ISDA Master Agreements"). These agreements are with select counterparties and they govern transactions, including certain over-the-counter derivative and foreign exchange contracts, entered into by the Company and the counterparty. The ISDA Master Agreements maintain provisions for general obligations, representations, agreements, collateral, and events of default or termination. The occurrence of a specified event of termination may give a counterparty the right to terminate all of its contracts and affect settlement of all outstanding transactions under the applicable ISDA Master Agreement.

(5) Forward Foreign Currency Exchange Contracts: A forward foreign currency exchange contract ("forward contract") involves an obligation to purchase and sell a specific currency at a future date at a price set at the time of the contract. Forward contracts are used to manage the Company's currency exposure in an efficient manner. They are used to sell unwanted currency exposure that comes with holding securities in a market, or to buy currency exposure where the exposure from holding securities is insufficient to give the desired currency exposure either in absolute terms or relative to the benchmark. Their use allows the separation of decision making between markets and currencies. The forward contract is marked-to-market daily and the change in market value is recorded by the Company as unrealised appreciation or depreciation. Forwards prices are received daily from an independent pricing provider. When the forward contract is closed, the Company records a realised gain or loss equal to the difference between the value at the time it was opened and the value at the time it was closed. These unrealised and realised gains and losses are reported on the Statement of Operations.

While the Company may enter into forward contracts to seek to reduce currency exchange rate risks, transactions in such contracts involve certain risks. The Company could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts and from unanticipated movements in exchange rates. Thus, while the Company may benefit from such transactions, unanticipated changes in currency prices may result in a poorer overall performance for the Company than if it had not engaged in any such transactions. Moreover, there may be imperfect correlation between the Company's portfolio holdings or securities quoted or denominated in a particular currency and forward contracts entered into by the Company. Such imperfect correlation may cause the Company to sustain losses, which will prevent the Company from achieving a complete hedge, or expose the Company to the risk of foreign exchange loss.

Forward contracts are subject to the risks that the counterparties to such contracts will default on their obligations. Since a forward foreign currency exchange contract is not guaranteed by an exchange or clearing house, a default on the contract would deprive the Company of unrealised profits, transaction costs or the benefits of a currency hedge or force the Company to cover its purchase or sale commitments, if any, at the current market price.

(6) Futures Contracts: The Company may invest in financial futures contracts ("futures contracts") for the purpose of hedging its existing portfolio securities or securities that the Company intends to purchase against fluctuations in value caused by changes in prevailing market interest rates or prices. Futures contracts may also be entered into for non-hedging purposes; however, in those instances, the aggregate initial margin and premiums required to establish the Company's positions may not exceed 5% of the Company net asset value after taking into account unrealised profits and unrealised losses on any such contract it has entered into.

Upon entering into a futures contract, the Company is required to pledge to the broker an amount of cash and/or other assets equal to a certain percentage of the contract amount. This payment is known as "initial margin." Subsequent payments, known as "variation margin," are calculated each day, depending on the daily fluctuations in the fair value/market value of the underlying assets. An unrealised gain or loss equal to the variation margin is recognised on a daily basis. When the contract expires or is closed the gain (loss) is realised and is presented in the Statement of Operations as a realised gain (loss) on futures contracts. Futures contracts are valued daily at their last quoted sale price on the exchange they are traded.

A "sale" of a futures contract means a contractual obligation to deliver the securities or foreign currency called for by the contract at a fixed price at a specified time in the future. A "purchase" of a futures contract means a contractual obligation to acquire the securities or foreign currency at a fixed price at a specified time in the future.

During the six months ended April 30, 2018, the use of U.S. Treasury futures contracts was primarily to manage interest rate exposure in the Company's overlay portion of the portfolio.

There are significant risks associated with the Company's use of futures contracts, including the following: (1) the success of a hedging strategy may depend on the Investment Manager's, the Investment Adviser's and the Sub-adviser's ability to predict movements in the prices of individual securities, fluctuations in markets and movements in interest rates; (2) there may be an imperfect or no correlation between the movement in the price of futures contracts, interest rates and the value/market value of the securities held by the Company; (3) there may not be a liquid secondary market for a futures contract; (4) trading restrictions or limitations may be imposed by an exchange; and (5) government regulations may restrict trading in futures contracts. In addition, should market conditions change unexpectedly, the Company may not achieve the anticipated benefits of the futures contracts and may realise a loss.

(7) Foreign Currency Translation: The books and records of the Company are maintained in Canadian Dollars. Foreign currency amounts are translated into Canadian Dollars at the closing market rate quoted on the following bases:

a. Market value of investments, other assets, and liabilities are translated at the closing rate of the New York Stock Exchange at the rate of exchange ruling at the period end; the resultant unrealised exchange appreciation and depreciation are included in the Statement of Operations as part of the unrealised movement in the appreciation/(depreciation) of investments and as unrealised exchange appreciation/(depreciation) on translation of the foreign currency denominated assets and liabilities.

b. Purchases and sales of investments are translated at the bid London close rate of exchange ruling on the date of the transaction; the resultant exchange gains and losses on settlement are included in the Statement of Operations as realised gains/(losses) on investments and foreign currency transactions.

c. Income and expenses are translated at the London close rate of exchange ruling on the date of the transaction; the resultant exchange gains and losses arising on settlement are taken into account in determining net investment income.

(8) New Standards and Interpretations Not Yet Adopted: A number of new standards, amendments to standards and interpretations are not yet effective for the six months ended April 30, 2018, and have not been applied in preparing these financial statements. None of these will have a significant effect on the financial statements of the Company, with the possible exception of IFRS 9, Financial Instruments. IFRS 9 deals with recognition, derecognition, classification and measurement of financial instruments and its requirements represent a significant change from the existing requirements in IAS 39 Financial Instruments: Recognition and Measurement, in respect of financial assets. IFRS 9 contains two primary measurement categories for financial assets: amortized cost and fair value. A financial asset would be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale, and loans and receivables.

The effective date of this standard is for fiscal years beginning on or after January 1, 2018, but early adoption is permitted. The Company is currently in the process of evaluating the potential effect of this standard.

Note 5—Financial Instruments by Category

Derivatives, short sales, repurchase agreements, reverse repurchase agreements, and sale-buyback transactions, if any, are classified as held for trading and all other investments have been designated at FVTPL. All other financial assets and liabilities are categorised as loans and receivables or financial liabilities and are carried at amortised cost.

The following tables present the carrying amounts of the Company's financial instruments by category as at April 30, 2018, October 31, 2017 and April 30, 2017:

	Fair Value Through Profit or Loss				
As at April 30, 2018 Financial Assets	**Held for Trading C$**	**Designated at Inception C$**	**Total C$**	**Amortised Cost C$**	**Grand Total C$**
Investments, at fair value	–	339,551,488	339,551,488	–	339,551,488
Unrealised appreciation on interest rate swaps	5,782,392	–	5,782,392	–	5,782,392
Cash and Foreign currency	–	–	–	11,156,395	11,156,395
Interest Receivables	–	–	–	7,065,438	7,065,438
Due from broker, Sundry debtors and prepayments, and Unsettled trades	–	–	–	129,180	129,180
Total Assets	**5,782,392**	**339,551,488**	**345,333,880**	**18,351,013**	**363,684,893**

	Fair Value Through Profit or Loss				
As at April 30, 2018 Financial Liabilities	**Held for Trading C$**	**Designated at Inception C$**	**Total C$**	**Amortised Cost C$**	**Grand Total C$**
Deferred foreign capital gains tax, Due to broker, Cash from broker and Unsettled purchases trades	–	–	–	7,039,031	7,039,031
Investment management fees payable, Administration fees payable, Investor relations fees payable, and Accrued expenses and other liabilities	–	–	–	413,376	413,376
Bank loan and interest payable on bank loan	–	–	–	104,099,578	104,099,578
Total Liabilities	**–**	**–**	**–**	**111,551,985**	**111,551,985**

	Fair Value Through Profit or Loss				
As at October 31, 2017 Financial Assets	**Held for Trading C$**	**Designated at Inception C$**	**Total C$**	**Amortised Cost C$**	**Grand Total C$**
Investments, at fair value	–	359,072,375	359,072,375	–	359,072,375
Short-term investments	713,425	–	713,425	–	713,425
Unrealised appreciation on interest rate swaps	2,945,391	–	2,945,391	–	2,945,391
Cash and Foreign currency	–	–	–	7,327,758	7,327,758
Interest Receivables	–	–	–	6,700,847	6,700,847
Due from broker, Sundry debtors and prepayments, and Unsettled trades	–	–	–	1,714,578	1,714,578
Total Assets	**3,658,816**	**359,072,375**	**362,731,191**	**15,743,183**	**378,474,374**

Notes to Financial Statements (unaudited) (continued)

April 30, 2018

As at October 31, 2017 Financial Liabilities	Fair Value Through Profit or Loss Held for Trading C$	Fair Value Through Profit or Loss Designated at Inception C$	Fair Value Through Profit or Loss Total C$	Amortised Cost C$	Grand Total C$
Unrealised depreciation on interest rate swaps	3,004	–	3,004	–	3,004
Deferred foreign capital gains tax, Due to broker, Cash from broker and Unsettled purchases trades	–	–	–	5,879,812	5,879,812
Investment management fees payable, Administration fees payable, Investor relations fees payable, and Accrued expenses and other liabilities	–	–	–	561,980	561,980
Bank loan and interest payable on bank loan	–	–	–	104,619,699	104,619,699
Total Liabilities	**3,004**	–	**3,004**	**111,061,491**	**111,064,495**

As at April 30, 2017 Financial Assets	Fair Value Through Profit or Loss Held for Trading C$	Fair Value Through Profit or Loss Designated at Inception C$	Fair Value Through Profit or Loss Total C$	Amortised Cost C$	Grand Total C$
Investments, at fair value		374,580,117	374,580,117	–	374,580,117
Short-term investments	1,109,786	–	1,109,786	–	1,109,786
Unrealised appreciation on interest rate swaps	2,993,010	–	2,993,010	–	2,993,010
Cash and Foreign currency	–	–	–	12,593,560	12,593,560
Interest Receivables	–	–	–	7,283,110	7,283,110
Due from broker, Sundry debtors and prepayments, and Unsettled trades	–	–	–	2,561,946	2,561,946
Total Assets	**4,102,796**	**374,580,117**	**378,682,913**	**22,438,616**	**401,121,529**

As at April 30, 2017 Financial Liabilities	Fair Value Through Profit or Loss Held for Trading C$	Fair Value Through Profit or Loss Designated at Inception C$	Fair Value Through Profit or Loss Total C$	Amortised Cost C$	Grand Total C$
Deferred foreign capital gains tax, Due to broker, Cash from broker and Unsettled purchase trades	–	–	–	6,471,321	6,471,321
Investment management fees payable, Administration fees payable, Investor relations fees payable, and Accrued expenses and other liabilities	–	–	–	911,330	911,330
Bank loan and interest payable on bank loan	–	–	–	108,714,727	108,714,727
Total Liabilities	–	–	–	**116,097,378**	**116,097,378**

The following table presents the net gains (losses) on financial instruments at FVTPL by category for the periods ended April 30, 2018 and October 31, 2017:

Category	Net realized gains/(loss) and change in Unrealized gain/(loss) Six Months Ended April 30, 2018	Net realized gains/(loss) and change in Unrealized gain/(loss) Year Ended October 31, 2017
Financial instruments at FVTPL:		
Held for trading	C$ (16,989,656)	C$ (23,769,924)
Designated at inception	3,104,524	2,500,964
Total	**C$(13,885,132)**	**C$(21,268,960)**

Note 6—Taxation

The operations of the Company are not subject to any form of taxation in the Cook Islands, where the Company is registered, and no taxes are deductible from the distributions made by the Company. The Company is subject to withholding taxes in certain countries and on certain types of securities and forms of income.

Capital gains generated by the Company from securities held in foreign countries may be subject to capital gains taxes imposed by such countries. The Company accrues capital gains taxes on unrealised gains in an amount equal to what the Company would owe if the securities were sold on the valuation date as a liability and reduction of realised/unrealised gains.

Note 7—Agreements

The Company's administrator, investment manager, investment adviser, and investment sub-adviser are each a subsidiary of Aberdeen Asset Management PLC ("Aberdeen PLC"). Aberdeen PLC is a direct subsidiary of Standard Life Aberdeen plc. The Company's administrator, investment manager, investment adviser and investment sub-adviser are each an indirect subsidiary of Standard Life Aberdeen plc.

(a) The Company has an agreement (the "Management Agreement") with Aberdeen Asset Management Asia Limited ("AAMAL") to provide professional investment services. The Management Agreement provides for a monthly fee at the annual rate of 0.65% of the Company's average weekly Managed Assets up to and including C$250 million, at the annual rate of 0.55% of the Company's average weekly Managed Assets in excess of C$250 million up to and including C$450 million, and at the annual rate of 0.50% of the Company's average weekly Managed Assets in excess of C$450 million, payable monthly. Managed Assets are defined in the Management Agreement as net assets plus the amount of any borrowings for investment purposes.

(b) The Company has an agreement (the "Administration Agreement") with Aberdeen Asset Management Inc. ("AAMI"), an affiliate of AAMAL, to provide general fund management and administrative services including record keeping, accounting and office services. The Administration Agreement provides for a monthly fee at an annual rate of 0.125% of the Company's average weekly Managed Assets up to and including C$1 billion, 0.10% of the Company's average weekly Managed Assets in excess of C$1 billion up to and including C$2 billion, and 0.075% of the Company's average weekly Managed Assets in excess of C$2 billion, payable monthly. AAMAL and AAMI are indirect wholly-owned subsidiaries of Standard Life Aberdeen plc. AAMAL, AAMI, and the Company are under common control of Aberdeen Asset Management PLC, which is a wholly owned subsidiary of Standard Life Aberdeen plc.

(c) The Company has an agreement (the "Investor Relations Services Agreement") with AAMI to provide investor relations services.

Pursuant to the terms of the Investor Relations Services Agreement, AAMI provides, among other things, objective and timely information to holders of ordinary shares based on publicly-available information; provides information efficiently through the use of technology while offering holders of ordinary shares immediate access to knowledgeable investor relations representatives; creates and maintains investor relations communication materials such as Company manager interviews, films and webcasts and other relevant materials discussing the Company's investment results, portfolio positioning and outlook; responds to specific holder of ordinary shares questions; and reports activities and results to the Company's Board of Directors and management detailing insight into general holder of ordinary shares sentiment. Investor relations fees and expenses in the Statements of Comprehensive Income include certain out-of-pocket expenses.

(d) The Company owed, in respect of the above services:

	As at April 30, 2018 C$	As at October 31, 2017 C$	As at April 30, 2017 C$
Investment Manager	195,710	204,410	603,960
Administrator	39,498	41,320	41,110
Investor Relations	6,241	7,538	8,392

(e) During the fiscal year, the Company paid, in respect of the above services:

	Six months ended April 30, 2018 C$	Fiscal year ended October 31, 2017 C$
Investment Manager	1,120,597	2,327,520
Administrator	226,506	472,164
Investor Relations	44,570	93,989

Note 8—Capital

The Company classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Company's ordinary shares do not contain a redemption feature, are therefore not puttable and are classified as equity under IAS 32, *Financial Instruments*.

	Six Months Ended April 30, 2018	
	No. of Ordinary Shares	**C$ Par**
At November 1, 2017	51,647,616	39,376,881
Ordinary shares issued	–	–
Ordinary shares repurchased	(175,000)	(121,280)
Return of Par	–	–
At April 30, 2018	51,472,616	39,255,601

	Six Months Ended April 30, 2017	
	No. of Ordinary Shares	**C$ Par**
At November 1, 2016	52,060,616	39,675,906
Ordinary shares repurchased	(329,000)	(237,875)
Return of Par	–	–
At April 30, 2017	51,731,616	39,438,031

There are 100 million ordinary shares authorised.

On August 26, 2013, Shareholders approved an amendment to the Memorandum and Articles of Association of the Company to permit the Board of Directors to effect distributions to the holders of ordinary shares from time to time, as part of the regular monthly distributions, of up to the full amount of the par value per share. Shareholders will be notified annually as to how much of their annual distributions are made up of a return of par value. Canadian Holders are urged to consult their own tax advisors with respect to the consequences under the Income Tax Act (Canada) of acquiring, holding and disposing of ordinary shares, including the consequences of receiving distributions on such ordinary shares having regard to their own particular circumstances.

Director Share Ownership Policy

Under the Company's Director Share Ownership Policy Independent Directors of the Company are required to own at least 4,000 shares of the Company no later than the end of the calendar year following the year in which he or she becomes a Director. The below chart summarizes Independent Directors' share ownership as at April 30, 2018.

Independent Director	Shares Owned (by public filings)
Radhika Ajmera	4,000
P. Gerald Malone	4,500
Richard H. McCoy	5,656
Warren C. Smith	12,500

Normal Course Issuer Bid

On July 18, 2017, the Company announced that the TSX had accepted notice of its intention to make a normal course issuer bid, through which the Company would make open market purchases on the TSX or other Canadian alternative trading systems. During the bid, which commenced July 20, 2017 and will end no later than July 19, 2018, the Company may purchase up to 2,583,080 ordinary shares, which is 5% of the total of the Company's 51,661,616 ordinary shares issued and outstanding as at July 11, 2017. The Company will not purchase in any 30 day period more than 1,033,232 ordinary shares, being 2% of the 51,661,616 issued and outstanding ordinary shares as at July 11, 2017. The Company will cancel shares purchased under the bid.

During the six months ended April 30, 2018 and April 30, 2017, the Company repurchased 175,000 and 329,000, outstanding ordinary shares, respectively, pursuant to the normal course issuer bid.

Note 9—Revolving Credit Facility

The Company is party to a revolving credit loan facility with The Bank of Nova Scotia with a termination date of September 27, 2019. As at April 30, 2018, the amount of the facility was US$100,000,000. On April 30, 2018, the Company's outstanding balance on the revolving credit facility was US$81,000,000 (see Bank Loan on Statements of Financial Position). For the six months ended April 30, 2018, the average balance of the facility was US$81,000,000 and average interest rate was 2.98%. The interest expense is accrued on a daily basis and is payable to The Bank of Nova Scotia on a monthly basis.

The credit agreement governing the loan facility includes usual and customary covenants for this type of facility. These covenants impose on the Company asset coverage requirements, Company composition requirements and limits on certain investments. The covenants or guidelines could impede AAMAL or AAML from fully managing the Company's portfolio in accordance with the Company's investment objective and by-laws.

These covenants also include limits on the Company's ability to (i) issue preferred shares or forms of indebtedness, (ii) incur liens, (iii) change its investment objective or fundamental investment restrictions without the approval of the lender, (iv) amend the Company's organisational documents in a manner which could adversely affect the rights and remedies of the lender, or (v) create, incur, assume or permit to exist certain debt except for certain specified types of debt. In addition, the credit agreement does not permit the Company's asset coverage ratio (as defined in the agreement) to fall below 300% at any time.

Furthermore, non-compliance with such covenants or the occurrence of other events could lead to the cancellation of the loan facility. These other events include, but are not limited to:

- non-payment by the Company of certain obligations to the lender and other parties;
- involuntary or voluntary liquidation, reorganisation or other debt relief proceedings are commenced against or by the Company;
- AAMAL or an affiliate ceases to be the Investment Manager to the Company; AAML or an affiliate ceases to be the Investment Adviser to the Company; State Street Bank and Trust Company Canada ceases to be the Company's custodian; or AAMI or an affiliate ceases to be the Company's administrator; and
- AAMAL ceases to be owned or controlled by Aberdeen Asset Management PLC.

The credit agreement permits, in certain circumstances, the Company to cure non-compliance or seek waivers or approvals from the lenders. The revolving credit facility has a term of 3-years and is not a perpetual form of leverage; there can be no assurance that the revolving credit facility will be available for renewal on acceptable terms, if at all. However, in the event that the loan facility were cancelled or were not available for renewal, the Company may not be able to find other financing on acceptable terms, if at all. Should the Company be unable to find other sources for financing, it would be forced to "de-leverage" by making significant sales of its portfolio investments. De-leveraging could involve the sales of some securities under unfavorable market conditions in order to repay the lenders. This could result in the portfolio's securities being sold for less than their expected value. Furthermore, these sales may realise capital gains.

The estimated fair value of the revolving credit facility was calculated, for disclosure purposes, by discounting future cash flows by a rate equal to the current U.S. Treasury rate with an equivalent maturity date, the spread between the U.S. insurance and financial debt rate and the U.S. Treasury rate. The following table shows the maturity date, interest rate, notional/carrying amount and estimated fair value outstanding as at April 30, 2018.

Maturity Date	**Interest Rate**	**Notional/Carrying Amount**	**Estimated Fair Value**
September 27, 2019	3.16%	US$81,000,000	US$80,758,983

Note 10—Statement of Deficit

	Six-months Ended April 30, 2018	**Six-months Ended April 30, 2017**
Deficit, beginning of period	(220,388,517)	(218,595,845)
Add:		
Net investment income	8,865,335	9,586,501
Net realised investment and exchange gains/(losses), interest rate swap contracts and futures contracts	(2,499,228)	(1,169,594.00)
Deduct:		
Dividend to shareholders	(10,055,133)	(10,118,833)
Deficit, end of period	(224,077,543)	(220,297,771)

Note 11—Risk Management

The Company has multiple risks associated with investing in long-term Asia-Pacific and emerging market debt securities, including market, credit and liquidity risk, which could have an impact on the capacity to reach its strategic growth objectives. The Company strives to control and mitigate the risks through management practices that require the identification and analysis of the risks related to the operations. Periodic monitoring and review of these risks are performed based upon market conditions and the Company's level of activities. No changes affecting the overall level of risk of investing in the Company were made during the reporting period.

(a) Market Risk

Interest Rate Risk Exposure

By virtue of its fixed-income investment strategy, substantially all of the Company's net assets are exposed to interest rate risk. Interest rate risk is the risk that either the fair value of the Company's financial instruments or cash flows relating to its financial instruments will be impacted by changes in market interest rates. Generally speaking, a rise in interest rates will have the effect of lowering the fair value of existing fixed-income securities, while a reduction in market interest rates will have the opposite effect. As at

April 30, 2018, if the prevailing interest rates had been raised or lowered by 1%, net assets could possibly have decreased or increased, respectively by approximately C$17.05 million.

The following table shows the maturity composition of the Company's investments as at April 30, 2018, as compared with the fiscal year ended October 31, 2017 and the six months ended April 30, 2017:

Date	Under 3 Years %	3 to 5 Years %	5 to 10 Years %	10 Years & Over %
April 30, 2018*	23.5	21.3	24.2	31.0
October 31, 2017	33.7	19.4	21.2	25.7
April 30, 2017*	27.3	22.8	22.3	27.6

* Unaudited

Exchange Value of the Canadian Dollar

Given a substantial proportion of the Company's assets are invested in securities denominated in foreign currencies, changes in the value of the Canadian Dollar against these foreign currencies can have a significant impact on performance over time. As at April 30, 2018 and October 31, 2017, investments in assets denominated in Australian and U.S. Dollars represented the largest currency holdings in the Company's assets. Generally speaking, 1% rise/fall in the C$ exchange rate would result in a decrease or increase of approximately C$3.40 million and C$3.60 million, respectively. For further information on the composition of the various currencies at the end of the period under review please refer to the table on page 12; "Currency Composition".

(b) Credit Risk

The Company continues to hold a weighting in sub-investment grade debt, primarily in local currency sovereign debt issued by the governments of Indonesia, Australia and Mexico, and the U.S. Dollar denominated bonds issued by sub-investment grade Asia-Pacific sovereigns and corporations. Should market participants' perception of the credit quality of these sub-investment grade issuers, or of any market in which the Company invests decrease, then the value of the respective securities may fall. The fair value of forward foreign currency exchange contracts and futures contracts includes consideration of the creditworthiness of the debt issuer. Credit risk exposure for over-the-counter derivative instruments is based on the Company's unrealised gain or loss of the contractual obligations with the counterparty as at the reporting date.

The following table shows the ratings of securities, where either the issue or the issuer was rated A or better by Standard & Poor's[1] or Moody's Investors Services, Inc, ("Moody's"), held by the Company as at April 30, 2018, as compared with the fiscal year ended October 31, 2017 and the six months ended April 30, 2017:

Date	AAA/ Aaa %	AA/ Aa %	A %	BBB/ Baa %	BB/ Ba* %	B* %	CCC* %	NR** %
April 30, 2018***	16.6	2.7	4.7	37.1	14.6	4.8	0.0	19.5
October 31, 2017	16.7	3.7	6.6	36.4	14.9	5.1	0.1	16.5
April 30, 2017***	15.8	4.4	6.0	40.2	15.6	5.4	0.0	12.6

* Below investment grade

** Not rated

*** Unaudited

(c) Liquidity Risk

The Company faces the risk of illiquidity in its investments in lower rated debt securities and local currency Asia-Pacific and emerging market debt securities. The ability to hedge risk and transact at low costs is less likely with respect to these securities and such securities are subject to sudden shifts in market liquidity. The Company invests a portion of its assets in securities that are neither listed on a securities exchange nor traded in an active over-the-counter market. Furthermore, the Company's securities also include investments in countries or regions that are less developed than major markets such as the United States. These factors along with other social, economic or political developments, may create a lack of liquidity such that the Company would not be in a position to convert sufficient amounts of its investments to cash to cover its obligations under its debt agreements or to meet its objectives in paying a stable monthly dividend to holders of ordinary shares.

(d) Risks Associated with Foreign Securities and Currencies:

Investments in securities of foreign issuers carry certain risks not ordinarily associated with investments in securities of Canadian and U.S. issuers.

These risks include future political and economic developments, and the possible imposition of exchange controls or other foreign governmental laws and restrictions. In addition, with respect to certain countries, there is the possibility of expropriation of assets, confiscatory taxation, and political or social instability or diplomatic developments, which could adversely affect investments in those countries.

Certain countries also may impose substantial restrictions on investments in their capital markets by foreign entities, including restrictions on investments in issuers of industries deemed sensitive to relevant national interests. These factors may limit the investment opportunities available and result in a lack of liquidity and high price volatility with respect to securities of issuers from developing countries.

Note 12—Subsequent Events

On May 9, 2018 and June 11, 2018, the Company announced that it will pay on May 31, 2018 and June 28, 2018, a dividend of C$0.0325 cents per share to all holders of ordinary shares of record as of May 23, 2018 and June 21, 2018, respectively.

Subsequent to April 30, 2018 through June 12, 2018 the Company repurchased 126,000 ordinary shares, pursuant to the normal course issuer bid.

On June 1, 2018 the Company paid down US$3,750,000 of the revolving credit facility bringing the outstanding balance to US$77,250,000.

The Board of Directors voted to amend Section 15(b)(i) of the Company's Secondary By-laws effective June 12, 2018. Section 15(b)(i) sets forth certain restrictions applicable to the Company's investments in over-the-counter derivatives, including, among other things, that all bank counterparties must have a credit rating of at least A- by Moody's Investors Service, Inc. or Standard and Poor's Ratings Group or the equivalent rating of other rating organizations. As amended, Section 15(b)(i), now provides that if a bank counterparty is downgraded below A- following investment, the Company may continue to hold the over-the-counter derivative with that bank counterparty as long as the bank counterparty continues to meet the creditworthiness standards of the Company's Manager. Section 15(b), as amended, now reads as follows:

(b) The following restrictions will apply to over-the-counter derivatives:

- (i) All bank counterparties must have a credit rating of at least A- by Moody's Investors Service, Inc. or Standard and Poor's Ratings Group or the equivalent rating of other rating organizations. If a bank counterparty is downgraded below A- following investment, the Company may continue to hold the over-the-counter derivative with that bank counterparty as long as the bank counterparty continues to meet the creditworthiness standards of the Manager. The exception will be South Korean futures. In South Korea, brokerage houses with South Korean futures exchanges require deposits into margin accounts, and in many cases, these accounts are unrated entities. A limit of 2% of total assets can be applied in this way;
- (ii) A maximum of 20% of the Company's total assets can be exposed to any single counterparty (aggregate interest rate and currency derivatives exposure); and
- (iii) A maximum of 20% of the Company's total assets can be invested in currency-linked notes.

Corporate Information

Directors
Richard H. McCoy, *Chairman*
Radhika Ajmera
William J. Braithwaite
Martin J. Gilbert
P. Gerald Malone
Jennifer Nichols
Warren C. Smith

Officers
Christian Pittard, *Managing Director*
Jeffrey Cotton, *Chief Compliance Officer*
Andrea Melia, *Treasurer and Chief Financial Officer*
Megan Kennedy, *Vice President and Joint Secretary*
Kenneth Akintewe, *Vice President*
Nicholas Bishop, *Vice President*
Siddharth Dahiya, *Vice President*
Thomas Drissner, *Vice President*
Martin J. Gilbert, *Vice President*
Alan Goodson, *Vice President*
Bev Hendry, *Vice President*
Lin-Jing Leong, *Vice President*
Paul Lukaszewski, *Vice President*
Adam McCabe, *Vice President*
Jennifer Nichols, *Vice President*
Penrhyn Secretaries Limited, *Joint Secretary*
Lucia Sitar, *Vice President*
Joseph Andolina, *Vice President – Compliance*
Sharon Ferrari, *Assistant Treasurer*
Matthew Keener, *Assistant Secretary*

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

Investment Adviser
Aberdeen Asset Management Limited
Level 10 255 George Street
Sydney, NSW 2000, Australia

Investment Sub-Adviser
Aberdeen Asset Managers Limited
Bow Bells House, 1 Bread Street
London United Kingdom
EC4M 9HH

Administrator
Aberdeen Asset Management Inc.
1735 Market Street, 32nd Floor
Philadelphia, PA 19103

Custodian
State Street Trust Company Canada
30 Adelaide Street East
Toronto, Ontario, M5C 3G6

Independent Registered Public Accounting Firm
KPMG
18 Viaduct Harbour Avenue
Auckland 1010,
Auckland, New Zealand

Investor Relations
Aberdeen Asset Management Inc.
1735 Market Street, 32nd Floor
Philadelphia, PA 19103
1-800-992-6341
InvestorRelations@aberdeenstandard.com

Transfer Agent, Registrar, Dividend Disbursing and Reinvestment Agent
Computershare Trust Company of Canada
100 University Avenue, 9th Floor
Toronto, Ontario M5J2Y1

Legal Counsel
Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street,
Toronto, Ontario M5L 1B9

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Investments
Aberdeen Asset Management Asia Limited

The accompanying Financial Statements as at April 30, 2018, were not audited and accordingly, no opinion is expressed therein.

This report, including the unaudited interim financial statements, is transmitted to the shareholders of Aberdeen Asia-Pacific Income Investment Company Limited for their information. This is not a prospectus, circular or representation intended for use in the purchase of shares of the Company or any securities mentioned in this report.

The ordinary shares of Aberdeen Asia-Pacific Income Investment Company Limited are traded on the Toronto Stock Exchange. Information about the net asset value is available on the Company's website on a daily basis (www.aberdeenfap.com).

Computershare Trust Company of Canada operates an information line on behalf of Aberdeen Asia-Pacific Income Investment Company Limited which can be reached by dialing toll-free in Canada and the United States 1-800-564-6253. Shareholders in Toronto or outside Canada and the United States should telephone (514) 982-7555.

Aberdeen Asset Management Inc.
1735 Market Street, 32nd Floor, Philadelphia, PA 19103
Telephone: 800-992-6341
http://www.aberdeenfap.com

AberdeenStandard Investments